

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

**Anglo African Agriculture plc
("AAA" or the "Company")**

Comarco Group - Interim results for the six months ended 30 March 2019

As announced on 10 June 2019, AAA has signed conditional share purchase agreements to acquire the entire share capital of a number of companies within the Comarco group of companies that are based in Kenya and engaged in the port and marine logistics business (the "**Proposed Acquisition**"). The announcement is available on the AAA website here. <http://www.aaapl.com/media/190610-AAA-RNS-Proposed-Acquisition-Final.pdf>

Whilst the Proposed Acquisition remains subject to a number of conditions, AAA intends to continue to inform shareholders and investors of developments in Comarco Group.

The Proposed Acquisition, if completed, would result in current AAA shareholders having a minority interest (expected to be less than 5%) in the Enlarged Group and would constitute a Reverse Takeover ("**RTO**") under the Listing Rules. AAA and Comarco Group are continuing to work towards the successful completion of the RTO and a Share Registration Document is in the process of being prepared.

As part of the process of ensuring transparency the unaudited interim results for the six months ended 31 March 2019 for Comarco Group are set out below.

Comarco Group

Comarco Group was established in 1971, in Mombasa, Kenya before expanding its range of activities and area of operations along the Eastern African seaboard and throughout the Indian Ocean. Comarco Group is a group of companies that consists of Consolidated Marine Contractors Limited (CMC); Comarco Properties (EPZ) Limited (CPL); Kenya Marine Contractors (EPZ) Limited (KMC); Touchwood Investments Limited (TIL) and Comarco Supply Base (EPZ) Limited (CSB).

Comarco Group owns a port and a vessel fleet located in a key strategic position for servicing East African, on and offshore, shipping and on shore demands. Kenya and in particular Mombasa is the key strategic hub for Eastern and Central Africa and the Comarco port is ideally positioned as a full service, harbour fronting, functioning port for cargo into the region, as well as developments in the Oil and Gas industry in Mozambique. Comarco Group's strategy is to expand the current port facilities as a gazetted "Private Port" and to retain and further develop its EPZ companies to take advantage of opportunities identified in the region.

Anadarko has recently announced the Final Investment Decision (FID) in the "Area 1" of the Rovuma Basin in Mozambique. At \$20 billion the FID is the largest Oil and Gas sanction ever made in Sub Saharan Africa. Comarco Group is one of the few marine operators in the region with the capacity and experience to take part in such large scale and specialised oil and gas marine projects and as such it is anticipated that Comarco Group will be competitive in the bidding for ongoing and upcoming tenders. It has been projected that the total infrastructure spend for the entire project will be in the region of \$70 billion.

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Financial Highlights

- **Net Asset Value up \$28m from \$4.8m to \$32.7m**
- **Borrowing increased from \$28.1 million to \$29.1 million**
- **Recurring Revenue down \$0.5m but margin protected by a decrease of \$0.7m in administrative and operating costs**
- **The 2018 profit included \$6.9m from the revaluation of the Touchwood Investments Ltd property assets.**

The Chief Executive's Report

Over the six-month period ended 30 March 2019, Comarco Group has focused on securing the change of categorisation of Comarco Properties from being an EPZ Developer to becoming a fully functioning Port. In addition, the Comarco Group has been aligning itself with strategic partners and organising its fleet and marine assets to be positioned to take advantage of the recently announced investment into Mozambique.

The goal for Comarco Group has been to become a recognised cargo entry and exit point into Kenya for customs purposes. Extensive work was done during the period to March 2019, resulting in Comarco Properties being legally gazetted as a Port at the end of June 2019, with immediate benefits. As a gateway to Eastern Africa and the interior, there is potential to work in conjunction with, and complementary to, the Kenya Port Authority and to generate a significant and stable long term income from the Comarco Port facility. The first material income is being realised in July 2019 and is therefore not included in the numbers below. However it is the strategic importance of the new customs categorisation that is of great consequence for Comarco Group.

The gazettelement as a Port is a significant step change for Comarco Group, enabling the setup of longer term contracts for handling general cargoes that are independent of the highly cyclical Oil and Gas industry. This strategic repositioning will allow Comarco Group to generate regular and stable revenue from its Port business that will be unrelated to the Oil and Gas industry and which should insulate Comarco Group from the volatility of Oil and Gas industry specific spend. A stable revenue base not reliant on a specific industry sector provides a strong foundation for Comarco Group to be uniquely positioned to benefit from upswings in the Energy and Infrastructure sectors.

The marine logistics and contracting business on the other hand is cyclical, with periods of intense activity principally driven by the expenditure of the Oil and Gas industry, and consequently more difficult to predict and forecast revenue. Comarco Group is currently positioning itself for the next material stage of investment in Mozambique via the Oil and Gas industry, which was confirmed this year after a five year hiatus in investment caused by the fall in the oil prices at the end of 2014.

Additionally, Comarco Group is focusing on other marine contracts, which are not reliant on Oil and Gas revenue. These include signed long term charterhire contracts delivering bulk, project and containerised cargo in both East and West Africa and into Somalia. Although these contracts yield a lower margin, Comarco Group realises their value due to their long term and relatively stable nature.

With changes in management in preparation for listing, steps have been taken to position the business to have long term stable income from the Port activities, which are not dependent upon a specific industry, to spread the marine and logistics revenue risk beyond the Oil and Gas industry, whilst retaining the ability to rapidly mobilise to benefit from excellent opportunities related to the Oil and Gas industry.

Furthermore, there are also opportunities for significant improvements in the efficiency of financing of Comarco Group once the Proposed Acquisition as detailed in the 10 June announcement is completed.

Historically, Comarco Group has generated significant profits, which under previous management had been inconsistently distributed between the companies within the entire Comarco group of companies and these were heavily leveraged against volatile income streams. Amounts had been invested in unrelated speculative ventures, which were not focused on the core East African businesses which are now the principal focus of Comarco Group. These amounts were subsequently written off in previous years.

Allied to the above, in the course of the past six months, Comarco Group has been repositioning itself and rationalising forty eight years of historical trading. The Proposed Acquisition has resulted in a new management team, a new focus on optimising the performance of the unique assets in East Africa and renegotiating debt financing which is better matched to the assets and business base. As new revenue inflows have stabilised from the strategic Port business, Comarco Group has engaged in a dialogue with a number of finance houses with a view to restructuring our financing beyond the remit of current borrowing. We look forward to reporting on progress in this regard in due course.

The first fruits of this process are now beginning to be seen with the value of the Port being recognised in the balance sheet and income streams being unlocked. This, together with the announcement of the Anadarko spend in Mozambique, along with the strategic diversification of the marine and logistics revenue, gives us cause to be optimistic. Consequently, although income has been under pressure in the past the six months, it is expected to rise rapidly and we have made preparations in readiness.

The underlying operating businesses have been restructured, have performed in line with expectations and are now positioned to deliver stable income from the Port and take advantage of the recent Anadarko announcement in addition to the other long term marine opportunities.

Group Results for the period

As anticipated, Comarco Group financial results represent a period of re-organisation and restructuring for Comarco Group to position itself for growth and represent the legacy of decisions made before the new management team was in place and the strategic repositioning of the group.

The key change on the balance sheet is the recognition of the true value of the Port, an increase in Net Assets of \$28 million, generated from a revaluation increasing Property, Plant and Equipment by \$35 million.

The reduction from the \$35 million property increase to the \$28 million net asset increase is resultant from an increase in deferred tax of \$2 million (resulting directly from the revaluation), an increase of \$3 million in trade payables (to fully recognise Comarco Group's liabilities, which had previously been allocated elsewhere within the wider group) and \$1 million in increased borrowing.

Port Outlook

Comarco Group has obtained the consent of the Kenya Revenue Authority to gazette its Mombasa port area as an entry and export area for customs purposes by the Commissioner of Customs and Border. This means that:

- The Port has been designated as a Kenyan Entry and Exit Point;
- The Comarco jetty has been designated a sufferance wharf and customs area; and
- The Port has been designated as a customs bonded warehouse.

These permissions enable Comarco Group to operate as an independent port facility, which will allow Comarco Group to consolidate and expand its port operations to a significantly wider user base.

As a consequence of the above, Comarco Group has signed a contract in June 2019 with Samruddha Kenya Limited for the export of 500,000mt of iron ore in bulk over a one year period.

In addition, Comarco Group has signed a contract with RK Sanghani Limited in July 2019 for the export of 200,000mt of iron ore in bulk over a six month period.

First iron ore has already been delivered, having commenced almost immediately after the formal gazettelement of the Port in June. To date, Comarco Group has received in excess of 78,000mt of iron ore and has demonstrated the capacity to receive and handle up to 6,000 tonnes of iron ore in a 24 hour period. It should be borne in mind that subsequent to the gazettelement, the Port can also serve as an import hub and similar volumes may be imported and using the same trucks to transport outbound the Port.

Comarco Group is in currently in negotiations for other bulk cargo imports and expects to finalise these shortly.

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COMBINED STATEMENT OF COMPREHENSIVE INCOME
For the six months to 31 March 2018 and 2019

Continuing Operations	Note	Six months to 31 March 2019 \$'000	Six months to 31 March 2018 \$'000	Year ended 30 September 2018 \$'000
Revenue	3	2,952	3,430	7,396
Cost of Sales		(3,847)	(3,616)	(6,330)
Gross profit/(loss)		(895)	(186)	1,066
Other operating income		178	85	7,467
Administrative expenses	4	(290)	(1,068)	(1,262)
Other operating expenses		(730)	(610)	(2,828)
Net Related party write offs		-	-	
Operating profit/(loss)		(1,737)	(1,779)	3,737
Finance costs		(1,701)	(1,109)	(2,507)
Profit/(loss) before tax		(3,437)	(2,888)	1,230
Tax (charge)/credit		-	(282)	(339)
Net Profit/(loss)		(3,437)	(3,171)	891
Other comprehensive income:				
Items that will or may be reclassified to profit or loss:				
Revaluation of plant and equipment		-	6,988	36,346
Items that will not be reclassified to profit or loss:				
Deferred tax relating to items that will not be reclassified		-	-	(2,048)
Total comprehensive income		(3,437)	3,771	35,189

COMBINED STATEMENTS OF FINANCIAL POSITION
As at 31 March 2018 and 2019

	Note	Six months to 31 March 2019 \$'000	Six months to 31 March 2018 \$'000	Year ended 30 September 2018 \$'000
Non-current assets				
Property, plant and equipment	3	58,878	23,643	59,673
Investment property	3	11,839	11,689	11,905
		70,717	35,332	71,578
Current assets				
Trade and other receivables		2,095	2,607	4,683
Inventories		206	221	228
Cash and cash equivalents		72	-96	185
Tax recoverable		-	-	21
		2,373	2,732	5,117
Total assets		73,089	38,064	76,695
Equity attributable to owners of the parent				
Share capital	5	2,288	1,697	1,697
Other reserve		38,145	11,471	38,971
Retained earnings		-7,711	-8,433	-4,371
Total equity		32,742	4,735	36,297
Non-current liabilities				
Borrowings	6	16,235	15,871	16,172
Deferred tax		2,710	759	2,856
		18,945	16,630	19,028
Current liabilities				
Trade and other payables		8,575	4,483	8,396
Tax payable		-	-	7
Borrowings	6	12,826	12,216	12,967
Other accrued liabilities		-	-	-
		21,401	16,699	21,370
Total liabilities		40,346	33,329	40,398
Total equity and liabilities		73,089	38,064	76,695

COMBINED STATEMENT OF CHANGES IN EQUITY

	Share capital \$'000	Share premium \$'000	Other reserve \$'000	Retained earnings \$'000	Total \$'000
Balance as at 01 October 2017	1,697	0	4,456	-5,165	988
Loss	-	-	-	-3,171	-3,171
Currency translation differences	0	-	17	-97	-80
Other comprehensive income	0	-	6,998		6,998
Total comprehensive income for the period	0	0	7,015	-3,268	3,747
Balance as at 31 March 2018	1,697	0	11,471	-8,433	4,735
Balance as at 01 October 2018	1,697	0	38,871	-4,274	36,294
Issued during the period	594	0	-	-	594
Loss	-	0	-	-3,437	-3,437
Currency translation differences	-3	0	-726		-729
Other comprehensive income	-	0	-	-	0
Total comprehensive income for the period	591	0	-726	-3,437	-3,572
Balance as at 31 March 2019	2,288	0	38,145	-7,711	32,722
Balance as at 01 October 2017	1,697	-	4,456	-5,165	988
Profit	-	-	-	891	891
Currency translation differences	-	-	27	-	27
Other comprehensive income	-	-	34,388	-	34,388
Total comprehensive income for the period	-	-	34,415	891	35,255
Balance as at 30 September 2018	1,697	-	38,871	-4,274	36,294

COMBINED CASH FLOW STATEMENTS
For the six months to 31 March 2018 and 2019

Note	Six months to 31 March 2019 \$'000	Six months to 31 March 2018 \$'000
Cash flows from operating activities		
Profit/(Loss)	-3,437	3,771
<i>Adjustments for:</i>		
Depreciation and amortisation	730	610
Interest expense	1,701	1,109
Profit/(Loss) on disposal of property plant and equipment	-	-
Revaluation of investment property	-	-6,988
Changes in working capital -		
Other accrued liabilities	-	-
Inventories	21	6
Trade and other receivables	-233	189
Trade and other payables	3,448	1,971
Cash generated from operations	2,230	668
Income taxes paid	-	-289
Interest expense	-1,701	-1,109
Net cash flows from operating activities	529	-730
Investing activities		
Purchase of property, plant and equipment	-1,049	-
Sale of property, plant and equipment	-	362
Net cash used in investing activities	-1,049	362
Financing activities		
Proceeds from borrowing	687	4,161
Repayments from borrowing	-20	-305
Net cash generated from financing activities	667	3856
Net increase in cash and cash equivalents		
	147	3,488
Cash and cash equivalents at beginning of period	-4,403	-7,879
Exchange differences on cash and cash equivalents	-	-
Cash and cash equivalents at end of period	-4,256	-4,391

NOTES TO THE FINANCIAL INFORMATION

1. General Information

The combined financial information constitutes the following entities:

- Comarco Supply Base (EPZ) Ltd.
- Kenya Marine Contractors (EPZ) Ltd.
- Consolidated Marine Contractors Ltd.
- Comarco Properties Ltd.
- Touchwood Investments Ltd.

Together these entities form “Comarco Group”.

The principal activity of Comarco Group is marine transport, storage, stevedoring, shore handling, repairs and maintenance of vessels, jetty services and consultancy to the Oil and Gas industry. All the services of the Comarco Group are carried out in accordance with the provisions of the Kenyan Export Processing Act (CAP. 517). The companies within Comarco Group are all incorporated and domiciled in Kenya. The principle place of business for Comarco Group is Liwatoni Bay, Mombasa.

2. Accounting policies

The principal accounting policies applied in the preparation of this Financial Information are set out below ('Accounting Policies' or 'Policies'). These Policies have been consistently applied to all the periods presented, unless otherwise stated.

3. Basis of preparation

As permitted, the Company has chosen not to adopt IAS 34 “Interim Financial Statements” in preparing this interim financial information. The condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 30 September 2018, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The interim financial information set out above does not constitute statutory accounts within the meaning of the Companies Act 2006. It has been prepared on a going concern basis in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) as adopted by the European Union.

Financial information for the period ended 30 September 2018 for each entity were approved by the Board of Directors. On 10 June 2019, an RNS was released to the market containing the annual financial information of Comarco Group for the period ended 30 September 2019. The comparative financial information for the interim period ended 31 March 2018 is for Comarco Group only.

Going concern

The Directors, having made appropriate enquiries, consider that adequate resources exist for the Comarco Group to continue in operational existence for the foreseeable future and that, therefore, it is appropriate to adopt the going concern basis in preparing the condensed interim financial statements for the period ended 31 March 2019.

Risks and uncertainties

The Board continuously assesses and monitors the key risks of the business. The key risks that could affect Comarco Group's medium-term performance and the factors that mitigate those risks have not substantially changed from those set out in Comarco Group's 2018 Financial Information.

Critical accounting estimates

The preparation of condensed interim financial information requires management to make estimates

and assumptions that affect the reported amounts of assets and liabilities at the end of the reporting period. Significant items subject to such estimates are set out in Note 4 of the Company's 2018 Financial information. The nature and amounts of such estimates have not changed significantly during the interim period.

4. Segment information

Management has determined the operating segments based on reports reviewed by the Board of Directors that are used to make strategic decisions. During the periods presented Comarco Group had interests in two key segments, being Kenya Marine Contractors ("KMC"), for Marine based (On the sea) business and Comarco Supply Base ("CSB"), Touchwood Investments ("TIL") and Comarco Property ("CPL") for Port based (on the land). Activities in both segments relate to the provision of general marine transport services.

Six months ended 31 March 2019	Marine Services \$'000	Port Services \$'000	Total \$'000
Revenue	471	2,480	2,952
Profit/(loss) from operations per reportable segment	(1,842)	(1,596)	3,437
Additions to non-current assets	-	-	-
Reportable segment assets	12,469	61,871	74,340
Reportable segment liabilities	30,808	12,763	43,571

Six months ended 31 March 2018	Marine Services \$'000	Port Services \$'000	Total \$'000
Revenue - Operations	8	3,422	3,430
Profit/(loss) from operations per reportable segment	(3,519)	7,290	3,771
Additions to non-current assets	-	-	-
Reportable segment assets	12,556	28,833	41,389
Reportable segment liabilities	28,514	8,040	36,655

Year ended 30 September 2018	Marine Services \$'000	Port Services \$'000	Total \$'000
Revenue	152	7,244	7,396
Profit/(loss) from operations per reportable segment	(2,197)	5,934	3,737
Additions to non-current assets	-	185	185
Reportable segment assets	11,683	65,012	76,695
Reportable segment liabilities	29,678	10,723	40,401

5. Operating profit/loss

The following items have been charged/(credited) in arriving at operating loss:	Six months ended 31 March 2019	Six months ended 31 March 2018
	\$'000	\$'000
Depreciation on property, plant and equipment	730	610
Amortisation of intangible asset	-	-
Directors' emoluments	-	-
Auditors Remuneration:		
- Current Year	3	4
- Under provision in prior year	-	-
Impairment of receivable from director	-	-
Impairment of loan to related party	86	11
Provision for bad debts	0	0
Operating lease rentals	61	56
Staff costs	71	86
Profit/(loss) on disposal of property, plant and equipment	-	(35)

6. Share capital

	Six months ended 31 March 2019	Six months ended 31 March 2018	Year ended 30 September 2018
Authorised issued and fully paid:	\$'000	\$'000	\$'000
Issued and fully paid	2,288	1,697	1,697
Authorised	56	56	56

Comarco Group share capital is issued in Kenya Shillings, but is converted into the reporting currency of Comarco Group (USD) for the purpose of this report.

7. Borrowings

	Six months ended 31 March 2019	Six months ended 31 March 2018	Year ended 30 September 2018
	\$'000	\$'000	\$'000
Borrowings are made up of the following:			
Non-current			
Bank loan	12,313	10,786	12,265
Shareholder's loan	0	595	594
Finance leases	3,922	4,490	3,313
	<u>16,235</u>	<u>15,871</u>	<u>16,172</u>
Current			
Bank overdraft	4,329	4,008	4,369
Bank loan	5,477	4,618	5,587
Finance leases	3,021	3,590	3,011
	<u>12,827</u>	<u>12,216</u>	<u>12,967</u>
Total borrowings	<u>29,062</u>	<u>28,087</u>	<u>29,139</u>
6 months or less	9,171	12,423	8,731
6 – 12 months	19,891	16,259	19,814
Total	<u>29,062</u>	<u>28,682</u>	<u>28,545</u>

The borrowing facilities within Comarco Group are held within Kenya Marine Contractors (EPZ) Limited and Comarco Supply Base (EPZ) Limited.

Within Kenya Marine Contractors (EPZ) Limited the borrowings are secured by:

- i) Fixed and floating charge debenture over the assets of Kenya Marine Contractors (EPZ) Limited.
- ii) Legal charge over L.R Nos Mombasa Island/Block/XLVIII/54/65 & 148 and L.R. No. 1463, Section I, Mainland North.
- iii) Joint and several personal guarantees and indemnities of the directors/ shareholders of Kenya Marine Contractors (EPZ) Limited.
- iv) Corporate guarantee of Consolidated Marine Contractors Limited, Comarco Properties (EPZ) Limited, Comarco Indian Ocean Limited, Shipmarc (EPZ) Limited, Harlesden Properties Limited and Comarco Supply Base (EPZ) Limited.
- v) Personal guarantee and indemnity of Mr. Simon F. Phillips.
- vi) Mortgage over ships.
- vii) Normal HP documentation over assets financed.
- viii) Insurance Premium Finance Tripartite agreement.
- ix) Charge for Shs 400M over property Mombasa/Block XLVII/173 in the name of Touchwood Investments Limited.
- x) Charge for USD 400,000 over property Plot No. 12888/26 in the name of Harlesden Properties Limited.
- xi) Personal guarantees of directors.
- xii) Corporate guarantee of Touchwood Investments Limited and Comarco Indian Ocean Limited.
- xiii) Original title deed for property plot no 1889/Section 1/MN/Nyali, Mombasa and for property Plot No. 12888/26.

Within Comarco Supply Base (EPZ) Limited

a) The bank overdrafts, insurance premium financing and loans are secured by:

- i) Legal (continuous) charge on commercial property under: Two commercial property Title No. Mombasa/Block XLVII/110 registered in the name of Shipmarc (EPZ) Limited and Title No. Mombasa/Block XLVII/173 registered in the name of Touchwood Investments Limited.
- ii) Legal Charge for USD 400,000 over property plot No. 12888/26 registered in the name of Harlesden Properties Limited.
- iii) Legal Charge for USD 4,000,000 over property title sub-division No. 473 (Original No. 11/2), section 1 Mainland North, Mombasa registered in the name of Quaco 219 Limited.
- iv) Fixed and Floating Debenture for an amount of USD 3,000,000 over all assets of the Company.
- v) Corporate guarantee of Touchwood Investments Limited, Kenya Marine Contractors (EPZ) Limited, Harlesden Properties Limited, Shipmarc (EPZ) Limited and Quadco 219 Limited for USD 3,000,000.
- vi) Joint and Several Personal Guarantees and Indemnities for an amount of USD 20,000,000 each executed by Peter John Phillips and Simon Frazer Phillips.
- vii) A Company guarantee for USD 1,300,000 executed by Kenya Marine Contractors (EPZ) Limited along with an appropriate board resolution.
- viii) Personal joint and several guarantees of Simon Fraser Philip and Peter John Phillips for USD 1.3M.
- ix) Corporate guarantee of Comarco Singapore PTE Limited, Comarco Properties (EPZ) Limited, Consolidated Marine Contractors Limited, Comarco Indian Ocean Limited and Kenya Marine Contractors (EPZ) Limited.

b) Finance leases - a right of lien over the asset acquired.

The borrowing facilities expiring within one year are subject to review at various dates during the next financial year.

The carrying amounts of Comarco Group's borrowings are denominated in the following currency:

	Six months ended 31 March 2019 \$'000	Six months ended 31 March 2018 \$'000	Year ended 30 September 2018 \$'000
Kenya Shilling	6	595	6
US Dollar	29,246	28,053	28,539
	29,252	28,648	28,545

Gross finance lease liabilities, minimum lease payments:

	Six months ended 31 March 2019 \$'000	Six months ended 31 March 2018 \$'000	Year ended 30 September 2018 \$'000
Not later than 1 year	4,664	3,847	3,701
Later than 1 year and not later than 5 years	4,302	7,274	4,464
Total gross finance leases	8,965	11,148	8,165
Future interest expense on finance leases	(2,021)	(2,641)	(1,841)
Present value of finance leases	6,466	8,507	6,324
Present value of finance leases - minimum lease payments	6,466	8,507	6,324
Not later than 1 year	2,990	2,051	2,591
Later than 1 year and not later than 5 years	3,954	6,456	3,733
Total	6,466	8,507	6,324