



ANGLO AFRICAN AGRICULTURE PLC
DIRECTORS' REPORT AND CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 April 2022

29 July 2022

Anglo African Agriculture plc (“AAA” or the “Company”)

Half yearly report for the six months ended 30 April 2022

The Chairman’s Report

I am pleased to report our results to the end of 30 April 2022. As disclosed in the 2021 annual report the unexpected collapse of the Comarco transaction adversely affected shareholders and we remain exceptionally disappointed by the behaviour of the management at Comarco. The aborted transaction has resulted in the board reviewing the ongoing purpose and importantly direction of the company. The Board will inform shareholders in due course of the results of this review and path forward.

The last six months of trading have been challenging globally. COVID-19 continues to disrupt global economies and business operations. The war in Ukraine unexpectedly cast another layer of uncertainty and has weighed adversely on global economic conditions. AAA has not been spared from these global events, the Company and management have had to adapt to the challenging environment. We believe the Company is strongly positioned to navigate this uncertain period and importantly take advantage of opportunities caused by the economic downturn.

Our South African operations brought in a new CEO Serge Pavlovic. Under a difficult operating environment, the team in South Africa have done a commendable job to steer the ship in the right direction. The Company had to provide additional funding to stabilise Dynamic Intertrade during the period under review and will continue to support its operations now consider what is best for the future.

Dynamic Intertrade (“DI”)

For the period under review DI had a tough period caused by a general economic slowdown. For the 6-month period ending 30 April 2022, the group recorded a decrease in revenue from R16.07 million to R14.04 million representing a 14,5% decrease. This was the result of ongoing efforts to pass on various cost increases to the Group’s customers. DI imports the majority of its inventory and this is reflected in the costs of revenue increasing due to the worsening exchange rates, going from R11.8 million for the comparative period for 2021 to R11.2 million for the current period. Operating expenses have been contained to R4.4 million for the six months ended April 2021 from R4.5 million in 2021, however finance charges have increased by 92.8% as DI made increasing use of financing facilities.

DI has maintained its FSSC22000 certification which is important when dealing with blue chip food manufacturing companies.

Dynamic Intertrade Agri (“DIA”) (46.8% owned by AAA)

As mentioned previously, DIA is in the process of being disposed of and as a result no equity accounting of its results have been reported.

Group Results for the period

The loss for the period has decreased from £318,920 for April 2021 to £136,579 for the current year. This is as a result of DI having experienced a disappointing first six months emanating from decreased demand from our customers. coupled to the holding company reaching agreements with several of its major suppliers following the abandonment of the Comarco transaction.

Outlook

The global financial recession will present some future headwinds in the short to medium term. The Company and its advisors have been working tirelessly on various initiatives aimed at creating shareholder value. As at the 25th of July the Company had £350,000 in cash, and the board believes that the Company is well positioned to take advantage of any opportunities that may arise due to the current economic turmoil.

Responsibility Statement

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';
- the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year; and
- the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

Andrew Monk
Non-Executive Chairman
27 July 2022

FOR FURTHER INFORMATION PLEASE CONTACT:

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Forward looking statement

Certain statements in this announcement, are, or may be deemed to be, forward looking statements. Forward looking statements are identified by their use of terms and phrases such as “believe”, “could”, “should” “envisage”, “estimate”, “intend”, “may”, “plan”, “will” or the negative of those, variations or comparable expressions, including references to assumptions. These forward-looking statements are not based on historical facts but rather on the Directors’ current expectations and assumptions regarding the Company’s future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such forward looking statements reflect the Directors’ current beliefs and assumptions and are based on information currently available to the Directors. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including risks associated with vulnerability to general economic and business conditions, competition, environmental and other regulatory changes, actions by governmental authorities, the availability of capital markets, reliance on key personnel, uninsured and underinsured losses and other factors, many of which are beyond the control of the Company. Although any forward-looking statements contained in this announcement are based upon what the Directors believe to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with such forward looking statements.

For further information please visit <http://www.aaapl.com>.

Interim Condensed Consolidated Statement of Comprehensive Income

		6 months Ended 30 April 2022	Year ended 31 October 2021	6 months Ended 30 April 2021
	Notes	£	£	£
Turnover		681,761	1,404,234	788,096
Cost of Sales		(545,163)	(1,024,430)	(579,056)
Gross Profit		136,598	379,804	209,040
Other Income		315,495	-	-
Administrative expenses	4	(463,269)	(895,464)	(515,478)
Admission expenses	4	-	-	(8,350)
Impairments		-	-	-
Operating loss		(11,176)	(515,660)	(314,788)
Finance costs		(125,403)	(224,631)	(76,152)
Finance income		-	155,658	72,020
Loss before taxation		(136,579)	(584,633)	(318,920)
Tax on loss on ordinary activities		-	-	-
Loss after taxation		(136,579)	(584,633)	(318,920)
Other Comprehensive Income impairment of investment in associate		-	-	-
Total comprehensive loss for the year from continuing operations		(136,579)	(584,633)	(318,920)
Loss attributable to ordinary shareholders		(136,579)	(584,633)	(318,920)
Total comprehensive loss for the period		(136,579)	(584,633)	(318,920)
Basic and diluted earnings per share	5	(0.62p)	(2.66p)	(1.45p)

Interim Condensed Consolidated Statement of Changes in Equity

	Share Capital	Share Premium	Share Based Payments Reserve	Equity Portion of Convertible Loan Notes	Retained Earnings	Total Equity
	£	£	£		£	£
Balance at 31 October 2020	439,322	2,571,247	83,377	-	(3,831,894)	(737,948)
Share Issue	-	-	-	-	-	-
Loss for the period	-	-	-	-	(318,920)	(318,920)
Balance at 30 April 2021	439,322	2,571,247	83,377	-	(4,150,814)	(1,056,868)
Equity portion of Convertible Loan Notes issued during the year	-	-	-	74,935	-	74,935
Share Issue	-	-	-	-	-	-
Loss for the year	-	-	-	-	(265,713)	(265,713)
Balance at 31 October 2021	439,322	2,571,247	83,377	74,935	(4,416,527)	(1,247,646)
Share Issue	76,247	76,248	-	-	-	152,495
Loss for the period	-	-	-	-	(136,579)	(136,579)
Balance at 30 April 2022	515,569	2,647,495	83,377	74,935	(4,553,106)	(1,231,730)

Share capital is the amount subscribed for shares at nominal value.

Retained losses represent the cumulative loss of the Group attributable to equity shareholders.

Share-based payments reserve relate to the charge for share-based payments in accordance with IFRS 2.

Interim Condensed Consolidated Statement of the Financial Position

		6 months Ended 30 April 2022	Year ended 31 October 2021	6 months Ended 30 April 2021
	Notes	£	£	£
Assets				
Non-Current Assets				
Property, Plant and Equipment	6	11,266	13,769	19,041
Right of Use Asset	11	327,829	341,905	395,608
Loan receivable	7	-	-	1,017,964
Total Non-Current Assets		339,095	355,674	1,432,613
Current assets				
Investment in Associate - (held for sale)	9	6,154	6,154	6,154
Inventories		34,847	42,683	74,585
Trade and Other Receivables		327,299	297,799	222,030
Cash and Cash Equivalents		503,399	1,109,774	111,332
Total Current Assets		871,699	1,456,410	414,101
Total Assets		1,210,794	1,812,084	1,846,714
Equity and Liabilities				
Share Capital	10	515,569	439,322	439,322
Share Premium Account	10	2,647,495	2,571,247	2,571,247
Share-Based Payments Reserve		83,377	83,377	83,377
Equity portion of convertible loan notes		74,935	74,935	-
Retained Earnings		(4,553,107)	(4,416,527)	(4,150,814)
Total Equity		(1,231,731)	(1,247,646)	(1,056,868)
Non-Current Liabilities				
Non-Current Lease Liabilities	11	242,796	269,215	322,114
Borrowings		791,472	466,064	532,980
Convertible Loan Notes		778,065	778,065	853,000
Total Non-Current Liabilities		1,812,333	1,513,344	1,708,094
Current Liabilities				
Current Lease Liabilities	11	87,866	77,887	75,206
Trade and Other Payables		542,326	1,468,499	1,120,282
Total Current Liabilities		630,192	1,546,386	1,195,488
Total Equity and Liabilities		1,210,794	1,812,084	1,846,714

Interim Condensed Consolidated Statement of Cash Flows

	6 months Ended 30 April 2022	Year ended 31 October 2021	6 months Ended 30 April 2021
Notes	£	£	£
Cash flows from operating activities			
Operating loss	(11,176)	(515,660)	(314,788)
Add: Depreciation	37,547	78,109	39,550
Add: unrealised foreign exchange (gain) / loss	(26,727)	(65,301)	(572,203)
Add: (Profit)/loss on disposal of property, plant and equipment	1,256	139	-
Finance costs	(185,777)	(93,378)	(76,152)
Interest received	-	155,658	72,021
Changes in working capital			
Decrease in inventories	(5,720)	137,401	107,123
Decrease / (increase) in receivables	44,257	(8,363)	69,909
(Decrease) / increase in payables	(715,968)	262,565	513,052
Net cash flow from operating activities	(862,309)	(48,830)	(161,488)
Investing Activities			
Acquisition of property, plant and equipment	(257)	(8,767)	(8,657)
Disposal of property, plant and equipment	1,303	-	-
Foreign exchange movements	(19,593)	433	-
Loan Receivable repaid	-	944,004	-
Net cash flow from investing activities	(18,547)	935,670	(8,657)
Cash flows from financing activities:			
Net proceeds from issue of shares	9	-	-
Convertible loan notes issued	-	220,000	220,000
Increase in borrowings	348,503	32,973	104,261
Foreign exchange movements	(23,095)	(8,043)	(38,608)
Capital repayments of lease liability	(50,863)	(67,071)	(50,390)
Net cash flow from financing activities	274,545	177,859	235,263
Net cash flow for the period	(606,311)	1,064,699	65,118
Opening Cash and cash equivalents	1,109,774	45,251	45,251
Foreign exchange movements	(64)	(176)	963
Closing Cash and cash equivalents	503,399	1,109,774	111,332

Notes to the Interim Condensed Consolidated Financial Statements

1. General Information

Anglo African Agriculture plc is a company incorporated in the United Kingdom. Details of the registered office, the officers and advisers to the Company are presented on the Directors and Advisers page at the end of this report. The Company has a standard listing on the London Stock Exchange main market. The information within these Interim condensed consolidated financial statements and accompanying notes must be read in conjunction with the Audited annual financial statements that have been prepared for the year ended 31 October 2021.

2. Basis of Preparation

These unaudited condensed consolidated interim financial statements for the six months ended 30 April 2022 have been prepared in accordance with International Accounting Standard N°34, Interim Financial Reporting, were approved by the board and authorised for issue on 25 July 2022.

The basis of preparation and accounting policies set out in the Annual Report and Accounts for the year ended 31 October 2021 have been applied in the preparation of these condensed consolidated interim financial statements. These interim financial statements have been prepared in accordance with the recognition and measurement principles of the International Financial Reporting Standards (“IFRS”) as endorsed by the EU that are expected to be applicable to the consolidated financial statements for the year ending 31 October 2022 and on the basis of the accounting policies expected to be used in those financial statements.

The figures for the six months ended 30 April 2022 and 30 April 2021 are unaudited and do not constitute full accounts. The comparative figures for the year ended 31 October 2021 are extracts from the 2021 audited accounts. The independent auditor’s report on the 2021 accounts was not qualified but included a material uncertainty in respect of going concern.

3. Segmental Reporting

In the opinion of the Directors, the Group has one class of business, being the trading of agricultural materials. The Group’s primary reporting format is determined by the geographical segment according to the location of its establishments. There is currently only one geographic reporting segment, which is South Africa. All revenues and costs are derived from the single segment. Historically this segment has experienced a high demand for its products in the months of July to December with a lower-than-average demand in the months of January to March.

4. Company Result for the period

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent Company income statement account.

The operating loss of the group for the six-month period ended 30 April 2022 was £11,176 (30 April 2021: £314,788, year ended 31 October 2021: loss of £515,660). The operating loss incorporated the following main items:

	6 months Ended 30 April 2022	Year ended 31 October 2021	6 months Ended 30 April 2021
	£	£	£
Accounting and administration fees	24,413	20,153	14,786
Admission expenses	-	-	8,350
Brokership fees	-	39,724	17,224
Legal and professional fees	32,164	36,089	-
Registrar fees	1,767	5,138	2,509
Personnel expenses	105,709	278,499	141,045

5. Earnings per Share

Earnings per share data is based on the Group result for the six months and the weighted average number of shares in issue.

Basic loss per share is calculated by dividing the loss attributable to equity shareholders by the weighted average number of ordinary shares in issue during the period:

	6 months Ended 30 April 2022 (Unaudited)	Year ended 31 October 2021 (Audited)	6 months Ended 30 April 2021 (Unaudited)
	£	£	£
Loss after tax	(136,579)	(584,633)	(318,920)
Weighted average number of ordinary shares in issue	21,966,077	21,966,087	21,966,077
Basic and diluted loss per share (pence)	(0.62p)	(2.66p)	(1.45p)

Basic and diluted earnings per share are the same, since where a loss is incurred the effect of outstanding share options and warrants is considered anti-dilutive and is ignored for the purpose of the loss per share calculation. As at 30 April 2022 there were 26,148,289 (31 October 2021 – 26,148,289 and 30 April 2021 – 13,024,622) outstanding share warrants and 897,809 (31 October 2021 – 897,809 and 30 April 2021 – 1,047,809) outstanding options, both are potentially dilutive.

6. Property, Plant and Equipment

Depreciation on property, plant and equipment is calculated using the straight-line method to write off their cost over their estimated useful lives at the following annual rates:

Furniture and fixtures	17%
Leasehold improvements	33%
Plant and equipment	20% and 33%

Useful lives and depreciation method are reviewed and adjusted if appropriate, at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the relevant asset and is recognised in profit or loss in the year in which the asset is derecognised.

Group	Leasehold Property	Furniture and fixtures	Plant and equipment	Total
	£	£	£	£
Cost				
As at 31 October 2020	19,571	4,317	268,512	292,400
Exchange difference	961	212	13,176	14,349
Additions	-	-	8,657	8,657
Disposals	-	-	-	-
As at 30 April 2021	20,532	4,529	290,345	315,406
Exchange difference	(786)	(173)	(10 775)	(11 734)
Additions	-	-	110	110
Disposals	-	-	(298)	(298)
As at 31 October 2021	19,746	4,356	279,382	303,484
Exchange difference	979	216	13,844	15,039
Additions	-	-	257	257
Disposals	-	-	(5 088)	(5 088)
As at 30 April 2022	20,725	4,572	288,395	313,692
Accumulated depreciation				
As at 31 October 2020	19,085	3,674	254,343	277,102
Charge for the year	353	196	5,092	5,641
Released on disposal	-	-	-	-
Exchange difference	943	183	12,496	13,622
As at 30 April 2021	20,381	4,053	271,931	296,365
Charge for the year	124	167	4,658	4,949
Released on disposal	-	-	(159)	(159)
Exchange difference	(785)	(160)	(10 495)	(11 440)
As at 31 October 2021	19,720	4,060	265,935	289,715
Charge for the year	25	98	3,196	3,319
Released on disposal	-	-	(5 088)	(5 088)
Exchange difference	977	205	13,298	14,480
As at 30 April 2022	20,722	4,363	277,341	302,426
Net Book Value				
As at 30 April 2021	151	476	18,414	19,041
As at 31 October 2021	26	296	13,447	13,769
As at 30 April 2022	3	209	11,054	11,266

The holding company held no tangible fixed assets at 30 April 2022, 31 October 2021 and 30 April 2021.

7. Loan receivable

	6 months Ended 30 April 2022 (Unaudited) £	Year ended 31 October 2021 (Audited) £	6 months Ended 30 April 2021 (Unaudited) £
Loan to Touchwood Investments Ltd	-	-	1,017,964
Carrying value	-	-	1,017,964

The loan advanced to Touchwood Investments Ltd, a company that is part of the Comarco Group, which operates a port in Mombasa was settled during the 2021 financial year.

8. Subsidiaries

AAA holds investments in the following subsidiary undertakings as at 30 April 2022, which principally affected the losses and net assets of the group.

Name of companies	Principal activities	Country of incorporation and place of business	Proportion (%) of equity interest 2020	Proportion (%) of equity interest 2019
Dynamic Intertrade (Pty) Limited	Value Added Agricultural Products	South Africa	100%	100%

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are consolidated, using the acquisition method, from the date that control is gained and are stated at cost less, where appropriate, provisions for impairment. Entities that do not comply with this policy, but over which the group has a shareholding of between 20 and 50 percent of the voting rights are equity accounted from the date of acquisition and are stated at cost and adjusted for the results of these entities for the accounting period.

9. Investment in Associate

	6 months Ended 30 April 2022 (Unaudited) £	Year ended 31 October 2021 (Audited) £	6 months Ended 30 April 2021 (Unaudited) £
Investment in Dynamic Intertrade Agri (Pty) Ltd	6,154	6,154	6,154
Equity accounted profit/ (loss) for the period	-	-	-
Impairment of investment	-	-	-
Carrying value	6,154	6,154	6,154

10. Share Capital

Ordinary shares are classified as equity. Proceeds from issuance of ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against share capital.

Allotted, called up and fully paid ordinary shares

of 2.0p (April 2019 - 0.1p) each	Number of shares	Share Capital £	Share Premium £
Balance at 31 October 2020	21,966,077	439,322	2,571,247
Share issue	-	-	-
Balance at 30 April 2021	21,966,077	439,322	2,571,247
Share issue	-	-	-
Balance at 31 October 2021	21,966,077	439,322	2,571,247
Share issue	3,823,627	76,247	76,248
Balance at 30 April 2022	25,789,704	515,569	2,647,495

11 Leases

Right of Use Asset and Liability

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate for comparable assets as of 1 November 2019. The weighted average lessee's incremental borrowing rate for comparable mortgage bonds applied to the lease liabilities on 1 November 2019 was 8.5%, being the discount rate on the Group's borrowings. In the Directors opinion this is the discount rate that the Group would obtain should it be purchasing land and buildings. Without further security available the Group would be unlikely to secure funding from other sources and therefore the Directors believe the 8.5% rate applied is the most appropriate basis on which to base the IFRS 16 calculations.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

	6 months Ended 30 April 2022	Year ended 31 October 2021	6 months Ended 30 April 2021
	£	£	£
Lease liability recognised in the statement of financial position at 31 October 2021	347,102	410,502	410,502
Foreign exchange movements	17,200	3,672	20,146
Discounted using the incremental borrowing rate at date of initial application	17,223	-	17,062
Additions to leases during the year	-	-	-
Lease payments	(50,863)	(67,072)	(50,390)
Lease liability recognised in the statement of financial position	330,662	347,102	397,320
Of which:			
Current lease liabilities	87,866	77,887	75,206
Non-current lease liabilities	242,796	269,215	322,114
	330,662	347,102	397,320

Right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 31 October 2021. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application. The recognised right-of-use assets relate to the following types of assets:

	6 months Ended 30 April 2022	Year ended 31 October 2021	6 months Ended 30 April 2021
	£	£	£
Properties	327,829	341,905	395,608

12 Events Subsequent to 30 April 2022

There were no material events subsequent to April 2022 other than what has been disclosed.

Directors and Advisers

Directors:	Robert Scott Andrew Monk Matthew Bonner
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