



ANGLO AFRICAN AGRICULTURE PLC
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE 7 MONTHS TO 31 OCTOBER 2013

Company Registration No. 07913053 (England and Wales)

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DIRECTORS AND ADVISERS

Directors:	Andrew Anthony Monk Konrad Patrick Legg (resigned 30 October 2013) Douglas Dakarai Chikohora Neil Herbert (appointed 25 February 2014)
Company Number:	07913053
Registered Address:	New Liverpool House 15-17 Eldon Street London EC2M 7LD
Head Office	New Liverpool House 15-17 Eldon Street London EC2M 7LD
Corporate Adviser	Alfred Henry Corporate Finance Limited Finsgate 5-7 Cranwood Street London EC1V 9EE
Financial Adviser & Broker	VSA Capital Limited New Liverpool House 15-17 Eldon Street London EC2M 7LD
Auditors	Jeffreys Henry LLP Finsgate 5-7 Cranwood Street London EC1V 9EE
Solicitors to the Company	Moore Blatch LLP 6 th Floor 125 Old Broad Street London EC2N 1AR
Registrars	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA

CHAIRMAN'S STATEMENT

FOR THE PERIOD TO 31 OCTOBER 2013

Anglo African Agriculture plc ("AAA" or "Company") was established as a means to invest in or acquire companies engaged in the agriculture sector in Africa. The Directors intend to use their collective experience to identify appropriate investment opportunities in the production, transportation and trading of food products in Sub-Saharan Africa.

AAA was successfully floated on the ISDX Growth Market on 6 September 2012.

AAA acquired a 19 per cent. stake in Dynamic Intertrade (Pty) Limited ("Dynamic") on 28 March 2013 and provided that company with a secured loan facility of GBP500,000. AAA was granted an option to acquire the remaining 81 per cent. of Dynamic for a multiple of 2.4 times audited EBITDA, payable in AAA shares, dependent on Dynamic achieving increased turnover whilst re-organising the business to generate sustainable profits.

During the period, Konrad Legg stepped down from the Board of AAA to pursue other business opportunities and we take this opportunity to thank him for helping to establish the Company, obtain the listing on the ISDX Growth Market, and make the first investment. We thank Konrad for his advice and guidance and wish him well for the future with his other business interests.

Neil Herbert joined the Board on 25th February and he brings a wealth of public company experience to the business. He has subscribed for 6m new ordinary shares at a price of 1.7p, in addition to 6m new warrants, to raise £102,000 (gross). Details of this subscription were announced on 20th December 2013.

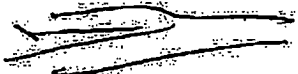
1,500,000 warrants were exercised at 1.5p on 12 August 2013 raising equity of £22,500. 33,976,800 warrants exercisable at 1.5p were not exercised by 5 September 2013 and so expired. Following the issue of 1,500,000 new ordinary shares issued pursuant to the exercise of the 1,500,000 warrants, the Company's issued share capital at the end of the period comprised 70,014,705 Ordinary shares.

The total number of 2.5p Warrants issued and expiring on 31 January 2015 amounts to 19,500,000. The total number of 1p warrants, issued to the Company's joint financial advisors, expiring on 5 September 2022 amounts to 2,761,330. The total number of outstanding share options, issued to the directors of the Company, expiring on 5 September 2022 amounts to 5,517,138, with an exercise price of 1p per share.

The Company's period end has been changed to 31 October so that it is aligned with that of its main investment, Dynamic.

The Company continues to review potential acquisitions with a view to growth and further consolidation of the business.

As previously announced, it is the intention of the Company to seek an AIM listing. Progress in this regard is being made and we expect to inform shareholders of developments in coming weeks. We believe this will give the Company a better capability of accessing institutional funding, which will be to the benefit of all shareholders.



Andrew Monk
Chairman
7 March 2014

STRATEGIC REPORT FOR THE PERIOD TO 31 OCTOBER 2013

Review of the Company's Business

The principal business of AAA is that of a holding company. Its principal income is interest on the loan made to Dynamic with costs being administrative. AAA's principal investment, Dynamic, has made progress in the last year to 31 October 2013 and it is ultimately the intention of the Company to seek an AIM listing.

Established in 2007, Dynamic is a food manufacturing and trading company based in Brits, South Africa, involved in the manufacture, import, trading and distribution of herbs, spices, seasonings and confectionary products. Further details can be found at <http://www.dynamicintertrade.co.za/>. Progress has been made at Dynamic with turnover increasing and the foundations have been laid for the future expansion. The current trading and the forecasts indicate that the company will continue to expand its turnover and activities in the next financial year.

Key Performance Indicators

	31 October 2013 £	31 March 2013 £
Cash at bank and in hand	25,144	546,998
Loan to Dynamic	500,000	-
Operating loss	(1,853)	(119,876)
Cash (outflow) / inflow	(521,854)	546,998

Loan Facility

AAA lent Dynamic £500,000 repayable over a period of five years from the first anniversary of drawdown. The Loan bears interest at 2% above LIBOR. Under the Loan Facility, AAA nominated a director to the board of Dynamic.

Supplier payment policy

It is the Company's payment policy to pay its suppliers in conformance with industry norms. Trade payables are paid in a timely manner within contractual terms, which is generally 30 to 45 days from the date an invoice is received.

Principal Risks and Uncertainties

The Directors consider the following risk factors are of particular relevance to the Company's activities. It should be noted that the list is not exhaustive and that other risk factors not presently known or currently deemed immaterial may apply. The risk factors are summarised below:

(i) Development Risk

The Company will be dependent on the ability of the Directors to identify suitable investment opportunities and to implement the Company's strategy. There is no assurance that the Company's activities will be successful in acquiring a suitable investment.

(ii) Sector Risk

The agriculture sector is a highly competitive market and many of the competitors will have greater financial and other resources than the Company and as a result may be in a better position to compete for opportunities.

STRATEGIC REPORT

FOR THE PERIOD TO 31 OCTOBER 2013 (CONTINUED)

The development of agricultural enterprises involves significant uncertainties and risks including unusual climatic conditions such as drought, improper use of pesticides, availability of labour and seasonality of produce, any one of which could result in damage to, or destruction of crops, environmental damage or pollution all of which could have a material adverse impact on the business, operations and financial performance of the Company.

The market price of agricultural products and crops is volatile and is affected by numerous factors which are beyond the Company's control. These include international supply and demand, the level of consumer product demand, international economic trends, currency exchange rate fluctuations, the level of interest rates, the rate of inflation, global or regional political events and international events as well as a range of other market forces.

Sustained downward movements in agricultural prices could render less economic, or uneconomic, any development or investing activities to be undertaken by the Company. Certain agricultural projects involve high capital costs and associated risks. Unless such projects enjoy long term returns, their profitability will be uncertain resulting in potentially high investment risk.

(iii) Country Risk

African countries experience varying degrees of political instability. There can be no assurance that political stability will continue in those countries where the Company in the future may have operations. In the event of political instability or changes in government policies in those countries where the Company may operate, the operations and financial condition of the Company could be adversely affected.

(iv) Financing risk

The development of the Company's business may depend upon the Company's ability to obtain financing primarily through the raising of new equity capital or debt. The Company's ability to raise further funds may be affected by the success of existing and acquired investments. The Company may not be successful in procuring the requisite funds on terms which are acceptable to it (or at all) and, if such funding is unavailable, the Company may be required to reduce the scope of its investments or the anticipated expansion. Further, Shareholders' holdings of Ordinary Shares may be materially diluted if debt financing is not available.

(v) Credit Risk

The directors have reviewed the forecasts prepared by both AAA and Dynamic and believe that Dynamic has adequate resources available to meet its obligations to make capital repayments of the loan to AAA.

In the event that Dynamics trading performance is below that forecast, AAA will exercise a degree of flexibility on the repayment timetable. With the Dynamic turnover increasing and the company forecasting profitability there is no requirement for any impairment charge.

(vi) Liquidity Risk

The directors have reviewed the working capital requirements of both AAA and Dynamic and believe that, following stress tests and variance analysis on the forecasts, there is sufficient working capital to fund the business while expanding turnover and achieving sustainable profitability.

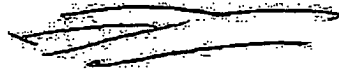
STRATEGIC REPORT
FOR THE PERIOD TO 31 OCTOBER 2013 (CONTINUED)

Going Concern

The day to day working capital requirements and investment objectives are met by existing cash resources and the issue of equity. At 31 October 2013 the Company had a cash balance of £25,144.

The Company's forecasts and projections, taking into account reasonably possible changes in the level of overhead costs and the anticipated repayment of the loan, show that the Company should be able to operate within its available cash resources. The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

On behalf of the Board



Andrew Monk

Director

7 March 2014

DIRECTORS' REPORT
FOR THE PERIOD TO 31 OCTOBER 2013

The directors present their report and financial statements for the 7 months to 31 October 2013.

Change of Accounting Reference date

The company has now changed its accounting reference date to 31 October.

Principal Activities

The principal activity of the Company in the period was investment in the agriculture sector in Africa.

Investing policy

AAA was established as a means to invest in or acquire companies engaged in the agriculture sector in Africa. The Directors intend to use their collective experience to identify appropriate investment opportunities in the production, transportation and trading of food products, including the acquisition of land for food production.

Directors

The following directors have held office in the period:

Andrew Monk	Douglas Chikohora
Konrad Legg (resigned 30 October 2013)	Neil Herbert (appointed 25 February 2014)

Andrew Monk, Non-Executive Chairman

Andrew has a successful stock broking career spanning 30 years. In that time he has built up strong relationships with many major UK institutions. He was employed by Hoare Govett ABN AMRO for 11 years before founding Oriol Securities as Joint CEO. Andrew later became CEO of Blue Oar Plc, and Chief Executive of VSA Capital Group PLC, an investment banking and institutional broking firm focussed on natural resources, including agriculture.

Douglas Chikohora, Non-Executive Director

Douglas has over 30 years' successful experience in the mining sector mostly in Africa. He has been a director of AIM listed companies in the past and now sits on the boards of Business Council for Africa and Cluff Africa Associates UK Limited.

Qualified as a Chartered Engineer, he joined the Buchwa Mine in 1981; in 1984 he joined RTZ, Zimbabwe before moving to Cluff Resources in 1987 where he developed the Ayanfuri mine in Ghana, West Africa. In 1996, he was appointed Managing Director of Cluff Mining (West Africa) Ltd; in 2004 he became Technical Director of Cluff Gold plc. and co-founded Cluff Africa Associates in 2010. Throughout his mining career he has established good contacts in the natural resource sector, including agriculture, on the African continent.

Neil Lindsey Herbert

Neil Herbert is an experienced investor who has worked in the resource sector since he joined Chilean copper miner Antofagasta PLC in 1998, having previously been employed by PwC in Europe. Until May 2013, he was Co-Chairman and Managing Director of Polo Resources Ltd until, which was one of the most successful resource investors during his four years as Managing Director. Prior to joining Polo he was Finance Director of African uranium explorer UraMin Inc., from its foundation in 2005 until its acquisition in 2007 for \$2.5bn. Neil has managed companies through project acquisitions, disposals, mine development, stock market listings and fund raisings, and has considerable experience as both an executive and a non-executive director

DIRECTORS' REPORT FOR THE PERIOD TO 31 OCTOBER 2013 (CONTINUED)

The Directors have received no remuneration in the 7 months ended 31 October 2013.

As at 31 October 2013, the Directors of the Company held the following shares:

Director	Shareholding	Percentage of the Company's ordinary share capital
Andrew Monk	2,000,000	2.9%
Douglas Chikohora	2,250,000	3.2%

Andrew Monk's entire shareholding is held in his SIPP.

As at 31 October 2013, the Directors share options were:

Director	Options at 1p (expiring 5 September 2022)	Warrants at 2.5p (expiring 31 January 2015)
Andrew Monk	1,839,046	1,000,000
Douglas Chikohora	1,839,046	500,000

Substantial interests

The Company has been informed of the following shareholdings that represent 3% or more of the issued Ordinary Shares of the Company as at 7 March 2014:

Shareholder	Shareholding	Percentage of the Company's ordinary share capital
VSA Capital Group Plc	9,000,000	11.8%
Zeus Capital	9,000,000	11.8%
Investco Overseas Holdings Limited	6,500,000	8.6%
Huntress (CI) Nominees Limited	6,000,000	7.9%
Pershing Nominees Limited	5,000,000	6.6%
Roger Allard	5,000,000	6.6%
Coc'Roach Limited	5,000,000	6.6%
WB Nominees Limited	3,500,000	4.6%
Christopher Donovan James Pearce	3,000,000	3.9%
HSBC Global Custody Nominee (UK) Limited	3,000,000	3.9%
Hargreaves Lansdown (Nominees) Limited	2,396,113	3.2%
Corestar Holdings Limited	2,246,338	3.0%

The total warrants and options outstanding at 31 October 2013 were 25,939,422. Refer to note 15 for more detail.

DIRECTORS' REPORT FOR THE PERIOD TO 31 OCTOBER 2013 (CONTINUED)

Dividends

No dividends will be distributed for the current period (31 March 2013 – nil).

Auditors

Jeffreys Henry LLP has expressed its willingness to continue in office and a resolution to reappoint them will be proposed at the Annual General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the company financial statements have been prepared in accordance with IFRS as adopted by the European Union subject to any material departures disclosed and explained in the Financial Statements.;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

DIRECTORS' REPORT

FOR THE PERIOD TO 31 OCTOBER 2013 (CONTINUED)

Statement of disclosure to auditors

Each person who is a Director at the date of approval of this Annual Report confirms that:

- So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- Each Director has taken all the steps that he ought to have taken as Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.
- Each director is aware of and concurs with the information included in the Strategic Report.

Branches outside the UK

The company had no branches other than its location at its head office.

Future developments

Future developments are set out in the Strategic Report

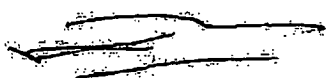
Post Balance Sheet Events

Further information on events after the reporting date are set out in note 22.

Principal Risk and Uncertainties

The principal risks and uncertainties of the business are discussed in the Strategic Report.

On behalf of the board



Andrew Monk
Chairman
7 March 2014

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANGLO AFRICAN AGRICULTURE PLC.

We have audited the financial statements of Anglo African Agriculture PLC for the period ended 31 October 2013 which comprise the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Chairman's Statement, the Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the Company as at 31 October 2013 and of the Company's loss for the period then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- have been prepared in accordance with the requirements of the Companies Act 2006.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ANGLO AFRICAN AGRICULTURE PLC.**

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters for which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Sanjay Parmar
SENIOR STATUTORY AUDITOR
For and on behalf of Jeffrey's Henry LLP, statutory auditor

Finsgate
6-7 Cranwood Street
London
EC1V 9EE

7 March 2014

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD TO 31 OCTOBER 2013**

	Notes	Period ended 31 October 2013 £	Period ended 31 March 2013 £
Turnover	4	-	-
Administrative expenses		(8,882)	(119,876)
Operating loss	5	(8,882)	(119,876)
Bank interest receivable		7,029	-
Loss on ordinary activities before taxation		(1,853)	(119,876)
Tax on loss on ordinary activities	6	-	-
Loss for the period		(1,853)	(119,876)
Basic and diluted earnings per share	7	-	(0.28p)

Since there is no other comprehensive loss, the loss for the period is the same as the total comprehensive loss for the period attributable to the owners of the Company.

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD TO 31 OCTOBER 2013**

	Share capital	Share premium	Retained Earnings	Share based payments reserve	Total equity
	£	£	£	£	£
Balance at 1 April 2013	68,515	624,916	(119,876)	16,906	590,461
Issue of Share Capital	1,500	21,000			22,500
Loss for the period			(1,853)		(1,853)
Decrease in Share Based Payments Reserve			537	(537)	-
Balance at 31 October 2013	70,015	645,916	(121,192)	16,369	611,108

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

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

The share premium has arisen on the issue of shares at a premium to their nominal value.

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

STATEMENT OF FINANCIAL POSITION
AT 31 OCTOBER 2013

	Notes	31 October 2013 £	31 March 2013 £
Assets			
Non-current assets			
Investments	9	84,915	84,915
Current assets			
Trade and other receivables	10	507,029	-
Cash and cash equivalents	17	25,144	546,998
Total assets		617,088	631,913
Equity and Liabilities			
Share capital	12	70,015	68,515
Share premium account	12	645,916	624,916
Share-based payments reserve	15	16,369	16,906
Retained earnings	13	(121,192)	(119,876)
Total equity	14	611,108	590,461
Current liabilities			
Trade and other payables	11	5,980	41,452
Total liabilities		5,980	41,452
Total equity and liabilities		617,088	631,913

The notes on pages 15 to 23 form part of these financial statements.

Approved by the Board and authorised for issue on 7 March 2014.


Andrew Monk
Chairman

Company Registration No. 07913053

**CASH FLOW STATEMENT
FOR THE PERIOD TO 31 OCTOBER 2013**

	Note	7 months ended 31 October 2013	Period from 17 January 2012 to 31 March 2013
			£
Cash flows from operating activities			
Operating loss		(1,853)	(119,876)
Movement in the share based payment reserve	15	-	16,906
Adjustments for:			
Changes in working capital			
Trade (receivables)/payables		(42,501)	41,452
Net cash outflows from operating activities		(44,354)	(61,518)
Cash flows from financing activities:			
Net proceeds from issue of shares		22,500	608,516
Loan made to Dynamic	10	(500,000)	-
		(521,854)	546,998
Opening Cash		546,998	-
Closing Cash	17	25,144	546,998

The notes on pages 15 to 23 form part of these financial statements.

ANGLO AFRICAN AGRICULTURE PLC

NOTES TO THE 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 beginning of this report. The Company is listed on the ISDX Growth Market (AAP:ISDX).

The comparative information within these financial statements and accompanying notes have been prepared from 17 January 2012 to 31 March 2013. The current period covers the seven month period from 1 April 2013 to 31 October 2013.

2. Summary significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. IFRS comprises of standards issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union (EU).

Preparation of financial statements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Issued International Financial Reporting Standards (IFRS's) and Interpretations (IFRICS) relevant to company operations

The following IFRS and IFRIC interpretations are effective for the first time in this financial period.

Amendments resulting from Annual Improvements 2009-11 Cycle and applicable to periods beginning on or after 1 January 2013. The applicable standards being IAS32, IAS34, IAS1 and IFRS1. Amendments to IFRS7 and guidance of offsetting of assets and liabilities are applicable to periods beginning on or after 1 January 2013.

The introduction of IFRS13 which provides guidance on how to measure fair value when fair value is required or permitted and commenced from 1 January 2013.

The directors anticipate that the adoption of these standards and interpretations will have no material impact on the financial statements of the Company.

Standards, Interpretations and amendments to published standards that are not yet effective

The following IFRS or IFRIC interpretations that are issued but not yet effective and have not been adopted in these financial standards.

A revision to IFRS9 for accounting for financial instruments which becomes effective from 1 January 2015.

The introduction of IFRS10 which will impact future consolidations in the financial statements of the company. This standard will become effective from 1 January 2014.

The introduction of IFRS11 which will impact group reporting and interest in joint ventures. This standard will become effective from 1 January 2014.

ANGLO AFRICAN AGRICULTURE PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The introduction of IFRS12 which will impact an entity that has an interest in subsidiaries, joint arrangements and associates and is effective from 1 January 2014.

All companies implementing IFRS12 will also be expected to simultaneously implement IFRS10, IFRS11 and IAS27 and IAS28.

The directors anticipate that the introduction of these standards and interpretations in future periods will have no material impact on the financial statement of the company.

2.2 Going concern

The financial statements have been prepared on a going concern basis.

The company made a loss of £1,853 for the 7 months ended 31 October 2013 (loss of £119,878 in the period from 17 January 2012 to 31 March 2013). The directors have formed a judgement, at the time of approving the financial statements, that it is appropriate to adopt the going concern basis in preparing the financial statements. These financial statements do not include any adjustments that would arise if the Company was unable to continue to trade.

2.3 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

2.4 Investments

Investments are stated at cost less provision for any impairment in value.

2.5 Receivables

Receivables are recognised and stated at fair value less any allowances for doubtful debts

2.6 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.7 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.8 Share premium

Share premium represents the excess of the amount subscribed for share capital over the nominal value of these shares net of share issue expenses.

2.9 Fair values

The carrying amounts of the financial assets and liabilities such as cash and cash equivalents, receivables and payables of the company at the statement of financial position date approximated their fair values, due to relatively short term nature of these financial instruments.

2.10 Foreign currency translation

The functional and presentation currency of these financial statements is in pounds sterling. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

ANGLO AFRICAN AGRICULTURE PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2.11 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date together with any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

2.12 Share-based compensation

The fair value of the employee and suppliers services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting year is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each statement of financial position date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The fair value of share-based payments recognised in the income statement is measured by use of the Black Scholes model, which takes into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted; based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The share price volatility percentage factor used in the calculation is based on management's best estimate of future share price behaviour and is selected based on past experience, future expectations and benchmarked against peer companies in the industry.

ANGLO AFRICAN AGRICULTURE PLC

NOTES TO THE FINANCIAL STATEMENTS

3. Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and assumptions

(a) Share-based payments

The fair value of share-based payments recognised in the income statement is measured by use of the Black Scholes model, which takes into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted; based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The share price volatility percentage factor used in the calculation is based on management's best estimate of future share price behaviour based on past experience, future expectations and benchmarked against peer companies in the industry.

(b) Impairment Review of investments and loans

The directors have carried out a detailed impairment review in respect of investments and loans provided by the Company. The Company assess at each reporting date, whether there is indication that an asset may be impaired by considering the fair value of the future purchase price of investments and/or considering the net present value of discounted cash flows forecast which have been discounted. The cash flow projections are based on the assumption that the Company can realise projected sales. A prudent approach has been applied with no residual value being factored. At the period end, the directors considered that the loan and the current asset investment were not impaired..

(c) Going Concern

As further disclosed in note 2.2, the directors have made critical judgements and assumptions on the company's ability to continue as a group concern. No adjustment has been made should the Company be unable to continue to trade.

4. Turnover	7 months to 31 October 2013 £	17 Jan 2012 to 31 March 2013 £
Analysed by geographical market:		
5. Operating loss	7 months to 31 October 2013 £	Jan 2012 to 31 March 2013 £
Operating loss is stated after charging:		
Directors' share based payments reserve		16,906
Auditors' remuneration	2,000	3,000

ANGLO AFRICAN AGRICULTURE PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. Taxation	7 months to 31 October 2013 £	17 Jan 2012 to 31 March 2013 £
Tax charge	-	-
Factors affecting the tax charge for the year;		
Loss on ordinary activities before taxation	(1,853)	(119,876)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.0%	(371)	(23,975)
Tax effect of expense not deductible for tax	-	3,381
Tax effect of utilisation of tax losses not previously recognised	371	20,594
Tax Charge	-	-

The Company has excess management expenses of £104,823 (31 March 2013 £102,970) available for carry forward against future trading profits. The deferred tax asset in these tax losses at 20% of £20,965 (31 March 2013 - £20,594) has not been recognised due to the uncertainty of recovery.

7. Loss per share

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:

	7 months to 31 October 2013 £	17 Jan 2012 to 31 March 2013 £
Loss after tax	(1,853)	(119,876)
Weighted average number of ordinary shares in issue	69,075,453	42,072,239
Basic and diluted loss per share (pence)	-	0.28p

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 31 October 2013 there were 22,261,330 (31 March 2013 - 57,737,930) outstanding share warrants and 3,678,092 (31 March 2013 - 5,517,138) outstanding options, both are potentially dilutive.

8. Dividends	7 months to 31 October 2013 £	17 Jan 2012 to 31 March 2013 £
Dividends paid	-	-

9. Investments	31 October 2013 £	31 March 2013 £
Investment at cost	84,915	84,915

The directors have valued the 19% investment in Dynamic Intertrade (Pty) Limited at cost. Having reviewed the current trading and forecasts the directors have reached the judgement that there is no requirement for an impairment provision.

ANGLO AFRICAN AGRICULTURE PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. Trade and other receivables	31 October 2013 £	31 March 2013 £
Other loans	500,000	-
Other debtors	7,029	-
	<u>507,029</u>	

The loan to the investment was made to Dynamic Intertrade (Pty) Limited ("Dynamic") in April 2013. Interest is being accrued at the rate of LIBOR +2% on this loan and the terms of repayment are a £100,000 capital repayment each year on the last business day in February starting with the first payment in February 2014. £400,000 of this loan will be repaid after a period of more than 12 months as per the terms of the loan agreement. The interest receivable for the period on this loan is £7,029 (31 March 2013 - £Nil).

11. Trade and other payables	31 October 2013 £	31 March 2013 £
Trade payables	480	38,452
Accruals	5,500	3,000
	<u>5,980</u>	<u>41,452</u>

12. Share capital

Allotted, called up and fully paid ordinary shares of 0.1p each	Number	Nominal Value £	Share Premium £	Total consideration £
Balance at 1 April 2013	68,514,705		624,916	693,431
New shares issued in the period	1,500,000	68,515	21,000	22,500
Balance at 31 October 2013	<u>70,014,705</u>	<u>70,015</u>	<u>645,916</u>	<u>715,931</u>

1,500,000 warrants were exercised at 1.5p on 12 August 2013 raising equity of £22,500. 33,976,600 warrants exercisable at 1.5p were not exercised by 5 September 2013 and expired. Following the issue of 1,500,000 new ordinary shares issued pursuant to the exercise of the 1,500,000 warrants, the Company's issued share capital at the end of the period consisted of 70,014,705 Ordinary shares.

13. Retained Earnings	31 October 2013 £	31 March 2013 £
Opening balance	(119,876)	-
Loss in period	(1,853)	(119,876)
Movement in share based payment reserve	537	-
	<u>(121,192)</u>	<u>(119,876)</u>

ANGLO AFRICAN AGRICULTURE PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Reconciliation of movements in shareholders' funds	31 October 2013 £	31 March 2013 £
Opening shareholders' funds	590,461	-
Loss for year	(1,853)	(119,876)
Nominal value – Ordinary shares issued during the year	1,500	68,515
Share premium – Ordinary shares issued during the year	21,000	624,916
Movement in Share Based Payments Reserve	(537)	16,906
Movement in profit and loss reserve	537	-
Closing shareholders' funds	<u>611,108</u>	<u>590,461</u>

15. Share-based payments

The Company has a share-ownership compensation scheme for senior executives of the Company whereby senior executives may be granted options to purchase Ordinary Shares in the Company.

Warrants

There are 22,261,330 warrants to subscribe for Ordinary shares at 31 October 2013. Of these, 2,761,330 warrants are exercisable at a price of 1p and were issued as consideration to the joint financial advisers of the Company, Zeus Capital Limited and VSA Capital Limited. The balance of 19,500,000 warrants are exercisable at a price of 2.5p

Options

On 6 September 2012, 5,517,138 were issued to the directors of the Company. Of these 1,839,046 were forfeit following the resignation of a director on 30 October 2013. There were 3,678,092 options at 31 October 2013 and these expire on 5 September 2022.

The share based payment charge for the period in respect of the issued options decreased by £537 (31 March 2013 – increase of £16,906) after eliminating the forfeited share options of a director.

The details of options and warrants are as follows:

Date of Grant	At 31.03.13	Exercised/		At 31.10.13	Exercise Price	Exercise/Vesting Date	
		Vested	Forfeits			From	To
Warrants							
06/09/2012	35,476,600	(1,500,000)	(33,976,600)	-	1.5p	06/09/2012	05/09/2013
06/09/2012	2,761,330	-	-	2,761,330	1p	06/09/2012	05/09/2022
06/12/2012	19,500,000	-	-	19,500,000	2.5p	06/12/2012	31/01/2015
Options							
06/09/2012	5,517,138	-	(1,839,046)	3,678,092	1p	06/09/2012	05/09/2022

The total warrants and options outstanding at 31 October 2013 were 25,939,422 (31 March 2013 - 63,255,068).

The number of warrants and options outstanding to the directors that served in the period, as at 31 October 2013 were as follows:

ANGLO AFRICAN AGRICULTURE PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Share-based payments (continued)

Director	Warrants	Options	Total
Andrew Anthony Monk	1,000,000	1,839,046	2,839,046
Konrad Patrick Legg (resigned 30 October 2013)	1,000,000		1,000,000
Douglas Dakaral Chikohora	500,000	1,839,046	2,339,046
Totals	2,500,000	3,678,092	6,178,092

The estimated fair value of the options in issue was calculated by applying the Black-Scholes option pricing model. The assumptions used in the calculation were as follows:

Share price at date of grant (6 September 2012)	£0.0125
Exercise price	£0.01
Expected volatility	50%
Expected dividend	0%
Contractual life	7 years
Risk free rate	2.5%
Estimated fair value of each option	£0.0045

The share options outstanding at the year-end had a weighted average remaining contractual life of 8.9 years.

16. Directors' emoluments

There were no directors emoluments in the period and no directors exercised their share options during the period (31 March 2013; options exercised – Nil).

17. Cash and cash equivalents

	31 October 2013	31 March 2013
	£	£
Cash at bank	25,144	546,988

18. Employees

The average monthly number of employees (including directors) during the period

	31 October 2013	31 March 2013
	Number	Number
	3	3

19. Employment costs

The amount of £nil (31 March 2013- £16,906) was charged in the period to establish the Share Based Payments Reserve. Following the resignation of a director the share based payment reserve value has been recalculated as £16,369.

There were no other employment costs in the period.

ANGLO AFRICAN AGRICULTURE PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Related party transactions

The director, Andrew Monk, is also a director of VSA Capital Group plc and that group provided services amounting to £840 to the company during the period. The balance owed at the period end was £240 (31 March 2013: £12,000).

Andrew Raca is a director of Dynamic Intertrade Pty Limited and is also an employee of the VSA Capital Group plc group. A loan of £500,000 was made to Dynamic Intertrade Pty Ltd during the period (31 March 2013: £Nil). The balance of the loan owed and any receivable interest at 31 October 2013 is £507,029 (31 March 2013: £Nil).

There were no other related party transactions during the period to 31 October 2013.

21. Control

There is no single controlling party. Significant shareholders are listed in the Directors Report.

22. Events after the reporting period

In April 2013 AAA lent Dynamic £500,000 repayable over a period of five years from the first anniversary of drawdown. The Loan bears interest at 2% above LIBOR.

Under the Loan Facility, AAA nominated a director to the board of Dynamic.

On 20 December 2013 the Company has raised a further £102,000 with the issue of 6 million shares at a price of 1.7p per share along with 6 million warrants to subscribe for ordinary shares at a price of 2.75p expiring on 31 January 2017.

On 25 February 2014, Neil Lindsey Herbert was appointed to the Board.

23. Financial Instruments Risks

The risks posed to the Company are set out in the Strategic Report. The directors do not consider that there are any significant changes in the Company's risk profile.