AfriAg Global plc

Annual Report and Financial Statements
for the year ended 31 December 2018

Registered number 002845V

Contents

AfriAg Global plc

Company information

Directors	David Lenigas (Executive Chairman) Anthony Samaha (Finance Director) Hamish Harris (Non-executive Director) Donald Strang (Non-executive Director)
Registered office	Quayside House 6 Hope Street Castletown Isle of Man IM9 1AS
Corporate Adviser and Broker	Peterhouse Capital Limited 3rd Floor, New Liverpool House 15 Eldon Street London EC2M 7LD United Kingdom
Auditor	Chapman Davis LLP Chartered Accountants and Registered Auditor 2 Chapel Court, London, SE1 1HH United Kingdom
Solicitors to English Law	Hill Dickinson. LLP The Broadgate Tower 20 Primrose Street London, EC2A 2EW United Kingdom
Solicitors to Isle of Man Law	Dougherty Quinn The Chambers 58 Mount Pleasant Douglas Isle of Man IM1 2PU
Bankers	Lloyds Bank plc 39 Threadneedle Street, London, EC2R 8AU United Kingdom
Registrar, Registered Agent and Administrator	Quayside Services Limited Quayside House 6 Hope Street Castletown Isle of Man IM9 1AS
CREST Service Provider	Share Registrars Limited Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey, GU9 7LL

Chairman's report (incorporating the strategic report)

AfriAg Global PLC (NEX: AFRI), the London listed global agri-logistics specialists, today presents its Annual Report for year ended 31 December 2018.

In a very significant move this financial year, the Company became one of the very few listed in London that was authorised by its shareholders to invest in the exciting global medicinal cannabis sector.

David Lenigas, Executive Chairman of AfriAg Global, commented:

"I am particularly excited about the shareholder approval gained in 2018 to allow the Company to invest in the fast-growing globally expanding legal medical cannabis space. There are very few companies listed in London and indeed in Europe that are actually allowed to pursue investments in this sector, and we plan to leverage this unique ability. We as a board have a number of near-term initiatives that we are pursuing that will hopefully, if closed, add significant value to the Company."

Investment policy change to include Medical Cannabis investments:

On 12 September 2018, shareholder approval was obtained at a general meeting for the expansion of the Company's investment strategy to include medicinal cannabis. The Company has now expanded its existing investment strategy to also include investments in companies, projects or products that are progressing research in and development of medicinal cannabis and its derivatives, producing or cultivating medicinal cannabis, producing or supplying products derived from or related to cannabis (including, but not limited to, hemp and cannabidiol products); and/or commercialising or marketing medicinal cannabis and its derivatives. The Company sees tremendous opportunities in the sector.

Going forward, the Company is likely to be an active investor within this legal medical cannabis sector and look to acquire control of certain target companies, although it may also consider acquiring non-controlling shareholdings in legal medical cannabis companies. The proposed investments to be made by the Company may be in either quoted or unquoted securities and made by direct acquisition of an interest in companies, partnerships or joint ventures, or direct interests in projects and these investments can be at any stage of development. Accordingly, the Company's proposed future equity interests in proposed investments may range from a minority position all the way up to 100 percent ownership. The Directors primary objective is to achieve the best possible value over time for Shareholders, primarily through capital growth.

Agriculture Investments:

Sadly, the market has not considered what has been achieved with our investments in the agricultural sector well, even though these investments continue to perform in a difficult global environment. We, as a Company, will assess whether further or continued investments in the sector is warranted, as we move towards the medical cannabis focus.

Our investment in AfriAg Marketing Pty Ltd (100% owned by AfriAg Global Plc):

AfriAg Marketing had revenues during the period of £2.24 million (2017: £3.12 million). During this year, the business has been focusing on consolidating our core activities of exporting, distribution and trading of a wide range of fruit and vegetable perishable food lines, including blueberry, passion fruit, pineapple, apple, strawberry, butternut, peas, fine beans, mange tout, sugar snap, baby corn, chillies, baby veg, and herbs to name our top product lines. Foreign exchange management, with the wild fluctuations in global currency rates, always proves challenging and contributed to the loss during the period of ZAR 2.628million (£149,000) (2017 profit: ZAR 0.343 million (£20,000)).

Chairman's report (incorporating the strategic report)

Our investment in AfriAg (Pty) Limited (40% owned by AfriAg Global Plc):

AfriAg (Pty) Limited, the South African registered agri-logistics and trading company, reported revenues during the 10-month period to 31 December 2018 of £9.016 million (12 months to 31 December 2017: £14.746 million); and a net profit for the 10 months to 31 December 2018 of £227,000 (12 months to 3 December 2017: £179,000). The Company has equity-accounted for its 40% share of this profit for 2018, being £97,000 (2017: £72,000).

Financial Results:

During the period, the Group had revenues of £2.24 m (2017: £3.12 m) and made a gross profit of £66,000 (2017: £280,000). The total comprehensive loss for the period attributable to equity holders of the parent was £347,000 (2017: £27 000)

There was a weighted loss per share of 0.017 p (2017: loss per share of 0.003 p).

Current assets at 31 December 2018 amounted to £1,056,000 (2017: £1,293,000).

Outlook:

We have a very unique ability, being one of the few companies listed in London and indeed Europe, to actually undertake investments in the fast-growing legal medical cannabis sector. It has taken a great deal of management and legal work to achieve this, and this will be a big focus for the management over the coming year.

The Board would like to take this opportunity to thank our shareholders, staff and consultants for their continued support and I look forward to reporting further significant progress over the next period and beyond.

The directors of the Company accept responsibility for the contents of this announcement.

David Lenigas
Executive Chairman
10 May 2019

Directors' report

The directors present their report on the group and its audited financial statements for the year ended 31 December 2018.

Principal activity

The principal activity of the Group is that of investing by seeking to acquire a direct and/or indirect interest in projects and assets in the agriculture and logistics sectors and the medicinal cannabis sector. The Group currently has a focus on opportunities in Africa, Europe, UK and the Middle East but will consider possible opportunities anywhere in the world. The Company has recently expanded its existing investment strategy in 2018 to also include investments in companies, projects or products that are progressing research in and development of medicinal cannabis and its derivatives, producing or cultivating medicinal cannabis, producing or supplying products derived from or related to cannabis (including, but not limited to, hemp and cannabidiol products); and/or commercialising or marketing medicinal cannabis and its derivatives. The Company sees tremendous opportunities in the sector.

Results and dividends

The income statement is set out on page 12 and has been prepared in Sterling, the functional and reporting currency of the parent company.

The Group's net loss after taxation attributable to equity holders of AfriAg Global plc for the year was £318,000 (2017 - £38,000 loss).

No dividends have been paid or proposed.

Review of the business and future developments

A full review of the Group's performance, financial position and future prospects is given in the Chairman's Report, incorporating the Strategic Report.

Directors and their interests

The interests of the Directors at 31 December 2018 in the ordinary share capital of the Company (all beneficially held) were as follows

	31 December 2018	**31 December 2017**
	No.	**No.**
David Lenigas	124,000,000	124,000,000
Anthony Samaha	-	-
Donald Strang	40,000,000	40,000,000
Hamish Harris	40,000,000	40,000,000

In addition to the issued shares shown above, David Lenigas, Donald Strang and Hamish Harris each hold options over 13,000,000 ordinary shares respectively, exercisable at 0.1p at any time up to 31 December 2020.

Substantial shareholdings

Other than as summarised below, the Directors have not been advised of any individual interest, or group or interests held by persons acting together, which at 1 May 2019 exceeded 3% of the Company's issued share capital.

	Number of Ordinary Shares held	% of issued share capital
Pershing Nominees Limited (JGCLT)	238,000,000	13.52%
Vidacos Nominees Limited	229,750,000	13.05%
Pershing Nominees Limited (LSCLT)	110,007,714	6.25%
Mr. Paul de Robillard	100,000,000	5.68%
Barclays Direct Investing Nominees Limited	95,610,528	5.43%
JIM Nominees Limited	95,181,091	5.40%
Beaufort Nominees Limited	78,300,000	4.45%
Thomas Grant and Company Nominees Limited	75,000,000	4.26%
W B Nominees Limited	65,570,000	3.72%
Hargreaves Lansdown (Nominees) Limited	60,215,600	3.42%
HSBC Global Custody Nominee (UK) Limited	55,000,000	3.12%

Employees

The Company has no directly employed personnel.

Creditor payment policy

The policy of the Company is to:

(a) Agree the terms of payment with suppliers when settling the terms of each transaction;

(b) Ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and

(c) Pay in accordance with its contractual and other legal obligations provided suppliers comply with the terms and conditions of supply.

Directors' liability

As permitted by the Isle of Man Companies Act 2006, the Company has purchased insurance cover for the Directors against liabilities in relation to the Company.

Charitable donations

During the period, the Company made no charitable donations (2017 - £Nil).

Financial reporting

The Board has ultimate responsibility for the preparation of the annual audited accounts. A detailed review of the performance of the Group is contained in the Chairman's report (incorporating the strategic report). Presenting the Chairman's report (incorporating the strategic report) and Director's Report, the Board seeks to present a balanced and understandable assessment of the Group's position, performance and prospects.

Internal control

A key objective of the Directors is to safeguard the value of the business and assets of the Group. This requires the development of relevant policies and appropriate internal controls to ensure proper management of the Group's resources and the identification and mitigation of risks which might serve to undermine them. The Directors are responsible for the Group's system of internal control and for reviewing its effectiveness. It should, however, be recognised that such a system can provide only reasonable and not absolute assurance against material misstatement or loss.

Risk management
The directors have in place a process of regularly reviewing risks to the business and monitoring associated controls, actions and contingency plans.

The Group's financial risk management policies are set out in Note 20.

Corporate Governance
Audit and Remuneration Committees have been established and both comprise Donald Strang and Hamish Harris, with Hamish Harris as Chairman thereof.

The role of the Remuneration Committee is to review the performance of the executive Directors and to set the scale and structure of their remuneration, including bonus arrangements. The Remuneration Committee also administers and establishes performance targets for the Company's employee share schemes and executive incentive schemes for key management. In exercising this role, the terms of reference of the Remuneration Committee require it to comply with the Code of Best Practice published in the Combined Code.

The Audit Committee is responsible for making recommendations to the Board on the appointment of the auditors and the audit fee, and receives and reviews reports from management and the Company's auditors on the internal control systems in use throughout the Company and its accounting policies.

Going concern
The Directors noted the losses that the Group has made for the year ended 31 December 2018. The Directors have prepared cash flow forecasts for the period ending 31 May 2020 which take account of the current cost and operational structure of the Group.

The cost structure of the Group and Parent Company comprises a high proportion of discretionary spend and therefore in the event that cash flows become constrained, costs can be quickly reduced to enable the Group and Parent Company to operate within its available funding.

These forecasts demonstrate that the Group has sufficient cash funds available to allow it to continue in business for a period of at least twelve months from the date of approval of these financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

It is the prime responsibility of the Board to ensure the Group and Parent Company remains as going concerns. At 31 December 2018 the Group had cash and cash equivalents of £101,000 and borrowings of £nil. The Group and Parent Company has minimal contractual expenditure commitments and the Board considers the present funds sufficient to maintain the working capital of the Group and Parent Company for a period of at least 12 months from the date of signing the Annual Report and Financial Statements. For these reasons the Directors adopt the going concern basis in the preparation of the Financial Statements

Statement of directors’ responsibilities

Isle of Man company law requires the directors to keep reliable accounting records which correctly explain the transactions of the Company, enable the financial position of the Company to be determined with reasonable accuracy at any time and allow financial statements to be prepared. The shareholders have resolved, in accordance with the Companies Act 2006 and the Articles of Association, that the directors prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of its profit or loss for that period.

On this basis the directors have elected to prepare the financial statements for the Company in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. In preparing these financial statements, International Accounting Standard 1 requires that:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Isle of Man Companies Act 2006. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Website publication

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company’s website. Legislation in the United Kingdom and the Isle of Man governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the Company’s auditors are unaware.

Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company’s auditors are aware of that information.

By order of the Board of Directors

David Lenigas
Director
10 May 2019

Independent auditor's report to the members of AfriAg Global plc

Opinion
We have audited the financial statements of Afriag Global Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2018 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated and company statements of cash flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the company financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2018 and of the Group's losses for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Isle of Man Companies Acts 1931 to 2006; and
- the financial statements have been prepared in accordance with the requirements of the Isle of Man Companies Acts 1931 to 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit. Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Carrying value of investment in associate

The Group's Investment in associate ('associate') represents one of the most significant asset on its statement of financial position totalling £1.69m as at 31 December 2018, which is an unlisted investment.

The carrying value of the associate represents a significant asset of the Group and Parent Company, and assessing whether facts or circumstances exist to suggest that impairment indicators were present, and if present, whether the carrying amount of this asset may exceed its recoverable amount was considered key to the audit. This assessment involves significant judgement applied by management to the Group and Parent Company's investment in associate.

We considered it necessary to assess whether facts and circumstances existed to suggest that impairment indicators were present, and if present, whether the carrying amount of this asset may exceed its recoverable amount.

How the Matter was addressed in the Audit

The procedures included, but were not limited to, assessing and evaluating management's assessment of whether any impairment indicators have been identified across the Group and Parent Company's associate asset, the indicators being:

- A lack of flow of information in regards to the associate company's trading or strategic advancement.
- Discontinuation of, or a plan to discontinue, or cessation or delays in trading by the Associate Company.
- Sufficient data exists to suggest carrying value of the associate assets is unlikely be recovered in full through successful development or sale of the Associate Company.
- Updates on trading activities by the Associate Company, including a review of the Associate Company's financial statements for the period to 31 December 2018.

We also reviewed NEX Exchange RNS announcements and Board meeting minutes for the year and subsequent to year end for activity to identify any indicators of impairment.

We also assessed the disclosures included in the financial statements and our results found the carrying value for the investment in associate to be acceptable.

Revenue recognition
Revenue is a significant figure in these financial statements and is generated from trading with external parties. The accounting policy is documented in note 2.

How the Matter was addressed in the Audit

We designed procedures to test the revenue stream and to consider whether the revenue recognition policy applied to the revenue stream was appropriate. Our testing in this area included examining individual invoices and agreeing that revenue was appropriately recognised.

Materiality
In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified. Based on professional judgement, we determined overall materiality for the Group financial statements as a whole to be £54,900, based on a 2% percentage consideration of the Group's total assets.

Other information
The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the isle of man companies acts 1931 to 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Isle of Man Companies Acts 1931 to 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with the Isle of Man Companies Acts 1931 to 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 auditor's 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.

Keith Fulton
(Senior Statutory Auditor)
For and on behalf of Chapman Davis LLP, Statutory Auditor
London
Chapman Davis LLP is a limited liability partnership registered in England and Wales (with registered number OC306037).

10 May 2019

Financial statements
Consolidated statement of comprehensive income for the period to 31 December 2018

	Note	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Revenue	4	2,236	3,122
Cost of sales		(2,170)	(2,842)
Gross Profit		**66**	**280**
Administration expenses		(430)	(378)
Share Based Payment Charge		-	-
Operating (loss)	5	**(364)**	**(98)**
Share of associate result	13	97	72
Investment income	7	(51)	(11)
Finance costs	8	-	(1)
(Loss) before taxation		**(318)**	**(38)**
Taxation	9	-	-
(Loss) for the period attributable to equity holders of the parent		**(318)**	**(38)**
Other comprehensive income			
Transfer to income statement		22	14
Translation exchange (loss)		(51)	(3)
Other comprehensive income for the period net of taxation		**(29)**	**11**
Total comprehensive income for the year attributable to equity holders of the parent		**(347)**	**(27)**
Loss per share			
Basic and diluted (pence)	10	(0.017)	(0.003)

The accompanying accounting policies and notes form part of these financial statements.

Consolidated statement of financial position at 31 December 2018

	Note	31 December 2018 £'000	31 December 2017 £'000
Non-current assets			
Property, plant & equipment	11	5	5
Investments in associates	13	1,687	1,590
		1,692	**1,595**
Current assets			
Inventory	15	-	3
Trade and other receivables	16	925	846
Available for sale assets	14	30	1
Cash and cash equivalents		101	443
		1,056	**1,293**
Total assets		**2,748**	**2,888**
Current liabilities			
Trade and other payables	17	(844)	(919)
		(844)	**(919)**
Net current assets		**213**	**374**
Net assets		**1,904**	**1,969**
Equity			
Share capital	18	1,761	1,461
Share premium account		8,630	8,648
Share based payment reserve		279	279
Revaluation reserves		-	(22)
Foreign currency reserve		(17)	34
Retained earnings		(8,749	(8,431)
		1,904	**1,969**

The financial statements of AfriAg Global plc (registered number 002845V) were approved by the Board of Directors and authorised for issue on 10 May 2019 and were signed on its behalf by:

David Lenigas
Chairman

Donald Strang
Director

The accompanying accounting policies and notes form part of these financial statements.

Company statement of financial position at 31 December 2018

	Note	31 December 2018 £'000	31 December 2017 £'000
Non-current assets			
Investments in subsidiary undertakings	12	-	-
Trade and other receivables	16	1,836	1,836
		1,836	**1,836**
Current assets			
Trade and other receivables	16	134	8
Available for sale assets	14	30	1
Cash and cash equivalents		81	123
		245	**132**
Total assets		**2,081**	**1,968**
Current liabilities			
Trade and other payables	17	(458)	(385)
		(458)	**(385)**
Net current (liabilities)		**(213)**	**(253)**
Net assets		**1,623**	**1,583**
Equity			
Share capital	18	1,761	1,461
Share premium account		8,630	8,648
Share based payment reserve		279	279
Revaluation reserves		-	(22)
Retained earnings		(9,047)	(8,783)
		1,623	**1,583**

The financial statements of AfriAg Global plc (registered number 002845V) were approved by the Board of Directors and authorised for issue on 10 May 2019 and were signed on its behalf by:

David Lenigas
Chairman

Donald Strang
Director

The accompanying accounting policies and notes form part of these financial statements.

Consolidated statement of changes in equity for the period to 31 December 2018

	Share capital	Share premium	Share based payment reserve	Foreign currency reserve	Revaluation reserves	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 31 December 2016	**1,381**	**8,528**	**279**	**37**	**(36)**	**(8,393)**	**1,796**
(Loss) for the period	-	-	-	-	-	(38)	(38)
Currency translation gain	-	-	-	(3)	-	-	(3)
Gain on revaluation of available for sale investments	-	-	-	-	-	-	-
Transfer to income statement	-	-	-	-	14	-	14
Total Comprehensive Income	-	-	-	(3)	14	(38)	(27)
Shares issued	80	120	-	-	-	-	200
Share based payment charge	-	-	-	-	-	-	-
Total contributions by and distributions to owners of the Company	80	120	-	-	-	-	200
At 31 December 2017	**1,461**	**8,648**	**279**	**34**	**(22)**	**(8,431)**	**1,969**
(Loss) for the period	-	-	-	-	-	(318)	(318)
Currency translation gain	-	-	-	(51)	-	-	(51)
Transfer to income statement	-	-	-	-	22	-	22
Total Comprehensive Income	-	-	-	(51)	22	(318)	(347)
Shares issued	300	-	-	-	-	-	300
Share Issue cost	-	(18)	-	-	-	-	(18)
Share based payment charge	-	-	-	-	-	-	-
Total contributions by and distributions to owners of the Company	300	(18)	-	-	-	-	282
At 31 December 2018	**1,761**	**8,630**	**279**	**(17)**	**-**	**(8,749)**	**1,904**

The accompanying accounting policies and notes form part of these financial statements.

Company statement of changes in equity for the period to 31 December 2018

	Share capital	Share premium	Share based payment reserve	Revaluation reserves	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 31 December 2016	**1,381**	**8,528**	**279**	**(36)**	**(8,675)**	**1,477**
(Loss) for the period	-	-	-	-	(108)	(108)
Transfer to income statement	-	-	-	14	-	14
Total Comprehensive Income	-	-	-	14	(108)	94
Shares issued	80	120	-	-	-	200
Share issue costs	-	-	-	-	-	-
Total contributions by and distributions to owners of the Company	80	120	-	-	-	200
At 31 December 2017	**1,461**	**8,648**	**279**	**(22)**	**(8,783)**	**1,583**
(Loss) for the period	-	-	-	-	(264)	(264)
Transfer to income statement	-	-	-	22	-	22
Total Comprehensive Income	-	-	-	22	(264)	(242)
Shares issued	300	-	-	-	-	300
Share issue costs	-	(18)	-	-	-	(18)
Total contributions by and distributions to owners of the Company	300	(18)	-	-	-	282
At 31 December 2018	**1,761**	**8,630**	**279**	**-**	**(9,047)**	**1,623**

The accompanying accounting policies and notes form part of these financial statements.

Consolidated statement of cash flows for the period ended 31 December 2018

	Year ended 31 Dec 2018 £'000	Year ended 31 Dec 2017 £'000
Cash flows from operating activities		
Operating (loss)	(364)	(98)
Decrease in inventory	3	6
Decrease in trade and other receivables	38	130
(Decrease) in trade and other payables	(75)	(68)
Depreciation	3	4
Share option charge	-	-
Net cash outflow in operating activities	**(395)**	**(26)**
Investing activities		
Investment income	3	2
Finance costs	-	(1)
Loan advanced to related party company	(117)	-
Receipts on sale of AFS investments	1	35
Payments on purchase of AFS investments	(62)	-
Payments for PPE assets	(3)	(4)
Net cash (out)/inflow in investing activities	**(178)**	**32**
Financing activities		
Issue of share capital	300	200
Issue costs	(18)	-
Net cash inflow from financing activities	**282**	**200**
Net (decrease)/increase in cash and cash equivalents	**(291)**	**206**
Cash and cash equivalents at beginning of period	**443**	**240**
Effect of foreign exchange on cash and cash equivalents	(51)	(3)
Cash and cash equivalents at end of period	**101**	**443**

The accompanying accounting policies and notes form part of these financial statements.

Company statement of cash flows for the period ended 31 December 2018

	Year ended 31 Dec 2018 £'000	Year ended 31 Dec 2017 £'000
Cash flows from operating activities		
Operating (loss)	(210)	(95)
(Increase) in trade and other receivables	(9)	(1)
Increase/(decrease) in trade and other payables	73	(59)
Share option charge	-	-
Net cash outflow in operating activities	**(146)**	**(155)**
Investing activities		
Investment income	-	-
Loan advanced to related party company	(117)	-
Receipts on sale of AFS investments	1	35
Payments on purchase of AFS investments	(62)	-
Net cash (out)/inflow in investing activities	**(178)**	**35**
Financing activities		
Issue of share capital	300	200
Issue costs	(18)	-
Net cash inflow from financing activities	**282**	**200**
Net (decrease)/increase in cash and cash equivalents	**(42)**	**80**
Cash and cash equivalents at beginning of period	**123**	**43**
Cash and cash equivalents at end of period	**81**	**123**

The accompanying accounting policies and notes form part of these financial statements.

1 General information

AfriAg Global plc is a company incorporated in the Isle of Man under the Isle of Man Companies Act 2006. The address of its registered office is 34 North Quay, Douglas, Isle of Man, IM1 4LB. The Company's ordinary shares are traded on the NEX Exchange Growth Market as operated by NEX Exchange Ltd ("NEX").

The financial statements of Afriag Global plc for the year ended 31 December 2018 were authorised for issue by the Board on 10 May 2019 and the statements of financial position signed on the Board's behalf by Mr. David Lenigas and Mr Donald Strang.

Investing policy

The Company's investment strategy focuses on acquisitions of direct and/or indirect interests in the agricultural and medicinal cannabis sectors.

Agriculture
The Board intend to seek acquisitions of direct and/or indirect interests in businesses involved in agriculture generally and the production, processing, logistics and distribution of agricultural produce. The Company will focus on opportunities in this sector in Europe, Africa and the Middle East, but will consider possible opportunities anywhere in the world.

Medicinal Cannabis
The Board intend to seek investments in companies, projects or products that are:

- progressing medicinal cannabis research and development;
- producing or cultivating medicinal cannabis;
- producing or supplying products derived from or related to cannabis (including, but not limited to, hemp and cannabidiol products); and/or
- commercialising or marketing medicinal cannabis and its derivatives.

The Company will seek investments in companies and projects in jurisdictions which have well-developed and reputable laws and regulations for the research and production of medicinal cannabis and in jurisdictions that are signatories to the United Nation's conventions on narcotics.

Types of Investments
The Company is likely to be an active investor within these sectors and acquire control of certain target companies although it may also consider acquiring non-controlling shareholdings. The proposed investments to be made by the Company may be in either quoted or unquoted securities and made by direct acquisition of an interest in companies, partnerships or joint ventures, or direct interests in projects and can be at any stage of development. Accordingly, the Company's equity interest in a proposed investment may range from a minority position to 100 per cent. ownership and a controlling interest. The Directors' primary objective is to achieve the best possible value over time for Shareholders, primarily through capital growth.

If the Company takes a controlling stake, the acquisition could trigger a Reverse Takeover under Rule 58 of the NEX Exchange Rules.

The Board intend to acquire one or more investments in quoted or unquoted businesses or companies (in whole or in part) thereby creating a platform for further investments. There is no limit on the number of companies, projects or products that the Company may invest in with the agricultural and medicinal cannabis sectors. The Company may need to raise additional funds for these purposes and may use both debt and/or equity.

Investing policy (continued)

The Board believes that their collective experience, together with their extensive network of contacts and the Company's Technical Committee, will assist them in the identification, evaluation and funding of appropriate investment opportunities within the medicinal cannabis sector. When necessary, other external professionals will be engaged to assist in the due diligence on prospective targets and their management teams. The Directors will also consider appointing additional directors and/or advisors with relevant experience if the need arises.

It is anticipated that there may be opportunities to spin out businesses privately or by initial public offerings where Shareholders may be able to be benefit through distributions of cash and/or shares and/or rights to subscribe in listings. Given the nature of the investment strategy, the Company does not intend to make additional regular and periodic disclosures or calculations of net asset value outside of the requirements for a NEX Exchange Growth Market traded company. It is anticipated that the Company will hold investments for the medium to long term, although where opportunities exist for shorter term investments, the Company may undertake advantage of such opportunities.

The Directors intend to review the investment strategy on an annual basis and, subject to their review and in the absence of unforeseen circumstances, the Directors intend to adhere to the investment strategy. Changes to the investment strategy may be prompted, inter alia, by changes in government policies or economic conditions which alter or introduce additional investment opportunities. It is the intention of the Directors to invest the Company's cash resources, as far as practicable, in accordance with the investment strategy. However, due to market and other investment considerations, it may take some time before the cash resources of the Company are fully invested.

It is intended that the funds currently available to the Company will be used to meet general working capital requirements, to undertake due diligence on potential target acquisitions and to make investments in accordance with the investment guidelines described above.

Statement of compliance with IFRS

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006. The principal accounting policies adopted by the Company are set out below.

New standards, amendments and interpretations adopted by the Company
No new and/or revised Standards and Interpretations have been required to be adopted, and/or are applicable in the current year by/to the Company, as standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2017 are not material to the Company.

New standards, amendments and interpretations not yet adopted
At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements, were in issue but not yet effective for the year presented:

- IFRS 16 in respect of Leases which will be effective for accounting periods beginning on or after 1 January 2019.
- IFRS 17 in respect of Insurance Contracts will be effective for accounting periods beginning on or after 1 January 2021

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Going Concern
The Directors noted the losses that the Group has made for the Year Ended 31 December 2018. The Directors have prepared cash flow forecasts for the period ending 31 May 2020 which take account of the current cost and operational structure of the Group.

The cost structure of the Group and Parent Company comprises a high proportion of discretionary spend and therefore in the event that cash flows become constrained, costs can be quickly reduced to enable the Group and Parent Company to operate within its available funding.

These forecasts demonstrate that the Group has sufficient cash funds available to allow it to continue in business for a period of at least twelve months from the date of approval of these financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

It is the prime responsibility of the Board to ensure the Group and Parent Company remains as going concerns. At 31 December 2017, the Group had cash and cash equivalents of £101,000 and borrowings of £nil. The Group and Parent Company has minimal contractual expenditure commitments and the Board considers the present funds sufficient to maintain the working capital of the Group and Parent Company for a period of at least 12 months from the date of signing the Annual Report and Financial Statements. For these reasons the Directors adopt the going concern basis in the preparation of the Financial Statements.

Basis of preparation
The consolidated financial statements have been prepared on the historical cost basis, except for the measurement to fair value of assets and financial instruments as described in the accounting policies below, and on a going concern basis.

The financial report is presented in Pound Sterling (£) and all values are rounded to the nearest thousand pounds (£'000) unless otherwise stated.

2 Significant accounting policies

Basis of Consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to the balance sheet date. Subsidiaries are entities over which the Company has the power to control, directly or indirectly, the financial and operating policies so as to obtain benefits from their activities. The Company obtains and exercises control through voting rights. Subsidiaries are fully consolidated from the date at which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Unrealised gains on transactions between the Company and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Acquisitions of subsidiaries are dealt with by the acquisition method. The acquisition method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Acquisition costs are written off as incurred.

Investments in associates are initially recognised at cost and subsequently accounted for using the equity method. Any goodwill or fair value adjustment attributable to the Group’s share in the associate is not recognised separately and is included in the amount recognised as investment in associate. The carrying amount of the investment in associates is increased or decreased to recognise the Group’s share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Group. Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group’s interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts from the sales of goods provided in the normal course of business, net of value added tax and discounts, and is recognised when the significant risks and rewards of ownership of the product have been transferred to a third party. In the case of sale or return transactions, revenue is only recognised when, and only to the level that, risks and rewards are transferred.

Revenue is the invoiced value of goods and services supplied and excludes VAT and other sales-based taxes.

2 Significant accounting policies (continued)

Finance costs / investment revenue
Borrowing costs are recognised as an expense when incurred.

Investment revenue is recognised as the Group becomes entitled to such revenue. Dividends are accounted for on receipt thereof.

Property, plant and equipment - General
Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.
Depreciation is provided on all tangible assets to write off the cost less estimated residual value of each asset over its expected useful economic life on a straight-line basis at the following annual rates:

- Plant and Equipment – between 5 per cent and 25 per cent

All assets are subject to annual impairment reviews.

Inventories
Inventories are stated at the lower of cost and net realisable value.

Financial instruments
Financial assets and financial liabilities are recognised on the Group and Company's statement of financial position when the Group or Company becomes a party to the contractual provisions of the instrument.

The Company's activities give rise to some exposure to the financial risks of changes in interest rates and foreign currency exchange rates. The Company has no borrowings and is principally funded by equity, maintaining all its funds in bank accounts.

Financial assets
Financial assets are classified into the following specified categories; financial assets "at fair value through profit or loss" (FVTPL), "held to maturity" investments, "available for sale" (AFS) financial assets and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Available for sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's available-for-sale financial assets include listed securities. These available-for-sale financial assets are measured at fair value. Realised Gains and losses are recognised in the income statement and unrealised gains and losses in other comprehensive income and reported within the available-for-sale reserve within equity, except for permanent impairment losses and foreign exchange differences, which are recognised in the income statement. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to the income statement and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method and dividends are recognised in the income statement within investment income.

Reversals of impairment losses are recognised in other comprehensive income.

2 Significant accounting policies (continued)

Equity
Share capital is determined using the nominal value of shares that have been issued.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

The share-based payment reserve represents the cumulative amount which has been expensed in the income statement in connection with share based payments, less any amounts transferred to retained earnings on the exercise of share options.

Foreign currency reserve represents the exchange translation gains/(losses) on converting overseas subsidiaries.

Revaluation reserve represents the unrealised gain or loss on fair/market value movement on available for sale investments and other assets which are valued at their fair value at the balance sheet date.

Retained earnings include all current and prior period results as disclosed in the income statement.

Cash and cash equivalents
Cash and cash equivalents includes cash in hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within current liabilities on the balance sheet.

Financial liabilities
Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument.

All financial liabilities initially recognised at fair value less transaction costs and thereafter carried at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the income statement. A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

Trade payables
Trade payables are non-interest-bearing and are initially measured at fair value and thereafter at amortised cost using the effective interest rate.

Taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from the net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

2 Significant accounting policies (continued)

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation

Share based payments

The Company issues equity-settled share-based benefits to employees. All equity-settled share-based payments are ultimately recognised as an expense in profit or loss with a corresponding credit to reserves.

Share-based payments relating to the subsidiary company increase the carrying value of the investment in the subsidiary and are included in the loss on disposal of the subsidiary.

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of any share options the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium.

3 Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Group's accounting policies, as described in note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Valuation of share-based payments to employees

The Company estimates the expected value of share-based payments to employees and this is charged through the income statement over the vesting period. The fair value is estimated using the Black Scholes valuation model which requires a number of assumptions to be made such as level of share vesting, time of exercise, expected length of service and employee turnover and share price volatility. This method of estimating the value of share-based payments is intended to ensure that the actual value transferred to employees is provided for by the time such payments are made.

4 Segmental information

An operating segment is a distinguishable component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about the allocation of resources and assessment of performance and about which discrete financial information is available.

The chief operating decision maker has defined that the Group's only reportable operating segments during the period are the agriculture and logistics sector, and the parent company/investment.

Subject to further acquisitions the Group expects to further review its segmental information during the forthcoming financial year.

The Group has generated revenues from external customers during the period of £2,236,000 (2017: £3,122,000), and £nil (2017: £nil) revenue is from management fees to the associate company.

In respect of the total assets of £2,748,000 (2017: £2,888,000), £128,000 (2017: £132,000) arise in the parent company, and £2,620,000 (2017: £2,756,000) arise in South Africa.

5 Operating loss

	Year to 31 Dec 2018 £'000	Year to 31 Dec 2017 £'000
Operating loss is stated after charging:		
Wages and salaries	**27**	20
Depreciation	**3**	4
Currency losses	**1**	26
Audit fees	**12**	12

Included in share options is £nil (2017 - £nil) relating to directors.

In addition to auditors' remuneration shown above, the auditors received the following fees for non-audit services.

	2018 £'000	2017 £'000
Other financial advisory services	**-**	-

6 Directors' emoluments

	2018 £'000	2017 £'000
Fees and benefits	**114**	**24**

The Parent Company has no other directly employed personnel.

2018	**Fees and salaries £'000**	**Share based payments £'000**	**Total £'000**
D Lenigas	36	-	36
A Samaha	6	-	6
D Strang	36	-	36
H Harris	36	-	36
	114	-	114

2017	**£'000**	**£'000**	**£'000**
D Lenigas	6	-	6
A Samaha	6	-	6
D Strang	6	-	6
H Harris	6	-	6
	24	-	24

The Directors' fees totalling £428,000 that have been accrued and remain unpaid as at 31 December 2018 all relate to the current and previous years unpaid fees. (2017: £337,000).

7 Investment income

	Year to 31 Dec 2018 £'000	Year to 31 Dec 2017 £'000
Interest received	**3**	2
(Loss) on sale of AFS investments	**(22)**	(13)
(Loss) on market value revaluation at 31 December	**(32)**	-
Total investment income	**(51)**	(11)

8 Finance costs

	Year to 31 Dec 2018	Year to 31 Dec 2017
Interest paid	-	1

9 Taxation

	Year to 31 Dec 2018 £'000	Year to 31 Dec 2017 £'000
Total current tax	-	-

The actual tax charges for the period differs from the standard rate applicable in the UK of 19% (2017 – 19/20%) for the reasons set out in the following reconciliation:

	2018 £'000	2017 £'000
Loss on ordinary activities before tax	(318)	(38)
Tax thereon @ rates above	**(60)**	**(7)**
Factors affecting charge for the period:		
Losses arising in territories where no tax is charged	**60**	**7**
Current tax charge for the period	-	-

10 Loss per share

The calculation of loss per share is based on the loss after taxation divided by the weighted average number of shares in issue during the period:

	2018 £'000	2017 £'000
Net loss after taxation (£000's)	**(318)**	(38)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic loss per share (millions)	**1,592.51**	1,405.11
Basic and diluted loss per share (expressed in pence)	**(0.017)**	(0.003)

As inclusion of the potential ordinary shares would result in a decrease in the earnings per share they are considered to be anti-dilutive, as such, a diluted earnings per share is not included.

11 Property, plant & equipment - Group

	Total PPE £'000
Costs	
At 1 January 2017	5
Additions	4
At 31 December 2017	9
At 1 January 2018	9
Additions	3
At 31 December 2018	12
Depreciation & impairment	
At 1 January 2017	-
Additions	4
At 31 December 2017	4
At 1 January 2018	4
Additions	3
At 31 December 2018	7
Net Book Values	
At 31 December 2017	5
At 31 December 2018	5

Impairment Review

At 31 December 2018, the directors have carried out an impairment review and have considered that no impairment is required. The depreciation charge is immaterial currently in respect of disclosure within the table above, and therefore not disclosed.

12 Investments in subsidiaries - Company

	31 December 2018 £'000	31 December 2017 £'000
Cost and net book value		
At 1 January	-	-
Additions	-	-
Disposal	-	-
At 31 December	-	-

The following were subsidiary undertakings held directly or indirectly by the Company at the end of the year:

Name	Country of incorporation	Proportion of voting rights and ordinary share capital held voting right	Nature of business
AfriAg Limited	England	100%	Holding Company
Afriag International Limited	England	100%	Dormant Company
AfriAg Limited	BVI	100%	Dormant Company
Afriag Holdings (Pty) Limited	South Africa	100%	Holding Company
Afriag Marketing (Pty) Limited	South Africa	100%	Marketing Company

13	**Investment in associate - Group**	**31 December 2018 £'000**	31 December 2017 £'000
	At 1 January	**1,590**	1,518
	Addition at cost	**-**	-
	Share of associate result	**97**	72
	Carrying value at 31 December	**1,687**	1,590

The Group's share of results of its associate, which is unlisted, and its aggregated assets and liabilities, is as follows:

Name	Country of incorporation	Assets	Liabilities	Revenues	Profit/(Loss)	% interest held
		As at 31 December 2018		10 months to 31 December 2018		
AfriAg (Pty) Ltd	South Africa	£3,488,000	£1,273,000	£9,016,000	£227,000	40

AfriAg (Pty) Limited's year end is 28 February.

14	**Available-for-sale investments – Group & Company**	**31 December 2018**	31 December 2017
	Current Assets - Listed investments	**£'000**	£'000
	At 1 January – market value	**1**	35
	Disposals during the period	**(1)**	(35)
	Purchases during the period	**62**	-
	(Loss) on disposal of investments	**(22)**	(13)
	Transfers to income statement	**22**	14
	Movement in market value	**(32)**	-
	At 31 December – market value	**30**	1

Available-for-sale investments comprise investments in listed securities which are traded on stock markets throughout the world, and are held by the Group as a mix of strategic and short term investments.

Income from these investments was £nil for dividends received for the year to 31 December 2018. (2017: £nil)

15	**Inventories - Group**	**31 December 2018 £'000**	31 December 2017 £'000
	Goods & Packaging	**-**	3
	Total	**-**	3

16 Trade and other receivables

	31 December 2018		31 December 2017	
	Group	**Company**	Group	Company
	£'000	**£'000**	£'000	£'000
Current trade and other receivables				
Trade receivables	**219**	**3**	280	3
Other debtors	**585**	**10**	562	1
Loan to related party company	**117**	**117**	-	-
Prepayments & accrued income	**4**	**4**	4	4
Total	**925**	**134**	846	8
Non-Current trade and other receivables				
Loans due from subsidiaries	**-**	**1,836**	-	1,836
Total	**-**	**1,836**	-	1,836

Loans outstanding and due from subsidiaries, are interest free and repayable on demand.

17 Trade and other payables

	31 December 2018		31 December 2017	
	Group	**Company**	Group	Company
	£'000	**£'000**	£'000	£'000
Current trade and other payables				
Trade creditors	**215**	**9**	309	5
Other creditors	**152**	**3**	188	26
Accruals	**477**	**446**	422	354
Total	**844**	**458**	919	385

18 Share capital

	31 December 2018	31 December 2017
	£'000	£'000
Allotted, issued and fully paid		
1,761,001,037 (2017 – 1,461,001,037) ordinary shares of £0.001 each	**1,761**	1,461

Shares issued during the year ended 31 December 2017:
300 million shares were issued by the Company, by way of a placing on 12 July 2018 for cash at a price of 0.1p per share during the year to 31 December 2018 (2017: 80 million for cash at 0.25p per share on 12 September 2017).

Warrants in issue

As at 31 December 2018, nil warrants (2017: nil) remain outstanding. No warrants were issued, exercised, or lapsed during the year ended 31 December 2018 (2017: nil).

Share Options

The Company has as at 31 December 2018, 129,000,000 (2017: 129,000,000) share options issued through its share schemes. During the year nil options were issued (2017: nil), no options were exercised (2017: nil) and nil options were cancelled or lapsed (2017: nil).

18 Share capital (continued)

Employment Benefit Trust ("EBT")

The Company established on 3 October 2014 a share incentive plan ("SIP") and effective as of 3 October 2014. The purpose of the SIP is to incentivise officers, employees and consultants of the Company by the award of ordinary shares in the capital of the Company ("Ordinary Shares") for no cost. Ordinary Shares under this plan will not exceed 10 per cent of the Company's issued share capital from time to time without the prior approval of shareholders of the Company.

The Company also established on 3 October 2014, an employee benefit trust called the AfriAg Employee Benefit Trust ("EBT") to implement the use of the SIP. The EBT is a discretionary trust for the benefit of directors, employees and consultants of the Company and its subsidiaries.

Accordingly, the trustees of the EBT subscribed for 118,000,000 new ordinary shares of 0.1p each in the Company, at par value per share at an aggregate cost to the Company of £118,000, such shares representing 9% of the so enlarged issued share capital of the Company at the time. The shares held in the EBT are intended to be used to satisfy future awards made by the Company's Remuneration Committee under the SIP. It is intended that any individual awards under the scheme will be subject to vesting and performance conditions. There have been no further subscriptions during the year ended 31 December 2018(2017 : nil). On 1 August 2017, the Company awarded the remaining 18 million EBT shares to various consultants (2017:18 million), leaving nil shares held by the EBT which was wound up during the year ended 31 December 2017.

19 Share based payments

A modified Black-Scholes model has been used to determine the fair value of the share options on the date of grant. The fair value is expensed to the income statement on a straight-line basis over the vesting period, which is determined annually. The model assesses a number of factors in calculating the fair value. These include the market price on the date of grant, the exercise price of the share options, the expected share price volatility of the Company's share price, the expected life of the options, the risk-free rate of interest and the expected level of dividends in future periods.
As disclosed in note 5 the share option charge for the period was £nil *(2017- £nil)*

The options currently in issue are detailed below:

Exercise Price	Grant Date	Expiry Date	31 December 2017	Granted	Expired	31 December 2018	Weighted average exercise price
Summary of options							
£0.001	07/12/2012	31/12/2020	69,000,000	-	-	69,000,000	£0.0010
£0.0025	01/07/2016	31/12/2020	50,000,000	-	-	50,000,000	£0.0025
£0.0030	12/08/2016	31/12/2019	10,000,000	-	-	10,000,000	£0.0030
			129,000,000	-	-	129,000,000	£0.0021

20 Financial instruments

The Group's financial instruments comprise cash at bank and payables which arise in the normal course of business. It is, and has been throughout the period under review, the Group's policy that no speculative trading in financial instruments shall be undertaken. The Group has been solely equity funded during the period. As a result, the main risk arising from the Group's financial instruments is currency risk.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 of the accounts.

	2018	2017
	£'000	£'000
Financial assets (current)		
Trade receivables	**219**	280
Cash and cash equivalents	**101**	443
Financial liabilities (current)		
Trade payables	**215**	309

Interest rate risk and liquidity risk

The Group is funded by equity, maintaining all its funds in bank accounts. The Group's policy throughout the period has been to minimise the risk of placing available funds on short term deposit. The short-term deposits are placed with banks for periods up to 1 month according to funding requirements.

The Group had no undrawn committed borrowing facilities at any time during the period.

Currency risk

The group is directly exposed to currency risk of its subsidiaries, as they are based in South Africa, and exposed to movement against the South African Rand as their assets, liabilities, revenue and expenditure are denominated therein. The parent company is denominated in pound sterling.

Market risk

The group and company's current exposure to market risk in relation to its AFS investments, which are listed on stock markets throughout the world.

Fair values

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash held by the company with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

The directors consider there to be no material difference between the book value of financial instruments and their values at the balance sheet date.

21 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between other related parties are discussed below.

During the period, the parent company granted an interest free, repayable on demand loan of £117,000 to Afriag Global (Pty) Ltd, a South African company related to the parent by virtue of common Directors' (with the group's subsidiaries) in South Africa. This loan remains outstanding at 31 December 2018. (2017: no transactions to disclose)

Remuneration of Key Management Personnel

The remuneration of the Directors and other key management personnel of the Group are set out below in aggregate for each of the categories specified in IAS24 Related party Disclosures.

	2018	2017
	£'000	£'000
Short-term employee benefits	114	24
Share-based payments	-	-
	114	24

22 Capital Commitments & Contingent Liabilities

There are no non-cancellable capital commitments as at the balance sheet date. The Group has no contingent liabilities at the balance sheet date.

23 Ultimate control

The Company has no individual controlling party.

24 Events after the end of reporting period

There are no events after the end of the reporting period to disclose.

25 Profit and loss account of the parent company

As permitted by s408 of the Companies Act 2006, the profit and loss account of the parent company has not been separately presented in these accounts. The parent company loss for the year was £264,000 (2017: £108,000).