

AfriAg Global PLC
(“AfriAg Global”, the “Group” or the “Company”)

Unaudited Interim Results for the six months to 30 June 2019

AfriAg Global PLC (NEX: AFRI), today announces its interim results for the 6-month period ended 30 June 2019.

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.

The Company has already made a number of investments into this medical cannabis sector and going forward, the Company is likely to increase its exposure in this sector by looking to acquire control of certain target companies, although it may also consider acquiring non-controlling shareholdings in legal medical cannabis companies.

Future investments to be considered by the Company may be in either quoted or unquoted securities and may be 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.

The Company’s Medical Cannabis Investments:

During the period the Company announced it had agreed with Apollon Formularies Ltd (“AFL” or “Investee”) a UK incorporated company, to: (1) subscribe for 1.2 million shares in AFL at a price per share of £0.25 representing approximately 0.71 per cent. of AFL’s issued share capital for an aggregate investment amount of £300,000; and (2) subscribe for 2.8 million shares at a price per share of £0.25 representing approximately 1.63 per cent. of AFL’s issued share capital for an aggregate investment amount of £700,000, which investment was approved by shareholders at the General Meeting on 19 June 2019 (the “Investments”).

The Company raised £1.25m during the period to assist with the acquisition of this Investment and now owns a total of 4.0 million shares in AFL, representing circa 2.325 per cent. of AFL’s issued share capital.

The Company is working diligently with its legal advisors on the complicated and necessary due diligence to potentially acquire all of AFL. Further announcements will be made with respect to this as legal and accounting work progresses. As previously announced to shareholders, the Company is in detailed discussions and negotiations with the major shareholders of AFL, with which it has been granted a right of first refusal to acquire all the issued and outstanding shares owned by those shareholders in consideration for the issue and allotment to those shareholders of new ordinary shares in the capital of the Company at a price of 0.1 pence per new ordinary share (“ Right of First Refusal ”) which values the transaction at circa £40,000,000.

Following exercise of the Right of First Refusal, which will be subject to approvals from (as applicable) (1) all the necessary government authorities, including the Cannabis Licencing Authority (in Jamaica); (2) all necessary regulatory authorities; (3) the necessary approvals from the Company’s shareholders; and (4) approvals from the shareholders of AFL, the existing shareholders of AFL will hold circa 93.54 per cent. of the issued share capital of the Company. Following

completion of the Investments and should the Company exercise the Right of First Refusal, the resulting enlarged group will be a vertically integrated medicinal cannabis group with operations in Jamaica and with plans to expand elsewhere throughout the world.

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 investment in the sector is warranted, as we move towards the medical cannabis focus. To this extent, the Company has decided that no further investment will be made in to our current agri-logistics investments as we now move our investment focus to the legal medical cannabis sector.

Financial Results:

During the period, the Company generated revenues to £1,323,000 (6 months ended 30 June 2018: £1,501,000) and made a gross profit of £163,000 (6 months ended 30 June 2018: £38,000). The operating loss for the period was £30,000 (6 months ended 30 June 2018: loss £118,000). Loss before tax was £867,000 (6 months ended 30 June 2018: loss £97,000) mainly attributable to the impairment of associate of £850,000.

There was a weighted loss per share of 0.047p (30 June 2018: loss per share 0.007p).

The unaudited interim results to 30 June 2019 have not been reviewed by the Company's auditor.

In Conclusion:

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. Having recently completed our initial investment in Apollon Formularies Ltd, we are actively pursuing to further increase our stake in this key investment further as discussed above. We fully appreciate that time is of the essence, and your board, its lawyers and indeed the AFL team are working tirelessly to wrap up this transaction as soon as possible.

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
26 September 2019

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Condensed Consolidated Statement of Comprehensive Income (unaudited)
for the 6 months ended 30 June 2019

	6 months to 30 June 2019 Unaudited £'000	6 months to 30 June 2018 Unaudited £'000	Year ended 31 December 2018 Audited £'000
Revenue	1,323	1,501	2,236
Cost of sales	(1,160)	(1,463)	(2,170)
Gross Profit	163	38	66
Administration expenses	(193)	(156)	(430)
Share Based Payment Charge	-	-	-
Operating (loss)	(30)	(118)	(364)
Share of associate result	12	19	97
Impairment of associate	(850)	-	-
Investment income	1	2	(51)
(Loss) before tax	(867)	(97)	(318)
Tax	-	-	-
Retained (loss) for the period	(867)	(97)	(318)
Other comprehensive income			
Transfer to income statement	-	22	22
Translation exchange gain/(loss)	2	(7)	(51)
Total comprehensive income	2	15	(29)
Total comprehensive (loss) for the period attributable to equity holders of the parent	(865)	(82)	(347)
(Loss) per share (pence)	2		
Basic	(0.047)	(0.007)	(0.017)
Diluted	(0.047)	(0.007)	(0.017)

All of the revenues and loss above derived from continuing operations.

Condensed Consolidated Statement of Financial Position (unaudited)

At 30 June 2019

	30 June 2019 Unaudited £'000	30 June 2018 Unaudited £'000	31 December 2018 Audited £'000
Non-current assets			
Property, plant & equipment	4	8	5
Investments in associates	848	1,609	1,687
Total non-current assets	852	1,617	1,692
Current assets			
Inventory	3	-	-
Trade and other receivables	1,659	866	925
Available for sale assets	1,030	-	30
Cash and cash equivalents	487	246	101
Total current assets	3,179	1,112	1,056
Total assets	4,031	2,729	2,748
Current liabilities			
Trade and other payables	(1,806)	(842)	(844)
Total current liabilities	(1,806)	(842)	(844)
Net current assets	1,373	270	213
Net assets	2,225	1,887	1,904
Equity			
Share capital	3,011	1,461	1,761
Share premium account	8,566	8,648	8,630
Share based payment reserve	279	279	279
Foreign currency reserve	(15)	27	(17)
Retained earnings	(9,616)	(8,528)	(8,749)
Total equity	2,225	1,887	1,904

Condensed Consolidated Statement of Changes in Equity (unaudited)
for the 6 months ended 30 June 2019

	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 2017	1,461	8,648	279	34	(22)	(8,431)	1,969
(Loss) for the period	-	-	-	-	-	(9)	(318)
Currency translation (loss)	-	-	-	(51)	-	-	(51)
Transfer to income statement	-	-	-	-	22	-	22
Total Comprehensive Income	-	-	-	(51)	22	(318)	(347)
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	(17)	-	(8,749)	1,904
(Loss) for the period	-	-	-	-	-	(867)	(867)
Currency translation gain	-	-	-	2	-	-	2
Transfer to income statement	-	-	-	-	-	-	-
Total Comprehensive Income	-	-	-	2	-	(867)	(865)
Share issues	1,250	-	-	-	-	-	1,250
Shares issue costs	-	(64)	-	-	-	-	(64)
Total contributions by and distributions to owners of the Company	1,250	(64)	-	-	-	-	1,186
At 30 June 2019	3,011	8,566	279	(15)	-	(9,616)	2,225

Condensed Consolidated Statement of Cash Flows (unaudited)
for the 6 months ended 30 June 2019

	6 months to 30 June 2019 Unaudited £'000	6 months to 30 June 2018 Unaudited £'000	Year ended 31 December 2018 Audited £'000
Cash flows from operations			
Operating (loss)	(30)	(118)	(364)
(Increase)/decrease in inventories	(3)	3	3
(Increase)/decrease in trade & other receivables	(734)	(20)	38
Increase/(decrease) in trade & other payables	962	(77)	(75)
Depreciation	2	-	3
Share option charge	-	-	-
Net cash used in operating activities	197	(212)	(395)
Investing activities			
Investment income	1	2	3
Loan advanced to related party	-	-	(117)
Receipts on sale of AFS investments	-	1	1
Payments on purchase of AFS investment	(1,000)	-	(62)
Payments for PPE assets	-	(3)	(3)
Net cash from investing activities	(999)	-	(178)
Financing activities			
Issue of share capital	1,250	-	300
Issue costs	(64)	-	(18)
Net cash from financing activities	1,186	-	282
Net increase/(decrease) in cash and cash equivalents	384	(212)	(291)
Cash and cash equivalents at the beginning of period	101	443	443
Effect of foreign exchange on cash and cash equivalents	2	15	(51)
Cash and cash equivalents at the end of period	487	246	101

Notes to the Condensed Consolidated Interim Financial Information (unaudited)

1. General information

The condensed consolidated interim financial information for the period ended 30 June 2019 has not been audited or reviewed in accordance with the International Standard on Review Engagements 2410 issued by the Auditing Practices Board. The figures were prepared using applicable accounting policies and practices consistent with those adopted in the statutory accounts for the period ended 31 December 2018. The figures for the period ended 31 December 2018 have been extracted from these accounts, which have not been required to be delivered to the Isle of Man Registrar of Companies and do however contain an unqualified audit report.

The condensed consolidated interim financial information contained in this document does not constitute statutory accounts. In the opinion of the directors the financial information for this period fairly presents the financial position, result of operations and cash flows for this period.

The Condensed Consolidated Interim Financial Information was approved by the Board of Directors on 26 September 2019.

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union with the exception of International Accounting Standard ('IAS') 34 – Interim Financial Reporting. Accordingly, the interim financial statements do not include all of the information or disclosures required in the annual financial statements and should be read in conjunction with the Group's 2018 annual financial statements.

2. (Loss) per share

The calculation of the (loss) per share is based on the (loss) attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period.

	6 months to 30 June 2019 Unaudited £'000	6 months to 30 June 2018 Unaudited £'000	Year 31 December 2018 Audited £'000
(Loss) attributable to equity holders of the Group	(867)	(97)	(318)
Weighted average number of ordinary shares ('000s)	1,835,863	1,461,001	1,592,510
(Loss) per share – basic	(0.047)	(0.007)	(0.017)
(Loss) per share – diluted	(0.047)	(0.007)	(0.017)

3. Events after the end of the reporting period

On 9 August 2019, the Company announced Mr Anthony Samaha had resigned as a Director of the Company.

4. A copy of this interim financial statement is available on the Company's website: www.afriagglobal.com.