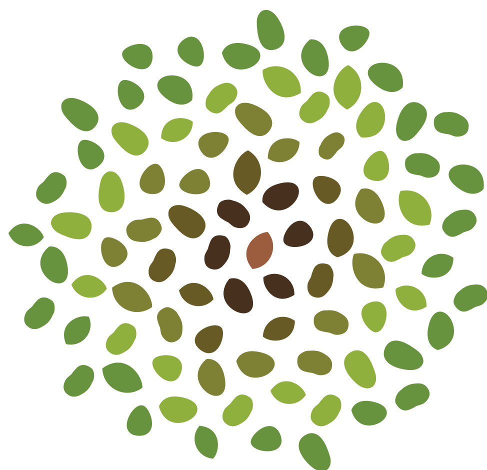
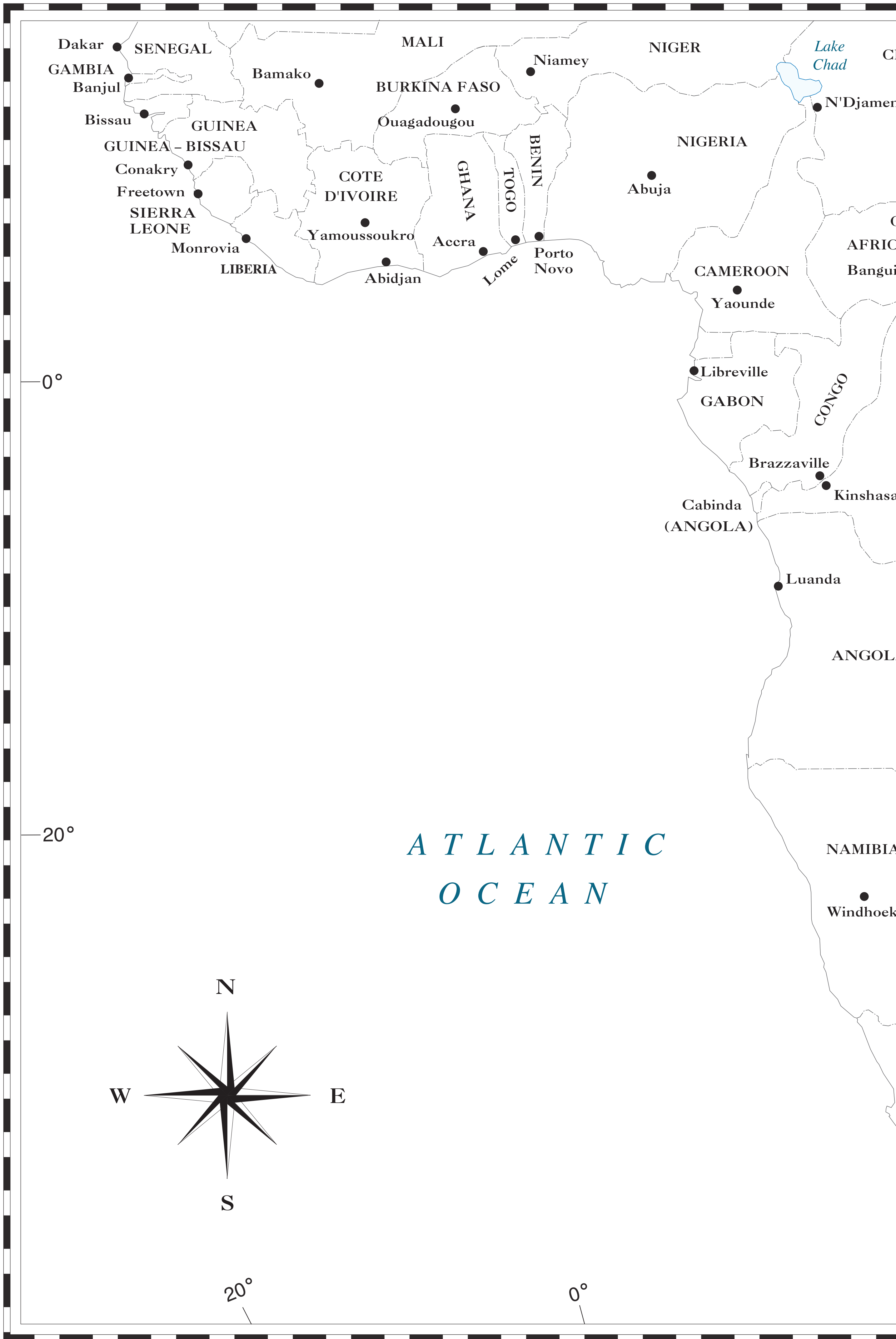


Report and Financial Statements 2008/09



Dakar
SENEGAL
GAMBIA
Banjul
Bissau
GUINEA
GUINEA – BISSAU
Conakry
Freetown
SIERRA LEONE
Monrovia
LIBERIA
MALI
Bamako
BURKINA FASO
Ouagadougou
COTE D'IVOIRE
Yamoussoukro
Abidjan
GHANA
Accra
TOGO
Lome
BENIN
Porto Novo
Niamey
NIGER
NIGERIA
Abuja
Lake Chad
N'Djamena
CAMEROON
Yaounde
Bangui
Libreville
GABON
CONGO
Brazzaville
Kinshasa
Cabinda (ANGOLA)
Luanda
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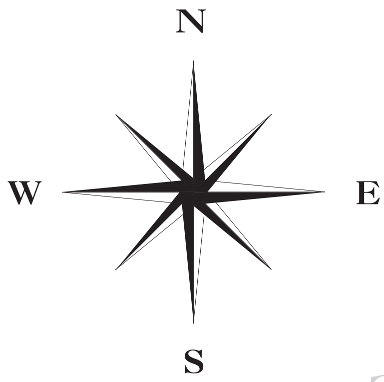
SUDAN
Gulf of Aden
DJIBOUTI
Djibouti
ETHIOPIA
Addis Ababa
SOMALIA
Lake Turkana
Lake Albert
UGANDA
Kampala
KENYA
Mogadishu
DEMOCRATIC REPUBLIC OF CONGO
RWANDA
Kigali
Nairobi
Lake Victoria
BURUNDI
Bujumbura
INDIAN OCEAN
Lake Tanganyika
Dodoma
UNITED REPUBLIC OF TANZANIA
Lake Nyasa
ZAMBIA
MALAWI
Lusaka
Tete
MOZAMBIQUE
Harare
Chimoio
ZIMBABWE
Moxambique Channel
MADAGASCAR
Antananarivo
BOTSWANA
Gaborone
Pretoria
Maputo
Mbabane
SWAZILAND
Bloemfontein
Maseru
LESOTHO
SOUTH AFRICA
Cape Town
0°
20°
20°
40°
60°

Agriterra Ltd ('Agriterra' or 'the Company')
Final Results

Agriterra Ltd, the AIM listed company focussed on the agricultural sector in central and southern Africa, announces its results for the period from 1 July 2008 to 31 May 2009.

Company registered and incorporated in Guernsey. Reg. no. 42643



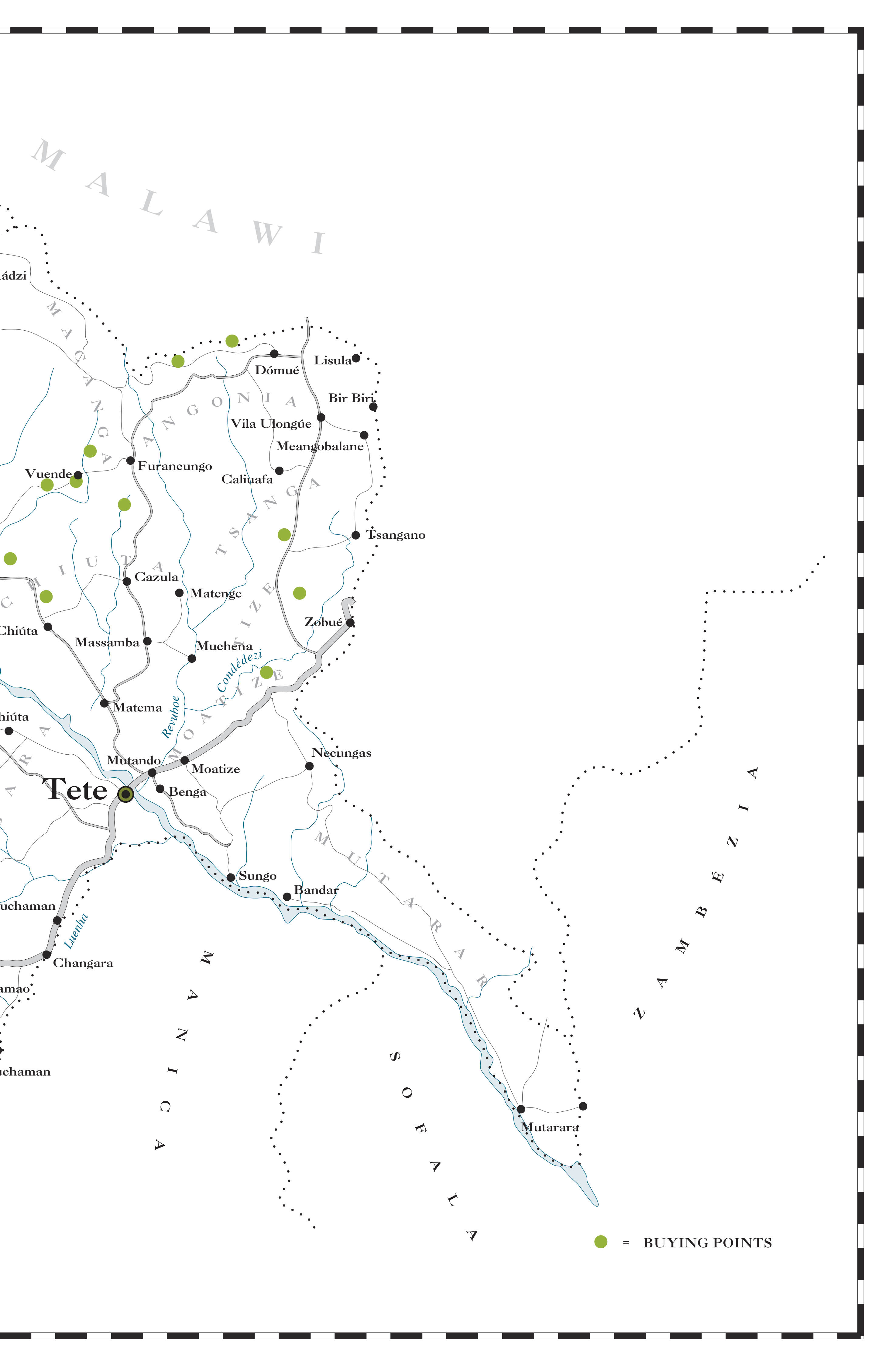
ZAMBIA

Cassacatiza
Chifunde
Bene
Chofombo
Chiputo
Caponda
Campapa
Zambué
Muze
Fingoé
Chipera
Cahora Bassa Dam
Songo
Cahora Bassa
Zumbo
Panhame
Langua
Lagoa de Cahora Bassa
Chicoa
Estima
Magoé
Chinhanda
Mukumbura
Mucumbura
Luia
Chioco
Mukosa
Nyamapanda
ZUMBU
MARAVIA
CHIFUNDE
CAHORA BASSA

ZIMBABWE

TETE PROVINCE

COMPAGRI OPERATIONS AREA


MALAWI
Dómué
Lisula
Bir Biri
ANGONIA
Vila Ulongúe
Meangobalane
MACANGA
Furancungo
Vuende
Caliuafa
TSANGA
Tsangano
CHIUTA
Cazula
Matenge
Chiúta
Zobué
Massamba
Muchena
Condédezi
MOATIZE
Matema
Revuboe
Necungas
Mutando
Moatize
Tete
Benga
MUTARARA
Sungo
Bandar
Luenha
Changara
MANICA
SOFALA
ZAMBÉZIA
Mutarara
= BUYING POINTS

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Directors and Advisors

Directors

Philippe Henri Edmonds MA (Cantab) – *Chairman*

Andrew Stuart Groves – *Director*

Euan Kay – *Executive Director*

Mike Pelham – *Non-Executive Director*

Company Secretary

Philip Enoch MA (Oxon)

Registered Office

22 Smith Street

St Peter Port

Guernsey GY1 4LX

Nominated Advisor and Broker

Seymour Pierce Limited

20 Old Bailey

London EC4M 7EN

Auditors to the Company

Baker Tilly UK Audit LLP

Registered Auditor

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London WC1B 3ST

Solicitors to the Company as to English law

Salans
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2 Lambeth Hill
London EC4V 4AJ

Legal advisors to the Company as to Guernsey law

Carey Olsen
22 Smith Street
St Peter Port
Guernsey GY1 4BE

Bankers

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PO Box 31
HSBC House
Lefebvre Street
Guernsey GY1 3AT

Registrars

Capita IRG (CI) Limited
TSB House
Le Truchot
St Peter Port
Guernsey GY1 4AE

Overview

- Shift in strategy to focus on agricultural sector in central and southern Africa complete and bearing fruit for the Company
- Three established operations, DECA, Compagri and Mozbife
- Strengthened position in grain processing market – record buying season achieved at DECA facility in Chimoio (33,000 tonnes of maize)
- Tete facility successfully brought online on time and on budget using internal cash flow and now achieving considerable sales
- Rapid expansion of beef herding business through acquisition of Dombe.
- Movonde now being stocked with quality Beefmaster breeding stock – 275 head already
- Completion of placing raising $5.1 million to fund additional expansion of beef business including the construction of an abattoir and feedlot business
- Pre-tax loss for the period on continuing activities of $0.2m (2008: loss $1.3m)

Agriterra Executive Director Euan Kay said, “This has been a very strong period of growth for the Company which recently culminated in a record buying season of 33,000 tonnes of maize for DECA, our flagship grain buying and processing operation in Mozambique.

We have expanded this business through Compagri, in Tete, and we have aggressively built up our cattle ranching operation Mozbife, through the acquisition of 15,000 hectares of ranching land and 275 head of cattle. We have a highly successful concept which we believe will generate significant revenue and allow us to consolidate our position, identify new opportunities and build a substantial agricultural business focussed in southern Africa.”

Chairman's Statement

This has been a transformational year for the Company, and I am pleased to report that we have made substantial progress in re-aligning the business and implementing the Board's new strategy of investing in and acquiring businesses operating in the agricultural sector in central and southern Africa.

As reported in the interims, following a strategic review prompted by both political and economic considerations beyond the control of the Board, the Company changed its focus away from the oil and gas sector to agricultural investment and sustainable development in Africa.

This area, identified by the Board as having potential for rapid growth with the capability of generating significant returns on investment, despite the current economic conditions, is anticipated to provide better near term returns for our shareholders. The ultimate aim is to become one of the largest agri-operations in Africa whilst improving the livelihoods of small holder farmers by increasing access to markets and becoming a leading food provider for the region.

In line with this new strategy, the Company's name was changed to Agriterra Limited, and in February we acquired a 75% interest in the agricultural trading and processing companies Desenvolvimento E Comercialização Agricola Limitada ('DECA') and Compagri Limitada ('Compagri'), as well as the embryonic cattle ranching and feedlot production entity, Mozbife Limitada ('Mozbife'), all located in Mozambique. Importantly, since the acquisition I am pleased to report that we have made strong progress on all fronts in developing these businesses, generating significant cash flow and consolidating our position in Mozambique.

Deca

DECA, based at Chimoio, in the Manica Province of Mozambique and founded in 2005, is a well established, cash generative business and represents an ideal agricultural development model for replication in other areas.

Its operations focus on the treatment and processing of grain purchased from local farmers, through specialised buying systems, delivering cash directly to the smallholder farmers. The Company prepares and installs the necessary infrastructure at 'buying points' across the Chimoio region, to which local farmers bring the products which they have cultivated as 'out-growers'. DECA then purchases grain through its efficient buying system, delivering cash directly to the producers, and thereby supporting economic activity in these rural areas.

The grain is transported back to DECA's purpose-built storage and processing facility in Chimoio. At this facility, the grain is dried, fumigated, prepared and processed into maize meal, which is in demand in the local area. DECA's facility currently has a 34,000 tonne storage capacity consisting of seventeen 1,000 tonne silos, seven large warehouses as well as two milling plants, one workshop and a fleet of over 100 vehicles.

Once processed, the products are packaged and transported to appropriate venues for onward sale under DECA branding with 15% of sales attributed to the UN World Food Programme. The Company has a strong brand and a loyal customer base which currently provides a market outlet for some 350,000 farmers and as a consequence has received strong support from local and national government since inception, with the President of Mozambique, Armando Guebuza, opening the facility in 2005.

Post the period end we had a good buying season with in excess of 33,000 tonnes in stock. This was procured at an average price significantly below last year. The revenue growth is seasonal, and in line with expectations. This is starting to ramp up as per the normal cycle and with the increasing maize meal prices, we are hopeful of extremely positive results from the Chimoio operation.

Compagri

With the success of DECA's operations at Chimoio, Compagri has been established as a second agricultural buying and processing facility in Mozambique. The construction of the Compagri operation, located at Tete, was funded primarily from internal cash flow, delivered under the budget and on schedule, to coincide with the advent of the maize buying season in the Tete Province.

As at Chimoio, operations at Tete are focussed on the purchase of maize from indigenous out-growers. We feel that the model is effective with relatively low upfront capital expenditure and a targeted circa three year payback on the initial investment.

The current total storage capacity for maize at Compagri is 15,000 tonnes, consisting of four 1,500 tonne silos and one 1,000 tonne silo, and an additional two large warehouses with capacity to store 4,000 tonnes each. However, the infrastructure required to increase Compagri to the maximum capacity of 50,000 tonnes has already been developed meaning future expansion can be achieved for the next buying season in 2010, with minimised additional expenditure.

The first phase of the site development is now virtually completed, although there are a few issues to be finalised including increasing the water supply from the Zambezi and the planting of grass and trees and general landscaping of the site to enhance the working conditions for the workforce in an environment where temperatures can regularly reach 40 degrees centigrade.

Compagri is now going through its initial bedding down period where the management is establishing its reputation in the region and educating the local farmers to the benefits of the facility. Buying has commenced and more than 7,000 tonnes of maize has been purchased to date, underpinning our hope for a profitable season, particularly in view of the significant growth in urbanisation in and around Tete.

The Board is currently evaluating additional sites and products in order to strengthen DECA's market presence and geographic reach in south and central Africa. At the Tete facility in particular, the Company plans to diversify its product range to include other agricultural produce such as beans and ground nuts, and in doing so, enabling year round processing of a variety of products, ultimately spreading any potential risk associated with individual commodity production.

DECA
LDA

Mozbife

Our third business, the cattle ranching and feedlot production entity Mozbife Limitada ('Mozbife'), has also made good progress, with our intention being to expand our activities and capitalise on the growing demand for beef in sub-Saharan Africa.

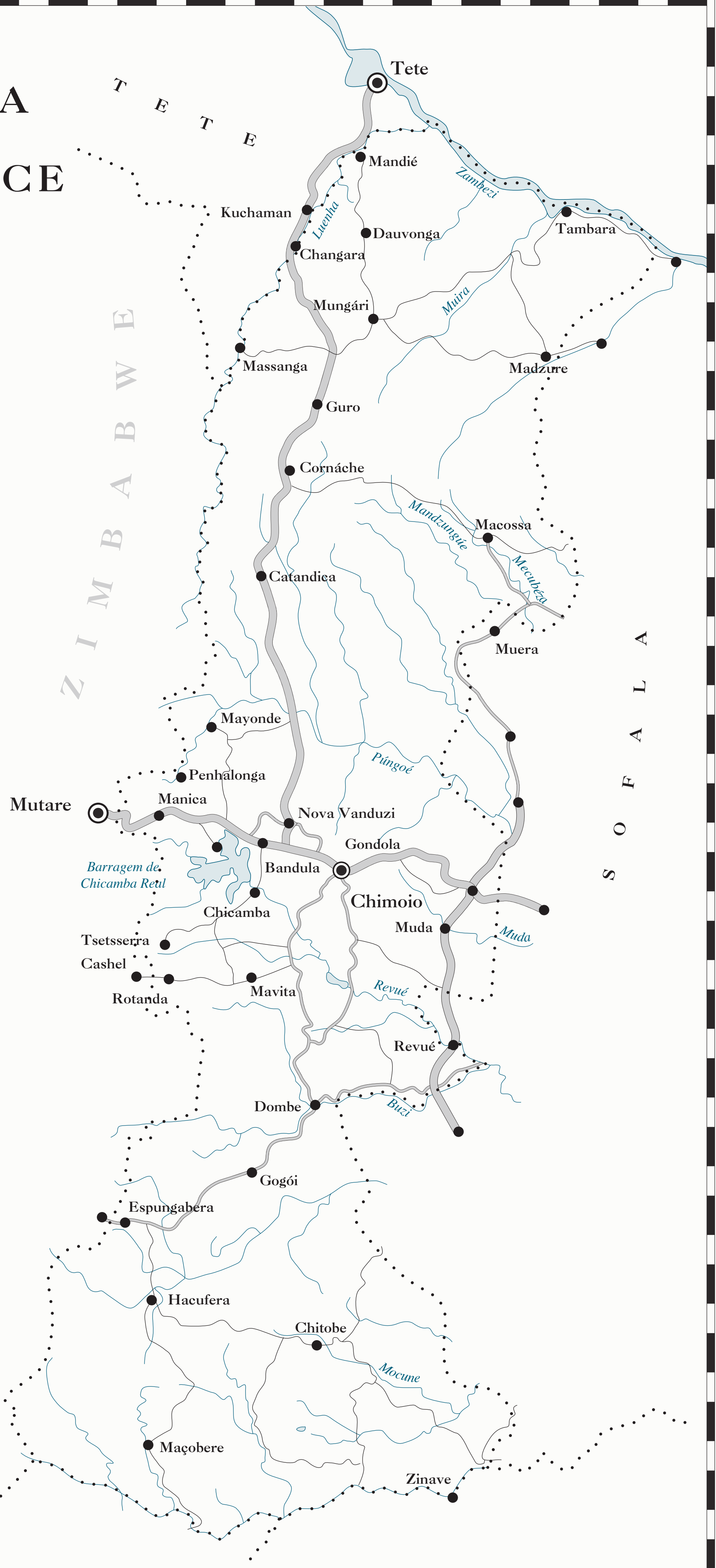
The 1,000 hectare Movonde Stud Ranch is now being stocked with quality pedigree Beefmaster breeding livestock imported from South Africa. This herd currently stands at 275 head of cattle which we plan to expand to 800 in the next 3 years. An area of irrigated pasture over 150 hectares has recently been established to provide quality pasture. Additionally, we have acquired the circa 15,000 hectare Dombe Ranch, where we are looking to expand the current herd of 450 to 10,000 head in 4 to 5 years. Importantly both ranches are in highly suitable territory with plenty of water and a head to hectare ratio of 1:2. A 200 hectare property close to the town of Chimoio has also been acquired to house the intended abattoir and feedlot business.

In the short term we plan to focus primarily on the market for beef products in Mozambique, as we believe that there is a great deal of opportunity in this area. Currently 90% of all beef is imported into Mozambique from countries such as South Africa, however by offering domestically reared beef to the market place, we feel that we can be extremely price competitive, particularly given the integration with the maize business at Chimoio whereby the bran residues after milling make ideal cattle feed. We also feel that there are very significant export opportunities for beef particularly to the Middle and Far East markets and we will therefore be developing our beef herds and facilities with these export markets in mind.

On the Movonde Ranch, we have also established a grain trial planting programme on 35 hectares of land. We are attempting to improve seed quality which can then be outsourced to the local farmers to enable them to increase their own yields on their individual farms.

D.E.C.A
DECA
HT3
2

MANICA PROVINCE

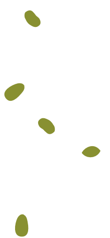


Oil & Gas Assets

As shareholders will be aware, in line with our change in strategy we wrote off the majority of the expenditure incurred when reporting our half-year financials in March 2009. We continue to discuss with the Southern Sudanese authorities the possibility of compensation for losses incurred which has recently been sympathetically viewed by the press.
However the quantity or timing for any compensation that Agriterra may receive, if any, has not been agreed by any of the parties involved.

Board

We welcomed Euan Kay to the Board as Executive Director in October 2009. Euan has managed DECA since its inception five years ago, and has been invaluable in growing all aspects of Agriterra's business over the past year. I look forward to continuing our work together with him in his new capacity as Executive Director, as we benefit from his considerable business and industry acumen whilst we grow the Company into a leading agri-operator in sub-Saharan Africa.



Outlook

The Board recognises that there is a large amount of opportunity in the agricultural arena in Africa, being generally viewed as the most important sector in the economies of most non-oil exporting African countries and constituting approximately 30% of Africa's GDP. 70% of the continent's population depend on the sector for their livelihood, with the majority of Africans living in the countryside relying on smallholdings of less than a few hectares to feed their families and grow surplus crops for sale.
Despite the huge scale of the agricultural sector in Africa, the Board recognised that there was a distinct lack of organised trading platforms for agricultural products in many rural areas of Africa.

The Company has made strong progress since changing its strategy to focus on agriculture and I am confident that our grain processing and cattle herding businesses will continue to perform well over the next financial year. Furthermore, the revenue generated from these investments will also fuel future growth, both in terms of geography and product diversity, all of which creates value for our shareholders.

I'd like to take this opportunity to thank all those involved in Agriterra, particularly our new Executive Director, Euan Kay, who has been instrumental in the success of the Company through his management of DECA since its inception. It is crucial for the businesses to have people in charge on the ground who understand Africa, its needs, and how to operate successfully, something I believe we have.

Phil Edmonds
Chairman

Financial Results

For the period under review, the Company is reporting a pre-tax loss on continuing activities of $0.2m (2008: $1.3m). The post-tax loss on the discontinued oil and gas activities was $3.5m (2008: $88.4m).
Cash balances at the period end were $8.5 million (2008: $13 million).

On 28 October 2009, the Company announced that it had placed 63,950,000 new ordinary shares of 0.1p each at a price of 5p per share raising approximately $5.1 million before expenses.

Director's Report

The directors of Agriterra Limited ('Agriterra' or the 'the Company') hereby present their report together with the audited financial statements for the period ended 31 May 2009 for the Company and its subsidiaries (altogether the 'the Group').

Principal activities

The principal activity of the Group in prior periods was oil and gas exploration. At an Extraordinary General Meeting held on 6 January 2009, the shareholders approved a change of name from White Nile Limited to Agriterra Limited and a change in the Company's investing strategy to focus on agricultural and associated civil engineering industries in Africa. At an Extraordinary General Meeting held on 6 January 2009, the shareholders approved the acquisition of Desenvolvimento E Comercialização Agricola Limitada ('DECA'), Compagri Limitada ('Compagri') and Mozbife Limitada ('Mozbife'). DECA and Compagri are agricultural trading and processing companies, Mozbife a cattle ranching business.

Business review and future developments

A review of the Group's performance, key performance indicators and prospects is given in the Chairman's Statement on pages 17 to 34.

A review of the risks and uncertainties impacting on the Group's long term performance is included in the Corporate Governance report on pages 45 to 46. Details of the Group's exposure to foreign exchange and other financial risks are included in note 3.

Director's Report

Results and dividend

The Group has changed its reporting date to 31 May. The results are for the 11 month period to 31 May 2009.

Effective 1 July 2008, the Group changed its reporting currency to the US Dollar (USD). The change is to better reflect the Group's business activities in the Agricultural sector in Africa.

The comparative financial statements and related notes have been restated from sterling to USD.

The Group results show a loss after taxation and discontinued operations attributable to the equity holders of the Company of $3.7million (2008: loss $89.7million).

The directors do not recommend a dividend.

Directors

The directors who served during the period were:

PH Edmonds	*Chairman*	
AS Groves	*Chief Executive Officer*	
Dr LA Deng	*Non-Executive Director*	*(resigned 4 Dec 2008)*
EA Lino	*Non-Executive Director*	*(resigned 4 Dec 2008)*
MN Pelham	*Non-Executive Director*	*(appointed 4 Dec 2008)*

Directors' interests

The directors serving during the period had the following beneficial interests in the shares of the Company:

	Ordinary shares of 0.1p each	
	31 May 2009	**30 June 2008**
PH Edmonds	15,000,000	15,000,000
AS Groves	15,040,000	15,040,000
Dr LA Deng	-	-
EA Lino	-	-

The directors' interests in share options of the Company as at 31 May 2009 were as follows:

	Date of grant	Exercise price	Number of ordinary shares of 0.1p each
PH Edmonds	8 Feb 2005	10p	5,000,000
AS Groves	8 Feb 2005	10p	5,000,000

No share options were granted to or exercised by directors during the period. All options have vested and are exercisable until 7 February 2010.

Euan Key who was appointed a director in October 2009 held options to subscribe for 2,500,000 shares at 3p, which were granted on 9 January 2009. Options are exercisable between January 2010 and January 2014.

There have been no other changes in directors' interests in shares or options between 1 June 2009 and 30 October 2009.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

Creditors payment policy and practice

The Group's policy is to ensure that, in the absence of dispute, all suppliers are dealt with in accordance with its standard payment policy to abide by the terms of payment agreed with suppliers when agreeing the terms of each transaction. Suppliers are made aware of the terms of payment. The number of days of average daily purchases included in trade payables at 31 May 2009 was 4 days (2008: 5 days).

Political and charitable donations

During the period, no political and charitable donations were made. In prior periods, the Group has made an important contribution to local community projects as an integral part of its exploration activities.

Director's Report

Post balance sheet events

Post balance sheet events are detailed in note 27 to the financial statements.

Statement as to disclosure of information to auditor

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

The Company's auditor, Baker Tilly UK Audit LLP, has indicated its willingness to continue in office.

Electronic communications

The maintenance and integrity of the Company's website is the responsibility of the directors; the work carried out by the auditor does not involve consideration of these matters and accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The Company's website is maintained in compliance with AIM Rule 26.

By order of the Board

PM Enoch

Secretary

27 November 2009

Corporate Governance

The board of directors is accountable to the Company's shareholders for good corporate governance and the directors support the Combined Code as far as it is appropriate to the Group's size and its stage of development.

Set out below is a summary of how, at 31 May 2009, the Group was dealing with corporate governance issues.

The Board of Directors

The Group is led and controlled by a board comprising during the period, the chairman, the chief executive and one non-executive director.

There are no matters specifically reserved to the board for its decision, but no decision of any consequence is made other than by the directors. There is no separate Nomination Committee due to the current size of the board and any new directors are appointed by the whole Board.

There is no agreed formal procedure for the directors to take independent professional advice at the Group's expense.

The Group has adopted a share dealing code for directors' dealings which is appropriate for an AIM quoted company. The Directors comply with Rule 21 of the AIM Rules relating to directors' dealings and take all reasonable steps to ensure compliance by the Group's applicable employees.

The Company's directors submit themselves for re-election at the Annual General Meeting at regular intervals in accordance with the Company's Articles of Association. Following the appointment of MN Pelham, the company formed a Remuneration and Audit Committees comprising PH Edmonds and MN Pelham.

Directors' Remuneration

The remuneration committee reviews the performance of the directors and makes recommendations to the board on matters relating to the directors' remuneration and other terms of employment. The committee makes recommendations to the board on the granting of share options and other equity incentives and will administer any equity incentive schemes. The committee is chaired by PH Edmonds. Details of the remuneration of each director are set out in note 7 to the financial statements.

Corporate Governance

Accountability and Audit

The audit committee is responsible for ensuring that the Group's financial performance is properly monitored, controlled and reported. The committee has unrestricted access to the auditors. It has met once during the period and has reviewed the report from the auditors relating to the accounts and internal controls. The committee is also responsible for reviewing the scope and results of the audit, its cost effectiveness and the independence and objectivity of the auditor. A formal statement of independence has been received from the external auditor for the period.

Relations with Shareholders

The chairman is the company's principal spokesperson with investors, fund managers, the press and other interested parties. At the Annual General Meeting, private investors are given the opportunity to question the board.

Internal Control

The board acknowledges its responsibility for establishing and monitoring the Group's systems of internal control. Although no system of internal control can provide absolute assurance against material misstatement or loss, the Group's systems are designed to provide the directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately.

The board reviews the effectiveness of the systems of internal control and considers the major business risks and the control environment. No significant control deficiencies have come to light during the period and no weakness in internal financial control has resulted in material losses, contingencies or uncertainties which would require disclosure as recommended by the guidance for directors on reporting on internal financial control.

In light of this control environment the Board considers that there is no current requirement for a separate internal audit function.

Going Concern

Having made appropriate enquiries and having examined the major areas which could affect the Group's financial position, following the post balance sheet events set out in note 26 to the financial statements, the directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future.
For this reason the directors consider it appropriate to adopt the going concern basis in preparing the financial statements.

Risks and uncertainties

There are a number of risks and uncertainties facing the Group, principally the following:

Foreign exchange

The Group conducts its operations in jurisdictions other than its reporting currency and therefore is subject to fluctuations in exchange rates. Some of the countries in which the Group operates maintain strict controls on access to foreign currency and the repatriation of funds

Risks associated with operating in central and southern Africa

Changes in government, monetary policies, taxation, exchange control and other laws can have a significant impact on the Group's assets and operations.

Several countries in eastern and southern Africa are liable to experience periods of political instability, and there can be no guarantees as to the level of future political stability. Changes to government policies and applicable laws could adversely affect the operations and/or financial condition of the Group. The jurisdictions in which the Group might operate in the future may have less developed legal systems than more established economies, which could result in risks such as (i) effective legal redress in the courts being more difficult to obtain; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations. In certain jurisdictions, the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to the Group's licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed

Regulatory risk

While the Group believes that its operations are currently in substantial compliance with all relevant material environmental and health and safety laws and regulations, there can be no assurance that new laws and regulations, or amendments to or stringent enforcement of, existing laws and regulations will not be introduced, which could have a material adverse impact on the Group.

Corporate Governance

Land ownership in Mozambique

Under the laws of Mozambique, proprietary rights in land are exclusive to the state. The Mozambique constitution proscribes the state's rights of ownership and the power and ability to determine the conditions for the use and development of land by individual or corporate persons. The land can not be sold, mortgaged or encumbered in any way or by any means.

The state grants the right to use and develop the land which is evidenced by a Use and Development of Land License ("DUAT") which allows for the title holder to build and register any infrastructure under its name on such land.

DECA, Compagri and Mozbife 's operations are dependent on obtaining and maintaining the relevant DUATs, and whilst there is currently no indication that the relevant DUATs are invalid, there can be no guarantees that this will not change in future.

Growing season

The Group anticipates a six month buying/growing season for maize. However matters outside the control of the Group, such as adverse weather conditions, could impact upon the amount of production achieved by local farmers in any period, which could consequently have adverse effects on the Group's business and profit margins.

AIM regulations

The advice of the NOMAD or legal advisors is sought at an early stage in evaluating transactions to ensure compliance with the AIM rules. The company monitors its compliance with the continuing obligations under the AIM rules at regular consultations with the NOMAD.

Statement Of Directors' Responsibilities

The Companies (Guernsey) Law, 2008 ("the 2008 law") which took effect from 1 July 2008 requires the directors to ensure that the financial statements are prepared properly and in accordance with any relevant enactment for the time being in force. The directors are required to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and Group and of the profit and loss for that period.

The directors are required to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The Group financial statements are required by IFRS as adopted by the European Union to present fairly the financial position and performance of the Group.

In preparing the Group financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS adopted by the EU; subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 Group to enable them comply with the requirements of the Companies (Guernsey) Law, 2008.
The directors are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Agriterra Limited

We have audited the group and parent company non-statutory financial statements ("the financial statements") on pages 50 to 97. The financial reporting framework that has been applied in their preparation is 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 our engagement letter with the company dated 9th Octocber 2007. 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.

Respective responsibilities of directors and auditors

As more fully explained in the Directors' Responsibilities Statement on page 47, 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

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on the financial statements

In our opinion

- the financial statements give a true and fair view of the state of the group's and the parent's affairs as at 31 May 2009 and of the group's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the parent financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union

Opinion on other matter

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.

Baker Tilly Uk Audit Llp, Statutory Auditor
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST
27 November 2009

Consolidated Income Statement

For the period ended 31 May 2009

	Note	11 Months ended 31 May 2009 $'000	Year ended 30 June 2008 $'000
Continuing Operations			
Revenue	5	4,855	-
Cost of sales		(3,483)	-
Gross profit		**1,372**	-
Operating expenses		(2,222)	(2,410)
Other income		347	-
Operating loss	6	**(503)**	**(2,410)**
Finance income	8	338	1,129
Finance expenses	8	(6)	(6)
Net financing income		**332**	**1,123**
Loss before taxation		(171)	(1,287)
Income tax expense	9	-	-
Loss for the period from continuing operations		(171)	(1,287)
Discontinued operations			
Loss for the period	10	(3,519)	(88,395)
Loss for the period attributable to equity holders of the company	23	(3,690)	(89,682)
Loss per share			
– Basic and diluted (cents)	11	(1.05c)	(25.82c)
Loss per share from continuing operations			
– Basic and diluted (cents)	11	(0.05c)	(0.37c)

The notes on pages 56 to 97 form part of the financial statements.

Consolidated Statement of Recognised Income and Expense

For the period ended 31 May 2009

	11 Months ended 31 May 2009 $'000	Year ended 30 June 2008 $'000
Foreign exchange translation differences	(3,999)	4,823
Net income recognised directly in equity	(3,999)	4,823
Loss for the period	(3,690)	(89,682)
Total recognised income and expense for the period attributable to the equity holders of the company	(7,689)	(84,859)

The notes on pages 56 to 97 form part of the financial statements.

Consolidated Balance Sheet

As at 31 May 2009

	Note	31 May 2009 $'000	30 June 2008 $'000
Assets			
Non-current assets			
Exploration and evaluation costs	12	-	-
Property, plant and equipment	13	13,397	-
Interest in associate	15	-	-
Biological assets	16	207	-
Total non-current assets		13,604	
Current assets			
Inventories	17	2,376	-
Trade and other receivables	18	1,492	88
Cash and cash equivalents	18	8,517	13,047
Total current assets		12,385	13,135
Total Assets		25,989	13,135
Liabilities			
Current liabilities			
Trade and other payables	18	3,009	679
Net Assets		22,980	12,456
Equity			
Issued capital	19	1,039	641
Share premium	20	119,349	101,584
Share based payment reserve	21	1,281	1,231
Translation reserve	22	824	4,823
Retained earnings	23	(99,513)	(95,823)
Total Equity attributable to equity holders of the parent		22,980	12,456

The notes on pages 56 to 97 form part of the financial statements.

The financial statements on pages 50 to 97 were approved and authorised for issue by the Board of Directors on 27 November 2009 and were signed on its behalf.

PH Edmonds

Chairman

Company Balance Sheet

As at 31 May 2009

	Note	31 May 2009 $'000	30 June 2008 $'000
Assets			
Non-current assets			
Exploration and evaluation costs	12	-	-
Property, plant and equipment	13	-	-
Investment in subsidiaries	14	19,389	-
Interest in associate	15	-	-
Total non-current assets		19,389	-
Current assets			
Inventories	17	-	-
Trade and other receivables	18	901	88
Cash and cash equivalents	18	3,950	13,042
Total current assets		4,851	13,130
Total Assets		24,240	13,130
Liabilities			
Current liabilities			
Trade and other payables	18	1,162	423
Net Assets		23,078	12,707
Equity			
Issued capital	19	1,039	641
Share premium	20	119,349	101,584
Share based payment reserve	21	1,281	1,231
Translation reserve	22	4,723	4,725
Retained earnings	23	(103,314)	(95,474)
Total Equity attributable to equity holders of the parent		23,078	12,707

The notes on pages 56 to 97 form part of the financial statements.

The financial statements on pages 50 to 97 were approved and authorised for issue by the Board of Directors on 27 November 2009 and were signed on its behalf.

PH Edmonds

Chairman

Consolidated Cash Flow Statement

As at 31 May 2009

	11 Months ended 31 May 2009 $'000	Year ended 30 June 2008 $'000
Operating Activities		
Loss before tax	(171)	(1,287)
Adjustments for:		
- Depreciation of property, plant and equipment	164	-
- Share based payment charge	50	20
- Net interest income	(332)	(1,126)
Operating cash flow before movements in working capital	(289)	(2,393)
Working capital adjustments:		
- Increase in inventory	(1,153)	-
- Decrease in receivables	(137)	(15)
- Increase / (decrease) in payables	1,516	(178)
Cash used in operations	(63)	(2,586)
Finance charges	(6)	(6)
Interest received	338	1,132
Net cash inflow / (outflow) from continuing operating activities	269	(1,460)
Net cash outflow from discontinued operating activities	(1,255)	(2,707)
Net Cash used in operating activities	(986)	(4,167)
Investing Activities		
Purchase of property, plant and equipment	(4,692)	-
Purchase of subsidiaries net of cash acquired	2,162	-
Purchase of biological assets	(169)	-
Net cash used in continuing investing activities	(2,699)	-
Net cash used in discontinued investing activities	(1,918)	(21,920)
Net cash used in investing activities	(4,617)	(21,920)
Financing Activities		
Proceeds from issue of share capital	3,718	6,325
Share issue costs	-	(361)
Loan from related party	127	-
Net cash flow from financing activities	3,845	5,964
Net decrease in cash and cash equivalents	(1,758)	(20,123)
Cash and cash equivalents at start of the period	13,047	33,612
Exchange rate adjustment	(2,772)	(442)
Cash and cash equivalents at end of the period	8,517	13,047

The notes on pages 56 to 97 form part of the financial statements.

Company Cash Flow Statement

As at 31 May 2009

	11 Months ended 31 May 2009 $'000	Year ended 30 June 2008 $'000
Operating Activities		
Loss before tax	(304)	(1,287)
Adjustments for:		
- Depreciation of property, plant and equipment	-	-
- Share based payment charge	50	20
- Net interest income	(400)	(1,126)
Operating cash flow before movements in working capital	(654)	(2,393)
Working capital adjustments:		
- Decrease in receivables	(102)	(15)
- Increase / (decrease) in payables	(8)	(178)
Cash used in operations	(764)	(2,586)
Finance charges	-	(6)
Interest received	400	1,132
Net cash outflow from continuing operating activities	(364)	(1,460)
Net cash inflow / (outflow) from discontinued operating activities	682	(3,006)
Net Cash used in operating activities	(318)	(4,466)
Investing Activities		
Net cash used in investing in discontinued activities	(4,710)	(21,925)
Financing Activities		
Proceeds from issue of share capital	3,718	6,325
Share issue costs	-	(361)
Loans to subsidiaries	(3,977)	-
Loan from related party	127	-
Net cash flow from financing continuing activities	(132)	5,964
Net cash flow from financing discontinued activities	(2,015)	-
Net cash flow from financing activities	(2,147)	5,964
Net decrease in cash and cash equivalents	(6,539)	(20,427)
Cash and cash equivalents at start of the period	13,042	33,612
Exchange rate adjustment	(2,553)	(143)
Cash and cash equivalents at end of the period	3,950	13,042

The notes on pages 56 to 97 form part of the financial statements.

Notes to the Financial Statements

For the period ended 31 May 2009

1. General Information

Agriterra Limited is incorporated in Guernsey. The address of the registered office is given on page 12. The nature of the Group's operations and its principal activities are set out in the Chairman's Statement on pages 17 to 34.

On 1 July 2008, the directors elected to change the reporting currency for the Group from Pounds Sterling (GBP) to the U.S. Dollar (USD). The change is to better reflect the Group's business activities in the Agricultural sector in Africa and reporting in USD will better reflect the Group's financial position and financial performance.

The change of the reporting currency has been accounted for in accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates". Comparative figures for 2008 previously reported in GBP have been restated to USD.
The reporting change has no impact on the underlying business or the associated cash flows of the Group.

The functional currency of the Company still remains GBP.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

At the date of authorisation of these financial statements, the following Standards and Interpretations that have not been applied in these financial statements were in issue but not yet effective or endorsed (unless otherwise stated):

IFRS 1 First time Adoption of IFRS – Amendment; Cost of an investment in asubsidiary, jointly-controlled entity or associate (endorsed)

IFRS 1 Revised IFRS 1 First-time Adoption of IFRS

IFRS 2 Share Based Payment – Amendments relating to vesting conditions and cancellations (endorsed)

IFRS 3 Business Combinations
Comprehensive revision on applying the acquisition method

IFRS 7 Financial Instruments: Disclosures – Amendment; Reclassification of Financial Assets (endorsed)

IFRS 7 Financial Instruments: Disclosures – Amendment; Reclassification of Financial Assets – Effective date and transition

IFRS 7 Financial Instruments: Disclosures – Amendment; Improving Disclosures About Financial Instruments

IFRS 8 Operating Segments (endorsed)

IAS 1 Presentation of Financial Statements – Comprehensive revision including requiring a statement of comprehensive income (endorsed)

IAS 1 Presentation of Financial Statements – Amendments relating to Puttable Financial Instruments and obligations arising on liquidation (endorsed)

IAS 23 Borrowing Costs
Comprehensive revision to prohibit immediate expensing (endorsed)

IAS 27 Consolidated and Separate Financial Statements
Amendments arising from IFRS 3

IAS 27 Consolidated and Separate Financial Statements – Amendment; Cost of an investment in a subsidiary, jointly-controlled entity or associate (endorsed)

IAS 28 Investments in Associates – Consequential amendments arising from amendments to IFRS 3

IAS 31 Interest in Joint Ventures – Consequential amendments arising from amendments to IFRS 3

IAS 32 Financial Instruments: Presentation – Amendments relating to Puttable Financial Instruments and obligations arising on liquidation (endorsed)

IAS 39 Financial Instruments: Recognition and Measurement – Amendment; Reclassification of Financial Assets (endorsed)

IAS 39 Financial Instruments: Recognition and Measurement – Amendment; Reclassification of Financial Assets – Effective date and transition

IAS 39 Financial Instruments: Recognition and Measurement – Amendment; Eligible hedged items

IFRIC 15 Agreements for the construction of real estate assets

IFRIC 16 Hedges of net investment in a foreign operation

IFRIC 17 Distributions of Non-cash Assets to Owners

IFRIC 18 Transfers of Assets from Customers

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group, except for some additional segment disclosures and changes in the presentation of comprehensive income when IFRS 8 and IAS 1 (revised) come into effect for periods commencing on or after 1 January 2009.

2. Significant accounting policies

Basis of accounting

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

Basis of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 May. Control is recognised where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

(ii) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised income and expenses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has a binding obligation to make payments on behalf of an associate.

(iii) Transactions eliminated on consolidation

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of acquisition is measured as the aggregate of the fair values, at the date of acquisition, of assets given, liabilities incurred or assumed and equity instruments issued by the group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

The assets, liabilities and contingent liabilities of the acquire are measured at their fair value at the date of acquisition irrespective of the extent of any minority interests. Any excess of the fair value of the consideration paid over the fair value of the identifiable net assets acquired is recognised as goodwill. If the fair value of the consideration is less than the fair value of the identifiable net assets acquired, the difference is recognised directly in the income statement.

Losses applicable to the minority in a consolidated subsidiary may exceed the minority interest in the subsidiary's equity. The excess, and any further losses applicable to the minority, are allocated against the majority interest except to the extent that the minoity has a binding obligation and is able to make an additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the majority interest until the minority's share of loss previously absorbed by the majority has been recovered.

Foreign currency translation

(i) Functional and presentation currency

The individual financial statements of each subsidiary company are presented in the currency of the primary economic environment in which it operates ("the functional currency") The consolidated financial statements are presented in US Dollars. The functional currency of the Company is pounds sterling and its financial statements are presented in US Dollars.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency of the entity using the exchange rates prevailing at the dates of the transactions.
Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at period end exchange rates are recognised in the income statement.

(iii) Consolidation

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's operations are translated at exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which exchange rates at the date of transactions are used. Exchange differences arising from the translation of the net investment in foreign operations and overseas branches are recognised in the Group's and Company's translation reserve respectively, a separate component of equity. Such translation differences are recognised as income or expense in the period in which the operation or branch is disposed of.

2. Significant accounting policies (continued)

The following exchange rates have been used in preparing the consolidated financial statements:

	Average Rate			Closing Rate		
	2009	2008	2007	2009	2008	2007
USD: GBP	1.5896	2.0044	2.0043	1.6194	1.9954	2.0092
Mozambican Meticais USD	25.05	-	-	26.7	-	-

Revenue recognition

Revenue is recognised when revenue and associated costs can be measured reliably and future economic benefits are probable. Revenue is measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.
Sales of goods are recognised when goods are delivered and title has passed. Delivery occurs when the products have arrived at the specified location, and the risks and rewards of ownership have been transferred to the customer.

Interest income

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Leasing

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

Taxation

The Company is resident for taxation purposes in Guernsey and its income is subject to income tax, presently at a rate of zero. The income of overseas subsidiaries will be subject to tax at the prevailing rate in each jurisdiction.

The tax expense represents the sum of the current tax expense and deferred tax expense. Tax currently payable is based on the taxable profit for the period.

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax relates to income tax levied by the same tax authorities on either: the same taxable entity or different taxable entities which intend to settle current tax assets and liabilities on a net basis or to realise and settle them simultaneously in each future period when the significant deferred tax assets and liabilities are expected to be realised or settled.

Deferred exploration and evaluation costs

The Group follows the full cost method of accounting under which all costs relating to the exploration for, and development of, oil and gas interests, whether productive or not, are capitalised.

All costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on a project are written-off as incurred.

Exploration and evaluation costs arising following the acquisition of an exploratiocence are capitalised on project-by-project basis, pending determination of the technical feasibility and commercial viability of the project. Costs incurred include seismic data, technical expenses, license acquisition costs, exploration and appraisal drilling, general technical support and directly attributable administrative overheads. These costs are initially classified as intangible assets and are only carried forward to the extent that they are expected to be recouped through the successful development of the area, or where activities have not yet reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves.

Deferred exploration costs are carried at historical cost less any impairment losses recognised. An impairment review is carried out at each balance sheet date. Upon cessation of exploration on a license or if an area of interest is determined to be non-commercial, deferred exploration costs are written off. Any proceeds from farm-out of assets is deducted from the relevant cost pool.

If an exploration project is successful and it is confirmed to be commercially viable, the costs will be transferred to depreciable pools within property, plant and equipment and amortised over the expected life of the area according to the rate of depletion of the economically recoverable reserves.

The recoverability of deferred exploration and evaluation costs is dependent upon the discovery of economically recoverable reserves, the ability of the Group to obtain the necessary financing to complete the development of the reserves and future profitable production or proceeds from the disposal thereof.

Property, plant and equipment

All items of property, plant and equipment are stated at historical cost less depreciation (see below) and impairment. Historical cost includes expenditure that is directly attributable to the acquisition. Subsequent costs are included in the asset’s carrying value when it is considered probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Assets in course of construction for production, rental or administrative purposes not yet determined are carried at cost, less any identified impairment loss.
Cost includes professional fees and associated administrative expenses.
Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each item, as follows:

Land	Nil
Buildings and leasehold improvements	5% – 25%
Assets in course of construction	Nil
Plant and equipment	10% – 25%
Motor vehicles	20% – 25%
Office furniture and equipment	10% – 33.3%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the income statement.

Impairment of property, plant and equipment and intangible assets excluding goodwill
Whenever events or changes in circumstance indicate that the carrying amount of an asset may not be recoverable an asset is reviewed for impairment. An asset's carrying value is written down to its estimated recoverable amount (being the higher of the fair value less costs to sell and value in use) if that is less than the asset's carrying amount.

Impairment reviews for deferred exploration and evaluation costs are carried out on a project by project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise but typically when one of the following circumstances apply:

- unexpected geological occurrences that render the resource uneconomic;
- title to the asset is compromised;
- variations in oil and gas prices that render the project uneconomic;
- variations in the currency of operation; and
- the Group determines that it no longer wishes to continue to evaluate or develop the property.

Biological assets

A biological gain or loss is measured in accordance with IAS 41 on consumer biological assets which are classified as current assets where they are expected to be sold within a year of the balance sheet date and as non-current assets where they are expected to be sold after more than one year.

Cattle are recorded as assets at the period end and the fair value is determined by the size of the herd and market prices at the reporting date.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of inventories is based on the FIFO principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Financial assets

Investments

Investments in subsidiaries, associates and joint ventures are recorded at cost in the Company balance sheet. They are tested for impairment when there is objective evidence of impairment. Any impairment losses are recognised in the income statement in the period they occur.

Trade and other receivables

Trade and other receivables are not interest bearing and are initially recognised at their fair value and are subsequently stated at amortised cost using the effective interest method as reduced by appropriate allowances for estimated irrecoverable amounts.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are subject to an insignificant risk of changes in value.

Financial liabilities

Trade and other payables

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

Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, it is probable that an outflow of the resources will be required to settle the obligation and the amount can be reliably estimated.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Share-based payments

The Group issues equity-settled share-based payments to certain employees. These payments are measured at fair value (excluding the effect of non market based vesting conditions) at the date of grant and the value is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for non market based vesting conditions.

Fair value is measured by use of the Black Scholes model. 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.

3. Financial risk factors

The Group's and Company's principal financial instruments comprise cash, and short-term deposits. Together with the issue of equity share capital, the main purpose of these is to finance the Group and Company operations and expansion.
The Group and Company have other financial instruments such as trade receivables and trade payables which arise directly from normal trading.

The Group and Company have not entered into any derivative or other hedging instruments.

The main risks arising from the Group's and Company's financial instruments are credit risk, liquidity risk and market risk (including interest rate risk and currency risk). The Board reviews and agrees policies for managing each of these risks and these are summarised below. The interest receivable relates to interest earned on bank deposits. Interest payable relates to bank overdraft interest.

Credit risk

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as outstanding receivables. The Group's and Company's principal deposits were held at Banks with a high credit rating to diversify from a concentration of credit risk. Receivables are regularly monitored and assessed for recoverability.

The fair value of financial assets and liabilities is not materially different to the carrying values presented.

Maximum exposure to credit risk is as follows:

	2009	2008
Group	$'000	$'000
Trade and other receivables	1,492	88
Cash	8,517	13,047
	10,009	13,135
Company		
Trade and other receivables	901	88
Cash	3,950	13,042
	4,851	13,130

Liquidity risk

The Group's and Company's policy throughout the period has been to ensure that it has adequate liquidity by careful management of its working capital.

At 31 May 2009 the Group held cash deposits of $8.5m (2008: $13m). At 31 May 2009 the Company held cash deposits of $4.0m (2008: $13m).

Market risk

The significant market risk exposures to which the Group and Company are exposed are currency risk, and interest rate risk. These are discussed further below:

- *Interest rate risk*

The Group and Company finance operations through the use of cash deposits at variable rates of interest for a variety of short term periods, depending on cash requirements. The rates are reviewed regularly and the best rate obtained in the context of the Group's and Company's needs. The weighted average interest rate on deposits was 4.95% (2008: 4.84%).

The exposure of the financial assets to interest rate risk is as follows:

	2009 $'000	2008 $'000
Group		
Financial assets at floating rates	10,009	13,135
Company		
Financial assets at floating rates	4,851	13,130

Notes to the Financial Statements

For the period ended 31 May 2009

- *Currency risk*

The Group and Company conduct operations in other jurisdictions than their reporting currency and therefore are subject to fluctuations in exchange rates. These risks are monitored by the board on a regular basis. The Group and Company do not hedge against the effects of exchange rates.

The exposure of the Group's financial assets and liabilities to currency risk is as follows:

	Sterling	US$	MTN	Other	Total
	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	1,658	1,198	4,562	1,099	8,517
Trade and other receivables	607	281	319	285	1,492
Total financial assets at 31 May 2009	2,265	1,479	4,881	1,384	10,009
Cash and cash equivalents	12,425	477	-	145	13,047
Trade and other receivables	14	52	-	22	88
Total financial assets at 30 June 2008	12,439	529	-	167	13,135
Trade payables	3	-	-	1	4
Other payables	816	590	27	1,572	3,005
Total financial liabilities at 31 May 2009	819	590	27	1,573	3,009
Trade payables	173	64	-	-	237
Other payables	147	270	-	25	442
Total financial liabilities at 30 June 2008	320	334	-	25	679

The exposure of the Company's financial assets and liabilities to currency risk is as follows:

	Sterling $'000	US$ $'000	Other $'000	Total $'000
Cash and cash equivalents	1,658	1,193	1,099	3,950
Trade and other receivables	607	281	13	901
Total financial assets at 31 May 2009	2,265	1,474	1,112	4,851
Cash and cash equivalents	12,425	472	145	13,042
Trade and other receivables	14	52	22	88
Total financial assets at 30 June 2008	12,439	524	167	13,130
Trade payables	3	-	1	4
Other payables	182	590	386	1,158
Total financial liabilities at 31 May 2009	185	590	387	1,162
Trade payables	-	-	-	-
Other payables	147	251	25	423
Total financial liabilities at 30 June 2008	147	251	25	423

Fair values

The Directors have reviewed the financial statements and have concluded that there is no significant difference between the book values and the fair values of the assets and liabilities of the Group and of the Company as at 31 May 2009 and 30 June 2008.

Commodity price risk

The Group is exposed to fluctuations in maize prices. Whilst both input and sales prices will correlate to market prices, timing differences between purchase and sale mean margins could be affected. At 31 May 2009 a 5% decrease in the price of maize would reduce future margins by $193,000 (2008: $nil)

Biological asset risk

The group's cattle business is exposed to risks from disease and the effect of the weather on pasture land. These risks are mitigated by continuous veterinary monitoring and access to irrigated pasture land.

Capital risk management

The Group and Company plan capital requirements regularly. The requirement for capital is satisfied by the issue of shares. Subsidiary companies are financed though equity investment and long term loans from the Company.

The Group's and Company's objectives when managing capital is to safeguard the Group's and Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.
The Group and Company place funds which are not required in the short term, on deposit at the best interest rates it is able to secure from its bankers.

The Group and Company had no short term borrowings or borrowing facilities at 31 May 2009 (2008: $nil).

The Group or Company are under no obligation to meet any externally imposed capital requirements.

Sensitivity analysis

Financial instruments affected by market risk include cash and cash equivalents, trade and other receivables and payables. The following analysis, required by IFRS 7, is intended to illustrate the sensitivity of the Group's and Company's financial instruments (at period end) to changes in market variables, being exchange rates and interest rates.

The following assumptions were made in calculating the sensitivity analysis:

- all income statement sensitivities also impact equity
- translation of foreign subsidiaries and operations into the Group's presentation currency have been excluded from this sensitivity.

Group

2009	Income Statement $'000	Equity $'000
+ 5% US$ Sterling	72	72
– 5% US$ Sterling	(72)	(72)
+ 5% US$ Metica	243	243
– 5% US$ Metica	(243)	(243)
+ 5% US$ Kenyan Shilling	(23)	(23)
– 5% US$ Kenyan Shilling	23	23
2008		
+ 5% US$ Sterling	10	10
– 5% US$ Sterling	(10)	(10)
+ 5% US$ Metica	-	-
– 5% US$ Metica	-	-
+ 5% US$ Kenyan Shilling	(16)	(16)
– 5% US$ Kenyan Shilling	16	16

Company

2009	Income Statement $'000	Equity $'000
+ 5% US$ Sterling	104	72
– 5% US$ Sterling	(104)	(72)
+ 5% US$ Kenyan Shilling	(36)	(23)
– 5% US$ Kenyan Shilling	36	23
2008		
+ 5% US$ Sterling	10	10
– 5% US$ Sterling	(10)	(10)
+ 5% US$ Kenyan Shilling	(16)	(16)
– 5% US$ Kenyan Shilling	16	16

Sensitivity analysis (continued)

Interest Rates: The Group and Company do not hold any financial derivatives other than cash whose value is affected by changes in interest rates.

Group

	Income Statement	Equity
2009	**$'000**	**$'000**
+ 20 bp increase in interest rates	17	17
+ 50 bp increase in interest rates	39	39
– 20 bp increase in interest rates	(17)	(17)
– 50 bp increase in interest rates	(39)	(39)
2008		
+ 20 bp increase in interest rates	28	28
+ 50 bp increase in interest rates	72	72
– 20 bp increase in interest rates	(28)	(28)
– 50 bp increase in interest rates	(72)	(72)

Company

	Income Statement	Equity
2009	**$'000**	**$'000**
+ 20 bp increase in interest rates	8	8
+ 50 bp increase in interest rates	15	15
– 20 bp increase in interest rates	(8)	(8)
– 50 bp increase in interest rates	(15)	(15)
2008		
+ 20 bp increase in interest rates	28	28
+ 50 bp increase in interest rates	72	72
– 20 bp increase in interest rates	(28)	(28)
– 50 bp increase in interest rates	(72)	(72)

The above sensitivities are calculated with reference to a single moment in time and will change due to a number of factors including:

- fluctuating trade receivable and trade payable balances
- fluctuating cash balances
- changes in currency mix

4. Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies.

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.

On 5 December 2008, the Company announced that it proposed to change its name from White Nile Limited to Agriterra Limited and adopt the investing strategy to acquire or invest in businesses or projects operating in the agricultural and associated civil engineering industries in Southern Africa.

Capitalised exploration and evaluation expenditure

The directors decided to suspend exploration activities and reduce expenditure to the minimum required in order to retain exploration licenses. Negotiations continue with the Governments of Ethiopia, Kenya and the license holders in Nigeria, to revise the terms of these licenses. Until the Company successfully resolves these and the uncertainties concerning its exploration rights in Southern Sudan, the directors consider that the value of exploration and evaluation and other related assets is impaired.

The impairment charge comprises:

	2009 $'000	2008 $'000
Impairment of exploration and evaluation assets (note 12)	1,746	81,750
Impairment of property, plant and equipment (note 13)	130	2,255
Impairment of investment in associate (note 15)	1,047	2,663
Impairment of inventory (note 17)	-	664
Disposal of inventory impaired in prior year	(135)	-
Impairment of other assets	47	199
	2,835	87,531

Notes to the Financial Statements

For the period ended 31 May 2009

5. Segment reporting

The directors consider that, the Group's continuing activities comprise one business segments, agriculture and other unallocated expenditure in one geographical segment, Africa.

	Continuing activities		
Period ending 31 May 2009	**Agriculture**	**Other**	**Total**
	$'000	**$'000**	**$'000**
Revenue	4,855	-	4,855
Segment results			
- Operating profit / (loss)	200	(703)	(503)
- Interest (expense) / income	(67)	399	332
Loss before tax	133	(304)	(171)
Income tax			-
Loss for the period from continuing activities			(171)

For the year ended 30 June 2008, there was one business segment; oil and gas exploration in Africa.

The segment items included in the income statement for the period ended 31 May 2009 are as follows:

Period ending 31 May 2009	**Agriculture**
	$'000
Depreciation	532

Segment assets consist primarily of property, plant and equipment, inventories and trade and other receivables and cash and cash equivalents.

Segment liabilities comprise operating liabilities

Capital expenditure comprises of additions to property, plant and equipment and intangibles

The segment assets and liabilities at the 31 May 2009 and capital expenditure for the year then ended are as follows:

Period ending 31 May 2009	Continuing		Discontinued	
	Agriculture	Unallocated	Oil and gas	Group
	$'000	$'000	$'000	$'000
Assets	21,121	4,498	370	25,989
Liabilities	1,523	840	646	3,009
Capital expenditure	4,686	-	1,885	6,571

Segment assets and liabilities are reconciled to Group assets and liabilities as follows:

At 31 May 2009	Assets	Liabilities
	$'000	$'000
Segment assets and liabilities	21,121	1,523
Discontinued activities	370	646
Unallocated:		
Other receivables	621	-
Cash	3,877	-
Amounts due to related parties	-	578
Accruals and deferred income	-	262
Total	25,989	3,009

There was no segment reporting information in the prior period, as the directors considered that the Group's oil and gas exploration activities in Africa were one business segment. The prior year financial statements can be used for the comparatives purposes.

Notes to the Financial Statements

For the period ended 31 May 2009

6. Loss from operations

Loss from operations has been arrived at after charging / (crediting):

	2009 $'000	2008 $'000
Impairment of Oil & Gas interests (note 4)	2,835	87,531
Depreciation of property, plant and equipment	542	167
Loss on disposal of property, plant and equipment	-	7
Net foreign exchange gains	(42)	(245)
Operating lease rentals: land & buildings	18	84
Staff costs (see note 7)	518	1,092

Amounts payable to Baker Tilly UK Audit LLP and their associates in respect of both audit and non-audit services as follows:

	2009 $'000	2008 $'000
Audit services		
- UK statutory audit of parent and consolidated accounts	84	108
- other services (audit of overseas subsidiaries)	31	-
	115	108

7. Staff costs

The average monthly number of employees (including executive directors) employed by the group for the period was as follows:

	2009 Number	2008 Number
Office and Management	29	14
Operational	84	3
	113	17

7. Staff costs (continued)

The aggregate remuneration comprised:

	2009 $'000	2008 $'000
Wages and salaries	500	1,072
Social security costs	-	-
Share based payment charge	50	20
	550	1,092

Directors' remuneration:

	2009 $'000	2008 $'000
P H Edmonds	167	301
A S Groves	184	301
M N Pelham	72	-
B Moritz	-	20
	423	622

8. Finance Income and Expenses

	2009 $'000	2008 $'000
Finance income:		
– Interest income on short-term bank deposits	338	1,129
– Other interest	-	-
Finance income	338	1,129
Interest expense:		
– Bank borrowings	-	1
– Related party loan	6	5
Finance expenses	6	6
Net finance income	332	1,123

Notes to the Financial Statements

For the period ended 31 May 2009

9. Income tax expense

	2009 $'000	2009 $'000
Loss before tax:	(171)	(1,287)
Tax at the Mozambican corporation tax rate 2% (2008: 30%)	(3)	(386)
Tax effect of expenses that are not deductible in determining taxable profit	3	23
Tax effect of utilisation of losses	(30)	-
Tax effect of losses not allowable	30	228
Tax effect of losses not recognised in overseas subsidiaries (net of effect of different rates)	-	135
Tax expense for the period	-	-

The Group has operations in a number of overseas jurisdictions where it has incurred taxable losses for the period of $3,122,000. To date no deferred tax asset has been recognised as the requirements of IAS 12 have not been met.

The Company is resident for taxation purposes in Guernsey and its income is subject to Guernsey income tax, presently at a rate of zero. No tax is payable for the period due to losses incurred. Deferred tax has not been provided for, as brought forward tax losses are not recoverable under the Income Tax (Zero 10) (Guernsey) Law, 2008.

10. Discontinued operations

As set out in note 4, on 5 December 2008, the Company announced that it proposed to adopt the investing strategy to acquire or invest in businesses or projects operating in the agricultural and associated civil engineering industries in Southern Africa. Consequently the oil and gas activities have been reclassified as a discontinued operation and this segment's trading results are included in the income statement as a single line below the loss after taxation from continuing operations with comparatives restated accordingly.

The results for the discontinued operations as follows:

	2009 $'000	2008 $'000
Operating expenses	(1,463)	(1,018)
Other income	778	311
Operating loss	(685)	(707)
Finance income	1	2
Impairment of oil and gas interests	(2,835)	(87,531)
Share of loss of associate	-	(159)
Loss before taxation	(3,519)	(88,395)
Taxation	-	-
Loss after taxation	(3,519)	(88,395)

Cash flows from discontinued operations included in the consolidated statement of cash flows are as follows:

	2009 $'000 Oil and Gas	2008 $'000 Oil and Gas
Net cash flows from operating activities	**(1,254)**	**(2,707)**
Net cash flows from investing activities	**(1,918)**	**(21,920)**
Net cash flows from financing activities	**-**	**-**

11. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	2009 $'000	2008 $'000
Loss for the purposes of basic earnings per share (loss for the period attributable to equity holders of the parent)	3,690	89,682
Loss for the purposes of basic earnings per share from continuing activities	171	1,287
Loss for the purposes of basic earnings per share from discontinued activities	(3,519)	(88,395)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	352,921,478	347,386,222
Loss per share	1.05c	25.82c
Loss per share from continuing activities	0.05c	0.37c
Loss per share from discontinued activities	1.00c	25.45c

Due to the loss incurred in the period, there is no dilutive effect of share options.

12. Exploration and evaluation costs

	Group $'000	Company $'000
Cost		
1 July 2007	61,108	61,108
Additions	19,526	18,772
On acquisition of subsidiary	4,223	-
Transfer to inventory	(3,053)	(3,053)
Exchange rate adjustment	(458)	(324)
1 July 2008	81,346	76,503
Additions	1,746	1,746
Exchange rate adjustment	(3,512)	(2,802)
31 May 2009	79,580	75,447
Amortisation And Impairment	-	-
1 July 2007	-	-
Impairment loss (note 4)	81,750	76.344
Exchange rate adjustment	(404)	(341)
30 June 2008	81,346	76,003
Impairment loss (note 4)	1,746	1,746
Exchange rate adjustment	(3,512)	(2,302)
31 May 2009	79,580	75,447
Carrying Amount		
1 July 2007	61,108	61,108
30 June 2008	-	-
31 May 2009	-	-

As set out in note 4, on 5 December 2008, the Company announced that it proposed to adopt the investing strategy to acquire or invest in businesses or projects operating in the agricultural and associated civil engineering industries in Southern Africa. Consequently it has decide to that in light of the current economic environment, which is not conducive to the continued funding of non-producing early stage oil & gas exploration assets, combined with the political situation in Southern Sudan, to impair its oil and gas assets.

Drilling equipment, spares and consumables amounting to $Nil (2008:$3,053,000) have been reclassified as inventory (see note 17)

Notes to the Financial Statements

For the period ended 31 May 2009

13. Property, plant and equipment

Group	Leasehold land and buildings $'000	Plant and machinery $'000	Motor Vehicles $'000	Other assets $'000	Total $'000
Cost					
1 July 2007	269	1,427	904	189	2,789
Additions	-	18	790	26	834
Disposals	-	-	(10)	(20)	(30)
Exchange rate adjustment	-	(6)	(4)	(1)	(11)
1 July 2008	269	1,439	1,680	194	3,582
Additions	920	2,837	906	162	4,825
On acquisition of subsidiaries	5,747	2,972	2,318	151	11,188
Disposals	-	-	-	-	-
Exchange rate adjustment	(385)	(937)	(589)	(72)	(1,983)
31 May 2009	6,551	6,311	4,315	435	17,612
Depreciation					
1 July 2007	50	104	129	46	329
Charge for the year	84	214	708	20	1,026
Disposals	-	-	(6)	(12)	(18)
Impairment charge (note 4)	135	1,124	856	140	2,255
Exchange rate adjustment	-	(3)	(7)	-	(10)
1 July 2008	269	1,439	1,680	194	3,582
Charge for the year	-	244	281	17	542
Disposals	-	-	-	-	-
Impairment charge (note 4)	-	130	-	-	130
Exchange rate adjustment	-	(2)	(16)	(21)	(39)
31 May 2009	269	1,811	1,945	190	4,215
Net book value					
31 May 2009	6,282	4,500	2,370	245	13,397
30 June 2008	-	-	-	-	-

Other assets comprise motor vehicles, office furniture and equipment.

A depreciation charge of $542,000 (2008: $162,000) has been included in the income statement for the current and comparative years. Depreciation of assets used in exploration activities amounting to $nil (2008: $ 864,000) has been capitalised as exploration and evaluation expenditure which has subsequently been impaired (see note 12)

All the Group's fixed assets relating to exploration and evaluation activities have been impaired as set out in note 4

Company	Plant and machinery $'000	Motor Vehicles $'000	Other assets $'000	Total $'000
Cost				
1 July 2007	904	1,427	458	2,789
Additions	790	18	26	834
Disposals	(10)	-	(20)	(30)
Exchange rate adjustment	(4)	(6)	(1)	(11)
1 July 2008	1,680	1,439	463	3,582
Additions	-	130	9	139
Disposals	-	-	-	-
Exchange rate adjustment	(15)	(3)	(22)	(40)
31 May 2009	1,665	1,566	450	3,681
Depreciation				
1 July 2007	129	104	96	329
Charge for the year	708	214	104	1,026
Disposals	(6)	-	(12)	(18)
Impairment charge (note 4)	856	1,124	275	2,255
Exchange rate adjustment	(7)	(3)	-	(10)
1 July 2008	1,680	1,439	463	3,582
Charge for the year	-	-	9	9
Disposals	-	-	-	-
Impairment charge (note 4)	-	130	-	130
Exchange rate adjustment	(15)	(3)	(22)	(40)
31 May 2009	1,665	1,566	450	3,681
Net book value				
31 May 2009	-	-	-	-
30 June 2008	-	-	-	-

All of the Company's fixed assets relate to exploration and evaluation activities and have been impaired as set out in note 4

Notes to the Financial Statements

For the period ended 31 May 2009

14. Subsidiaries

Company	Investment $'000	Loans $'000	Total $'000
Cost			
1 July 2007		-	-
Additions	3,801	239	4,040
Exchange rate adjustment		3	3
1 July 2008	3,801	242	4,043
Arising on acquisition	-	19,052	19,052
Additions	-	2,026	2,026
Exchange rate adjustment	-	2,328	2,328
31 May 2009	3,801	23,648	27,449
Impairment			
1 July 2007			-
Impairment Charge	3,801	242	4,043
1 July 2008	3,801	242	4,043
Impairment Charge	-	4,017	4,017
31 May 2009	3,801	4,259	8,060
Net book value			
31 May 2009	-	19,389	19,389
30 June 2008	-	-	-

Loans to subsidiaries fall due after more than one year. The impairment in loans to subsidiary companies during the period amounting to $4m ($2008: $242,000) relates to reductions in the value of the underlying business as a result of movements in exchange rates.

As at 31 May 2009, the Company held equity in the following principal undertakings:

Direct investments:

Subsidiary undertakings	Proportion held	Country of incorporation	Nature of business
Agriterra Mozambique Limited	100%	Guernsey	Holding Company
P A Energy Africa Limited	100%	British Virgin Islands	Oil exploration

Indirect investments of Agriterra Mozambique Limited:

Subsidiary undertakings	Proportion held	Country of incorporation	Nature of business
Desenvolvimento E			
Comercialização Agricola Limitada	75%	Mozambique	Agriculture
Compagri Limitada	75%	Mozambique	Agriculture
Mozbife Limitada	75%	Mozambique	Agriculture

On 5 February 2009 Agriterra Mozambique Limited acquired a 75% interest in each of DECA, Compagri and Mozbife (note 25).

As set out in note 4, the directors have decided to suspend further expenditure on all oil and gas exploration and evaluation projects. The company considers its investment in and its loan to PA Energy Africa Limited to be impaired and full provision has been made.

Notes to the Financial Statements

For the period ended 31 May 2009

15. Interest in associate

	Group $'000	Company $'000
1 June 2007	-	-
Debt funding provided	2,823	2,825
Share of losses	(160)	-
Impairment charge (note 4)	(2,663)	(2,825)
1 June 2008	-	-
Debt funding provided	1,047	1,047
Impairment charge (note 4)	(1,047)	(1,047)
31 May 2009	-	-

As set out in note 4, the directors have decided to suspend further expenditure on exploration and evaluation activities. Consequently the Company will not continue to fund its share of future exploration activities and considers its investment to be impaired and full provision has been made.

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

	2009 $'000	2008 $'000
Total assets	275	5,612
Total liabilities	(2,107)	(215)
Revenue	-	-
Profit / (loss)	(5,512)	(159)

Details of the Company's associate at 31 May 2009 is as follows:

Indirect associate undertaking	Proportion held	Country of incorporation	Nature of business
Camec Kenya Limited	49%	Kenya	Oil and Gas exploration

16. Biological assets

Group	2009 $'000	2008 $'000
On Acquisition (see note 25)	38	-
Additions	169	-
	207	-
Change in Fair Value	-	-
Balance at 31 May 2009	207	-

At the balance sheet date the Group had established a breeding herd of cattle and consequently the cattle are expected to be held for more than one year and have been classified as non-current assets.
The directors consider that the carrying amount of biological assets approximates their fair value, so no change in fair value has been taken to the Income statement.

Notes to the Financial Statements

For the period ended 31 May 2009

17. Inventories

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Consumables and spares	526	664	526	664
Raw materials	2,151	-	-	-
Work in progress	162	-	-	-
Finished goods	63	-	-	-
	2,902	664	526	664
Impairment provision	(526)	(664)	(526)	(664)
	2,376	-	-	-

As set out in note 4, the directors have suspended further exploration and evaluation activities. The company considers related inventories to be impaired and full provision has been made.

During the period inventories amounting to $3,123,000 (2008:$nil) were included in cost of sales in the income statement.

18. Other financial assets and liabilities

Trade and other receivables

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Trade receivables	165	-	-	-
Other receivables	1,327	88	901	88
	1,492	88	901	88

Trade and other receivables (continued)

	Group			Company
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Cash and cash equivalents	8,152	12,737	3,585	12,732
Restricted cash	365	310	365	310
	8,517	13,047	3,950	13,042

Restricted cash relates to cash held on deposit as security for certain bank guarantees.

The directors consider that the carrying amount of other financial assets approximates to their fair value.

There are no significant amounts past due (2008:nil)

Trade and other payables

	Group			Company
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Trade payables	4	237	4	174
Other payables	104	-	1	-
Amounts due to related parties	633	-	633	-
Accruals and deferred income	2,268	442	524	249
	3,009	679	1,162	423

The directors consider that the carrying amount of other financial liabilities approximates to their fair value.

19. Share capital

Group and company

	Authorised Number	Allotted and fully paid Number	$'000
Ordinary shares of 0.1p each			
At 1 July 2007	1,000,000,000	347,000,000	635
Issue of shares	-	3,132,688	6
At 1 July 2008	1,000,000,000	350,132,688	641
Division of share capital	(155,000,000)	(155,000,000)	(238)
Issue of shares	-	278,688,866	398
At 31 May 2009	845,000,000	473,821,554	801
Deferred shares of 0.1p each			
At 1 July 2007 and 2008	-	-	-
Division of share capital	155,000,000	155,000,000	238
At 1 July 2008	155,000,000	155,000,000	238
Total share capital			
At 31 May 2009	1,000,000,000	628,821,554	1,039
At 30 June 2008	1,000,000,000	350,132,688	641

At the Extraordinary General Meeting held on 11 November 2008, resolutions were passed to amend Article 4 of the Company's Articles of Incorporation to divide the authorised share capital of £1,000,000 into 845,000,000 Ordinary Shares of 0.1p each and 155,000,000 Deferred Shares of 0.1p each. The deferred shares carry no right to any dividend; no right to receive notice, attend, speak or vote at any general meeting of the Company; and on a return of capital on liquidation or otherwise, the holders of the deferred shares are entitled to receive the nominal amount paid up after the repayment of £1,000,000 per ordinary share. The 155,000,000 Ordinary Shares of 0.1p each held by Nile Petroleum Corporation Limited were converted into 155,000,000 Deferred shares of 0.1p each. The Deferred shares may be converted back to Ordinary shares by resolution of the board once complete clarity of title can be given as to the Company's position within Block Ba or an acceptable position within a consortium to develop the enlarged Block B is granted.

The Company has one class of ordinary share which carries no right to fixed income.

On 16 May 2008, the company allotted 3,132,688 ordinary shares of 0.1p each as part of the consideration for the acquisition of PA Energy Africa Limited.

On 5 February 2009 the Company issued 200,000,000 Ordinary shares of 0.1p each as consideration shares for the acquisition of DECA, Compagri, Mozbife and the associated debt from CAMEC plc (see note 25).

On 5 February 2009 the Company issued 78,688,866 Ordinary shares of 0.1p each for cash at 3p per share raising gross cash proceeds of $3.75million to provide funding for the development of its agricultural activities.

Share Options

At 31 May 2009, the following options over ordinary shares of 0.1p each have been granted to directors and employees and remain unexercised:

Date of grant	Number of shares	Exercise price	Exercise period
4 February 2005	10,000,000	10p	8 Feb 2005 to 7 Feb 2010
3 October 2005	1,000,000	90p	3 Oct 2006 to 2 Oct 2010
9 January 2009	5,750,000	3p	9 Jan 2010 to 9 Jan 2014

Once sufficient clarity of title has been established such that the Deferred shares are converted to Ordinary shares, Nile Petroleum Corporation Limited has the right, exercisable at any time, to transfer the remaining interest in Block Ba or in the enlarged Block B to the Company in exchange for the issue of 206,666,667 ordinary shares of 0.1p each.

20. Share premium

Group and company	$'000
At 1 July 2007	100,093
Premium on shares issued	1,846
Expenses of issue	(355)
At 1 July 2008	101,584
Premium on shares issued	17,796
Expenses of issue	(31)
At 31 May 2009	119,349

21. Share based payment reserve

Group and company	$'000
At 1 July 2007	1,211
Share based payment charge for the year	20
At 1 July 2008	1,231
Share based payment charge for the period	50
At 31 May 2009	1,281

22. Translation reserve

	Group $'000	Company $'000
1 July 2007	-	-
Exchange differences on operations whose functional currency is not the reporting currency	4,823	4,725
1 July 2008	4,823	4,725
Exchange differences on operations whose functional currency is not the reporting currency	(3,999)	(2)
31 May 2009	824	4,723

23. Retained earnings

	Group $'000	Company $'000
1 July 2007	(6,141)	(6,141)
Loss for the year	(89,682)	(89,333)
1 July 2008	(95,823)	(95,474)
Loss for the period	(3,690)	(7,840)
31 May 2009	(99,513)	(103,314)

24. Share based payments

Equity – settled share option plan

The Group unapproved share option scheme was established to provide equity incentives to the directors of, employees of and consultants to the company. The scheme rules provide that the board shall determine the exercise price. The vesting period is generally 1 year. If options remain unexercised after a period of 4 or 5 years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves the Group before the options vest.

	2009 Options No	Weighted average exercise price	2008 Options No	Weighted average exercise price
Options at the beginning of the period	11,000,000	17.3p	11,000,000	17.3p
Allocated from Ely Place Nominees	-	-	50,000	10.0p
Granted	5,750,000	3.0p	-	-
Lapsed	1,000,000	11.0p	-	-
Exercised	-	-	(50,000)	10.0p
Options at the end of the period	15,750,000	7.4p	11,000,000	17.3p
Exercisable at period end	10,000,000	10.0p	11,000,000	17.3p

At 31 May 2009 the weighted average remaining contractual life of the options outstanding was 2.2 years (30 June 2008: 1.6 years). The fair value of options granted during the period is $129,000

24. Share based payments (continued)

The fair value of the options granted during the period was determined using the Black-Scholes option pricing model using the following assumptions:

- Share price at the date of grant was the average mid market closing price for the three days immediately prior to grant.
- The risk free rate is 3.97% based on the 5 year gilt yield at the date of grant
- The annual dividend yield is expected to be nil based on management's immediate intention to reinvest operating cash flows.
- The annual volatility of 104% is derived from the daily share prices of the Company over the year preceding the date of grant.
- The exercise period is 3 years, being 50% of the exercise period after the vesting date of one year.

On 1 February 2005, 5 million shares were issued at par to Ely Place Nominees Limited to be held on Trust to facilitate the payment or part payment in options, with an exercise price of 10p, to third parties for products or services. During the period no options were allocated from this reserve.

25. Acquisition of subsidiary

On 5 February 2009, the Company though its wholly owned subsidiary Agriterra Mozambique Limited, acquired 75 per cent of the issued share capital of DECA, Compagri and Mozbife, together with the debt due from these companies to CAMEC plc. The transaction has been accounted for as a business combination.

	On acquisition	Fair Value adjustments	Total
	$'000	$'000	$'000
Property plant and equipment	15,716	(4,528)	11,188
Biological Assets	38	-	38
Other Current Assets	2,776	(604)	2,172
Cash	4,987	-	4,987
Current Liabilities	(485)	(75)	(560)
Debt	(19,052)	-	(19,052)
Net Assets Acquired	3,980	(5,207)	(1,227)
Debt Acquired			19,052
			17,825
Satisfied by			
Cash			2,339
Equity (see note 19)			15,000
Issue costs			486
			17,825

The fair value of the acquisition was determined by reference to an independent valuation report. The fair value of the consideration paid in equity shares was based on a share price greater than the quoted market price at the date of the acquisition by reference to the net asset value, primarily comprising cash held which was considered to be a reliable indicator of fair value.

Included in the above costs are $40,100 of costs in relation to Baker Tilly Corporate Finance LLP.

Between the date of acquisition and the balance sheet date, DECA, Compagri and Mozbife made a profit before tax amounting to $383,000 on revenue of $4,855,000. Had they been included in the consolidated accounts from the 1 July 2008, revenue would have increased by a further $8,167,000 and the loss before tax would have been reduced by $556,000

26. Related party disclosures

PH Edmonds and AS Groves, directors of the Company, are also directors and shareholders of Central African Mining and Exploration Company Plc ("CAMEC"). CAMEC also held a significant shareholding in the Company during the period as a result of the transaction noted below.

On 5 February 2009, the Company though its wholly owned subsidiary Agriterra Mozambique Limited, acquired 75 per cent of the issued share capital of DECA, Compagri and Mozbife from CAMEC, together with the debt due from these companies to CAMEC.

During the period CAMEC provided administrative services to the company for a management fee of $96,242 (2008: $122,265). As at 31 May 2009 the Company owed the CAMEC group $130,000 (2008: due from CAMEC $15,000). This has been settled since the period end.

During the period, the Company provided management services to CAMEC Kenya Limited amounting to $206,103 (2008: $553,201). As at 31 May 2009, the Company owed CAMEC Kenya Limited $Nil (2008 due to the Company $199,540). As set out in note 4, the Company has suspended further expenditure on exploration activities and considers its investment in CAMEC Kenya limited to be impaired and a full provision has been made.

Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'. Further information about the remuneration of individual directors is provided in note 7.

	2009	2008
	$'000	$'000
Short-term employee benefits	423	622
	423	622

27. Post balance sheet events

On 28 October 2009, the Company announced that it had placed 63,950,000 Ordinary shares of 0.1p each at a price of 5p per share raising gross cash proceeds of approximately $5.1 million to provide funding for the continued development of its agricultural activities.

28. Operating Leases

The Group as a lessee has rentals payable under non cancellable operating leases as follows:

	2009	2008
	$'000	$'000
Less than one year	50	60
Between one and five years	-	167
After five years	-	275

The lease rentals are in respect of group office premises.

29. Contingent Liabilities

The Company has a Production Sharing Agreement which includes commitments to spend $13.2m which was supported by a cash backed bank guarantee of $1.3m. An impairment charge of $nil (2008: $1.3m) has been made in respect of the guarantee.

Notes

Notes