

WOODB^OIS Ltd.

Woodbois Limited

Financial Statements

for the year ended
31 December

2019

Company number: 52184

DIRECTORS

Paul Dolan (Chairman (appointed 29 April 2020) and Chief Executive Officer)
Carnel Geddes (Chief Financial Officer)
Jacob Hansen (Chief Operating Officer)
Hadi Ghossein (Deputy Chairman)
Zahid Abbas (Head of Trading)
Henry Turcan (Non-executive Director) – appointed 13 May 2019
Graeme Thomson (Non-executive Director) – appointed 11 July 2019
Kevin Milne (Non-executive Director) – resigned 29 April 2020

COMPANY SECRETARY

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COMPANY NUMBER

52184 (Guernsey)

COMPANY WEBSITE

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Strategic Report

CHAIRMAN AND CHIEF EXECUTIVE OFFICERS' REVIEW

I am pleased to present the Annual Report and consolidated financial statements for Woodbois Limited (the "Company" and its subsidiaries (the "Group")) for the year ended 31 December 2019.

Since joining the Company as CEO in 2016, much time and energy has been spent devising and implementing a strategy to capitalise on the Group's substantial asset base via a sustainable operating model while reforming the corporate structure and improving the capital structure to align the interest of all stakeholders. At the dawn of a new decade, investments made during 2019 in our personnel, facilities and infrastructure positioned the Company with a stronger brand and the ability to consistently deliver high quality products at competitive prices, the capacity to increase profit margins and to position the Group in sight of positive operating cash flow.

Our strategic goal of achieving sector leadership is clear and I look forward to playing an active part in making that ambition a reality in my new role as Executive Chairman and CEO. It is comforting to do so in the knowledge that such a substantial body of work was completed in 2019, and that the settled management team now has a solid corporate platform from which to ultimately drive improvement to the bottom line.

COVID-19

However, at the time of writing, the world is in the grip of coronavirus, COVID-19. Global supply chains are experiencing severe disruption and it would be foolish to hazard-a-guess as to when the pandemic will come under control and when life and business will return to normal. The Board is monitoring the global health crisis and its effects on an on-going basis and is enhancing the Group's resilience against the associated risks and impact on the position of the Group from both an operational and financial perspective in various scenarios. Our priority is the health and wellbeing of our employees and their families, and we will take all available steps to protect them.

Production at the Mouila veneer factory and sawmill in Gabon was tapered down from the beginning of April due to government measures restricting the numbers of people in working environments, intended to limit the spread of COVID-19. On 10 April 2020, the Government of Gabon announced, amongst other measures, that the country would enter lockdown for a minimum of two weeks commencing on 13 April 2020, meaning that our veneer factory and sawmill in Mouila had to close. On 27 April 2020, a partial lifting of the lockdown was announced, but as part of cash-flow management measures and due to global economic uncertainty, it is our current intention to delay the re-commencement of production until evidence of an upswing in demand is present.

With restrictions on movement and limits to the number of workers in factories in force as a result of COVID-19, there can be no assurance that the Group will be able to perform its intended workflows. Given similar restrictions in many of the countries to which we export, there can also be no guarantee that we will continue to receive timely payments from customers. While our credit policies ensure that we retain ownership of goods, such situations would put a strain on our cash position. Given the high levels of uncertainty created by the COVID-19 pandemic, the Group will need to raise funds or defer liabilities during 2020-21, the quantum of which will be dictated by the potential impact of COVID-19 on our budget and cash flows for the current year. While there is no guarantee that the Group will be able to raise such equity or loans, the track record of management lends assurance to the possibility of successfully doing so should the need arise and hence the going concern basis has been adopted in these financial statements.

At this time, a global recession appears inevitable, but whether it will be short lived or more protracted is unclear. Your Board is putting in place the necessary measures for Woodbois to weather either scenario. Whether economies emerge from this pandemic with a slow recovery or with stimulus-driven strong rebounds, demand for sustainably sourced tropical timber as a construction material across

the globe is expected and Woodbois will be positioned to deliver. Resilience and flexibility are integral within the Woodbois psyche and culture, and at challenging times like these, organisations and individuals with such characteristics differentiate themselves.

The auditors make reference to the existence of a material uncertainty in relation to going concern within the audit report, to which we draw your attention. While paying close attention to our working capital requirements in the months ahead, we will do everything in our power to support our staff, our suppliers and our customers to ensure that we emerge from this difficult period stronger and more united.

Business Performance and Strategy

The Group continued its rapid and consistent growth path throughout 2019 with revenues once again rebased year-on-year. Revenues increased by 45% year-on-year from \$13.4m to \$19.5m with gross profit for the 2019 year increasing to \$2.8m from \$2.1m in 2018, and loss for the 2019 year from continuing operations of \$1.9m, down from a loss of \$6.5m in 2018.

Management executed effectively on the Group’s capital expenditure led strategic plans, building Woodbois’ brand value and positioning the Group to achieve significant levels of growth and profitability in the decade ahead. While aiming to continue the delivery of top-line growth, the Group has also implemented measures to strengthen its cash balance and improve margins, while further leveraging the fixed cost base to improve overall profitability, subject to the COVID-19 effects.

The high-level objective for 2019 was to maintain the rapid growth of the business while upgrading facilities in order to drive growth and improve margins. Further objectives included sourcing additional trade finance funding, reducing administration costs and generating improved performance at an operating level.

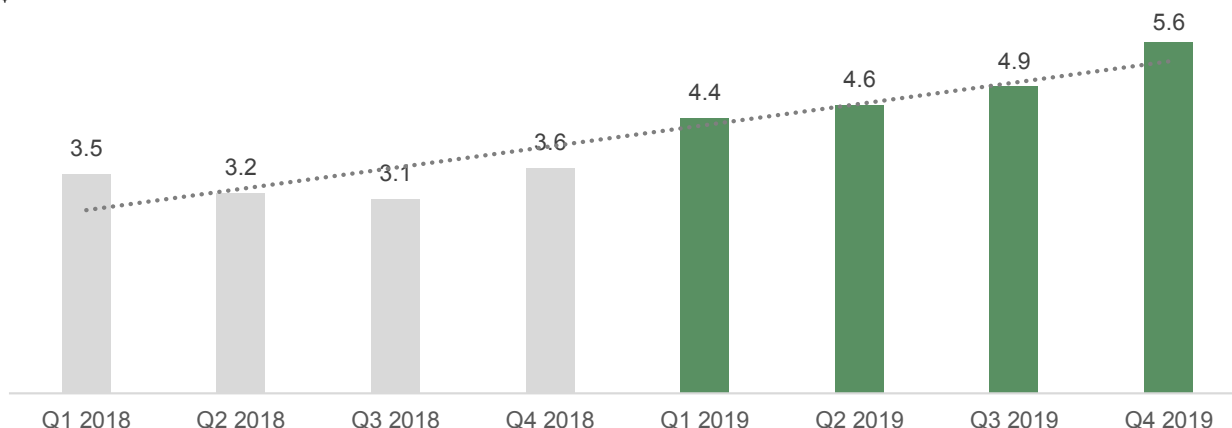
As announced on 16 April 2020, the first full quarter of production at the newly re-tooled sawmill in Gabon saw production increase by more than 100% over the previous quarter, with recovery levels of 40%, up from an average of 33% for 2019. Revenues from production are typically captured upon shipment in the following quarter while higher levels of recovery are a direct driver of margin increase. Volume and recovery levels are carefully tracked and scope remains to improve both measures as staff become more familiar with operating the new equipment. At the end of March, a new Mebor sawmill line arrived from Slovenia. This new line will be assembled and tested as soon as travel restrictions into Gabon are relaxed. The additional capacity from this new line, in combination with the new equipment that recently became operational will enable us to provide higher volumes of premium quality sawn timber to our customers as soon as demand recovers.

2019 financial performance overview

Year-on-year revenue grew by 45% in 2019, driven by 23% growth in Forestry division revenues from our own production assets, and 60% growth in trading revenues. 2019 gross profit margin declined marginally to 14.3%, from 15.8% in 2018 due to costs associated with attracting new suppliers while expanding the trading division and some production dislocation whilst the capital expenditure

Quarter on quarter revenue growth in 2018 – 2019

US\$m



works were carried out in Gabon. EBITDA from continuing operations improved to negative US\$1.9m in 2019 from negative US\$3.9m in 2018. Aggressive cost management allowed the increase in revenues to be achieved with an accompanying year-on-year decrease of 12% in operating expenses and 32% reduction in administration expenses.

Current assets remained in line with the previous year at US\$14.3m while current liabilities declined by 32% to US\$11.6m in 2019 from US\$17m the previous year. Net assets were US\$117.2m at the end of 2019 (2018: US\$129.6m) after deducting total liabilities which increased by 13% from US\$98.7m to US\$112.2m largely influenced by the additional US\$8m ITF inflows and accounting difference between the treatment of the now retired preference shares which were previously included in equity and which were swapped into the newly issued convertible bond which is split between a non-current liability and equity. A deferred tax liability of US\$62.5m at both year-ends is largely provided against the value of our biological assets (i.e. forest concessions) of US\$194.7m at 31 December 2018 and 2019.

Trade and other receivables grew by 3% to US\$6.1m while trade and other payables fell by 17% to US\$4.8m. Inventory levels remained broadly in line with the previous year at \$6.4m but inventory as a percentage of turnover fell encouragingly from 50% to 33%, a ratio management will continue to focus on decreasing further.

In driving the Group's growth agenda, the Group's working capital requirement increased in 2019 when compared to the 2018 financial year. The growth in working capital of \$0.82m (12%) is however modest when compared to the 45% increase in turnover achieved over the period. This was achieved through careful monitoring of trade completion dates, logistics and minimising delivery time to customers.

Forestry division

- 2019 Revenue of \$6.9m v \$5.6m in 2018
- Gross profit of \$1.6m v \$1.2m in 2018
- Gross profit of 24% v 21% in 2018
- Operating cost of \$3.4m v \$3.4m in 2018
- Segment operating loss of \$2.5m v \$3.1m in 2018 (excluding gain on fair value of Biological assets in 2018)
- Segment loss after tax of \$3.5m v \$3.7m in 2018 (excluding gain on fair value of Biological assets in 2018)
- 2019 capex benefits expected in profit margins and recovery rates in 2020 onwards

Perhaps the most exciting development for the Group during 2019 was the metamorphosis of our sawmill plant in Mouila, Gabon. The ten-hectare site experienced a comprehensive upgrade with the installation and commissioning of industrial standard kilns with 2000m³ monthly capacity, and the installation and commissioning

of high quality sawmilling equipment from China and Slovenia.

Despite often challenging conditions including unprecedented levels of rainfall, the full civil works required to house and connect this additional equipment was completed on time and within budget. A surface area of almost 7000m² of concrete was mixed on site and laid by hand. I truly appreciate the hard work done by our in-house construction team to lay these foundations.

Gross profit margin from our own production increased to 24% from 21% in 2018 driven largely by veneer production entering our product mix. Yield from raw material to finished product of veneer or sawn lumber is a critical KPI since improved yields imply higher levels of output, and therefore revenue, for the same unit cost of input. In 2019, veneer yield averaged 60% while sawn timber yield averaged 34%. The target for veneer yield in 2020 is 62-65% and having re-tooled the sawmill we are aiming for a step change in recovery to 42-45% for sawn timber. At both facilities this will involve a process of continually up-skilling staff on processing techniques and maintenance of machinery as well as evolving and implementing management driven efficiencies.

Data gathered during the testing of the new production lines, whilst our staff were trained during November and December, showed an improvement in yield from 33% to 41%. As the team becomes more familiar with operating the new equipment, further improvement will arise.

The transformation of our sawmill in Mouila during the course of 2019 enables Woodbois to produce superior, premium-grade product, enhancing the Woodbois brand while extracting improved levels of recovery from our raw material. Taken in combination with the kiln drying of our sawn timber being brought in-house, once normal operations resume post-COVID-19 we expect the division to deliver both an increase in revenues and an improvement in margins, providing a solid and fundamental pillar to future Group profitability.

The strategy for the forestry division is to achieve 100% utilisation of our assets in Gabon while increasing gross profit margins to a minimum of 30% from 24% in 2019.

Trading

- Revenue of \$12.6m v \$7.9m in 2018
- Gross profit of \$1.2m v \$0.9m in 2018
- Gross profit of 9% v 12% in 2018
- Operating cost of \$1.3m v \$1.3m in 2018
- Segment operating loss of \$2.0m v \$2.2m in 2018
- Segment loss after tax of \$2.0m v \$2.7m in 2018

As anticipated, the increased utilization of the Internal Trading Fund facility helped drive 60% year over year growth in trading revenues. With a proven record of attracting and

utilising trade finance, the trading team has continued to focus on expanding the supplier network to meet the global demand for traceable, sustainable hardwood products generated by our sales team. Gross profit margin of 9% reflected the investment cost of securing new long-term suppliers, and while lower than the previous year, was within the range of management expectations. 2019 total trading revenues of \$12.6m are equivalent to approximately 0.3% of the total African timber export market, leaving significant room for the Group to increase market share as we strive for a position of market leadership.

The strategy for the trading division is to deliver exponential growth while maintaining high single digit to low double-digit margins and minimising the average duration of each trade.

Financing, corporate restructuring and improving capital structure

2019 was notable for the significant levels of corporate restructuring achieved and the level of new financing attracted. At the start 2019, the Company announced the purchase of the minority 25% stake of Montara Continental Limited that it did not own (from Africa Resource Investment Limited ("ARI")) for the consideration of US\$5m. ARI committed to the provision of a loan of the full \$5m proceeds, for the purposes of trade finance through the ITF.

At that time, the directors expressed their belief that simplifying the corporate structure and narrowing the Group's focus to timber trading and production, would make the Group more attractive to potential investors and trade finance providers.

During the first quarter, the 1798 Volantis Fund ("Volantis"), a fund managed on a discretionary basis by Lombard Odier Asset Management group, invested approximately US\$5m in new ordinary shares as well as committing to the provision of a loan of \$5m for the purposes of trade finance through the ITF. The ITF amounted to \$12.1m at the year-end, up from \$3.8m at the 2018 year end. This increase was instrumental in increasing trade volumes, but comes at an interest cost of 11.5%pa. The ITF interest charge included in the group's results for 2019 is \$1.2m versus \$0.2m in 2018.

Having rationalised the corporate structure, eliminating 27 subsidiary companies over the previous 18 months in the process, one of the Board's aims in 2019 was to simplify the Group's capital structure with the intention of aligning the interest of all investors.

The 5% perpetual preference share class in Woodbois' subsidiary Argento was repurchased and its holders issued instead with a convertible bond issued by Woodbois. The Woodbois convertible bond has a tenure to 30 June 2024, a 4% coupon and conversion price of 8p (a maximum of 300 million ordinary shares on full conversion). 100% of

the preference shareholders accepted the switch from a preference share with variable conversion terms linked to a subsidiary company, to a bond convertible into Woodbois common stock at a fixed rate. As well as simplifying the capital structure, the switch to convertible bond served to more closely align management, bondholders and shareholders' interest, as well as making the Group more investible and easier to value for institutional investors. The restructure resulted in the group realising a gain of \$4.6m, which is included in the 2019 loss before tax. The liability portion of the convertible bond is carried at amortised cost and as such it adds a significant interest charge to the Group's bottom line while the preference dividends were recognised through the Statement of Changes in Equity. Interest recognised on the convertible bonds in 2019 amounts to \$0.5m, but the charge will increase to \$2.9m for the 2020 financial year, of which \$1.7m is a non-cash component.

Cash conservation measures

In January 2020 the Company announced it had instigated a range of important cash-management measures designed to allow the Company to enter the new decade in a strong position while moving towards generating sustainable positive cash flow. The deferral by a year of the 2020 acquisition purchase payments totalling \$1.25m by our senior management team was a very clear statement of support for, and confidence in, the fundamental strength of our business.

Volantis agreed to provide an additional \$1.0m through investment into the Group's ITF ("Additional Loan") by way of an additional loan agreement with Woodbois Trading Limited, a wholly owned subsidiary of the Group. \$0.5m of the Additional Loan has been drawn down to date. Further drawdowns are by mutual agreement.

In addition, Volantis indicated their intention to receive Woodbois ordinary shares in lieu of interest for the period from 1 July 2019 to 31 December 2020 in respect of their ITF loans, a gesture that I was happy to match for my ITF loan of \$0.3m. Africa Resource Investment Limited agreed that, in respect of its existing \$5.0m ITF loan, it would not request any withdrawal prior to 31 December 2020.

In connection with the Company's 4% convertible bonds 2024, issued on 21 October 2019, Pelham Limited (a company controlled by Miles Pelham, former Chairman) agreed to roll-up interest payments due for the period from issue until 31 December 2020 on an aggregate \$20m of Bonds. Again, I was happy to match this significant gesture by Mr Pelham for the \$0.4m of bonds that I own.

I am grateful to the team, and to our largest stakeholders for agreeing to the measures detailed above for demonstrating their commitment to strengthening the Company's working capital position.

Mozambique

Our business in Mozambique has largely been on a care and maintenance basis for two years, partly due to an industry export ban in 2018 but also due to the quantum of investment required to restart and to enlarge the operations to be able to earn an acceptable return on capital comparable to the Group's other business segments. Management had been seeking the optimum way to recommence operations and on 19 March 2020 announced the signing of a management agreement with Future Earth II LLC ("Future Earth"), a US company with substantial forestry concessions in Mozambique, creating a relationship under which Future Earth will fund, manage and operate Woodbois' Mozambique concessions, employees and equipment, in order to produce sawn lumber and veneers to be sold by Future Earth on a profit share basis. We believe the agreement with Future Earth provides material benefits to both parties, not least from the economies of scale arising from Woodbois' approximately 300,000 hectares and Future Earth's approximately 620,000 hectares of concessions.

Since 2006, Future Earth has built sustainable industry programmes in Mozambique. EAFP, its local subsidiary, processes timber into lumber and finished products through its sawmill and veneer manufacturing facilities in Mozambique. By operating these facilities in-country rather than shipping semi-finished timbers, the business captures a greater portion of the value chain locally, creating more employment and reducing the carbon footprint of finished goods. The business has multiple times received the Presidential Award for "Best Exporter of Value-added Timber Products" as well as the award for "Best Rural Industrialization Project in Mozambique".

The Agreement is for 3 years, with optional breaks after 12 and 24 months at Future Earth's discretion. All costs during the term of the Agreement will be funded by Future Earth, with a 50:50 post-cost profit share from products sold from Woodbois' concessions. Should Future Earth proceed with years 2 and 3 they will pre-pay Woodbois US\$1 million each year, to be deducted from the Woodbois share of profits for each respective year. Profits will be distributed quarterly.

The agreement will allow Woodbois to start realising value from our substantial assets in Mozambique without diluting management focus or financial resources, which can now be fully concentrated on bringing our operations in Gabon to optimal capacity, and on our international timber trading business.

Tanzania

Envision, the Tanzanian entity which purchased the Tanzanian agriculture business from us, has so far failed to pay the initial proceeds in accordance with the payment schedule agreed in the Sale and Purchase Agreement

("SPA") announced at the end of 2018. Under the SPA the consideration is payable by Envision in 12 quarterly instalments. The first instalment of \$0.25m was payable on 30 April 2019, with 11 subsequent payments of \$0.16m each and the assumption of a debt of \$0.5m.

The Group is in discussion with Envision to recover the amounts due and reserves it's right to use legal recourse to recover such amounts: however, given the material uncertainty as to recoverability of the amounts due, a full provision has been made in the accounts. This provision (\$2.5m) is included in the 2019 loss from discontinued operations.

Apart from minimal administrative expenses the Group has no on-going cost commitment in Tanzania.

Social impact and sustainability

Conservation Goals and Transparency

A significant contributor to deforestation in Africa is the industry's largely informal nature. Much of the deforestation caused by logging is the result of unsanctioned clearing of forests outside of regulated concession areas. Even within the formal market, logging in Africa is dominated by small-scale producers that are largely isolated from global end markets. The supply side of the market consists of thousands of companies, the majority of which are micro or small operators employing fewer than 50 workers. By and large, these are local actors that view the forest as a short-term means to support their immediate needs rather than as a long-term economic asset. And as a result of their isolation, they often face little economic incentive to preserve the forests in which they operate or adhere to best-practice sustainability and conservation efforts.

The lack of economic incentive to develop sustainable practices is compounded by the challenge of securing financing in Africa, which limits operators' ability to invest in the types of reporting and management systems that would enable them to comply with global standards, such as certification from the Forestry Sustainability Council ("FSC"). For local timber suppliers, the high cost of certification – both financially and in terms of management capacity, poses a challenge in complying with sustainability-related requirements from regulators in markets like Gabon, where the President has mandated FSC certification for all forestry concessions by 2022. For investors and end users alike, the African natural timber market's opacity and the scarcity of certified suppliers creates an obstacle to identifying companies that meet their sustainability requirements.

The fragmented nature of the market compounds further down the supply chain. As timber changes hands, it can become increasingly difficult to identify whether the timber was sourced sustainably. This traceability problem can ultimately result in the manufacturing of end

products sourced from forestry operations contributing to deforestation. While deforestation ultimately results from land use practices, actors across the supply chain – including investors and end customers – play important roles in influencing and monitoring environmental impact.

Leadership in Sustainable Production and Trade of African Natural Hardwoods

We seek to solve these challenges by leveraging on-the-ground experience as a producer in West Africa and our global timber trading expertise to expand sustainable forestry practices across the region.

We have first-hand experience as a hardwood timber producer in Gabon, controlling almost 100,000 hectares of concessions on 20-year renewable leases, and in Mozambique, where we control more than 300,000 hectares of concessions on 25-50 year leases. Across our concessions, we have implemented best-practice sustainable forestry practices, such as carefully planning and spacing-out harvests to avoid disrupting natural canopies and groundcover, thereby protecting biodiversity and natural habitats. Our commitment to sustainable and transparent forestry practices is borne out by our ranking in the London Zoological Society's SPOTT survey, which ranked the Company 7th among 97 companies globally with a score of 69% compared to the 20.4% average. SPOTT, Sustainability Policy Transparency Toolkit, is an online platform created by the Zoological Society of London to assess commodity producers and traders on the public disclosure of each company's policies and operations, as well as their commitments to environmental, social and governance (ESG) best practice.

While we are also planning to pursue formal FSC certification in the coming year, involving a meaningful investment of time and resources, we already operate our concessions and timber sourcing practices in a manner consistent with FSC guidelines.

Through our trading arm in Copenhagen, Woodbois has considerable experience identifying buyers and negotiating purchase terms for African hardwood timber products globally. The Company's trading network is considerable, comprising almost 300 customers across more than 60 countries, anchored by our team's deep global relationships with buyers and fuelled by investments in technology, including plans to develop timber pricing software and a blockchain-based traceability tool. Our investment in technology, combined with deep relationships with a diverse customer mix of buyers across the globe, allow us to not only locate the optimal trade partners to maximise the price received for products, but also to trace third-party supply from the forest through manufacturing and to the final exported product. Through these investments, the Company ensures that 100% of our third-party timber supply is traceable to sustainable operators in the country of origin.

We are well positioned to leverage our global trading platform and on-the-ground experience as a sustainable producer to scale our model through long-term partnerships with local producers across the African region. We believe that our deep access to markets makes us an attractive partner for local operators who lack the scale, experience and technology to navigate the complex global marketplace. Through such partnerships, we plan to extend our sustainability and transparency practices to local partners across the timber-producing African region.

Board changes

Miles Pelham stepped down as Non-Executive Chairman in July 2019 in the expectation of listing Diginex Limited, a blockchain company that he founded, on NASDAQ. He remains fully committed to Woodbois' future success but acknowledged that he could not adequately service the needs of the Group with another Chairmanship of a listed entity. We offer sincere thanks to Miles for his leadership, energy and direction throughout his three-year tenure. The Group is unrecognisable from the organization that he took Chairmanship of in 2016, and the changes in that time have been overwhelmingly positive. As the largest individual stakeholder, we anticipate that Miles will continue to monitor the Group with keen interest while remaining a strong supporter of its management team.

Kevin Milne, has been our longest-standing non-executive Board member since August 2015 and was appointed interim-Chairman upon Miles Pelham's departure. He has been Chairman of the Remuneration Committee and a member of the Audit Committee. As part of our COVID-19 cost savings Kevin has agreed to step down as interim-Chairman and from the Board with immediate effect. We are very grateful to Kevin for his dedication to the Company over the last five years. As a result of this change, I am taking on the role of Executive Chairman and CEO.

In May 2019, Henry Turcan joined the Board as Non-Executive Director. Henry has worked in financial services since 1996, with a focus on equity capital markets. Having spent the majority of his career advising growth companies within investment banking, he joined the Volantis team at Henderson Global Investors in 2015, which subsequently transferred to Lombard Odier Investment Management in 2017 becoming known as 1798 Volantis. Henry is a representative of the funds managed or sub-advised by Lombard Odier Investments Manager group entities, collectively the Company's largest shareholder. He is a member of the Audit and Remuneration Committees.

Also in May 2019, Graeme Thomson became Senior Independent Non-Executive Director and Chairman of the Audit Committee and will become Chairman of the Remuneration Committee forthwith. Graeme is a Fellow of the Institute of Chartered Accountants in England and Wales and has been a public company director for many decades, as a CEO, CFO/Company Secretary and as a Non-Executive.

Graeme and Henry's varied commercial experience, including of Audit and Remuneration Committees, as well as internationally and of financial matters has already proved to be of considerable benefit to the Group.

Looking forward

The capex committed during 2019 has ensured that the Group is well positioned to deliver higher levels of revenue and margins when global economic activity resumes post-coronavirus. We have a strong, committed team and innovative technology in place to leverage the Woodbois trading business via the trade finance raised to date. The \$19.5m in revenues achieved in 2019 constitutes less than half of one percent of the \$4bln African export timber market. The immediate target is 2% market share but I see no reason to believe that 5% is an unrealistic ambition. The dislocation caused by COVID-19 will likely lead to growth opportunities for organised, well-financed market participants. With our geographically diversified customer base we intend to be among this group.

Woodbois has an increasingly important role to play in the sustainable timber space as an example of a sustainable, commercially successful African forest manager. We are well positioned to partner with large corporates (e.g. oil and gas majors) to provide climate change mitigation opportunities such as large-scale tree planting schemes. We are also committed to providing support and advice to small-scale suppliers across the Congo basin to help them comply with the sustainability standards required to access global markets.

I take this opportunity to thank all of our staff for their care and commitment to the Company and to each other, and for all of their hard work dedication in 2019. I sincerely hope that they and their families, and you, our shareholders, emerge from this distressing period safe and well. I believe we are ready to embrace the challenges and benefit from the opportunities that lie ahead.

For and on behalf of the Board

Paul Dolan

Chairman and Chief Executive Officer
29 April 2020



Directors' Report

The Directors submit their report on the affairs of the Group, together with the financial statements and auditor's report for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES AND CORPORATE DEVELOPMENT

The principal activities of Woodbois Limited ("Woodbois") during 2019, together with its subsidiaries (the "Group") were forestry and timber trading. These activities were undertaken through both the Company and its subsidiaries. The Company is quoted on AIM and is incorporated and domiciled in Guernsey.

BUSINESS REVIEW

A review of the Group's performance and prospects is included in the Strategic Report.

RESULTS AND DIVIDENDS

The consolidated loss for the year after taxation from continuing operations attributable to shareholders was \$1.951m (2018: \$6.525m).

The Directors do not recommend payment of an ordinary dividend (2018: \$Nil).

SHARE CAPITAL AND FUNDING

Full details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in Note 19. The Company has one class of ordinary shares, which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

The Company has unlimited authorised share capital divided into ordinary shares of 1p each, of which 465,451,931 had been issued as at 31 December 2019. The Company also holds 99,378 Shares in Treasury.

POST BALANCE SHEET EVENTS

Please refer to Note 27 of the financial statements and the Strategic Report for details.

DIRECTORS

The Directors, who served during the year and to the date of this report were as follows:

Paul Dolan		(Chairman & Chief Executive Officer)
Carnel Geddes		(Chief Financial Officer)
Jacob Hansen	(appointed 11 January 2019)	(Executive Director)
Hadi Ghossein	(appointed 11 January 2019)	(Executive Director)
Zahid Abbas	(appointed 11 January 2019)	(Executive Director)
Henry Turcan	(appointed 13 May 2019)	(Non-executive Director)
Graeme Thompson	(appointed 11 July 2019)	(Non-executive Director)
Jessica Camus-Demarche	(resigned 11 January 2019)	(Non-executive Director)
Miles Pelham	(resigned 11 July 2019)	(Non-executive Director)
Kevin Milne	(resigned 29 April 2020)	(Non-executive Director)

DIRECTORS' INDEMNITY INSURANCE

The Group has maintained insurance throughout the year for its Directors and Officers against the consequences of actions brought against them in relation to their duties for the Group.

DIRECTORS' INTERESTS

Directors' interests in the shares of the Company, including family interests at 31 December 2019 were:

Shareholdings

Shareholdings	Ordinary shares of 1p each 2019	Ordinary shares of 1p each 2018
Paul Dolan ¹	46,128,571	16,128,571
Kevin Milne ²	199,793	199,793
Hadi Ghossein ³	5,213,883	5,213,883
Jacob Hansen ³	5,213,883	5,123,883
Zahid Abbas ³	5,213,883	5,123,883

¹ Paul Dolan, Chairman and Chief Executive Officer of Woodbois Limited, held 46,373,275 shares (9.87%) as at 29 April 2020. At 31 December 2019 and 29 April 2020, 13,300,000 of his shares in the Company are held through HSBC Client Holdings Nominee (UK) Limited with the remainder being held through other nominee companies as of 31 December 2019. At 31 December 2018 he held 1,001 Argento 5% Preference shares and at 31 December 2019 and 29 April 2020 he held 400,400 \$1 Convertible Bonds.

² Kevin Milne, Non-executive Director of Woodbois Limited, together with his wife held 199,793 shares in the Company.

³ Hadi Ghossein, Jacob Hansen and Zahid Abbas, or companies controlled by them were issued 5,213,883 shares each on 4 July 2017 as part of the Woodbois International ApS purchase agreement.

Options

On 5 July and 3 October 2017, the Board proposed and approved the issue of long-dated, highly out-of-the-money share option awards to current and proposed management.

Share option awards were made on the following structure within the Company's existing share scheme, the terms of which are detailed in Note 24:

Vesting Date	Award Amounts Outstanding at 31 December 2019
June 2018	3.125m options
June 2019	3.125m options
June 2020	3.125m options
June 2021	3.125m options

The awards will be distributed to the Board as follows and the awardee must accept the option granted for it to be valid:

Paul Dolan	<i>Chairman and CEO</i>	1m per tranche (4m total)
Carnel Geddes	<i>CFO</i>	250k per tranche (1m total)
Jacob Hansen	<i>Chief Operating Officer</i>	625k per tranche (2.5m total)
Hadi Ghossein	<i>Deputy Chairman</i>	625k per tranche (2.5m total)
Zahid Abbas	<i>Head of Trading</i>	625k per tranche (2.5m total)

Miles Pelham forfeited his 4m share options upon resignation on 11 July 2019. Jessica Camus-Demarche forfeited her 1m share options upon resignation as a director on 11 January 2019.

DIRECTORS' REMUNERATION

The audited remuneration of the individual Directors who served in the year to 31 December 2019 was:

	Salary & fees \$000	Benefits \$000	Deferred acquisition payment*** \$000	Total 2019 \$000	Total 2018 \$000
Paul Dolan	200	-	-		200
Carnel Geddes **	183	-	-		150
Jacob Hansen *	236	7	478	721	682
Hadi Ghossein	188	6	-	194	215
Zahid Abbas	234	8	478	720	672
Henry Turcan	16	-	-	16	-
Graeme Thomson	11	-	-	11	-
Jessica Camus-Demarche	3	-	-	3	50
Miles Pelham	107	-	-	107	200
Kevin Milne	30	-	-	30	30
Total	1,208	21	956	2,185	2,199

All of the above Directors' remunerations are considered short term in nature.

It is the Company's policy that executive Directors should have contracts with an indefinite term providing for a maximum of 3-6 months' notice. In the event of a take-over, the Directors' contracts provide for compensation of 2 years salary as a bonus on the take-over in the event that the Executive loses his position.

*Jacob Hansen and Zahid Abbas were paid \$17,495 of fees each through service companies, Barsik Holdings ApS and AKA Holding ApS.

**Carnel Geddes is paid in full through a service company, Pomona Trust.

***Conditional payments arising on the purchase of Woodbois International ApS in 2017.

Non-executive Directors are employed on letters of appointment which may be terminated on not less than 3 months' notice. The basic fees payable to Kevin Milne and Graeme Thomson were \$30,000 and \$25,500 per annum, respectively. No fees are paid directly to Henry Turcan, however, fees of \$25,000 per annum, are paid to Lombard Odier, for his services.

PROFILES OF THE CURRENT DIRECTORS

PAUL DOLAN, AGED 55, CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Based in the UK, Paul held senior management positions within banking and hedge funds prior to joining Woodbois. Paul has consistently built award winning, world-class teams employing custom-built technology to manage substantial pools of human and financial capital across a diversified group of asset classes ranging from fixed income and equity derivatives to soft commodities and forestry.

CARNEL GEDDES, AGED 41, CHIEF FINANCIAL OFFICER

Based in South Africa, Carnel is a Fellow of the Institute of Chartered Accountants in England and Wales, a member of the South African Institute of Chartered Accountants and a Certified Fraud Examiner. During a 15-year career at BDO, the global audit, tax and advisory group, Carnel served as director, forensic services, of BDO London and partner of BDO Cape Town. She has been a director and Board member of the largest South African pomegranate farming and export company, Pomona, since 2008. She is also the Chair of POMASA, the Pomegranate Growers Association of South Africa.

JACOB HANSEN, AGED 52, CHIEF OPERATING OFFICER

Based between Denmark and Africa, Jacob co-founded Woodbois in 2005 and has spent more than 30 years in the timber business. Jacob's early career involved managing sawmills in Sweden, Canada, and the UK before moving to hardwood procurement in the Philippines. Subsequently, Jacob held various international sales and procurement roles for DLH Group based in France, the Middle East and the Congo basin.

HADI GHOSSEIN, AGED 59, DEPUTY CHAIRMAN

Based in Gabon, Hadi has 25 years of experience managing forestry operations, including full ownership of a forestry business. Hadi previously served as a diplomat, travelling extensively across Africa, as well as owning various trading and real estate companies. Hadi is fluent in Arabic, French, Portuguese and English and holds Gabonese citizenship.

ZAHID ABBAS, AGED 46, HEAD OF TRADING

Based between Denmark and Africa, Zahid co-founded Woodbois in 2005. He started his career at DLH Group and his roles have included procurement in Africa and Brazil for European manufacturers as well as implementing the Group's environmental policy. Fluent in seven languages, Zahid is well known and highly respected within the timber industry globally.

HENRY TURCAN, AGED 46, NON-EXECUTIVE DIRECTOR

Henry has worked in financial services since 1996, with a focus on equity capital markets. Having spent the majority of his career advising growth companies within investment banking he joined the Volantis team at Henderson Global Investors in 2015 which subsequently transferred to Lombard Odier Investment Management in 2017 becoming known as 1798 Volantis. Henry graduated with an MA (Hons) in Modern Languages from Edinburgh University and is a Member of the Securities Institute. Henry is a representative of the funds managed or sub-advised by Lombard Odier Investments Manager group entities, collectively the Company's largest shareholder.

GRAEME THOMSON, AGED 63, NON-EXECUTIVE DIRECTOR (INDEPENDENT)

Graeme is a Fellow of the Institute of Chartered Accountants in England and Wales and has been a public company director for many decades, as a CEO, CFO/ Company Secretary and as a Non-Executive. He has varied commercial UK and international experience, including of Audit and Remuneration Committees.

SUBSTANTIAL SHAREHOLDERS

The Company has been notified that the following have, at 29 April 2020, an interest in three percent or more of the issued ordinary share capital of the Company:

Name	Number of 1p ordinary shares	Percentage of the issued share capital
Lombard Odier Asset Mgmt	120,540,230	25.66%
Grandinex International Corp	70,000,000	14.90%
Pelham Limited	54,500,000	11.60%
Paul Dolan (Chairman and CEO)	46,373,275	9.87%
Spreadex Limited	32,362,000	6.89%
HSBC Client Holdings Nominee (UK) Limited**	15,295,657	3.28%

Miles Pelham, former Chairman, has a non-beneficial interest in 30,000,000 of the shares in which Paul Dolan has a beneficial interest, as Miles Pelham holds these shares in trust for Paul Dolan under the terms of the Long-Term Incentive Plan as announced on the 21 January 2019.

CORPORATE GOVERNANCE

The Board is committed to achieving the highest standards of corporate governance, integrity and business ethics and as Chairman and CEO, I am responsible for oversight of this. The Board has adopted the Corporate Governance Code produced by the Quoted Companies Alliance and has taken steps to apply the principles of the QCA Code in so far as they can be applied practically and with the exception set out below, given the size of the Group and the nature of its operations. We set out below how the Group complies with the QCA Code.

1. Establish a strategy and business model which promotes long-term value for shareholders

The strategy and business operations of the Group are set out in the Strategic Report.

The Group has two divisions, Trading and Forestry, and a clear strategy had been devised for each. The Board continually impresses upon the leadership teams of each division that capital allocation must be both performance and potential driven. Investment, either opex or capex, will only be forthcoming for strategies that can demonstrate significant return to shareholders over time. Running loss-making business lines is not a sustainable business strategy and simply not an option. We will leave no stone unturned in our quest to support and fund businesses

where our combination of skills and experience give us an edge. Conversely, if we cannot source the requisite expertise to participate profitably in particular business lines or geographies, we will not waste shareholder money by trying.

2. Seek to understand and meet shareholder needs and expectations

Shareholders play a key role in corporate governance, with our Annual General Meeting for shareholders offering an opportunity to exercise their decision-making power in the Company. Shareholders are encouraged to attend the AGM and any other General Meetings which are convened throughout the year. Our Company Secretary, William Place Secretaries Limited, is the contact point for shareholder liaison and their contact details are set out in these financial statements.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board recognises that the long-term success of the Group is reliant upon the efforts of the employees of the Group and its contractors and suppliers. We continuously engage with our stakeholders ranging from customers, investors, international development banks, governments, not for profit organisations and academia, to identify and address issues of materiality and to gather feedback from each of them. The Board ensures that all key relationships are the responsibility of, or are closely supervised by, one of the Directors.

Woodbois is in a unique position to bring vital positive impact to Africa's economic transformation, social development and environmental management through our operations. In this regard we have set out to align our sustainability strategy with the United Nations Sustainable Development Goals (SDGs) which provide a vision for ending poverty, hunger, inequality and protecting the earth's natural resources.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The business of forestry and timber trading involves a high degree of risk, in addition to technical, political and regulatory risk; the Group is exposed to weather, nutrient and pest risks. Furthermore, the Group is exposed to a number of financial risks which the Board seeks to minimise by adopting a prudent approach which is consistent with the corporate objectives of the Group. Our approach to these risk factors is set out in the Financial Statements for the year ended 31 December 2019.

A comprehensive budgeting process is completed once a year and is reviewed and approved by the Board. Budgets are subsequently updated when there is a significant

change in any of the key assumptions to the budget. The Group's actual results, compared with the budget, are reported to the Executive Board on a weekly basis. Any material deviations from budget are followed up by a member of the Executive Board.

The Group maintains appropriate insurance cover in respect of actions taken against the Directors because of their roles, as well as against material loss or claims against the Group. The insured values and type of cover are comprehensively reviewed on a periodic basis.

5. Maintain the Board as a well-functioning, balanced team led by the Chair

The Board is responsible for establishing the strategic direction of the Group, monitoring the Group's trading performance and appraising and executing development and acquisition opportunities. The Company holds a minimum of six Board meetings per year at which financial and other reports are considered and, where appropriate, voted on. It also holds ad hoc meetings as required to deal with specific issues. Board and Committee meetings are convened at times convenient to eligible members to ensure 100% attendance.

Details of the Directors' beneficial interests in Ordinary Shares are available on our website and are set out in the Directors' Report. The Directors comply with Rule 21 of the AIM Rules and the Market Abuse Regulations 2014 relating to directors' dealings and will take all reasonable steps to ensure compliance by any employees of the Company to whom regulations apply. The Company has, in addition, adopted the Share Dealing Code for dealings in its Ordinary Shares by directors and senior employees.

As of 29 April 2020, the Board comprised of five Executive Directors, one Non-Independent Non-Executive Director and one Independent Non-Executive Director. The Chairman and Chief Executive Officer roles were combined on 29 April 2020 and one Independent Non-Executive Director left as part of the cost cutting in response to the effects of COVID-19. It is intended in due course to comply with the Code by separating the roles of Chairman and Chief Executive Officer and to appoint a further Independent Non-Executive Director. Executive Board members are considered full time employees, while Non-Executives are required to commit between 20 and 40 days per annum to their roles.

The Board is supported by the Audit and the Remuneration Committees which comprised of Non-Executive Directors only, and the Nominations Committee which includes the Chairman and CEO.

6. Ensure that between them, the Directors have the necessary up-to-date experience, skills and capabilities

The Directors' biographies can be found in this Directors' Report and on the Company's website. The Board believes that their mix of significant senior financial and commercial experience gives a strong and appropriate background to formulate and deliver long term shareholder value.

The Nominations Committee oversees the requirements for and recommendations of any new Board appointments to ensure that it has the necessary mix of skills and experience to support the ongoing development of the Company. Any appointments made will be on merit, against objective criteria and with due regard for the benefits of diversity on the Board, including gender. The Nomination Committee will also be responsible for succession planning.

In addition to bringing considerable skills to the table, appointments to the Board aim to provide a healthy balance of both experience and gender.

7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

Internal evaluation of the Board, the Committees and individual Directors is seen as an important next step in the development of the Board and one that is addressed. An annual operational review of all members of the Board is undertaken, in which their performance is evaluated, and development needs identified and actions to be taken agreed. Executive and Non-executive Directors are subject to re-election intervals as prescribed in the Company's Articles of Incorporation. At each Annual General Meeting one-third of the Directors who are subject to retirement by rotation shall retire from office. They can then offer themselves for re-election.

8. Promote a corporate culture that is based on ethical values and behaviours

The Company is committed to complying with all applicable laws and best corporate governance practices, wherever we operate. It is a core aspect of our mission to act with integrity in all of our operations. The Board expects all employees to comply with both the letter and spirit of the law and governance codes.

The Company fosters a culture where our businesses directly and indirectly promote a range of benefits for the host community and host country on social and environmental levels. One of the most fundamental and positive social impacts associated with our Company's strategic growth objective is the skills development and employment opportunity we bring to the region. The Group also commits to providing a safe environment for its staff and all other parties for which the Company has

responsibility. The Company is committed to protecting the environment, contributing to sustainable management of natural resources by strictly following guidelines set out by host Governments and actively engaging with local communities. The Company clearly articulates objectives and has put in place an internal accountability mechanism to effectively implement commitments, as well as ensuring that outcomes are measured and communicated transparently.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The following matters are reserved for the Board:

- Overall Group strategy
- Approval of major capital expenditure projects
- Approval of the annual and interim results
- Annual budgets and revisions thereto.

The Company is committed to high standards of corporate governance. Both Management and the Board are dedicated to implementing best practice as the Company grows.

A clear organisation structure exists detailing lines of authority and control responsibilities.

The Board monitors the exposure to key business risks and reviews the strategic direction of all trading subsidiaries, their annual budgets, their performance in relation to those budgets and their capital expenditure.

The agenda of the overall business is determined by a Management Committee setting out agreed targets that will maximise financial return. Opportunities and improvements are identified and prioritised depending on analysis carried out by Management. These projects are supported by detailed financial planning.

Internal controls and systems have been introduced to manage business objectives. As well as Board discussions, regular meetings are held by Management to discuss performance. Detailed information packs are prepared bi-weekly to cover each major area of the business. Variances from the budget and previous forecasts are analysed, explained and acted on. Important capital investments are regularly discussed both at a Board and at a Management level where analysis of budget versus actual spend is carried out.

Effective corporate governance remains key to the business as it grows rapidly. The Company has a structure and process in place to help identify areas in which corporate governance can be improved. The Company is currently implementing technology that will allow both the Board and Management to oversee key performance indicators across the business in real time.

Within the Trading division, the Company has mandated a technology firm to create a custom-built tool to allow for real-time tracking of all trades, which has been implemented in 2020.

The Company is in discussion with several organisations to implement innovative blockchain based technology to manage both the traceability of the timber that the Company produces as well as providing real-time oversight of the business's supply chain.

The Audit Committee, Remuneration Committee and Nominations Committee have formally delegated duties and responsibilities.

Audit Committee:

The Board has established an Audit Committee with formally delegated duties and responsibilities. During the year the Audit Committee comprised of Non-executive Directors with Graeme Thomson as Chairman from his appointment in July 2019, together with Henry Turcan and Kevin Milne. It meets at least three times in the financial year.

The terms of reference for the Audit Committee include requirements:

- To monitor the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance, reviewing significant financial reporting judgements contained in them;
- To review the Group's internal financial controls together with the Group's internal control and risk management systems.
- To monitor and review the external auditor's independence and objectivity and to make recommendations in relation to the appointment, re-appointment and removal of the external auditor.

Remuneration Committee:

The Remuneration Committee meets as and when required. During the year the Remuneration Committee comprised of Non-executive Directors with Kevin Milne as the Chairman, together with Henry Turcan and Graeme Thomson. It meets at least twice a year. Graeme Thomson became Chairman on 29 April 2020.

The policy of the committee is to reward executive Directors in line with the current remuneration of Directors in comparable businesses in order to recruit, motivate and retain high quality executives within a competitive market place.

There are three main elements of the remuneration packages for executive Directors and senior management:

- Basic annual salary (including directors' fees) and benefits;
- Discretionary annual bonus to be paid in accordance with a bonus scheme developed by the Remuneration Committee. This takes into account individual contribution, business performance and commercial progress; and
- Equity Option incentive scheme which takes into account the need to motivate and retain key individuals.

The Committee intends to issue Options in due course following the publication of the 2019 Annual Report and to cancel existing options. The total number of Options in issue at any time will not exceed 10% of the issued share capital.

Nominations Committee:

The Nomination Committee which comprises of the Non-executive Directors and the Chairman & CEO meets at least once a year and is responsible for the process of reviewing replacement or additional Directors, the monitoring of compliance with applicable laws, regulations and corporate governance guidance and making appropriate recommendations to the Board.

10. Communicate how the Company is governed and is performing, by maintaining a dialogue with shareholders and other relevant stakeholders

The Company encourages regular communications with its various stakeholder groups and aims to ensure that all communications concerning the Group's activities are clear, fair and accurate. Quarterly updates are announced via RNS and are available on our website and users can register to be alerted when announcements or details of presentations and events are posted onto the website.

We aim to release our half and full year results to the market well in advance of reporting deadlines and offer visibility for shareholders by including segmental reporting. The Company's financial statements and Notices of General Meetings of the Company can be found on the website.

The results of voting on all resolutions are announced via RNS immediately following completion of General Meetings and are available on the website. Any actions that are required to be taken as a result of resolutions for which votes against have been received from at least 20 per cent of independent shareholders will be detailed on the RNS.

RISK MANAGEMENT

The business of forestry and timber trading involves a high degree of risk, in addition to technical, political and regulatory risk; the Group is exposed to weather, nutrient and pest risks. Furthermore, the Group is exposed to a number of financial risks which the Board seeks to minimise by adopting a prudent approach which is consistent with the corporate objectives of the Group.

TECHNICAL RISK

The Company operates large scale machinery in the forms of harvesting, sawmill and veneer equipment. All three are key revenue contributors and as such, any significant interruption to these assets could have an adverse effect on our financial performance. A number of procedures and programmes have been implemented to mitigate these technical risks. Capital investment programmes have replaced older equipment to improve both reliability and overall efficiency of our machinery, also reducing overall breakdown risk. The Group has actively sought best-in-class hires that have significant experience with the machinery that is currently being utilised, this has also allowed the Group to adopt best practice. Additionally, performance metrics for operating assets are monitored by Management on a weekly basis to quickly identify and resolve any issues.

COVID-19

The Board is monitoring the global health crisis and is considering the associated risks and impact on the position of the Group from both an operational and financial perspective. With the extreme travel restrictions in force as a result of COVID-19 and the implications mean that there can be no assurance that the Group will be able to perform its intended workflows or generate cash from fund raising activities. The Board continues to monitor the effect of COVID-19 on an on-going basis.

POLITICAL AND REGULATORY RISK

The Board observes any political developments across the geographies that Woodbois operates in closely. Gabon, Ivory Coast and Mozambique had local and regional election programs in 2018 that were successfully completed with minor instances of unrest. The political environment across all the countries that Woodbois operates in will remain an evolving discussion point for the Board, however the risk of political unrest disruptive to the Group's operations remains low.

The regulatory frameworks in place across the countries that Woodbois operates in support the development of

forestry. However, the forestry sector in Mozambique has been subject to frequent policy changes with regard to exports and delays in issuing of annual licenses, which has created uncertainty. Furthermore, there is no assurance that future political and economic conditions in these countries will not result in the Governments changing their political attitude towards forestry. Any changes in policy may result in changes in laws affecting ownership of assets, land tenure, ability to export, taxation, environmental protection and repatriation of income and capital, which may adversely impact the Group's ability to carry out its activities.

OTHER RISKS

The Company carefully monitors the UK government's progress in respect of its Brexit discussions with the European Union. Given the location of the Company's trading operations and key assets it considers the key areas of Brexit risk to focus on any potential changes to the Company's UK listing requirements and its ability to raise funds on a UK listed market. The Board maintains close dialogue with its advisors to ensure that any proposed regulatory changes are identified and actioned accordingly. The Board is in discussion with its investors to identify any known issues with regards to the raising of finance.

As outlined elsewhere in this Report, the effects of COVID-19 are not yet clear and resilience plans are being enacted.

ENVIRONMENTAL RISK

The Group is exposed to climate, weather and the risk of pests affecting its forestry operations. The availability of water for its irrigation as well as the abundance of too much water also pose a risk to the biological assets. These risks are managed by ongoing assessment of local pests and the adoption of irrigation methods. Adverse weather conditions may impact transport routes both within the Group's countries of operation and when exporting finished product.

FINANCIAL RISK

This comprises of a number of risks explained below.

MARKET RISK

Price risk

The Group is exposed to market risk in respect of its equity investments as well as any potential market price fluctuations that may affect the revenues of the agriculture, forestry and timber trading operations. The Group mitigates this risk by having established investment appraisal processes and asset monitoring procedures which are subject to overall review by the Board.

LIQUIDITY RISK

The Group seeks to manage liquidity by regularly reviewing cash levels and expenditure budgets to ensure that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Group had net cash balances of \$1.490 million as at 31 December 2019 (2018: \$1.910m).

INTEREST RATE RISK

The Group has limited its exposure to the risk of being negatively affected by variable interest rates by predominantly borrowing using fixed interest instruments. Refer to note 16 for a detailed assessment

CREDIT RISK

The Group's principal financial asset is cash. The credit risk associated with cash is considered to be limited. The Group receives payment immediately upon delivery of its agriculture and forestry products. The credit risk is considered to be minimal as no credit terms are offered and funds are received prior to the risk of ownership being transferred to the purchaser. From time to time cash is placed with certain institutions in support of trading positions. The credit risk is considered minimal as the Group only undertakes this with large reputable institutions.

DONATIONS

No political donations were made during the year (2018: nil). No charitable donations were made during the year (2018: \$2,400).

POLICY ON PAYMENT OF SUPPLIERS

It is Group and Company policy to agree and clearly communicate the terms of payment as part of the commercial arrangements negotiated with suppliers and then to pay according to those terms based on the timely receipt of an accurate invoice.

EMPLOYMENT POLICIES

The Group supports employment of disabled people wherever possible through recruitment, by retention of

those who become disabled and generally through training, career development and promotion.

The Group is committed to keeping employees as fully-informed as possible with regard to the Group's performance and prospects and seeks their views, wherever possible, on matters which affect them as employees.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether they have been prepared in accordance with IFRS adopted by the EU; and
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies (Guernsey) Law 2008. The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Woodbois Limited website. The Company is compliant with AIM Rule 26 regarding the Woodbois Limited website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

GOING CONCERN

An assessment of going concern is made by the Directors at the date the Directors approve the annual financial statements, taking into account the relevant facts and circumstances at that date including:

- Review of profit and cash flow forecasts;
- Review of actual results against forecast;
- Timing of cash flows; and
- Financial or operational risks.

As at 31 December 2019 the Group had a cash balance of circa \$1.49 million (GBP1.14 million). In January 2020, the Group's forecast for the financial year showed a movement towards positive operational cash flow around mid-year, having taken account of the cash flow enhancement measures announced by it then. However, on 27 March 2020 the Company announced that the rapid pace of developments in connection with COVID-19 had caused such fundamental levels of uncertainty that, in common with many other companies, the Board withdrew any guidance on the financial outcome for 2020 until its implications can be reliably assessed. Further developments since then are outlined in the Chairman and CEO's Statement.

Current internal forecasts based on information available at the date of approval of these financial statements and using a variety of scenarios, indicate that the Company will need to secure further funds, including from issues of equity, debt or asset sales, or the deferral of liabilities, in order to meet its liabilities as they fall due in the next 12 months. The timing and amounts will be highly dependent on the market conditions and in particular on the impact of COVID-19. In the light of enquiries made, as well as bearing in mind the proven ability of the Company to raise funds previously, the Directors' have a reasonable expectation that the Group has or will have access to adequate resources to continue in operational existence for the foreseeable future, being 12 months to the end of April 2021, and have therefore adopted the going concern basis of preparation in the financial statements.

Further details on the assumptions and their conclusion thereon are included in the statement on going concern included in Note 1 to the Financial Statements. The auditors have made reference to a material uncertainty in relation to going concern in their audit report.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE 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

PKF Littlejohn LLP were reappointed as auditors for 2019 and a resolution to reappoint them will be proposed at the 2020 AGM.

On behalf of the Board

Paul Dolan

Chairman and Chief Executive Officer
29 April 2020

Independent Auditor's Report

Opinion

We have audited the group financial statements of Woodbois Limited for the year ended 31 December 2019 which comprise the Consolidated Company Statement of Financial Position, the Consolidated Company Statement of Changes in Equity, the Consolidated Company Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is Companies (Guernsey) Law, 2008 and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008

Basis for opinion

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

Material uncertainty relating to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in notes to the financial statements concerning the Group's ability to continue as a going concern. With the current global outbreak of COVID-19 there continues to be far reaching uncertainty over the effect this may have on the timber industries and other industries which requires the supply of timber, and therefore on the revenues and cash flows of the Group. The Group will also

be required to raise funds during period the outcome of which is uncertain. As noted in the Group's going concern policy within the Annual Report, these events or conditions indicate that a material uncertainty exists that casts doubt on the Group's ability to continue as a going concern.

In response to this, the scope of our audit work on going concern was increased. We carried out the following additional audit procedures:

- We obtained management's forecast cash flows covering the period from the date of signing to 31 December 2021. We assessed the assumptions within the forecast with regards to revenue generation, capital funding and cash flows.
- We challenged the Board of Directors in respect of the assumptions used in their going concern assessment and stress tested the potential impact of COVID-19 to determine the magnitude of decline in revenue and cash flow that would give rise to the elimination of the cash headroom, use of the additional borrowing facilities available and the possible breach of financial covenants.
- We reviewed and challenged the Board's controllable mitigation plans and their forecast impact on the ability of the business to continue to operate. We obtained supporting documentation to evaluate the plausibility and achievability of management's mitigation plans, including sensitised scenario forecasts.
- We performed sensitivity analysis on management's forecast cash flows.
- We agreed available borrowing facilities to underlying agreements and the extent to which additional facilities could be utilised and funds raised from other sources.
- We have assessed the adequacy of COVID-19 disclosures within the Annual Report and Accounts.

We draw attention to the going concern policy which lays out the Group's plans to both prepare for and mitigate the effect of the current outbreak. Our opinion is not modified in respect of this matter.

Our application of materiality

Materiality is a key concept in the context of an audit. In providing an opinion on whether the financial statements provide a 'true and fair' view, we are providing an opinion on whether the financial statements as a whole are free from material misstatement whether due to fraud or error.

Materiality is an expression of the relative significance of a particular matter in the context of the financial statements

as a whole. An item, either individually or in aggregate, is considered material if omitting it or misstating it could reasonably be expected to influence decisions that users make on the basis of an entity's financial statements. Materiality has both quantitative and qualitative characteristics. It depends on the size or nature of the item or error judged in the particular circumstances of its omission or misstatement.

We used 7.5% adjusted loss before tax as a basis for determining planning materiality. We have determined our Overall Financial Statement Materiality to be US\$460,000. The adjusted loss before tax is calculated by removing all items deemed to be outside the normal course of business, such as the contingent acquisition expense as this is an area which involves management estimation.

We consider adjusted loss before tax to be the performance measure used by shareholders as Woodbois Limited is a trading entity and its profit-making ability is a significant point of interest for investors.

We set performance materiality at 60% of Overall Financial Statement Materiality to reflect the risk associated with the judgemental and key areas of management estimation within the financial statements. We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. At the planning stage, materiality is used to determine the financial statement areas that are included within the scope of our audit and the extent of sample sizes during the audit. No significant changes have come to light through the audit fieldwork which has caused us to revise our materiality figure.

An overview of the scope of our audit

In designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular we looked at areas involving significant accounting estimates and judgements by the Directors and considered future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Our Group audit scope focused on the principal area of operation, being Africa. The head office in South Africa oversees the accounting function of the Group and its subsidiaries, however, regional offices maintain the accounting records for many of the components. The components are based in Mauritius, Gabon, Mozambique, Denmark and London therefore, given the nature of the accounting function, our audit was conducted by local component auditors within Gabon, Mozambique, Denmark and Mauritius.

Each component was assessed as to whether they were significant or not significant to the group by either their size or risk. The parent Company and ten components were considered to be significant due to identified risk and size. These components have been subject to full scope audits by component auditors and reviewed by us. Two components were not subject to full scope audits and we performed specific audit procedures due to the risk identified with the sale of these entities in the year.

The audit was overseen and concluded in London where we acted as Group auditor. As Group auditors we maintained regular contact with the component auditors throughout all stage of the audit and we were responsible for the scope and direction of their work. We ensured that we challenged their findings in order to form an opinion on the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key Audit Matter

How the scope of our audit responded to the key audit matter

Valuation of Biological assets

The Group's principal non-current assets relate to standing timber within the forestry concessions. These biological assets represent the most material balance in financial statements at US\$194.7m as at 31 December 2019. Management assess at each reporting date the fair value of the standing timber on a discounted cash flow basis which involves significant Management judgement and estimates.

There is a risk that the biological assets are misstated due to complex accounting treatment required by IAS 41 Biological assets and a high degree of estimation and judgement required by management in their valuation.

We therefore considered the valuation of biological assets and the related disclosures to be a key audit matter.

Our work included:

- Reviewing the biological asset valuation models prepared by management for accuracy and challenging the estimates/assumptions made in the inputs;
- Reviewing the discount rate used and challenging the key inputs involved in arriving at the rate applied;
- Obtaining third party valuations and assessing their competence and independence in order to place reliance on management's expert as well as ensuring accuracy and reasonableness of the inputs used;
- Reviewing the sensitivity analysis of the key inputs, together with a combination of sensitivities of such inputs.
- Considering if there are any indications of impairment; and
- Reviewing the disclosures in the financial statements to ensure they are in accordance with IAS 41, particularly the disclosures of key estimates and assumptions which impact the fair values, and the sensitivity analysis.

Revenue recognition

Revenue is a material figure within the financial statements at US\$19.459m and the Group has seen an increase in revenues within the timber market since the acquisition of WoodBois International ApS

Given the increase in revenues since the prior year and the expected growth year on year, revenue is considered to be a key balance within the financial statements and a key focus of the shareholders.

We therefore consider revenue recognition a key audit matter.

Our work included:

- Gaining an understanding of the internal control environment in operation for the significant revenue streams and undertaking a walk-through to ensure that the key controls within those systems have been operating effectively;
- Substantive transactional testing of revenue recognised in the financial statements across the different streams to ensure accuracy of revenue;
- Reviewing the key contractual terms and terms of business with customers to identify the material performance obligations;
- Reviewing post-year end invoices, credit notes and cash receipts to ensure completeness of income recorded in the accounting period; and
- Consideration and assessment of the Group's application of IFRS 15.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the group financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

- We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion: proper accounting records have not been kept by the parent company; or
- the financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of Directors

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

In preparing the group financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis

of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the Group's members, as a body, in accordance with our engagement letter dated 30 October 2019. Our audit work has been undertaken so that we might state to the Group'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 Group and the Group's members as a body, for our audit work, for this report, or for the opinions we have formed.

Joseph Archer (Engagement Partner)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND TOTAL COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	2019	2018
Continuing operations		\$000	\$000
Turnover	2	19,459	13,448
Cost of sales	2	(16,696)	(11,334)
Gross profit		2,763	2,114
Other income	5	110	160
Gain on fair value of Biological assets	11	-	1,611
Operating costs		(4,726)	(5,356)
Administrative expenses		(1,415)	(2,106)
Depreciation		(306)	(474)
Share based payment expense	24	(231)	(658)
Operating loss	3	(3,805)	(4,709)
Contingent acquisition expense	26	(956)	(860)
Fair value gain	23	4,602	-
Gain on disposal of Tanzanian business	9	-	176
Foreign exchange gain		271	263
Finance costs	6	(2,009)	(444)
Loss before taxation		(1,897)	(5,574)
Taxation	7	(54)	(951)
Loss for the year from continuing operations		(1,951)	(6,525)
Discontinued operations			
Loss from discontinued operations, net of tax:			
- Owners of the parent	9	(2,893)	(1,446)
- Non-controlling interests		-	-
Loss for the year		(4,844)	(7,971)
Loss attributable to:			
- Owners of the parent	8	(4,844)	(6,736)
- Non-controlling interests	22	-	(1,235)
		(4,844)	(7,971)
Other comprehensive income:			
Gain on buy-out of minorities	25	-	14,373
Currency translation differences, net of tax		(155)	(798)
Total comprehensive income for the year		(4,999)	5,604
Total comprehensive income attributable to:			
Owners of the parent		(4,999)	6,839
Non-controlling interests	25	-	(1,235)
Total comprehensive loss for the year		(4,999)	5,604
Total comprehensive (loss) / income attributable to equity shareholders arises from:			
- Continuing operations		(2,106)	8,285
- Discontinued operations	9	(2,893)	(1,446)
		(4,999)	6,839
Earnings per share from continuing and discontinued operations attributable to the owners of the parent during the year (cents per share)			
Basic earnings per share			
From continuing operations (cents)	8	(0.67)	(2.03)
From discontinued operations (cents)		(0.64)	(0.44)
From (loss) / profit for the year		(1.31)	(2.47)

The notes on pages 27 to 60 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Attributable to the owners of the parent										
	Share capital	Share premium	Merger reserve (note 22)	Preference share capital	Convertible bonds	Foreign exchange reserve *	Share based payment reserve (note 25)	Retained earnings	Total	Non-controlling interests	Total equity
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
AT 1 JANUARY 2018	4,500	22,340	44,487	14,318	-	(3,918)	979	31,841	114,547	20,608	135,155
Profit / (Loss) for the year	-	-	-	-	-	(6,736)	-	(6,736)	(6,736)	(1,235)	(7,971)
Other comprehensive income:											
Gain on minority buy-out	-	-	-	-	-	-	-	14,373	14,373	(19,373)	(5,000)
Currency translation differences	-	-	-	-	-	(798)	-	-	(798)	-	(798)
Total comprehensive income for the year	-	-	-	-	-	(798)	-	7,637	6,839	(20,608)	(13,769)
Transactions with owners:											
Issue of ordinary shares	1,117	7,614	-	-	-	-	-	-	8,731	-	8,731
Share based payment expense	-	-	-	-	-	-	712	-	712	-	712
Share options forfeited	-	-	-	-	-	-	(679)	679	-	-	-
Preference share dividend	-	-	-	-	-	-	-	(1,313)	(1,313)	-	(1,313)
AT 31 DECEMBER 2018	5,617	29,954	44,487	14,318	-	(4,716)	1,012	38,844	129,516	-	129,516
Profit / (Loss) for the year	-	-	-	-	-	-	-	(4,844)	(4,844)	-	(4,844)
Other comprehensive income:											
Currency translation differences	-	-	-	-	-	(155)	-	-	(155)	-	(155)
Total comprehensive income for the year	-	-	-	-	-	(155)	-	(4,844)	(4,999)	-	(4,999)
Transactions with owners:											
Issue of ordinary shares	1,140	5,176	-	-	-	-	-	-	6,316	-	6,316
Convertible Bonds issued	-	-	-	-	1,495	-	-	-	1,495	-	1,495
Preference share swap	-	-	-	(14,318)	-	-	-	-	(14,318)	-	(14,318)
Share based payment expense	-	-	-	-	-	-	231	-	231	-	231
Share options forfeited	-	-	-	-	-	-	(275)	275	-	-	-
Reserve transfer	-	-	(44,487)	-	-	-	-	44,487	-	-	-
Preference share dividend	-	-	-	-	-	-	-	(1,054)	(1,054)	-	(1,054)
AT 31 DECEMBER 2019	6,757	35,130	-	-	1,495	(4,871)	968	77,708	117,187	-	117,187

* Exchange differences arising on translation of the foreign controlled entities are recognised in other comprehensive income and accumulated in a separate reserve within equity. The notes on pages 23 to 60 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

		2019	2018
	Notes	\$000	\$000
ASSETS			
NON-CURRENT ASSETS			
Consideration receivable	9	-	1,841
Biological assets	11	194,708	194,708
Property, plant and equipment	10	20,323	17,081
TOTAL NON-CURRENT ASSETS		215,031	213,630
CURRENT ASSETS			
Trade and other receivables	12	6,123	5,924
Inventory	13	6,409	6,738
Cash and cash equivalents	14	1,490	1,910
TOTAL CURRENT ASSETS		14,022	14,572
TOTAL ASSETS		229,053	228,202
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	(4,801)	(5,751)
Borrowings	16	(6,343)	(5,024)
Consideration payable	22	-	(5,000)
Contingent acquisition liability	26	-	(1,269)
TOTAL CURRENT LIABILITIES		(11,144)	(17,044)
NON-CURRENT LIABILITIES			
Borrowings	16	(13,545)	(5,086)
Deferred tax	7	(62,655)	(62,655)
Preference share liability	18	-	(13,901)
Convertible bonds – host liability	17	(23,547)	-
Contingent acquisition liability	26	(975)	-
TOTAL NON-CURRENT LIABILITIES		(100,722)	(81,642)
TOTAL LIABILITIES		(111,866)	(98,686)
NET ASSETS		117,187	129,516
EQUITY			
Share capital	18	6,757	5,617
Share premium	19	35,130	29,954
Merger reserve	20	-	44,487
Preference share capital	18	-	14,318
Convertible bonds – equity component	17	1,495	-
Foreign exchange reserve		(4,871)	(4,716)
Share based payment reserve	24	968	1,012
Retained earnings		77,708	38,844
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT		117,187	129,516
Non-controlling interests	25	-	-
TOTAL EQUITY		117,187	129,516

The notes on pages 27 to 60 form an integral part of the consolidated financial statements. The financial statements on pages 23 to 60 were authorised for issue by the Board of Directors on 29 April 2020 and were signed on its behalf.

Paul Dolan

Chairman & Chief Executive Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

		2019	2018
	Notes	\$000	\$000
CASH USED IN OPERATIONS			
Loss before taxation – continuing operations		(1,897)	(5,574)
Loss before taxation – discontinued operations	9	(2,893)	(1,446)
Loss before taxation		(4,790)	(7,020)
Adjustment for:			
Depreciation of property, plant and equipment	10	1,393	1,625
Fair value adjustment of biological asset	11	-	(1,611)
Discount received from supplier		74	-
Transaction costs deducted from Convertible bond host liability		(94)	-
Inventory losses		(244)	295
Shares issued in lieu of ITF Interest		(335)	-
Foreign exchange		(271)	(263)
Non-cash items in discontinued operations	9	221	-
Contingent acquisition expense	26	956	695
Impairment of amounts due on sale of discontinued operations		2,502	-
Fair Value gain	23	(4,602)	-
Share based payments	24	231	658
Finance costs	6	2,009	444
Gain on disposal of Tanzanian assets	9	-	(176)
Increase in trade and other receivables		(838)	(1,852)
(Decrease) / increase in trade and other payables		(7,247)	1,708
Decrease / (increase) in inventory		817	(1,764)
CASH FLOWS FROM OPERATIONS		(10,218)	(7,261)
Finance costs paid		(331)	(257)
Income taxes paid	7	(47)	(52)
CASH FLOWS FROM OPERATING ACTIVITIES		(10,596)	(7,570)
CASH FLOWS FROM INVESTING ACTIVITIES			
Expenditure on property, plant and equipment	10	(5,016)	(3,245)
CASH FLOWS FROM INVESTING ACTIVITIES		(5,016)	(3,245)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from receipts / (repayments of) loans and borrowings		1,271	(1,771)
Proceeds from ITF		7,605	3,676
Proceeds from the issue of ordinary shares		6,316	8,731
CASH FLOWS FROM FINANCING ACTIVITIES		15,192	10,636
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		(420)	(179)
Cash and cash equivalents at beginning of year		1,910	2,089
CASH AND CASH EQUIVALENTS AT END OF YEAR		1,490	1,910

Net debt reconciliation

	2018	Cash flow	Non-cash changes	2019
	\$000	\$000	\$000	\$000
Borrowings	6,306	1,271	-	7,577
ITF	3,804	7,605	902	12,311
Ordinary shares	35,571	6,316	-	41,887
Preference shares	14,318	-	(14,318)	-
Convertible Bonds	-	-	23,547	23,547
	59,999	15,192	10,131	85,322

The notes on pages 27 to 60 form an integral part of the consolidated financial statements.

Notes to the Financial Statements

For the year ended 31 December 2019

1. ACCOUNTING POLICIES

GENERAL INFORMATION

Woodbois Limited (“the Company” or “Woodbois”) is an AIM-quoted forestry and timber trading company limited by shares. The Company is incorporated and domiciled in Guernsey, the Channel Islands, with registered number 52184. Its registered office is Dixcart House, Sir William Place, St Peter Port, Guernsey, GY1 1GX.

The nature of the Group’s operations and its principal activities are set out in the Directors’ Report.

The accounting policies set out herein, in pages 27 to 36, have been consistently applied.

The principal activities and nature of the business are included on pages 1 to 18.

BASIS OF ACCOUNTING

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS”), IFRIC interpretations and those parts of the Companies (Guernsey) Law 2008 applicable to Companies reporting under IFRS. The financial statements have been prepared under the historical cost convention except for biological assets and certain financial assets and liabilities, which have been measured at fair value.

FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in United States Dollar (USD), which is the Group’s functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

BASIS OF CONSOLIDATION

Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to

variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group’s voting rights and potential voting rights.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. The acquisition method is used to account for the acquisition of subsidiaries.

Any contingent consideration is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or a liability is recognised in accordance with IFRS 9 either in profit or loss or as a change in other comprehensive income. The unwinding of the discount on contingent consideration liabilities is recognised as a finance charge within profit or loss.

Acquisition related costs are expensed as incurred.

The Group measures goodwill at the acquisition date as the excess of the fair value of the consideration transferred, plus the recognised amount of any non-controlling interests, less

the recognised amount of the identifiable assets acquired, and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss as a bargain purchase. Before recognizing a gain on a bargain purchase, an assessment is made as to whether all assets acquired, and liabilities assumed have been correctly identified. The fair value measurement of the identifiable net assets and cost of acquisition is also reviewed to evaluate whether all available information at the acquisition date has been considered.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group. All significant intercompany transactions and balances between group entities are eliminated on consolidation.

When the Group ceases to consolidate a subsidiary as a result of losing control and the Group retains an interest in the subsidiary and the retained interest is an associate, the Group measures the retained interest at fair value at that date and the fair value is regarded as its cost on initial recognition. The difference between the net assets

de-consolidated and the fair value of any retained interest and any proceeds from disposing of a part interest in the subsidiary is included in the determination of the gain or loss on disposal. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that subsidiary had directly disposed of the related assets or liabilities.

Investments in associates and jointly controlled entities are accounted for using the equity method of accounting and are initially recognised at cost. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. Gains or losses on disposals to non-controlling interests are recorded in equity.

As at 31 December 2019, the Group held equity interests in the following undertakings:

Subsidiary undertakings	Proportion held of voting rights	Country of incorporation	Nature of business
Direct investments			
Woodbois Services Limited	100%	United Kingdom	Shared services
Woodbois Trading Limited	100%	Hong Kong	Financier
Argento Limited	100%	Mauritius	Holding / treasury company – Forestry and Trading
Woodbois International Limited	100%	Mauritius	Dormant
Montara Limited	100%	Mauritius	Dormant
Woodbois Liberia Inc.	100%	Liberia	Forestry
Indirect investments of Argento Limited			
Argento Mozambique Limitada	100%	Mozambique	Holding company & Forestry
Madeiras SL Limitada	100%	Mozambique	Forestry
Jardim Zambezia Limitada	100%	Mozambique	Forestry
Baia Branca Limitada	100%	Mozambique	Forestry
Ligohna Timber Products Limitada	100%	Mozambique	Forestry
Montara Forest Lda	100%	Mozambique	Forestry
Petroforge Mozambique Lda	100%	Mozambique	Forestry
WoodBois International ApS	100%	Denmark	Timber Trading
WoodGroup ApS	100%	Denmark	Timber Trading
Woodbois Gabon	100%	Gabon	Forestry
SCI Yarim	100%	Gabon	Property holding

INTRA-GROUP TRANSACTIONS

All intra-group transactions, balances, and unrealised gains on transactions between Group companies are eliminated on consolidation. Subsidiaries' accounting policies are amended where necessary to ensure consistency with the policies adopted by the Group. All financial statements are made up to 31 December each year.

CHANGES IN ACCOUNTING POLICIES

a) New and amended standards adopted by the Group

The following IFRS or IFRIC interpretations were effective for the first time for the financial year beginning 1 January 2019. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements:

Standards /interpretations	Application
IFRS 16	Leases
Annual Improvements	2015 – 2017 Cycle
IFRIC 23 – interpretation 23	Uncertainty over Income Tax Treatments
IFRS 9 amendments	Prepayment Features with Negative Compensation
IFRS 19 amendments	Plan Amendment, Curtailment or Settlement
IFRS 28 amendments	Long-term Interests in Associates and Joint Ventures

The effects of the first year adoption of IFRS 16 has been assessed by management and summarised within the Leases accounting policy.

The Group has also elected to adopt the following amendment early:

IAS 1 and IAS 8 Amendments Definition of Material

b) New and amended standards not yet adopted by the Group

Standards /interpretations	Application
Standards /interpretations	Application
IFRS 3 amendments	Business Combinations: Effective 1 January 2020*
	*Subject to EU endorsement

There are no IFRS's or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company or Group.

SEGMENTAL REPORTING

The reportable segments are identified by the Executive Board (which is considered to be the Chief Operating Decision Maker) by the way management has organised the Group. The Group operates within four separate operational divisions comprising forestry, trading and head office.

The Directors review the performance of the Group based on total revenues and costs, for these four divisions and not by any other segmental reporting.

REVENUE RECOGNITION

Under IFRS 15, Revenue from Contracts with Customers, five key points to recognise revenue have been assessed:

- Step 1:** Identify the contract(s) with a customer;
- Step 2:** Identify the performance obligations in the contract;
- Step 3:** Determine the transaction price;
- Step 4:** Allocate the transaction price to the performance obligations in the contract; and
- Step 5:** Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, and specific criteria have been met for each of the Group's activities, as described below.

The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Where the Group makes sales relating to a future financial period, these are deferred and recognised under 'deferred revenue' on the Statement of Financial Position

The Group currently has the following revenue streams:

- Timber and veneer sales are recognised following the five-step approach outlined above. The performance obligation set out in step two is when the risk and reward of the goods is transferred to the customer, and is transferred at the earlier of:
 - » when goods are sold subject to a letter of credit, on the date that the buyer's bank approves the transfer; or
 - » when goods are prepaid in full by the buyer, based on the incoterm specified in the contract/invoice; or
 - » when the bill of lading is exchanged with the buyer.
- Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.
- Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

FOREIGN CURRENCIES

The presentation currency of the Group is US Dollars (US\$). Items included in the Group's financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the majority of the Group's subsidiaries is USD as this is the currency in which they trade on a local basis. The consolidated financial statements are presented in USD ("the presentation currency") because this is the currency better understood by the principal users of the financial statements.

Foreign currency translation rates (against US\$) for the significant currencies used by the Group were:

	At 31 December 2019	Annual average for 2019	At 31 December 2018	Annual average for 2018
UK Pound	1.31	1.28	1.27	1.33
Mozambique Metical	61.46	62.49	60.67	59.87
Danish Krone	6.67	6.68	6.52	6.232
West African CFA franc	585.68	586.78	573.02	556.55

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currency are translated into the functional currency at the rate prevailing on that date. Non-monetary assets and liabilities are measured at fair value and are translated into the functional currency at the rate prevailing on the reporting date. Gains and losses arising on retranslation are included in profit or loss for the year, except for exchange differences on non-monetary assets and liabilities, which are recognised directly in other comprehensive income when the changes in fair value are recognised directly in other comprehensive income.

On consolidation, the assets and liabilities of the Group's overseas operations are translated into the Group's presentational currency at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the year unless exchange rates have fluctuated significantly during the year, in which case the exchange rate at the date of the transaction is used. Exchange differences arising, if any, are taken to other comprehensive income and the Group's translation reserve. Such translation differences are recognised as income or as expenses in the year in which the operation is disposed of.

LEASES

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a remaining lease term of 12 months or less and do not contain a purchase option ("short-term leases"), and lease contracts for which the underlying asset is of low value ("low-value assets").

a) Nature of the effect of adoption of IFRS 16

Under the adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Lease previously classified as finance leases
The Group did not change the initial carrying amounts of recognised assets and liabilities as the date of initial

application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the leased assets and liabilities recognized under IAS 17). The requirements of IFRS 16 were applied to these leases from 1 January 2019.

Leases previously classified as operating leases
The Group leases various offices. Rental contracts are typically for fixed periods of one month to six months with no right to purchase. Based on the nature of such leases and the qualitative impact on the Group, these leases have not been recognised as right-of-use assets.

The Board has evaluated the effect of adopting IFRS 16 on the Group's consolidated balance sheet and consolidated statement of comprehensive income (loss) as at 1 January 2019 and has concluded that the impact is not material.

b) Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of IFRS 16:

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of equipment that are considered of low value (i.e., below \$5,000). Lease payments on short-term leases and leases of low-value assets are recognized as occupancy expense on a straight-line basis over the lease term.

DISCONTINUED OPERATIONS

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is presented as if the operation had been discontinued from the start of the comparative year.



PROPERTY, PLANT AND EQUIPMENT

Land and Buildings are recognised at fair value based on periodic, but at least triennial, valuations by external independent valuers. Any revaluation gains are recognised in other comprehensive income. Revaluation losses are recognised with other comprehensive income, against any pre-existing gains, with anything over and above pre-existing gains being recognised as an expense in profit and loss.

All other Property, plant and equipment is stated at historical cost less subsequent accumulated depreciation and any accumulated impairment losses. If significant parts of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the group will obtain ownership by the end of the lease term.

Land has an indefinite useful life and therefore is not depreciated.

Depreciation is calculated on a straight-line basis at rates calculated to write each asset down to its estimated residual value, which in most cases is assumed to be zero, evenly over its expected useful life, as follows that the group will obtain ownership by the end of the lease term.

Land has an indefinite useful life and therefore is not depreciated.

Depreciation is calculated on a straight-line basis at rates calculated to write each asset down to its estimated residual value, which in most cases is assumed to be zero, evenly over its expected useful life, as follows:

<i>Motor Vehicles</i>	<i>over 3 years</i>
<i>Fixtures and IT equipment</i>	<i>over 3 years</i>
<i>Plant and equipment</i>	<i>over 2-5 years</i>

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

At each statement of financial position date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where there has been a change in economic conditions that indicate a possible impairment in a cash-generating unit, the recoverability of the net book value relating to that field is assessed by comparison with the estimated discounted future cash flows based on management's expectations of future costs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to the income statement, net of any depreciation that would have been charged since the impairment.

BIOLOGICAL ASSETS

A biological asset is defined as a living animal or plant. The Group's biological assets comprise standing timber. The fair value of the standing timber is determined using models based on expected yields, market prices for the saleable produce, over 20 years, after allowing for harvesting costs and other costs yet to be incurred in getting the produce to maturity. Any changes in fair value are recognised in the income statement in the year in which they arise.

Forestry

IAS 41 requires biological assets to be measured at fair value less costs to sell. The fair value of standing timber is estimated based on the present value of the net future cash flows from the asset, discounted at a current market-based rate. In determining the present value of expected net cash flows, the Group includes the net cash flows that market

participants would expect the asset to generate in its most relevant market. Increases or decreases in value are recognised in profit or loss. When the fair value estimates are determined to be clearly unreliable due to insufficient information being available to the Directors, the biological asset is held at cost less any accumulated depreciation and any accumulated losses.

All expenses incurred in maintaining and protecting the assets are recognised in profit or loss. All costs incurred in acquiring additional planted areas are capitalised.

Where fair value of a biological asset cannot be measured reliably, the biological asset shall be measured at its cost less any accumulated depreciation and any accumulated impairment losses.

Costs incurred prior to the demonstration of commercial feasibility of forestry and agriculture in a particular area are written-off to profit and loss as incurred.

CONVERTIBLE BONDS

The net proceeds received from the issue of convertible bonds are split between a liability element and an equity component at the date of issue. The fair value of the liability component is estimated using the prevailing market interest rate for similar nonconvertible debt. The portion which represents the embedded option to convert the liability into equity of the Company is included in equity and its fair value at initial recognition was estimated using the Monte Carlo method of valuing such instruments. The equity portion is not remeasured subsequent to initial recognition and the liability component is carried at amortised cost. Issue costs are apportioned between the liability and equity components of the convertible bonds based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity. The interest expense on the liability component is calculated by applying the prevailing market interest rate, at the time of issue, for similar non-convertible debt to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the convertible bonds.

FINANCIAL INSTRUMENTS

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual

terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or in OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). See Note 16 for further details.

(b) Recognition

Purchases and sales of financial assets are recognised on trade date (that is, the date on which the Group commits to purchase or sell the asset). Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Amortised cost; Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method.

Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/ (losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

(d) Impairment

From 1 January 2018, the Group assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

INVENTORIES

Inventories are measured at the lower of cost-of-production or estimated net realisable value. Cost of production includes direct labour, all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses. The cost of inventories is based on the weighted average cost method.

Product that has been containerised and shipped or remains in storage at the port of departure, and where ownership has not yet passed to the customer, is accounted for as stock in transit and stated at the lower of cost of production or estimated net realisable value.

EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS

The costs of all short-term employee benefits are recognised in the period in which the employee renders the related service.

The accrual/liability for employee entitlements to wages, salaries and annual leave represent the amount which the Group has a present obligation to pay as a result of employees' services provided up to the reporting date. The accruals have been calculated at undiscounted amounts based on expected wage and salary rates.

SHARE-BASED PAYMENT ARRANGEMENTS

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the options granted is measured using a modified Black Scholes valuation model for options, taking into account the terms and conditions under which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

PROVISIONS

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of discount is recognised as a finance cost.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with that contract.

In accordance with the Group's environment policy and applicable legal requirements, a provision for site restoration in respect of contaminated land, and the related expense, is recognised when the land is contaminated.

TAXATION

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

CURRENT TAX

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

DEFERRED TAX

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not

- a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the

extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

EARNINGS PER SHARE

(i) Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share adjusts the figures used in determining basic earnings per share to take into account the after tax effects of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of ordinary shares that would have been outstanding assuming the conversion of all diluted potential ordinary shares.

Where there is a loss attributable to the owners of the company, it is not necessary to disclose the diluted earnings per share.

GOING CONCERN

The financial statements have been prepared assuming that the Group will continue as a going concern. Under this assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor necessity of liquidation, ceasing trading or seeking protection from creditors for at least 12 months from the date of the signing of the financial statements.

The assessment has been made of the Group's prospects, which have been included in the financial budget, and from managing working capital. Consideration has been given *inter alia*, to the current stage of the Group's life cycle, its losses and cash outflows, the expected timing of revenues and the ability of the Directors to raise further funds either through debt, equity, or asset sales, or deferral of liabilities, their current assessment of financial and operational risk and their best estimate of the impact of COVID-19 on operations and the material uncertainties arising therefrom.

In January 2020 the Group's forecast for the financial year showed a movement into positive operational cash flow around mid-year, having taken account of the effects of the cash flow enhancement measures announced. However, on 27 March 2020 it announced that the rapid pace of developments in connection with COVID-19 had caused such fundamental levels of uncertainty that, in common with many other companies, the Board withdrew any guidance on the financial outcome for 2020 until its implications could be assessed reliably.

Current internal forecasts based on information available at the date of the approval of these financial statements and using a variety of scenarios indicate that the Company will need to secure further funds, including from issuing equity, debt or asset sales, or the deferral of liabilities, in order to meet its liabilities as they fall due in the next 12 months. In the light of enquiries made, as well as bearing in mind the proven ability of the Company to raise funds previously, the Directors have a reasonable expectation that the Group has or will have access to adequate resources to continue in operational existence for the foreseeable future and therefore have adopted the going concern basis of preparation in the financial statements.

The auditors make reference to a material uncertainty in relation to going concern within the audit report.

CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

The preparation of the consolidated financial statements requires management to make estimates and judgements and form assumptions that affect the reported amounts of the assets, liabilities, revenue and costs during the periods presented therein, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and judgements are continually evaluated and based on management's historical experience and other factors, including future expectations and events that are believed to be reasonable. The estimates and assumptions that have a significant risk of causing a material adjustment to the financial results of the Group in future reporting periods are discussed below.

Information about assumptions and estimation uncertainties at 31 December that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Residual values and useful lives of property, plant and equipment: refer to note 10
- Fair value of biological assets: refer to note 11
- Provision for doubtful debts: Refer to note 14
- Convertible bond liability: refer to note 17
- Fair value of assets on business combination: refer to note 23
- Impairment– consideration receivable: refer to note 24
- Share Based Payments: refer to note 25
- The impact of COVID-19; refer to note 28 and Going Concern above.

2. SEGMENTAL REPORTING

Segmental information is presented on the basis of the Segmental information is presented on the basis of the information provided to the Chief Operating Decision Maker ("CODM"), which is the Executive Board.

The Group is currently focused on forestry and timber trading. These are the Group's primary reporting segments, operating in Gabon, Mozambique, Denmark and head office operating from Mauritius and UK.

As on 31 December 2019 sales made to one customer during the year accounted for 12% (2018:12%) of the total turnover. Sales made to a second customer during the year accounted for 11% (2018:11%) of the total turnover.

The Group's Chairman and Chief Executive Officer reviews the internal management reports of each division at least monthly.

There are varying levels of integration between the Forestry and Trading segments. This integration includes transfers of sawn timber and veneer, respectively. Inter-segment pricing is determined on an arm's length basis.



Information relating to each reportable segment is set out below. Segment profit / (loss) before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industry. All amounts are disclosed after taking into account any intra-segment and intra-group eliminations:

	Forestry	Trading	Unallocated head office costs	Total
	\$000	\$000	\$000	\$000
INCOME STATEMENT				
Turnover	6,850	12,609	-	19,459
Cost of Sales	(5,237)	(11,459)	-	(16,696)
Gross profit	1,613	1,150	-	2,763
Other income	75	21	14	110
Operating costs	(3,396)	(1,330)	-	(4,726)
Administrative expenses	(22)	(391)	(1,002)	(1,415)
Depreciation	(230)	(63)	(13)	(306)
Share based payment expense	(98)	(124)	(9)	(231)
Foreign exchange (loss) / gain	6	267	(2)	271
Contingent acquisition expense	(478)	(478)	-	(956)
Fair value gain	-	-	4,602	4,602
Segment operating profit / (loss)	(2,530)	(948)	3,590	112
Finance costs	(913)	(1,088)	(8)	(2,009)
Loss before taxation	(3,443)	(2,036)	3,582	(1,897)
Taxation	(58)	4	-	(54)
Loss for the year from Continuing Operations	(3,501)	(2,032)	3,582	(1,951)
NET ASSETS				
Assets:	216,360	12,380	313	229,053
Liabilities:	(3,048)	(22,557)	(23,606)	(49,211)
Deferred tax liability	(62,655)	-	-	(62,655)
Net assets	150,657	(10,177)	(23,293)	117,187
OTHER SEGMENT ITEMS				
Capital expenditure:				
Biological assets	194,708	-	-	194,708
Property, plant and equipment	20,253	48	22	20,323

The following table shows the segment analysis of the Group's loss before tax for the year and net assets at 31 December 2018. All amounts are disclosed after taking into account any intra-segment and intra-group eliminations:

	Forestry	Trading	Unallocated head office costs	Total
	\$000	\$000	\$000	\$000
INCOME STATEMENT				
Turnover	5,579	7,869	-	13,448
Cost of Sales	(4,397)	(6,937)	-	(11,334)
Gross profit	1,182	932	-	2,114
Other income	5	-	155	160
Operating costs	(3,443)	(1,330)	(583)	(5,356)
Administrative expenses	-	(290)	(1,816)	(2,106)
Depreciation	(408)	(66)	-	(474)
Share based payment expense	(422)	(151)	(85)	(658)
Foreign exchange loss / (gain)	(38)	(411)	712	263
Contingent acquisition expense	-	(860)	-	(860)
Gain on disposal of Tanzanian business	-	-	176	176
Gain on fair value of Biological assets	1,611	-	-	1,611
Segment operating loss	(1,513)	(2,176)	(1,441)	(5,130)
Finance costs	-	(201)	(243)	(444)
Loss before taxation	(1,513)	(2,377)	(1,684)	(5,574)
Taxation	(585)	(366)	-	(951)
Loss for the year from Continuing Operations	(2,098)	(2,743)	(1,684)	(6,525)
NET ASSETS				
Assets:	159,944	56,572	11,686	228,202
Liabilities:	(16,606)	(28,532)	9,107	(36,031)
Deferred tax liability	(62,655)	-	-	(62,655)
Net assets	80,683	28,040	20,793	129,516
OTHER SEGMENT ITEMS				
Capital expenditure				
Biological assets	194,708	-	-	194,708
Property, plant and equipment	16,958	113	10	17,081

3. OPERATING LOSS

	2019	2018
	\$000	\$000
Operating loss is stated after charging/(crediting):		
Depreciation of property, plant and equipment	1,393	1,625
Staff costs (see note 4)	3,508	4,987
Share based payment reserve expense (see note 26)	231	712
Operating lease costs	69	73
Gain on fair value of Biological assets (see note 13)	-	(1,611)
Inventory provisions	(244)	295
Auditor's remuneration:		
Audit services		
- fees payable to the Company auditor for the audit of the consolidated accounts	53	50
Fees payable to associates of the Company auditor		
- auditing the accounts of subsidiaries pursuant to legislation	76	65

4. EMPLOYEE INFORMATION

	2019	2018
	Number	Number
The average monthly number of persons (including Directors) employed by the Group during the year was:		
Administration and management	4	4
Agriculture	1	247
Forestry	257	192
Trading	10	6
	272	449

	2019	2018
	\$000	\$000
The aggregate remuneration comprised:		
Wages and salaries	3,239	4,236
Social security costs	38	39
Share based payments	231	712
	3,508	4,987

	2019	2018
	\$000	\$000
Directors' remuneration included in the aggregate remuneration above comprised:		
Emoluments for qualifying services	1,229	1,513

Included above are emoluments of \$243,000 (2018: \$252,000) in respect of the highest paid Director. Deferred acquisition payments arising from the acquisition of Woodbois International ApS are excluded in both periods. Full details of directors' remuneration are included in the Directors' Report.

Pension contributions of \$17,894 (2018: \$17,769) were made on behalf of the Directors and other staff members.

5. OTHER INCOME

	2019	2018
	\$000	\$000
Bad debt recovered	3	154
Discount received	74	-
Administrative fees	22	-
Other	11	6
	110	160

6. FINANCE COSTS

	2019	2018
	\$000	\$000
Bank interest	335	202
ITF interest	1,197	242
Interest accrued on convertible bonds	477	-
	2,009	444

7. TAXATION

	2019	2018
	\$000	\$000
CURRENT TAX:		
Corporation tax on profit for the year	(79)	-
DEFERRED TAX:		
Origination and reversal of temporary differences	(872)	12,173
TAX ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES	(951)	12,173

Group	\$000	\$000
Loss on ordinary activities before tax	(4,790)	(6,872)
Loss on ordinary activities multiplied by the average rate of corporation tax of 20% (2018: 22%)	(958)	(1,512)
Effects of:		
Losses not recognised for deferred tax	955	853
Losses recognised for deferred tax	-	99
Fair value gain	(920)	-
Differences in overseas tax rates	156	-
Loss allowance	(4)	18
Gain on disposal of Tanzanian business	-	(39)
Share based payment expense	46	157
Unutilised losses from prior years	-	-
Non-deductible expenses	671	-
Effect of movement in fair value of biological assets	-	(527)
GROUP TAX CREDIT FOR THE YEAR	(54)	(951)

The prevailing tax rates of the operations of the Group range between 3% and 32%. Therefore, a rate of 20% has been used as it best represents the weighted average tax rate experienced by the Group. The Group has estimated losses of \$17.6 million (2018: \$11.2 million) available for carry forward against future taxable profits. Tax losses utilized during the year related principally to profits realised by subsidiaries in certain jurisdictions and tax gains realised on liquidation of various subsidiaries. No deferred tax assets have been recognised in respect of losses due to the unpredictability of future taxable profit. All unused tax losses may be carried forward indefinitely.

The movement in the year in the Group's recognised net deferred tax position was as follows:

	2019	2018
Deferred tax liabilities	\$000	\$000
At 1 January	62,655	61,728
Increase in deferred tax liability	-	527
Decrease in deferred tax asset	-	400
At 31 December	62,655	62,655

Deferred tax reconciliation

	2019	2018
Deferred tax assets / liabilities	\$000	\$000
Deferred tax liability on the fair value adjustment of Biological Assets	(60,601)	(60,601)
Deferred tax liability on the fair value adjustment on property, plant and equipment	(2,054)	(2,054)
At 31 December	(62,655)	(62,655)

8. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year excluding own shares held jointly by the Woodbois Employee Share Trust, "The Trust", and certain employees.

There is no diluted earnings per share due to the Group being in a loss-making position in the period and the prior period.

	2019	2018
	\$000	\$000
Loss from continuing operations attributable to owners of the parent	(3,005)	(6,603)
Loss from discontinued operations attributable to owners of the parent	(2,893)	(1,446)
Total loss attributable to owners of the parent	(5,898)	(8,049)
Weighted average number of ordinary shares		
Weighted average number of ordinary shares in issue	450,019,220	326,021,863
Weighted average number of ordinary shares used in calculating earnings per share	450,019,220	326,021,863
Earnings per share from continuing operations		
Basic (cents)	(0.67)	(2.03)
Earnings per share from discontinued operations		
Basic (cents)	(0.64)	(0.44)

9. DISCONTINUED OPERATIONS

During the previous financial year, the Group announced its intention to dispose of its Tanzanian assets. The agricultural operation has been accounted for as a discontinued operation from 31 October 2018.

At 31 December 2018 the Group disposed of the agricultural business and assets in Tanzania, namely Magole Agriculture Limited, Milama Processing Company Limited, Magole Land Limited and Wami Agriculture Co. Limited. Mama Jo's Fresh Limited was deregistered on 21 July 2018.

Results of disposal Group:

	2019	2018
	\$000	\$000
Turnover	-	109
Cost of sales	79	(931)
Gross profit / (loss)	79	(822)
Other income	-	116
Operating costs	(167)	(533)
Administrative expenses	(82)	(146)
Share based payments	-	(54)
Impairment of amounts due on sale of Discontinued Operations	(2,502)	-
Foreign exchange gain / (loss)	(221)	(7)
Loss before tax	(2,893)	(1,446)
Taxation	-	-
Loss after tax	(2,893)	(1,446)
	2019	2018
	\$000	\$000
Net cash inflows from operating activities	87	575
Net cash inflows from investing activities	-	2
Net cash outflows from financing activities	(90)	(760)
Net decrease in cash used in Discontinued Operations	(3)	(183)

The Group continued to account for non-cancellable leases amounting to \$12,945 relating to African Home Stores business, which was discontinued in 2016. This lease expired as at 30 November 2019.

The following table summarises the recognised amounts of assets disposed measured at fair value:

	2019	2018
	\$000	\$000
Fixed Assets	-	2,109
Inventory	-	215
Total identifiable assets disposed	-	2,324
Cash flows on disposal		
Consideration – cash	-	(2,015)
Consideration – buyer assumed loan	-	(485)
Total consideration	-	(2,500)
Gain on disposal	-	176

The cash consideration was payable by the buyer in 12 quarterly instalments. The first instalment of \$250,000 was payable on 30 April 2019. The 11 subsequent instalments shall be equal amounts of \$160,455.

As at 31 December 2019, the cash consideration has not been received and whilst the Group remains in discussions with the purchaser and reserves all its legal rights it has been deemed prudent to fully impair this amount.

The non-cash consideration relates to a loan amounting to \$484,902 which was assumed by the buyer.

Total assets and liabilities held by the Group at the year-end in relation to the discontinued operations amounted to \$49,000 (2018 - \$195,000) and \$9,000 (2018 - \$306,000) respectively.

10. PROPERTY, PLANT AND EQUIPMENT

	Land & buildings	Motor vehicles	Plant & equipment	Fixtures & IT equipment	Total
	\$000	\$000	\$000	\$000	\$000
COST					
AT 1 JANUARY 2018	9,405	2,505	7,488	272	19,670
Additions	1,066	1,116	1,619	6	3,807
Disposal of subsidiary	(1,180)	(65)	(1,081)	(10)	(2,336)
Disposals (other)	-	(63)	(116)	(131)	(310)
EFFECTS OF FOREIGN EXCHANGE	(502)	(260)	(1,926)	(2)	(2,690)
AT 31 DECEMBER 2018	8,789	3,233	5,984	135	18,141
Additions	-	1,097	3,897	22	5,016
Reclassification	(337)	-	337	-	-
Disposals	-	(13)	(47)	(16)	(76)
EFFECTS OF FOREIGN EXCHANGE	(171)	(43)	215	(1)	-
AT 31 DECEMBER 2019	8,281	4,274	10,386	140	23,081
DEPRECIATION					
AT 1 JANUARY 2018	208	205	1,502	14	1,929
Charge for the year	144	524	935	22	1,625
DISPOSAL OF SUBSIDIARY	(78)	(22)	(124)	(3)	(227)
Disposals (other)	-	(20)	-	-	(20)
Effects of foreign exchange	87	(167)	(2,165)	(2)	(2,247)
AT 31 DECEMBER 2018	361	520	148	31	1,060
Charge for the year	47	555	763	28	1,393
DISPOSALS	-	(7)	(18)	(8)	(33)
Effects of foreign exchange	(337)	55	620	-	338
AT 31 DECEMBER 2019	71	1,123	1,513	51	2,758
NET BOOK VALUE					
AT 31 DECEMBER 2019	8,210	3,151	8,873	89	20,323
AT 31 DECEMBER 2018	8,428	2,713	5,836	104	17,081

Motor vehicles having a net book value of USD 262,732 (2018: USD 397,583) are pledged as security on car loans (see also note 16).

On acquisition of an asset, the estimated useful life is determined. The residual values for the majority of assets are assumed to be zero.

11. BIOLOGICAL ASSETS

	2019	2018
Standing timber	\$000	\$000
Carrying value at beginning of year	194,708	192,501
Increases due to purchases	-	596
Gains / (losses) arising from changes in fair value	-	1,611
Carrying value at end of year	194,708	194,708

The methods and assumptions used in determining the fair value of standing timber within the forestry concessions held has been based on IAS 41 Agriculture which uses discounted cash flow models and which require a number of significant judgements to be made by the Directors in respect of sales price, operational cost, discount rates, legislative rulings and operating effectiveness. Following the fair value assessment in 2019 the value has not materially changed.

The discounted cash flow models cover the concession areas in Mozambique and Gabon to which the group has secured the rights. Management prepare separate models for each country.

Harvesting levels are regulated by the Annual Permitted Cut ("APC") (total m3 per species) set in each management plan and approved at federal and provincial government level and can be reviewed and increased periodically, while continued sustainability is ensured. The level of assumed APC varies between 89,525m3 and 200,000m3 and at a maximum represents 100% of the APC. This is based on the current APC which may be subject to change depending on legislative changes both with regards to the size of the area and species. Such changes may impact the carrying value of the biological assets held.

The valuation models assume pre-tax discount rates between 10% and 12% depending on geography. The

discount rates have been calculated using a weighted average cost of capital ("WACC") methodology. Our comparable company base is made up of Africa-focused and global forestry companies which management consider would be categorized in the same sector as Woodbois. Relevant country and equity risk premiums have been used for Gabon and Mozambique. Management have determined that, the discount rates are in line with the overall industry consensus for timberland assets within Africa.

The Group's main class of biological assets comprise of standing timber held through forestry concessions of between 20 and 50 years. Biological assets are carried at fair value less estimated costs to sell.

The brought forward biological assets are located in Gabon in Mouila and Northern Mozambique in the states of Cabo Delgado, Nyassa and Zambezia and are managed from a central point in Mouila and Nampula.

Fair value has been determined internally by discounting a 20-year pre-tax cash flow projection (Level 3 of the fair value hierarchy) based on a mix of wood species within the concession areas. Real cost of production has been factored in going forward.

The following sensitivity analysis shows the effect of an increase or decrease in significant assumptions used:

	Impact on fair value of biological asset	
	2019	2018
	\$000	\$000
Effect of increase in discount rate by 1%	(15,501)	(15,501)
Effect of decrease in discount rate by 1%	18,636	18,636
Effect of 10% increase in volume of APC	18,423	18,730
Effect of 10% decrease in volume of APC	(18,423)	(18,730)
Effect of 10% increase in sales price	38,219	38,979
Effect of 10% decrease in sales price	(38,219)	(38,979)

12. TRADE AND OTHER RECEIVABLES

	2019	2018
	\$000	\$000
Trade receivables	2,229	2,874
Other receivables	213	824
Deposits	40	35
Consideration due – sale of Tanzanian business – current portion (note 10)	-	659
Current tax receivable	20	-
VAT receivable	445	242
Prepayments	3,176	1,290
	6,123	5,924

The Directors consider that the carrying amount of trade and other receivables approximates their fair value. Refer to Note 14 for details of the trade debt aging profile and Note 16 for the Group's impairment policy.

13. INVENTORY

	2019	2018
	\$000	\$000
Timber and veneer	3,879	5,216
Stock in transit	2,530	1,522
	6,409	6,738

Write-back of provisions for net realisable value amounted to \$244,000 (2018 – write downs of \$295,000). These were recognised as income during the year ended 31 December 2019 and included in 'cost of sales' in profit or loss.

14. FINANCIAL INSTRUMENTS

CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders. The overall strategy of the Company and Group is to minimise costs and liquidity risk.

The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued share capital, share premium, reserves (merger reserve, foreign exchange reserve and share based payment reserve) and retained earnings as disclosed in the Consolidated Statement of Changes in Equity.

The Group is exposed to a number of risks through its normal operations, the most significant of which are interest, credit, foreign exchange and liquidity risks. The management of these risks is vested in the Board of Directors.

The sensitivity has been prepared assuming the liability outstanding at the balance sheet date was outstanding for the whole period. In all cases presented, a negative number in profit and loss represents an increase in finance expense / decrease in interest income.

CATEGORISATION OF FINANCIAL INSTRUMENTS

2019

Financial assets/(liabilities)	Financial assets at amortised cost	Financial assets at fair value	Financial liabilities at amortised cost	Financial liabilities at fair value	Total
	\$000	\$000			\$000
Trade and other receivables	6,123	-	-	-	6,123
Cash and cash equivalents	1,490	-	-	-	1,490
Trade and other payables	-	-	(4,801)	-	(4,801)
Borrowings	-	-	(19,888)	-	(19,888)
Convertible bond liability	-	-	(23,547)	-	(23,547)
Contingent acquisition liability	-	-	(975)	-	(975)
	7,613	-	(49,211)	-	(41,598)

2018

Financial assets/(liabilities)	Financial assets at amortised cost	Financial assets at fair value	Financial liabilities at amortised cost	Financial liabilities at fair value	Total
	\$000	\$000			\$000
Trade and other receivables	5,924	-	-	-	5,924
Cash and cash equivalents	1,910	-	-	-	1,910
Trade and other payables	-	-	(5,571)	-	(5,571)
Borrowings	-	-	(10,110)	-	(10,110)
Convertible bond liability	-	-	(13,901)	-	(13,901)
Contingent acquisition liability	-	-	(1,269)	-	(1,269)
	7,834	-	(30,851)	-	(23,017)

FAIR VALUE MEASUREMENTS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

The following provides an analysis of the Group's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 & 2 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 2 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).
- Level 3 assets are assets whose fair value cannot be determined by using observable inputs or measures, such as market prices or models. Level 3 assets are typically very illiquid, and fair values can only be calculated using estimates or risk-adjusted value ranges

At the year end, included in property, plant and equipment, there is land and buildings held at fair value of \$7.2m (2018: \$7.2m) measured in accordance with level 1 and Biological Assets of \$194.7m (2018: \$194.7m) measured in accordance with level 2 of the fair value hierarchy.

EQUITY PRICE RISK

The Group is exposed to equity price risks arising from equity investments. Equity investments are held for both strategic and trading purposes.

MANAGEMENT OF MARKET RISK

The most significant area of market risk to which the Group is exposed is interest rate risk.

The risk is limited to the reduction of interest received on cash surpluses held and the increase in the interest on borrowings.

The majority of the Company's debt is based on fixed interest rates with no link or exposure to movements in LIBOR. The trade finance facility that the Company raised over the course of 2018 and 2019 is priced below all of the quotes received for a trade finance facility from institutions active in Africa.

Woodbois also has the option to wind up the trade finance facility within a 4-month timeframe, after an initial 12-month period should more attractive financing rates be secured.

The following table details the group's exposure to interest rate changes, all of which affect profit and loss only with a corresponding effect on accumulated losses.

	2019	2018
	\$000	\$000
+ 20 bp increase in interest rates	(48)	(20)
+ 50 bp increase in interest rates	(123)	(51)
+ 100 bp increase in interest rates	(248)	(101)

The table above is prepared on the basis of an increase in rates. A decrease in rates would have the opposite effect.

	2019 Fixed rate	2018 Fixed rate	2019 Floating rate	2018 Floating rate	2019 Total	2018 Total
GROUP	\$000	\$000	\$000	\$000	\$000	\$000
Cash and cash equivalents	-	-	1,490	1,910	1,490	1,910
Borrowings	(19,888)	(10,110)	-	-	(19,888)	(10,110)
Preference share liability	-	(13,901)	-	-	-	(13,901)
Convertible bond liability	(23,547)	-	-	-	(23,547)	-
Total	(43,435)	(24,011)	1,490	1,910	(41,945)	(22,101)

The impact of a 10% increase/decrease in the average base rates would be \$1 million (2017: \$0.7 million) on total cash and cash equivalents balances, borrowings and on equity.

MANAGEMENT OF CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investments in debt securities.

The carrying amount of financial assets represents the maximum credit exposure.

The principal financial assets of the Company and Group are bank balances and receivables. The Group deposits surplus liquid funds with counterparty banks that have high credit

ratings. Cash is sometimes placed with certain institutions in support of trading positions. The Group deposits such funds with large well-known institutions and the Directors consider the credit risk to be minimal.

The Group's maximum exposure to credit by class of individual financial instrument is shown in the table below

	2019 Carrying Value	2019 Maximum Exposure	2018 Carrying Value	2018 Maximum Exposure
	\$000	\$000	\$000	\$000
Cash and cash equivalents	1,490	1,490	1,910	1,910
Trade and other receivables	6,407	6,407	3,975	3,975
Total	7,897	7,897	5,885	5,885

Trade receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance.

The only impact on the Group is in relation to the impairment of trade receivables as detailed below.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2019 or 1 January 2020 respectively and the corresponding historical credit losses experienced within this period.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the GDP, COVID-19 and the unemployment rate of the countries in which it sells its goods to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 December 2019 and 31 December 2018 were determined as follows for both trade receivables and contract assets:

	More than 120 days past due	More than 90 days past due	More than 60 days past due	More than 30 days past due	Current	Total
31 December 2019						
Expected loss rate	12.28%	0%	0%	0%	0%	2.70%
Gross carrying amount – trade receivables	490	74	118	582	203	3,249
Loss allowance	(60)	-	-	-	-	(60)
31 December 2018						
Expected loss rate	1.96%	4.86%	0%	0%	0%	2.5%
Gross carrying amount – trade receivables	2,197	803	89	(43)	203	3,249
Loss allowance	(43)	(39)	-	-	-	(82)

The closing loss allowances for trade receivables and contract assets as at 31 December reconcile to the opening loss allowances as follows:

	2019	2018
	\$000	\$000
Opening loss allowance at 1 January	82	-
Increase in loss allowance recognised in profit / (loss) during the year	1	82
Receivables written off during the year as uncollectible	(23)	-
Closing loss allowance at 31 December	60	82

MANAGEMENT OF FOREIGN EXCHANGE RISK

The Group operates internationally and is exposed to foreign exchange risk arising from commercial transactions, translation of assets and liabilities and net investments in foreign operations. Exposure to commercial transactions arises from sales or purchases by operating companies in currencies other than the companies' functional currency. Currency exposures are reviewed regularly.

The Group has a limited level of exposure to foreign exchange rate risk through their foreign currency denominated cash balances:

	2019	2018
Cash and cash equivalents	\$000	\$000
GBP	5	55
EUR	1,340	27
DKK	4	-
CFA	104	59
MUR	1	-
MZN	33	16
HKD	-	-
USD	3	1,753
Total	1,490	1,910

The table below summarises the impact of a 10% increase/decrease in the relevant foreign exchange rates versus the US Dollar rate, on the Group's pre-tax profit for the year and on equity:

	2019 Income Statement	2018 Income Statement	2019 Equity	2018 Equity
IMPACT OF 10% RATE CHANGE	\$000	\$000	\$000	\$000
Cash and cash equivalents	104	9	104	9

The table above is prepared on the basis of an increase in rates. A decrease in rates would have the opposite effect.

MANAGEMENT OF LIQUIDITY RISK

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The Group seeks to manage liquidity risk by regularly reviewing cash flow budgets and forecasts to ensure that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Group deems there is sufficient liquidity for the foreseeable future.

The Group had cash and cash equivalents at 31 December as set out below.

	2019	2018
	\$000	\$000
Cash at bank	1,490	1,910
	1,490	1,910

CONTRACTUAL MATURITY ANALYSIS

The Group has assessed the contractual maturity analysis as follows:

2019	0-3 months	3-12 months	1 – 5 years	Total
	\$000	\$000	\$000	\$000
Assets by contractual maturity				
Trade and other receivables	1,739	4,384	-	6,123
Cash and cash equivalents	1,490	-	-	1,490
	3,229	4,384	-	7,613
Liabilities by contractual maturity				
Trade and other payables	(4,894)	(185)	-	(5,079)
Borrowings	-	-	(19,888)	(19,888)
Convertible bond liability	-	-	(23,301)	(23,301)
Contingent acquisition liability	-	-	(975)	(975)
	(4,894)	(185)	(44,164)	(49,243)
Net liabilities by contractual maturity	(1,665)	4,199	(44,164)	(41,630)

2018	0-3 months	3-12 months	1 – 5 years	Total
	\$000	\$000	\$000	\$000
Assets by contractual maturity				
Trade and other receivables	2,290	3,634	-	5,924
Cash and cash equivalents	1,910	-	-	1,910
	4,200	3,634	-	7,834
Liabilities by contractual maturity				
Trade and other payables	(5,390)	(361)	-	(5,751)
Borrowings	-	-	(10,110)	(10,110)
Preference share liability	-	-	(13,901)	(13,901)
Contingent acquisition liability	-	-	(1,269)	(1,269)
Other related party payables	-	-	-	-
	(5,390)	(361)	(25,280)	(31,031)
Net assets by contractual maturity	(1,190)	3,273	(25,280)	(23,197)

15. TRADE AND OTHER PAYABLES

	2019	2018
	\$000	\$000
Trade payables	1,256	2,621
Accruals	1,498	588
Contract liabilities	1,139	1,249
Current tax payable	55	27
Other payables	383	905
Related party loan (Note 27)	285	-
Debt due to concession holders	185	361
	4,801	5,751

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

16. BORROWINGS

	2019	2018
	\$000	\$000
Non-Current liabilities		
Business loan	1,227	1,256
Internal Trade Finance Fund ("ITF")	12,311	3,804
Car loans	7	26
	13,545	5,086
Current liabilities		
Business loans	1,391	613
Bank overdraft	2,988	4,394
Working capital facility	1,944	-
Car loans	20	17
	6,343	5,024
Total	19,888	10,110

As at 31 December the Trading division had the following outstanding borrowings:

Business loan with a Danish bank that amounted to \$1.2 million (2018: \$1.2 million). The business loan carries an interest rate of 2.64%. The purpose of the loan is for financing timber trades.

Car Loans with a Danish bank that amounted to \$27k (2018: \$44k). The car loans carry an interest rate of 2.25% and 2.5%.

Bank overdraft facilities with a Danish bank that amounted to \$3.0 million (2018: \$3.8 million). The Bank overdraft facilities carry interest rates of 2.205% and 5.859%.

Working capital facilities with a Danish bank that amount to \$1.9 million (2018: nil). This facility carries interest rates of 2% (Euro and DKK) and 3.75% (USD).

As on 31 December the Forestry division had the following outstanding borrowings:

Business loans with a Gabonese bank that amounted to \$1.4 million (2018: nil). These loans carry an interest rate of 10%. The purpose of the loans is for financing capital expansion.

The Group signed a combined security to the value of \$2.7 million, which includes securities over the property, plant and equipment, the total inventories and total trade receivables.

The Group has also signed a security in favour of a Danish bank to the value of \$0.7 million.

As at 31 December 2019 the Group had raised \$12.3 million (2018: \$3.8 million) in the form of an Internal Trade Finance Fund. The ITF is covered by selected stock, debtors and group loans and it bears interest at 11.5%, calculated daily, compounded semi-annually. A notice period of 3 months applies to all fund withdrawals.

The contractual maturity of borrowings has been assessed in Note 14.

The Group had undrawn facilities available at 31 December 2019 amount to \$0.6m (2018: \$5k).

17. CONVERTIBLE BONDS

	2019	2018
	\$000	\$000
Convertible bonds: Liability component	23,547	-
Convertible bonds: Equity component	1,495	-
Total	25,042	-
Convertible bond liability	23,070	-
Interest accrued	477	-
Total	23,547	-

During the year the Company restructured the 5% perpetual preference shares in Woodbois subsidiary, Argento Limited, by buying it back and issuing the holders instead with Convertible Bonds in Woodbois Limited ("Bonds"). The Woodbois Convertible Bond has a maturity of not later than 30 June 2024, 4% coupon and conversion price of 8p per share, being a maximum total of all the Bonds on conversion of 300 million ordinary shares. 100% of preference shareholders accepted the switch terms. The switch is from a preference share with variable conversion terms linked to a subsidiary company, to a bond convertible into Woodbois Limited Ordinary Shares at a fixed rate.

On 21 October 2019, the Company completed the purchase of the full 75,000 preference shares in issue and Neville Registrars Limited, who were appointed by the Company to act as transfer agent, issued 4% convertible bonds, convertible no later than 30 June 2024. The Bonds have been issued in registered form with a nominal value of USD 1 each. The Bonds are freely transferable and rank as senior debt of the Company but are not secured.

The Company may redeem all but not some only of the Bonds at their principal amount, together with accrued but unpaid interest in the following circumstances: (i) if after 30 January 2020, the volume weighted average price of an ordinary share on 10 dealing days in any period of 30 consecutive days is greater than GBPO.12; or (ii) not less than 90% by principal amount of Bonds have been redeemed or converted.

The Takeover Panel deems that the holders of the Preference Shares/Bonds to be a 'concert party' for the purposes of the Takeover Code. Upon conversion of all the Bonds, the new ordinary shares so issued would account for 39.2% of then enlarged issued Ordinary Share Capital at 31 December 2019.

Under Rule 9 of the Takeover Code, where any person acquires interests in securities which carry 30 per cent, or more of the voting rights of the Company, that person is normally required by the Takeover Panel to make a general offer to the shareholders of the Company to acquire their shares.

In order to avoid an inadvertent breach of Rule 9 of the Takeover Code, Pelham Limited (a company controlled by Miles Pelham, the former chairman of the Company), the owner of approximately \$20.0m of the face value of the Bonds, has undertaken to the Company that its interest when aggregated with shares issued to and retained by all other bondholders or owned by any of the parties, will not at any time exceed 28.0% of the enlarged issued Ordinary Share capital of the Company. Paul Dolan, Chairman and CEO, owns \$0.4m of the Bonds and is a member of the Concert Party.

18. PREFERENCE SHARES

	2019	2018
	\$000	\$000
Preference shares: Liability component	-	13,901
Preference shares: Equity component	-	14,318
Total	-	28,219
Preference share liability	-	11,932
Interest accrued	-	1,969
Total	-	13,901

As explained in note 17, during the year the Company restructured the 5% perpetual preference shares in Woodbois subsidiary, Argento Limited, by buying it back and issuing the holders instead with a convertible bond issued in Woodbois Limited.

19. SHARE CAPITAL

	Number	\$000
Authorised:		
Ordinary shares of 1p each	Unlimited	Unlimited
Allotted, issued and fully paid:		
Ordinary shares of 1p each		
AT 1 JANUARY 2018	293,279,267	4,500
Shares issued	84,172,664	1,117
AT 31 DECEMBER 2018	377,451,931	5,617
Shares issued	88,000,000	1,140
AT 31 DECEMBER 2019	465,451,931	6,757

Balances classified as share capital include the nominal value on issue of the Company's equity share capital, comprising ordinary shares of 1p each.

During the year, 888,000,000 (2018: 84,172,664) ordinary shares with a nominal value of \$1,140,379 (2018: \$1,117,000) were issued for a cash consideration of \$6,432,506 (2018: \$9,598,431).

On 15 January 2019 40,000,000 ordinary shares with a nominal value of \$514,216 (£0.01) were issued for a cash consideration of \$2,571,080.

On 12 March 2019 32,000,000 ordinary shares with a nominal value of \$417,789 (£0.01) were issued for a cash consideration of \$2,611,180.

On 1 April 2019 16,000,000 ordinary shares with a nominal value of \$208,374 (£0.01) were issued for a cash consideration of \$1,250,246.

In January 2019 the Company accepted subscription to 40,000,000 new Woodbois Limited warrants at 10p, from Volantis, acting through its discretionary investment manager Lombard Odier Asset Management (USA) Corp. In July 2019, a deed of variation amended the subscription price to 8p.

Volantis will be entitled to exercise 50% of the warrants at any time during the period commencing on the first anniversary of the drawdown date of the trade finance loan being 1 April 2020 and expiring on the third anniversary of the drawdown date of the Loan Agreement. Up to 50% of the warrants will also be exercisable at any time following the initial drawdown date provided that Volantis has owned 10% or more of the issued share capital of Woodbois prior to exercise.

20. SHARE PREMIUM ACCOUNT

	2019	2018
	\$000	\$000
AT 1 JANUARY	29,954	22,340
Shares issued	5,176	7,614
AT 31 DECEMBER	35,130	29,954

Balances classified as share premium include the net proceeds in excess of the nominal share capital on issue of the Company's equity share capital.

21. MERGER RESERVE

	2019	2018
	\$000	\$000
AT 31 DECEMBER	-	44,487

The merger reserve arose on shares issued by Woodbois Limited (formerly known as Obtala Limited) to the previous owners of Woodbois Services Limited (formerly known as Obtala Services Limited) under a scheme of arrangement concluded in August 2010. At the AGM of the Company held on 19 June 2019, in accordance with Guernsey Company Law, shareholders approved the transfer of the Merger reserve to retained earnings.

22. ACQUISITIONS

On 31 December 2018, the Group acquired the remaining 25% minority shares and voting interests in Montara Continental Limited. Since 1 January 2019, the Group has owned 100% of the issued share capital. Montara Continental Limited was liquidated as at 22 January 2020 and its assets transferred to other Group Companies.

The purchase price for the sale of shares was made up of the following:

- Initial consideration in cash of \$2,500,000
- Deferred consideration of \$2,500,000 or the issue of 40,000,000 ordinary shares of par value 1p each in the capital of Woodbois Limited

The consideration of \$5,000,000 outstanding at 31 December 2018 was paid during 2019.

Gain from buy-out of minorities

Gain from buy-out of minorities arising from the acquisition has been recognised as follows.

	2019	2018
	\$000	\$000
Consideration	-	5,000
Value of non-controlling interests	-	(19,508)
Gain from buy-out of minorities	-	14,508

The minority interest was held by a single entity. There was no obligation for Woodbois to acquire the outstanding shares and therefore the ability for the individual shareholder to liquidate its shares was restricted. As a result, Woodbois was able to acquire the shares at a discount to the net asset value resulting in the gain noted.

The value of non-controlling interests was valued at the non-controlling interest's proportionate share of the net assets of Montara Continental Limited and its subsidiaries, in accordance with IFRS 10.

23. FAIR VALUE GAIN

	2019	2018
	\$000	\$000
Fair value gain on conversion of preference shares	(4,602)	-

The fair value of the preference shares and the convertible bonds was determined by an independent valuer as at 30 June 2019 and adjusted for the effective completion date of 21 October 2019. The host debt and conversion option were valued separately. The host debt was valued using the discounted cashflow method. The conversion option was valued using the Black-Scholes option pricing method (preference shares) and the Monte Carlo simulation (convertible bonds).

The fair value of the host liability component was determined first by discounting the host debt component at the market rate that would apply to an identical financial instrument without the conversion option. The conversion option provides an upside for the investors and hence they would require a higher rate of return in the absence of the conversion option. The discount rate for calculating the present value of the host liability was determined with comparison to yields on corporate bonds with similar maturity issued by companies operating in the Paper and Forest Product Industry in developed markets adjusted by adding a risk premium for Africa (source: Aswath Damodaran).

Number of Convertible bonds	75,000
Price per Convertible bond	\$400
Face Value	\$30,000,000
Coupon per annum %	4%

The fair value of the host liability was concluded to be \$22,663,600.

The fair value of the conversion option was concluded to be \$1,478,839; this was calculated as the present value of the average gain from conversion over 5,000 simulations of the Company's share price using the following assumptions:

Market rate	10.0%
Volatility	50.0%
Share price	£0.0625
Risk-free rate	0.61%
Time period	5 years

24. SHARE BASED PAYMENTS

The share-based payments reserve is used to recognise the grant date fair value of options issued to employees but not exercised, the grant date fair value of shares issued to employees and the fair value of share options forfeited by employees.

The Group operates a share option plan, under which certain Directors and employees have been granted options to subscribe for ordinary shares. All options are equity settled.

The options have an exercise price, that ranges from 8.75p to 18p, which was based upon the average value of the Group's ordinary shares for the ten days prior to the date of grant and trigger prices of between 15p and 35p per share. The Group has no legal or constructive obligation to repurchase or settle the options in cash. The number and weighted average exercise prices of share options are as follows:

Vesting Date	Award Amounts
June 2018	3.625m options
June 2019	3.625m options
June 2020	3.625m options
June 2021	3.625m options

The awards were distributed to the Board as follows and the awardee must accept the option granted for it to be valid:

		Number of options
Paul Dolan	Chairman and CEO	1m per tranche (4m total)
Carnel Geddes	CFO	250k per tranche (1m total)
Jacob Hansen	COO	625k per tranche (2.5m total)
Hadi Ghossein	Deputy Chairman	625k per tranche (2.5m total)
Zahid Abbas	Head of Trading	625k per tranche (2.5m total)

In respect of each tranche, the options are exercisable if at the first possible vesting date for that tranche or any subsequent date, the Woodbois Limited monthly volume weighted for the three consecutive months to such date is greater than the trigger price for that tranche, the first such date being the vesting date in respect of that tranche. The Option holder may acquire the Option Shares in respect of a tranche following the vesting date in respect of that tranche if they remain an employee of the Group at that vesting date. If the awardee is not in the employ at the time of vesting, then the awards are forfeit.

The options belong to a class of exotic options called partial time knock-in options and the valuations are based on Black and Scholes model modified to account for the properties of the exotic option. The model uses the grant date, exercise price, vesting date, share price volatility and risk-free rate to calculate the option fair value. The options are accounted for over the vesting period. The fair value of the options is not subsequently adjusted for changes in the market conditions.

The table below shows the input ranges for the assumptions used in the valuation model:

Exercise price	8.75p – 18.00p
Share price volatility	37.47% - 57.58%
Risk free rate	0.25% - 0.50%

Reconciliation of the share options in issue:

	Total options	Weighted average strike price
As on 1 January 2018	28,500,000	13.85p
Issued during the financial year	1,000,000	17.62p
Forfeited during the financial year	(9,000,000)	(15.82p)
As on 31 December 2018	20,500,000	13.78p
Issued during the financial year	-	-
Forfeited during the financial year	(6,000,000)	(10.29p)
As on 31 December 2019	14,500,000	15.23p

The following charge has been recognised in the current financial year:

	2019	2018
	\$000	\$000
AT 1 JANUARY	1,012	979
Reserve transfer for forfeitures	(275)	(679)
Share based payment expense	231	712
AT 31 DECEMBER	968	1,012

There were no options exercisable at the reporting date.

25. NON-CONTROLLING INTERESTS

	\$000
AT 1 JANUARY 2018	20,608
Non-controlling interests share of losses in the year	(1,235)
Buy-out of minorities	19,373
AT 31 DECEMBER 2018 and 2019	-

The share of losses in the year represents the losses attributable to non-controlling interests for the year. As at 31 December 2018, the Group bought out the non-controlling interests in full.

26. RELATED PARTY TRANSACTIONS

RELATED PARTY BALANCES

	2019	2018
	\$000	\$000
Amount due from shareholder of discontinued operations	49	-
Amount due to H. Ghossein, a Director	(285)	(6)
Funding raised for internal trade finance (see below)	(7,290)	(3,731)
Contingent acquisition liability due to Director vendors re purchase of Woodbois International ApS in 2017 (see note 27)	(975)	(1,269)
AT 31 DECEMBER	(8,501)	(5,000)

As at 31 December 2019, the Group had raised \$12.3 million (2018: \$3.8 million) into the ITF. The amount due to related parties in respect of the ITF is as follows:

Name	Relationship	2019	2018
		\$000	\$000
1798 Volantis Fund Limited	Shareholder	(5,000)	-
Richard Byworth Consultancy	Shareholder	-	(417)
Paul Dolan	Shareholder and Director	(250)	(250)
Jessica Camus-Demarche	Former Director	-	(211)
Moghile Ltd (representing Martin Collins, former Director)	Other key management personnel	(296)	(264)
Adam Barker	Other key management personnel	-	(1,000)
		(5,546)	(2,142)

Interest expense during the year on the ITF was \$1.2 million (2018: \$0.1 million).

Three of the Directors are paid salaries through service companies as follows:

Director	Service Company name	2019	2018
		\$000	\$000
Carnel Geddes	Pomona Trust	183	150
Jacob Hansen	Barsik Holding	17	233
Zahid Abbas	Aka Holding	17	246

Management fees of \$16k were paid during 2019 to Lombard Odier Investment Managers in respect of Henry Turcan.

TRADING TRANSACTIONS

During the year the Group companies entered into the following transactions with related parties:

	2019	2019	2018	2018
	Transactions in year	Balance at 31 December	Transactions in year	Balance at 31 December
	\$000	\$000	\$000	\$000
Loans to subsidiary undertakings	(4,356)	30,877	(7,209)	26,521
Amount owing to African Resource Investment Limited (refer Note 22)	-	-	(5,000)	(5,000)
Contingent acquisition expense	956	-	860	-

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

The Group's key management personnel comprised the following:

2019	Short-term employment benefits				
	Salaries, fees & national insurance contributions	Benefits	Deferred acquisition payments	Share based payments	Total
	\$000	\$000	\$000	\$000	\$000
Directors					
Kevin Milne	30	-	-	-	30
Paul Dolan	200	-	-	33	233
Jacob Hansen	236	7	478	48	769
Hadi Ghossein	188	6	-	48	242
Zahid Abbas	234	8	478	48	768
Carnel Geddes	183	-	-	21	204
Graeme Thomson	11	-	-	-	11
Henry Turcan	16	-	-	-	16
Miles Pelham	107	-	-	-	107
Jessica Camus-Demarche	3	-	-	-	3
Other key management personnel					
Graham Impey	23	-	-	-	23
Sophie Hunter	19	-	-	-	19
Sassine Bouchebel	94	19	-	-	113
Martin Collins	36	-	-	-	36
Claus Wellov	64	4	-	-	68
Ivan Muir	75	4	-	-	79
Henning Visser	12	-	-	-	12
Tim Costin	76	-	-	-	76
Ulrica Marshall	18	-	-	21	39
Ashkan Rahmati	91	-	-	12	103
Ilene Hardy	91	-	-	-	91
	1,807	48	956	231	3,042

2018	Short-term employment benefits				
	Salaries, fees & national insurance contributions	Benefits	Deferred acquisition payments	Share based payments	Total
	\$000	\$000	\$000	\$000	\$000
Directors					
Kevin Milne	30	-	-	-	30
Paul Dolan	200	-	-	57	257
Jacob Hansen	246	7	430	103	786
Hadi Ghossein	215	-	-	103	318
Zahid Abbas	233	9	430	103	775
Carnel Geddes	150	-	-	40	190
Miles Pelham	200	-	-	57	257
Martin Collins	173	-	-	111	284
Jessica Camus	50	-	-	40	90
Other key management personnel					
Graham Impey	98	-	-	9	107
Sophie Hunter	161	-	-	15	176
Warren Deats	32	-	-	-	32
Sassine Bouchebel	99	20	-	-	119
Patrick Greene	78	-	-	9	87
Claus Wellov	72	-	-	-	72
Ivan Muir	136	-	-	-	136
Henning Visser	95	-	-	-	95
Tim Costin	178	-	-	-	178
Adam Barker	38	-	-	-	38
Tom Holroyd	50	-	-	-	50
Ben Salter	58	-	-	-	58
Ulrica Marshall	20	-	-	40	60
Ashkan Rahmati	59	-	-	25	84
Ilene Hardy	90	-	-	-	90
Maria Stoica	15	-	-	-	15
	2,776	36	860	712	4,384

27. EVENTS OCCURRING AFTER THE REPORTING DATE

a. On 16 January 2020, the Group announced a number of cash flow enhancement measures and additional funding:

1) *Deferred Consideration re Acquisition of Woodbois in 2017*

On 24 May 2017, the Company (previously known as Obtala Limited) announced the acquisition of Woodbois International ApS (and subsequently changed the Company name to Woodbois Limited). The terms of the acquisition provided for deferred cash consideration of US\$5.0m, payable in equal quarterly payments over 5 years, commencing 30 September 2017. The Company agreed with the vendors, Zahid Abbas, Jacob Hansen and Hadi Ghossein or companies wholly owned and controlled by them, each a Director of the Company, to defer revised payments totaling \$1.25m by a year, being the quarterly payments for the period from 1 January 2020 to 31 December 2020, following which quarterly payments will resume on 31 March 2021.

2) *Internal Trading Fund ("ITF")*

The Company announced that 1798 Volantis Fund Limited ("Volantis"), a fund managed on a discretionary basis by Lombard Odier Asset Management group ("Lombard"), agreed to provide up to an additional US\$1.0m through investment into the Group's ITF ("Additional Loan") by way of an additional conditional loan agreement with Woodbois Trading Limited, a wholly owned subsidiary of the Group. Of this loan, US\$0.5m was received on 22 January 2020. Further drawings are by mutual agreement.

3) *Convertible Bond interest*

In connection with the Company's 4% convertible bonds 2024 ("Bonds"), issued on 21 October 2019, Pelham Limited (a company controlled by Miles Pelham) and Paul Dolan agreed to roll-up interest payments due for the period from issue until 31 December 2020 on an aggregate \$20.4m of Bonds. These agreements (the "Bond Interest Agreements") are for \$20.0m of Bonds held by Miles Pelham and \$0.40m of Bonds held by Paul Dolan. In the event such Bonds remain unconverted as at 31 December 2020, the rolled-up interest would result in the issue of approximately \$0.98m of additional Bonds at that time. See Note 17.

Furthermore, Africa Resource Investment Limited ("ARI") agreed that, in respect of its existing \$5.0m ITF loan, it would not request any withdrawal prior to 31 December 2020.

Further to the above matters, each of 1798 Volantis Fund Limited ("Volantis"), a fund managed on a discretionary basis by Lombard Odier Asset Management group ("Lombard"), and Paul Dolan, Chairman and Chief Executive of the Company, agreed to receive Woodbois ordinary shares ("Shares") in lieu of interest (at 11.5%) for the period from 1 July 2019 to 31 December 2020 on their Internal Trading Fund ("ITF") loans, in respect of \$5.0m for Volantis (which excludes the \$1.0m Additional Loan mentioned above) and \$295,520 for Paul Dolan. On 21 January 2020, 4,140,230 new Shares have been issued to Volantis and 244,704 new Shares have been issued to Paul Dolan. The Company now has 469,737,487 Shares in issue, each with voting rights.

b. **Resumption of operations in Mozambique**

On 19 March 2020, Woodbois Limited announced the signing of a management agreement with Future Earth II LLC, a US Company with substantial concessions in Mozambique, creating a relationship under which Future Earth will fund, manage and operate Woodbois's Mozambique concessions, employees and equipment, in order to produce sawn lumber and veneers to be sold by Future Earth on a profit share basis.

The Agreement is for 3 years, with optional breaks after 12 and 24 months at Future Earth's discretion. All costs during the term of the Agreement will be funded by Future Earth with a 50:50 post-cost profit share from products sold from Woodbois' concessions. Should Future Earth proceed with years 2 and 3 they will pre-pay Woodbois \$1 million each year, to be deducted from the Woodbois share of profits for each respective year. Profits will be distributed quarterly.

c. **First Quarter Performance and COVID-19 Update**

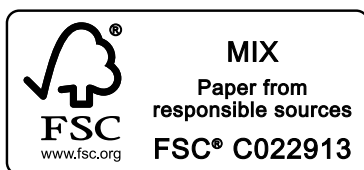
On 27 March 2020, the Company issued an update re the impact of COVID-19 and included further information in its Quarterly Update on 16 April 2020. The Government of Gabon had introduced a lockdown on 13 April 2020 and operations there had been paused. There had been limited impact on performance in the first quarter of 2020, when revenues of \$4.9 million had been up 10% over the prior period in 2019. The Group noted that the rapid pace of developments in connection with COVID-19 had caused a fundamental level of uncertainty and it withdrew any guidance on its financial outcome for 2020 until the implications for the business could be assessed reliably. Resilience plans are being enacted.

28. ULTIMATE PARENT COMPANY

At 31 December 2019, the Directors do not believe that there was an ultimate controlling party.

Woodbois Ltd

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