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Woodbois Limited
29 April 2021

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Woodbois Limited

("Woodbois", the "Group" or the "Company")

Audited results for FY 2020

Woodbois, the African focused sustainable forestry, reforestation, carbon sequestration and timber trading company, announces its audited results for the full year ended 31 December 2020.

Highlights

2020:

- Balance sheet restructured: debt reduced by 85%
- Business resilient despite COVID-19: gross profit $1.2m vs $2.8m in 2019
- Building blocks in place for future growth

Post-period end:

- From Q4 2020 to Q1 2021 Woodbois significantly grew its sawn timber and veneer production by 83% and 44% respectively
- Launch of the Company's Reforestation and Carbon Credit division
- On track to become cashflow positive and deliver record turnover

Commenting on today's announcement, Executive Chair and CEO Paul Dolan said:

Despite the highly challenging market conditions during 2020, the business performed very credibly. At a company specific level, we were able to reset the balance sheet in August 2020 by converting the vast majority of our debt into equity. We subsequently dedicated our capex to maximizing returns from high margin production assets and built-out the operational team with a number of key hires towards the end of 2020/early 2021. This has enabled Woodbois to continue to further strengthen its operational and financial performance.

I am pleased that Woodbois has entered 2021 with greatly improved production rates, strong pricing, a strengthened team, greatly reduced debt and a new division in reforestation and carbon credit trading. I have never been more optimistic about the future prospects for our Company. Woodbois presents a high growth proposition in an increasingly important sector. To capture the opportunity, the Company's organisation has been divided into three distinct, but highly complementary, revenue streams with the production and supply of sustainable African hardwood products, the trading of hardwood, and the new reforestation and carbon credit division. We anticipate another record year, turning operationally cash flow positive and with frequent news flow. The entry into the carbon credit market also has the potential to play a material role in future growth. Woodbois believes that its entry into this important and growing market will bring multiple synergies, as well as providing a valuable add-on to the Company's existing sustainable forest management operations. With a global hardwood timber market estimated to turnover US$40bn annually, the Board believes that the outlook for Woodbois, as an ESG focused and technology enabled company, has never been more attractive."

Annual Report and Accounts

The Company's 2020 Annual Report will be dispatched to shareholders shortly and will be available to be viewed or downloaded from the Company's website: https://www.woodbois.com/investors

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STRATEGIC REPORT

Chair & CEO Review

Building blocks put in place in 2020: Excellent start to 2021

After what has been a very challenging period for the global economy, I am pleased that Woodbois has entered 2021 with greatly improved production rates, strong pricing, a strengthened team, greatly reduced debt and a new division in reforestation and carbon credit trading. I have never been more optimistic about the future prospects for our Company. Our team is determined and dedicated to achieve our key objectives of becoming operationally cash flow positive, continuing on our growth trajectory, as well as maintaining our laser focus on sustainability and enhancing our net carbon sequestration.

The economic recovery being evidenced around the world, partly driven by government directed economic stimulus measures, has been an underlying factor in strong demand for our product offering in 2021, with pricing post FY 2020 year-end climbing to multi-year highs. Some of the expected margin increase has been negated by the increased cost of freight caused by the limited availability of containers whilst the shipping industry adjusts to a post economic-shock surge in demand. While freight rates are expected to normalise in line with container availability in the months ahead, a considerably longer period may be required for wholesalers to replenish their supplies of hardwood construction materials so we expect to enjoy robust demand as we work to support our customers in rebuilding their businesses post the peak of COVID-19.

Our strategic goal of becoming a market-leading sustainable forestry and timber-trading business remains in place and we took significant strides towards achieving this objective in 2020. While we are cognisant that work remains to be done, the wholesale restructuring of the Company's balance sheet in mid-year, implementation of new machinery and key management hires towards the end of the year and in 2021 have undoubtedly improved our position and we are now well placed to build on these strong fundamentals as we continue to expand the business.

We are pleased to report that we have made a strong start to 2021 and Woodbois remains on track to turn cashflow positive and to deliver record revenues this year. In Q1 2021, we increased our revenue by more than 44% quarter on quarter (from Q4 2020) and significantly grew our sawn timber and veneer production by 83% and 44% respectively. The commissioning of our Primultini sawmill line is now expected in May 2021. This addition to our facilities will increase sawn timber production capacity by a further 30%. We continue to review new opportunities to expand our forestry and product operations and are hopeful of concluding the purchase of additional veneer capacity shortly.

We also made the decision in March 2021, to embark upon a potentially significant commercial initiative, with the Company's entry into the carbon sequestration space through the delivery of reforestation projects at scale in Africa. This Reforestation and Carbon Credit division will enable Woodbois to generate carbon credits for corporate actors in the Voluntary Carbon Market, which the Mark Carney led Taskforce foresees could grow more than 15-fold by 2030, fuelled by net zero carbon emissions commitments from corporates and countries. In the months prior to the market entry, the Board monitored the size and volume of transactions by large European energy companies taking place in the sector and deduced that entry into this market would afford the business multiple synergies and provide a valuable add-on to the Company's existing sustainable forest management operations. Our internal team will be strengthened and will prioritise the options to undertake reforestation projects at scale in Africa as a component of our forestry management activities and consistent with our commitment to provide societal benefits through all our business activities.

2020 Business performance

Despite the highly challenging market conditions during 2020, the business performed very credibly. At a company specific level, we were able to reset the balance sheet in August 2020 by converting the vast majority of our debt into equity. We subsequently dedicated our capex to maximizing returns from high margin production assets and built-out the operational team with a number of key hires towards the end of 2020/early 2021. This has enabled Woodbois to continue to further strengthen its operational and financial performance.

We are delighted to have been able to attract such high-quality additions to our workforce. Experience, talent, enthusiasm, and ambition is a potent mix, particularly when aligned with the interests of the Company's stakeholders. I am confident that this team, supplemented with a few further hires, will have all of the required attributes and incentives to deliver on our objectives.

Achieving safe and reliable operations, whilst also hitting our ambitious growth targets, were a core focus for us during 2020. Our business performance was naturally impacted by COVID-19, but we exceeded our revised revenue target of $15 million for the year. Details of our 2020 results are set out in our CFO's Report and in the attached financial statements.

Board Changes

2020 saw a reorganisation of Woodbois' Board of Directors. Kevin Milne stepped down as Non-Executive Chair in April 2020. In June 2020, Zahid Abbas and Jacob Hansen also stepped down as Executive Directors but remain with the Group at the core of our trading operations. I would like to reiterate my thanks to Kevin, Zahid and Jacob for their significant contributions as Board members.

I also assumed the role of Executive Chair, whilst Graeme Thomson, our Senior Independent Non-Executive, was appointed Chair of the Audit and Remuneration Committees.

The Board reorganisation was designed to ensure improved compliance with best practice corporate governance, whilst having a Board of the right size and skillsets to best serve the Company's ambitious growth plans. We continue to seek high-calibre talent at both operating and Group board levels. We are in the process of recruiting an additional Independent Non-Executive Director with complementary skillsets to those already found on the Board and will split my roles of Chair and CEO in due course.

Outlook

Woodbois presents a high growth proposition in an increasingly important sector. To capture the opportunity, the Company's organisation has been divided into three distinct, but highly complementary, revenue streams with the production and supply of sustainable African hardwood products, the trading of hardwood, and the new reforestation and carbon credit division.

We anticipate another record year, turning operationally cash flow positive and with frequent news flow. Our high-output Primultini sawmill line, the largest that we have installed to date, is expected to be operational in the coming few weeks. Separately, we are in very advanced discussions to conclude the purchase of additional veneer capacity which will lead to production increases from Q4 onwards. On the basis that both these initiatives occur on the above schedule the board is confident in increasing its output capacity and meeting its revenue expectations for 2021. We intend to continue to deliver on our strategy of commercialising the growing demand for sustainable, high quality, hardwood products.

The entry into the carbon credit market also has the potential to play a material role in future growth. With more than 1,600 companies with revenues exceeding a combined total of more than $11 trillion committing to net zero carbon emissions by 2050, and Mark Carney's UN backed-task force mandated to bring the Voluntary Carbon Market to scale, this market is forecast to grow significantly over the coming years. Woodbois believes that its entry into this important and growing market will bring multiple synergies, as well as providing a valuable add-on to the Company's existing sustainable forest management operations.

With a global hardwood timber market estimated to turnover US$40bn annually, the Board believes that the outlook for Woodbois, as an ESG focused and technology enabled company, has never been more attractive. As a 4.3% shareholder I am also looking forward to being able to deliver a maiden dividend after the 2021 results.

I would like to thank all of our stakeholders for their support. I am particularly grateful to our staff who have, despite the challenges presented by the pandemic, maintained the highest levels of professionalism and dedication.

We are at an exciting moment in Woodbois' development, and I look forward to keeping shareholders and the markets updated as our operations continue to gather momentum.

Paul Dolan

Chief Financial Officer's Report

2020 Fundraise and restructure

Arguably, the most important financial event that occurred in 2020 was the resetting of the Company's balance sheet. We would like to thank the existing and new shareholders, as well as other stakeholders, that supported us in the previously reported transactions that completely transformed the Company's balance sheet in August 2020. We were able to successfully execute a fundraise of £12.6 million and reduce our external debts at that time by 85% from $50.7 million to $7.8 million. This transformed balance sheet has allowed the Company to materially reduce its interest burden, expand its production capacity in Gabon (and therefore future margins) and strengthen the organisation's trading activities.

The fundraise and restructure, specifically the capitalisation of almost all of the Convertible Bond, resulted in the creation of a new class of Ordinary Shares, being Non-Voting Shares. After this reorganisation our total Issued Ordinary Share Capital was 2,382,117,053 of which 1,430,751,958 was Voting and 951,365,094 was Non-Voting shares. Subsequently, in 2021 a total of 326,365,094 of those Non-Voting shares been converted into Voting shares. Further details are set out in note 26 of the financial statements.

2020 Financial performance review

We were not immune from COVID-19, and other associated macro-economic trends. So, while we are focused on delivering on our ambitious growth objectives, one consequence of the pandemic was the delay in securing the purchase of a second veneer line and the need to revise our 2020 revenue guidance to $15 million +, which I am pleased to report that we achieved.

In terms of the hard numbers for FY 2020, the Company recorded a gross profit of $1.2 million (versus $2.8 million in 2019) and an adjusted EBITDA loss of $1.7 million, compared with a FY 2019 EBITDA loss of $1.9 million. Gross profit margin declined from 14% in 2019 to 8% in 2020 as we absorbed the substantially increased logistics costs and supported our loyal client and supplier base as the pandemic unfolded.

We continued to focus on right-sizing our administrative costs which fell 28% to $1.0 million in 2020.

There was a fair value gain of $9.5 million recorded on biological assets in 2020. The stable political conditions in Gabon, coupled with consistently achieving better prices than in 2019 and 2020 for the species in our concessions have prompted us to revalue upwards, the biological assets in that geography by $28.9 million (net of deferred tax). However, although the current unrest in the Northern part of Mozambique has not affected the business, we have written down the value of the biological assets in that geography by $21.6 million as a result of lower forecast maximum permitted harvest rates. We remain optimistic for this business and continue to plan for improving our overall activity levels. Our Gabonese concessions now account for 64% of our total biological assets of $204.2 million (see note 10 for more details).

In 2020 we recorded a final charge of $2.2 million (2019: $1.0 million) relating to the 2017 purchase of Woodbois International Aps, as well as a loss of $1.5 million on the financial restructure. There was a foreign exchange gain of $1.2 million (2019: $0.3 million). Finance costs of $2.8 million (2019: $2.0 million) only reflect the benefit of the balance sheet restructure from August onwards (finance cost up to August being $2.6 million).

The financial statements include a provision for a loss of $3.4 million arising from the theft from a third-party owned and operated warehouse in Ivory Coast as reported in January 2021. This is comprised of $2.2 million of timber and a $1.2 million non-cash write-down of prepaid costs there. The matter is in the hands of the local police who have detained and charged a number of those responsible and the courts are dealing with the matter. The theft of the stock clearly involved mass collusion locally and occurred under cover of COVID-19 restrictions when the perpetrators had the opportunity to move the stock and falsify stock count records without interrupting shipping schedules, which would otherwise have quickly exposed the theft. The Group terminated the contract with the third-party management company in charge of the warehouse and stock controls resulting in the loss on prepaid costs. We must await the results of the police and judicial investigations and actions before being able to take any further actions. However, based on the facts currently available, the Board has concluded that the probability of material recovery is limited. As a result of this isolated matter, it has also decided not to maintain any inventory at third-party owned and operated warehouses in future.

A loss on discontinued operations of $0.1 million (2019: $2.9 million) reflects various administration costs incurred by the Company (see note 24).

Cash and working capital

In 2020 the Company continued on a cost review project which ensured that we were running our operations leanly. This stood us in good stead as the effect of COVID-19 took its hold. Our continued review and consideration of whether any expenditure, large or small, was absolutely necessary ensured that we were able to reduce our cash outflow from operating activities to $5.5 million in 2020 from $10.6 million in 2019. We also reduced our capex to $1.6 million from the prior year $5.0 million: the full benefits of these investments are being seen as business has picked-up in early 2021. Our year end 2020 cash of $2.6 million compared with $1.5 million at the end of 2019.

At the end of 2020 the Group's receivables and inventory were $8.7 million (2019: $12.5 million), whilst payables and similar were $4.5 million (2019: $4.8 million. Total borrowings (excluding the convertible bond) reduced significantly from $19.9 million in 2019 to $8.7 million at the end of 2020 as a result of the Fundraise and Debt restructure. Of this $6.2 million (2019: $6.3 million) was classified as current. As explained in note 15, $3.2 million of this is a revolving facility with a Danish bank with no specified maturity date and which, although there is no expectation it will need to be repaid in 2021, has nonetheless been classified as a current liability.

Net Assets

The Company significantly increased net assets year-on-year, from $117.2 million in 2019 to $156.8 million, largely due to debt elimination as part of the 2020 restructuring.

Going Concern

As set out more fully in the Directors' report, the Independent Auditor's Report and in the financial statements, the Company continues to adopt the going concern basis in the preparation of this Annual Report and at the date of this report.

Looking ahead to 2021

As mentioned in the Chair and CEO's report, we have made a strong start to 2021, achieving Q1 Revenue of $4.6 million, a 44% quarter on quarter increase. Whilst the pandemic is far from over, we expect the overall trading environment to continue to improve. Our current cash balance is $1.4 million, with estimated net working capital of $6.3 million and interest-bearing bank borrowings of $8.3 million.

We have every reason to believe that our fast acting, decisive and resilient management team will continue to guide the Company safely through this period. The recent and planned asset additions, together with improvements made to our core production capabilities and product mix in Gabon, are expected to yield increased gross profit and cash generation from the sale of our own production. We expect these improvements, together with utilising our enhanced bespoke software, will ensure we are better able to select higher margin trades this year. The impact of the improved balance sheet will be more visible in our interim results.

Based on our budgets for 2021, which assumes increased production from the additional sawmill line later this quarter and veneer capacity from Q4 onwards, we are confident of meeting expectations and that the Company's trading and forest product activities will have a record year, will become operationally cash flow positive during the year and still intend to declare a maiden dividend in 2022 after the publication of the 2021 results.

Carnel Geddes
Chief Financial Officer
28 April 2021

Social Impact and Sustainability

With ESG investments increasing and sustainable forestry management an increasingly important focal point in the mitigation of deforestation and climate change, Woodbois remains fully committed to being a leader in terms of transparency and best practices. And despite the challenges brought on by the coronavirus pandemic, we were able to keep our team safe in 2020 while taking steps to strengthen the company and deliver value to stakeholders. Woodbois' approach is centred on the sustainable harvesting of our concessions. The Company's forest management strategy is designed to ensure the long-term protection of the forests in which we operate while delivering material social and economic benefits as well as value creation for all stakeholders.

Ranked third worldwide in SPOTT report

In 2020, Woodbois was again recognised for its sustainable approach in the Sustainability Policy Transparency Toolkit ('SPOTT'') ESG policy transparency assessments for the worldwide timber and pulp industries. In the annual assessment of operations and approaches to ESG, Woodbois was ranked third out of more than 100 companies by SPOTT, and highest amongst the public companies. This was our second year of assessment, and saw the Company move further up the rankings, reflecting our efforts to improve the standards of our ESG policies, providing transparency and good governance along with our sustainability focussed operating model. This recognition serves to reinforce our leading position among the timber and pulp companies assessed by SPOTT and reflects the foundational sustainability within our business.

Reforestation and Carbon Credits

The opportunity to deliver reforestation projects in Africa, generating carbon credits for corporates in the Voluntary Carbon Markets adds an additional and important strand to Woodbois' credentials as a sustainability-focused company. Photosynthetic carbon capture is amongst the most effective ways available of limiting atmospheric CO2 concentrations and our entry into The Voluntary Carbon Markets will see Woodbois providing a mechanism for companies to offset their emissions by acquiring credits in our reforestation based carbon sequestration solutions. As well as making a positive contribution to the global effort to tackle climate change, we anticipate that our entry into reforestation and the provision of carbon credits through high-quality projects in the Voluntary Carbon Market to make a positive contribution to biodiversity, local skilling and employment.

FSC Certification

The Company initiated its journey towards FSC Certification in 2020, as well as engaging with the Programme for the Endorsement of Forest Certification ("PEFC"), the leading global alliance of national forest certification systems. PEFC is a programme sponsored by The Central African Forest Commission and KfW, the German state-owned development bank, who have been providing us with third party certification support.

Health and Safety

Though coronavirus lockdowns reduced shifts and the number of employees allowed at Woodbois manufacturing sites during 2020, we took this opportunity to invest in up-skilling and training, with a heavy focus on Health & Safety. We also implemented continuous improvement initiatives and lean manufacturing processes with the idea of building a culture where everyone is encouraged to contribute to enhancing workplace safety and production efficiency. The impact has been considerable - we have since set consecutive production records and consider our approach to continuous improvement to be of a world-class standard.

Our Communities

During the pandemic we have continued to support the communities where we operate through the provision of essential food items. We consider assisting in the wellbeing of our employees and others in our communities to be of paramount importance and intend to continue to be a well-regarded corporate citizen.

Ambitions

Through our various operations we aim to be recognised as one of the best-in-class ESG companies.

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 2020.

PRINCIPAL ACTIVITIES AND CORPORATE DEVELOPMENT

The principal activities of Woodbois Limited ("Woodbois") during 2020, 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 Chair and CEO's review.

RESULTS AND DIVIDENDS

The consolidated loss for the year after taxation from continuing operations attributable to shareholders was $6.39 million (2019: $1.95 million).

The Directors do not recommend payment of an ordinary dividend (2019: $Nil). The Company intends, subject to results in 2021/early 2022 and its financial circumstances, to pay a maiden dividend after the publication of the 2021 financial statements.

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 17 and subsequent to the year end are shown in note 26. The company has two classes of ordinary shares, which carry no right to fixed income. One class of ordinary shares carries a right to one vote at the general meetings of the Company ("Voting"). The other class does not carry any right to vote at the general meetings of the company ("Non-Voting").

The Company has unlimited authorised share capital divided into ordinary shares of 1p each, of which 2,382,216,431 had been issued as at 31 December 2020, 1,430,751,958 of which were Voting shares, 951,365,095 were Non-Voting and the Company also holds 99,378 Shares in Treasury. As at 28 April 2021 the number of Ordinary Voting Shares was 1,757,117,053 and the Non-Voting Shares was 625,000,000.

POST BALANCE SHEET EVENTS

Please refer to note 26 of the financial statements and the Chair and CEO's review for details.

DIRECTORS

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

P Dolan					*(Chair & Chief Executive Officer)*
C Geddes					*(Chief Financial Officer)*
H Ghossein					*(Executive Director)*
G Thomson					*(Independent Non-Executive Director)*
H Turcan					*(Non-Executive Director)*
J Hansen	*(resigned 2020)*	-	*11*	*April*	*(Executive Director)*
Z Abbas	*(resigned 2020)*	-	*11*	*April*	*(Executive Director)*
K Milne	*(resigned 2020)*	-	*29*	*April*	*(Non-Executive Chair)*

DIRECTORS' INDEMNITY INSURANCE

The Group's policy is to maintain Directors and Officers insurance and to indemnify Directors against the consequences of actions brought against them in relation to their duties for the Group.

DIRECTORS' INTERESTS

Directors' interests in the Voting shares of the Company, including family interests at 31 December 2020 were:

Shareholding	Voting Ordinary shares of 1p each 2020	Voting Ordinary shares of 1p each 2019
P Dolan[1]	75,400,032	46,128,571
H Ghossein[2]	21,075,736	5,213,883
G Thomson[3]	1,250,000	-

1. P Dolan, Chair and Chief Executive Officer of Woodbois Limited, held 75,400,032 Voting Shares (4.29%) as at 28 April 2021: 30,000,000 of his Voting Shares in the Company are held through The Bank Of New York (Nominees) Limited, 42,517,461 are held through HSBC Client Holdings Nominee (UK) Limited, with the remainder being held as paper certificates. As part of the refinancing of the Company completed on 5 August 2020, he was issued with 16,526,757 Voting Shares in consideration for the repurchase of the 400,400 $1 Convertible Bonds and subscribed for 12,500,000 Voting Shares. He was issued with 244,704 Voting Shares on 21 January 2020 in lieu of ITF interest due.

2. H Ghossein was issued with 5,213,883 shares on 4 July 2017 as part of the WoodBois International ApS purchase agreement and a further 15,861,853 as part of the Deed of Variation to the SPA completed on 5 August 2020 as part of the restructure of the Company.

3. G Thomson subscribed for 1,250,000 shares in the fundraise completed on 5 August 2020.

4. H Turcan is a representative of Lombard Odier which holds 395,540,230 Voting Shares (22.51%) as at 28 April 2021.

Options

Effective 6 August 2020, the Board issued a total of 144.5 million new share options to directors and key personnel. The vesting of the new awards is substantially geared towards material improvement in both operating results and share price appreciation: these are further described in the Remuneration Committee Report. All share options under the previous share options plan were renounced.

Share option awards were made within the Company's existing share scheme and which are detailed in Note 22:

The awards distributed to the Board are as follows:

		Number of options (2p exercise price)
P Dolan	Chair and CEO	50,000,000
C Geddes	CFO	22,500,000
H Ghossein	Deputy Chair	22,500,000
G Thomson	Senior Independent NED	10,000,000

DIRECTORS' REMUNERATION

The audited remuneration of the individual Directors who served in the year to 31 December 2020 was:

	Salary & fees $000	Benefits $000	Total 2020 $000	Total 2019 $000
P Dolan	200	-	200	200
C Geddes[1]	200	-	200	183
H Ghossein	206	6	212	194

G Thomson	42	-	42	11
H Turcan	6	-	6	16
J Hansen	90	2	92	243
Z Abbas	86	3	89	242
K Milne	10	-	10	30
Total	840	11	851	1,119

[1] C Geddes is paid in full through a service company, Pomona.

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

The above table excludes deferred consideration payments made directly to or to companies owned and controlled by H Ghossein of $0.618 million in 2020 (2019: nil) Z Abbas of $nil (2019: $0.478 million), and J Hansen of $0.091 million (2019: $0.478 million). These payments arose on the purchase of WoodBois International ApS in 2017 and as amended under the Deed of Variation completed on 5 August 2020.

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 or her position.

Non-Executive Directors are employed on letters of appointment which may be terminated on not less than 3 months' notice. The basic fees payable at the end of the year to Graeme Thomson are £50,000 per annum. No fees are paid directly to Henry Turcan, however, fees of $25,000 per annum, are payable to Lombard Odier, for his services. Since April 2020 Lombard Odier has temporarily waived these fees.

PROFILES OF THE CURRENT DIRECTORS

P DOLAN, AGED 56, CHAIR AND CHIEF EXECUTIVE OFFICER
Based in the UK, Mr Dolan held senior management positions within banking and hedge funds prior to joining Woodbois. He 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.

C GEDDES, AGED 42, CHIEF FINANCIAL OFFICER
Based in South Africa, Mrs Geddes 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, she 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.

H GHOSSEIN, AGED 60, DEPUTY CHAIR
Based in Gabon, Mr Ghossein has 25 years of experience managing forestry operations, including full ownership of a forestry business. He 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.

G THOMSON, AGED 64, NON-EXECUTIVE DIRECTOR (INDEPENDENT)
Mr Thomson 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.

H TURCAN, AGED 47, NON-EXECUTIVE DIRECTOR
Mr Turcan 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. He graduated with an MA (Hons) in Modern Languages from Edinburgh University and is a Member of the Securities Institute. He is a representative of the funds managed or sub-advised by Lombard Odier Investments Manager group entities, collectively the Company's largest shareholder.

SUBSTANTIAL SHAREHOLDERS

The Company has been notified that the following have, at 28 April 2021, an interest in three percent or more of the issued Voting ordinary share capital of the Company:

Name	Number of 1p ordinary shares	Percentage of the issued share capital
Lombard Odier Asset Management (Europe) Limited	395,540,230	22.51%
Rhino Ventures Limited	353,115,095	20.10%
Premier Miton Group Plc	174,950,389	9.96%
MCM Investment Partners SPC - MCM Sustainable Resource SP	113,825,000	6.48%
Sparta Premier S.A.	100,000,000	5.69%
P Dolan (Chair and CEO)	75,400,032	4.29%

M Pelham, former Chair is the beneficial owner of Rhino Ventures Limited, which is the owner of 100% of the 625,000,000 Non-Voting shares in the Company.

CORPORATE GOVERNANCE

The Board is committed to achieving the highest standards of corporate governance, integrity and business ethics and is 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 Chair and CEO review.

The Group had two divisions during the year Trading and Forestry, and on 8 March 2021 announced that it had established a Reforestation and Carbon Credit division: 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. 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 Meeting's which are convened throughout the year and for which our Company Secretaries are the point of contact for shareholders. Our Investor relations advisers, Celicourt Communications, is the contact point for shareholder updates and wider liaison. The 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 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 2020.

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 Directors on a weekly basis and any material deviations from budget are followed up by a member of the Executive Board. Variances are reviewed at least monthly by the Board.

The Group maintains appropriate Directors & Officers insurance cover in respect of actions taken against the Directors because of their roles, as well as insurance against material loss or claims against the Group, where it is considered cost-effective. The insured values and type of cover are comprehensively reviewed on a yearly-basis or where new assets or risks arise.

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 nine 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 28 April 2021, the Board comprised of three Executive Directors, one Independent Non-Executive Director and one Non-Independent Non-Executive Director. During 2020 the number of Executive Directors was reduced by two. The Chair and Chief Executive Officer roles were combined on 28 April 2020 and one 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 Chair and Chief Executive Officer and to appoint a further Independent Non-Executive Director in the near-term. 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 are comprised of Non-Executive Directors only, and the Nominations Committee which also includes the Chair 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 and inclusivity on the Board. The Nomination Committee will also be responsible for succession planning.

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 and contractors 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 Group matters are reserved for the Board:

- Overall strategy
- Approval of major capital expenditure projects
- Approval of the annual and interim results
- Annual budgets, KPI's and revisions thereto
- ESG matters, including climate change initiatives and actions

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 include financial return, sustainability and actions on climate change. Opportunities and improvements are identified and prioritised depending on analysis carried out by Management. These projects are supported by detailed financial planning. Comprehensive internal controls and systems enable the Board 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 largely 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 Chair from 29 April 2020, together with Henry Turcan and Kevin Milne until his resignation after the publication of the 2019 results. It formally meets at least three times in the financial year. In addition, the Chair has a regular dialogue with our auditors.

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 Graeme Thomson as the Chair since 28 April 2020, together with Henry Turcan. It meets at least three times per year.

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, sustainability & climate change parameters and commercial progress; and
- Equity Option incentive scheme, which takes into account the need to motivate and retain key individuals.

The Committee, having consulted with the Company's major shareholders, approved the terms of the issue of Options effective 5 August 2020, together with the cancellation of all of then existing Options. The total number of Options in issue at any time will not exceed 10% of the total issued Voting and Non-Voting share capital.

Nominations Committee:

The Nomination Committee which comprises of the Non-Executive Directors and the Chair & CEO meets at least twice 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 its website.

The results of voting on all resolutions are announced via RNS immediately following completion of General Meetings and are available on its 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.

PANDEMIC RISK

Public health risks may add to instability in world economies and markets generally. The extent of the impact of a pandemic will be correlated with the magnitude and duration thereof, both aspects of which will be uncertain. Entities may experience conditions often associated with a general economic downturn. This includes, but is not limited to, financial market volatility and erosion, deteriorating credit and increased borrowing rates, volatility in exchange rates, liquidity concerns, further increases in government intervention, increasing unemployment, broad declines in consumer discretionary spending, increasing inventory levels, reductions in production because of decreased demand, layoffs and furloughs, and other restructuring activities. The continuation of these circumstances could result in an even broader economic downturn which could have a prolonged negative impact on an entity's financial results. What recovery/emergence may look like will also be speculation. The Board observes any pandemic developments across the world and continuously considers the potential impact on the Company's operations, the safety of its employees and the potential need for disclosures to be made to the market and as the situation unfolds. Specifically, the Board will consider:

- Impact on liquidity and cash flow estimates;
- Valuation, recoverability and impairment of assets;
- Contract modifications;
- Events after the end of the reporting period;
- Revision of material judgements and estimates;
- Whether the Company remains a going concern;
- Whether any restructuring is required;
- Whether onerous contracts provisions are necessary;
- The extent to which insurance recoveries may be available;
- Availability of government assistance;
- Potential breach of covenants.

Impact of coronavirus ("COVID-19")

Given the on-going and dynamic nature of the COVID-19 outbreak, it is challenging to predict the impact on our Company. The extent of such impact will depend on future developments, which are highly uncertain, including the resurgence of COVID-19 as restrictions are eased or lifted, new information that may emerge concerning the spread and severity of COVID-19, and actions taken to address its impact, among others. It is difficult to predict how this virus may affect our business in the future, including its effect (positive or negative; long or short term) on the demand and price for our products. It is possible that COVID-19, particularly if it has a prolonged duration, could have a material adverse effect on our supply chain, market pricing, customer demand, and distribution networks. These factors may further impact our operating plans, business, financial condition, liquidity, and operating results, which would, in turn, affect our estimates, including the valuation of inventories, allowance for expected credit losses, fair value measurements, the valuation of long-lived assets, and cash flow projections used for impairment testing. Actual results may materially differ from these estimates.

POLITICAL AND REGULATORY RISK

The Board observes any political developments across the geographies that Woodbois operates in closely, notably in Gabon and Mozambique. 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 areas of operations remains low. It is noted that since 2017 the insurgency in Cabo Delgado Province, Mozambique has been ongoing. Although currently unaffected by the conflict, the Board continues to closely monitoring any wider implications.

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 UK departed from the European Union at the end of 2020. Whilst there have been many regulatory and operational changes in trade between the parties this has had a very limited effect on the Group's operations. The Board will maintain close dialogue with its advisors to ensure that any proposed regulatory changes are identified and actioned accordingly.

In order to avoid a repeat of the inventory theft set out in this Report the Company will no longer hold stock at third party owned and operated sites.

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 PRICE RISK

The Group is exposed to market risk in respect of any equity investments as well as any potential market price fluctuations that may affect the revenues of the 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 $2.56 million as at 31 December 2020 (2019: $1.49m).

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 13 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 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 (2019: nil). No charitable donations were made during the year (2019: nil).

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 for a period of not less than 12 months from the date hereof;
- Review of actual results against forecast;
- Timing of cash flows and working capital resources; and
- Financial or operational risks.

Having made reasonable enquiries, and based on the budget for 2021 and onwards, the Directors are satisfied that the cash balance and resources and facilities available and expected to be made available to the Group is sufficient to cover all known financial liabilities for the next 12 months from the date of approval of the financial statements and as such consider it appropriate to prepare the financial statements on a going concern basis.

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.

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 2020 and a resolution to reappoint then will be proposed at the 2021 AGM.

On behalf of the Board

Paul Dolan

Chair and CEO

28 April 2021

Independent Auditor's Report to the Members of Woodbois Limited

Opinion

We have audited the group financial statements of Woodbois Limited ('the group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Profit or Loss and other Comprehensive Income, Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the consolidated 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 2020 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining management's forecast cash flows covering the period from the date of signing to 31 December 2022. We assessed the assumptions within the forecast with regards to revenue generation, capital funding and cash flows.
- Review and challenge of 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.
- A comparison of actual results for the year to past budgets to assess the forecasting ability/accuracy of management.
- 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 going concern disclosures within the Annual Report and Accounts

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our application of materiality

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.

We determined our overall financial statement materiality to be US$420,000 (2019: US$460,000). Based on 5% of adjusted loss before tax which 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 70% (2019: 60%) of overall financial statement materiality to reflect the risk associated with the judgemental and key areas of management estimation within the financial statements.

No significant changes have come to light through the audit fieldwork which has caused us to revise our materiality figure.

Our approach to the 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 (such as the valuation of biological assets) 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 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 *(note 10)*	
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$204.2m as at 31 December 2020. Management assess at each reporting date the fair value of the standing timber on a discounted cash flow basis which involves significant Management judgement	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;

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.	· 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 *(note 1&2)*	
Revenue is a material figure within the financial statements at US$15.26m. · Under ISA 240 there is a presumption that revenue recognition is a fraud risk. PKF has identified that the risk of material misstatement due to fraud related to revenue recognition is a presumed risk. Revenue fell significantly in 2020 in line with the group's revised revenue targets due to the ongoing COVID-19 Global Pandemic and restrictions placed on operations.	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 contained within the annual report. Our opinion on the group financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 group 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research, review of component auditor work papers, application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the group in this regard to be those arising from:
    - Aim Rules
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group with those laws and regulations. These procedures included, but were not limited to:
    - enquiries of management
    - review of board minutes
    - review of RNS announcements

- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, the potential for management bias was identified in relation to the valuation of biological assets and as noted above, we addressed this by challenging the assumptions and judgements made by management when auditing that significant accounting estimate.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
- As part of group reporting instructions issued, component auditors were required to report areas of non-compliance with laws and regulations, including fraud. As part of our review of component auditors work, we held regular update meetings during all stages of the audit and included within the discussions matters relating to country laws and regulations as well as how the risk of fraud at component level was being addressed.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with our engagement letter dated 30 October 2019. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Joseph Archer (Senior Statutory Auditor)
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

	Notes	2020	2019
Continuing operations		$000	$000
Turnover	2	15,260	19,459
Cost of sales	2	(14,038)	(16,696)
Gross profit		1,222	2,763
Other income	5	-	110
Gain on fair value of Biological assets	10	9,515	-
Operating costs		(4,287)	(4,726)
Administrative expenses		(1,017)	(1,415)
Depreciation		(778)	(306)
Share based payment expense	22	(200)	(231)
Operating profit/(loss)	3	4,455	(3,805)
Contingent acquisition expense	25	(2,171)	(956)
Fair value gain	21	-	4,602
Loss on financial restructure	23	(1,487)	-
Loss owing to theft	12	(3,403)	-
Foreign exchange gain		1,227	271
Finance costs	6	(2,820)	(2,009)
Loss before taxation		(4,199)	(1,897)
Taxation	7	(2,192)	(54)
Loss for the year from continuing operations		(6,391)	(1,951)
Discontinued operations			
Loss from discontinued operations, net of tax	24	(146)	(2,893)
Loss for the year	8	(6,537)	(4,844)
Other comprehensive income:			
Items that may subsequently be recognised in profit or loss:			
Currency translation differences, net of tax		(420)	(155)
Total comprehensive loss for the year		(6,957)	(4,999)
Total comprehensive loss attributable to equity shareholders arises from:			
- Continuing operations		(6,811)	(2,106)
- Discontinued operations	24	(146)	(2,893)
		(6,957)	(4,999)
Earnings per share from continuing and discontinued operations (cents per share)			
Basic (loss)/earnings per share	8		
From continuing operations (cents)		(0.51)	(0.67)
From discontinued operations (cents)		(0.01)	(0.64)
From (loss) / profit for the year		(0.52)	(1.31)

The notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital $000	Share premium $000	Merger reserve (note 19) $000	Preference share capital $000	Convertible bonds $000	Foreign exchange reserve * $000	Share based payment reserve (note 22) $000	Retained earnings $000	Total equity $000
AT 1 JANUARY 2019	5,617	29,954	44,487	14,318	-	(4,716)	1,012	38,844	129,516
Profit / (Loss) for the year	-	-	-	-	-	-	-	(4,844)	(4,844)
Other comprehensive income:									
Currency translation differences	-	-	-	-	-	(155)	-	-	(155)
Total comprehensive income for the year	-	-	-	-	-	(155)	-	(4,844)	(4,999)
Transactions with owners:									
Issue of ordinary shares	1,140	5,176	-	-	-	-	-	-	6,316
Convertible Bonds issued	-	-	-	-	1,495	-	-	-	1,495
Preference share swap	-	-	-	(14,318)	-	-	-	-	(14,318)
Share based payment expense	-	-	-	-	-	-	231	-	231
Share options forfeited	-	-	-	-	-	-	(275)	275	-
Reserve transfer	-	-	(44,487)					44,487	-
Preference share dividend	-	-	-	-	-	-	-	(1,054)	(1,054)
AT 31 DECEMBER 2019	6,757	35,130	-	-	1,495	(4,871)	968	77,708	117,187
Profit / (Loss) for the year	-	-	-	-	-	-	-	(6,537)	(6,537)
Other comprehensive income:									
Currency translation differences	-	-	-	-	-	(420)	-	-	(420)
Total comprehensive income for the year	-	-	-	-	-	(420)	-	(6,537)	(6,957)
Transactions with owners:									
Issue of ordinary shares	24,362	23,479	-	-	-	-	-	-	47,841
Redemption of convertible bonds	-	-	-	-	(1,443)	-	-	-	(1,443)
Share based payment expense	-	-	-	-	-	-	200	-	200
Share options forfeited	-	-	-	-	-	-	(942)	942	-
AT 31 DECEMBER 2020	31,119	58,609	-	-	52	(5,291)	226	72,113	156,828

* 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 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2020 $000	2019 $000
ASSETS			
NON-CURRENT ASSETS			
Biological assets	10	204,223	194,708
Property, plant and equipment	9	20,203	20,323
TOTAL NON-CURRENT ASSETS		224,426	215,031
CURRENT ASSETS			
Trade and other receivables	11	3,761	6,123
Inventory	12	4,893	6,409
Cash and cash equivalents	13	2,560	1,490
TOTAL CURRENT ASSETS		11,214	14,022
TOTAL ASSETS		235,640	229,053
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	(3,590)	(4,801)
Borrowings	15	(6,223)	(6,343)
Provision	20	(132)	-
Contingent acquisition liability	25	(750)	-
TOTAL CURRENT LIABILITIES		(10,695)	(11,144)
NON-CURRENT LIABILITIES			
Borrowings	15	(2,487)	(13,545)
Deferred tax	7	(64,788)	(62,655)
Convertible bonds - host liability	16	(842)	(23,547)
Contingent acquisition liability	25	-	(975)
TOTAL NON-CURRENT LIABILITIES		(68,117)	(100,722)
TOTAL LIABILITIES		(78,812)	(111,866)
NET ASSETS		156,828	117,187
EQUITY			
Share capital	17	31,119	6,757
Share premium	18	58,609	35,130
Convertible bonds - equity component	16	52	1,495
Foreign exchange reserve		(5,291)	(4,871)
Share based payment reserve	22	226	968
Retained earnings		72,113	77,708
TOTAL EQUITY		156,828	117,187

The notes form an integral part of the consolidated financial statements. The financial statements were authorised for issue by the Board of Directors on 28 April 2021 and were signed on its behalf.

Paul Dolan

Chair and CEO

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2020 $000	2019 $000
CASH USED IN OPERATIONS			
Loss before taxation - continuing operations		(4,199)	(1,897)
Loss before taxation - discontinued operations		(146)	(2,893)
Loss before taxation		(4,345)	(4,790)
Adjustment for:			
Depreciation of property, plant and equipment	9	1,942	1,393
Fair value adjustment of biological asset	10	(9,515)	-
Discount received from supplier		-	74
Transaction costs deducted from Convertible bond host liability		-	(94)
Transaction costs deducted from Equity		(323)	-
Inventory losses		-	(244)
Shares issued in lieu of ITF Interest		-	(335)
Foreign exchange		(1,227)	(271)
Non-cash items in discontinued operations		-	221
Loss owing to theft		3,403	-
Provision expense		111	-
Loss on financial restructure		1,487	-
Contingent acquisition expense		2,171	956
Accrued expense	14	671	-
Impairment of amounts due on sale of discontinued operations		-	2,502
Fair value gain	21	-	(4,602)
Doubtful debts expense	13	184	-
Share based payments	22	200	231
Finance costs	6	2,820	2,009
Decrease/(Increase) in trade and other receivables		1,166	(838)
Decrease in trade and other payables		(2,705)	(7,247)
(Increase)/Decrease in inventory		(512)	817
CASH FLOWS FROM OPERATIONS		(4,472)	(10,218)
Finance costs paid		(913)	(331)
Income taxes paid		(68)	(47)
CASH FLOWS FROM OPERATING ACTIVITIES		(5,453)	(10,596)
CASH FLOWS FROM INVESTING ACTIVITIES			
Expenditure on property, plant and equipment	9	(1,587)	(5,016)
CASH FLOWS FROM INVESTING ACTIVITIES		(1,587)	(5,016)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from receipts of loans and borrowings		1,133	1,271
Proceeds from internal trade finance		500	7,605
Settlement of trade finance		(3,390)	-
Proceeds from the issue of ordinary shares		9,867	6,316
CASH FLOWS FROM FINANCING ACTIVITIES		8,110	15,192
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,070	(420)
Cash and cash equivalents at beginning of year		1,490	1,910
CASH AND CASH EQUIVALENTS AT END OF YEAR		2,560	1,490

Net debt reconciliation

	2019 $000	Cash flow $000	Non-cash changes $000	2020 $000
Borrowings	7,577	1,133	-	8,710
Internal trade finance	12,311	(3,373)	(8,938)	-
Convertible Bonds	23,547	-	(23,547)	-
	43,435	(2,240)	(32,485)	8,710

The notes form an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT 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 have been consistently applied.

The principal activities and nature of the business are detailed above.

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 2020, 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
Montara Limited	100%	Mauritius	Dormant
Woodbois Liberia Inc.	100%	Liberia	Dormant
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
Ligohna Timber Products (2) 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

The registered offices of the Group's subsidiaries are as follows:

Subsidiary undertakings	**Registered office**
Direct investments	
Woodbois Services Limited	118 Piccadilly, London, England, W1JNW
Woodbois Trading Limited	New Mandarin Plaza Tower B, 14 Science Museum Rd, Hong Kong
Argento Limited	Dias Pier Building, Le Caudan Waterfront, Port Louis, Mauritius
Montara Limited	Dias Pier Building, Le Caudan Waterfront, Port Louis, Mauritius
Woodbois Liberia Inc.	Daviers Compound, Williams Road, Monrovia, Libreville
Indirect investments of Argento Limited	
Argento Mozambique Limitada	Bairro da Polana, Av. Ahmed Sekou Toure 571 R/C, Distrito Kampfumo, Cidade de Maputo, Mozambique
Madeiras SL Limitada	Bairro da Polana, Av. Ahmed Sekou Toure 571 R/C, Distrito Kampfumo, Cidade de Maputo, Mozambique
Jardim Zambezia Limitada	Bairro da Polana, Av. Ahmed Sekou Toure 571 R/C, Distrito Kampfumo, Cidade de Maputo, Mozambique
Baia Branca Limitada	Bairro da Polana, Av. Ahmed Sekou Toure 571 R/C, Distrito Kampfumo, Cidade de Maputo, Mozambique
Ligohna Timber Products Limitada	Bairro da Polana, Av. Ahmed Sekou Toure 571 R/C, Distrito Kampfumo, Cidade de Maputo, Mozambique
Ligohna Timber Products (2) Limitada	Bairro da Polana, Av. Ahmed Sekou Toure 571 R/C, Distrito Kampfumo, Cidade de Maputo, Mozambique
Montara Forest Lda	Bairro da Polana, Av. Ahmed Sekou Toure 571 R/C, Distrito Kampfumo, Cidade de Maputo, Mozambique
Petroforge Mozambique Lda	Bairro da Polana, Av. Ahmed Sekou Toure 571 R/C, Distrito Kampfumo, Cidade de Maputo, Mozambique
WoodBois International ApS	Hoeffdingsvej 34, 2500 Valby, Denmark
WoodGroup ApS	Hoeffdingsvej 34, 2500 Valby, Denmark
Woodbois Gabon	Boite Postale 5333, Montée de Louis vers L'Ex Maringa, Libreville, Gabon
SCI Yarim	3568, Centre Ville Vers La Renovation, Libreville, Gabon

INTRA-GROUP TRANSACTIONS

All intra-group transactions, balances, and unrealised gains and losses 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 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements:

Standards /interpretations	Application
Conceptual Framework	Amendments to References to the Conceptual Framework
IFRS 16	Covid-19-Related Rent Concessions
IFRS 9 and IFRS 7	Interest Rate Benchmark Reform - Phase 1
IFRS 9 amendments	Prepayment Features with Negative Compensation
IAS 1 and IAS 8	Definition of materiality
IFRS 3 amendments	Change in definition of a Business

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

Standards /interpretations	Application
Conceptual Framework	Amendments to References to the Conceptual Framework
IFRS 9 and IFRS 7	Interest Rate Benchmark Reform - Phase 2
IAS 37	Onerous Contracts - Cost of Fulfilling a Contract
IFRS 16	Proceeds before Intended Use
IAS 1	Classification of Liabilities as Current or Non-current

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 three 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 three divisions and not by any other segmental reporting.

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 2020	Annual average for 2020	At 31 December 2019	Annual average for 2019
UK Pound	1.36	1.29	1.31	1.28
Mozambique Metical	74.89	70.02	61.46	62.49
Danish Krone	6.06	6.51	6.67	6.68
West African CFA franc	533.99	572.81	585.68	586.78

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.

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 1
- Fair value of biological assets: refer to note 10
- Provision for doubtful debts: refer to note 1
- Convertible bond liability v equity split: refer to note 16
- Share Based Payments: refer to note 22

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).

LEASES

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The right of use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and

impairment losses.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right of use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Right of use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right of use asset reflects that the Group expects to exercise a purchase option, the related right of use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right of use assets are presented as a separate line in the statement of financial position.

The Group applies IAS 36 Impairment of Assets to determine whether a right of use asset is impaired.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right of use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

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 re-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:

Motor vehicles	over 3 years
Fixtures and IT equipment	over 3 years
Plant and equipment	over 2 - 5 years

Management judgement and assumptions are necessary in estimating the methods of depreciation, useful lives and residual values. 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).

(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 Monte-Carlo valuation model for market performance criteria and Black-Scholes valuation model for non-market performance criteria, considering 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.

Management have performed their consideration on various scenarios including a base case which includes financing being raised but only trade financing, the terms of which have been signed at the date of these financial statements. In their scenario planning management have considered inter alia:

- the current stage of the Group's life cycle;
- its performance and cashflow;,
- the expected timing of revenues;
- financing both committed and those that management consider is available;
- operational risks; and
- COVID-19 impact.

The forecasts, including the base case, show that the Company has adequate resources to continue in operational existence for the foreseeable future and it can meet its liabilities as they fall due in the next 12 months. The Directors therefore consider it appropriate to adopt the going concern basis of preparation in the financial statements.

2. SEGMENTAL REPORTING

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 operating office in Mauritius. Certain support services are performed in the UK.

As on 31 December 2020 sales made to one customer during the years accounted for 9% (2019:12%) of the total turnover. Sales made to a second customer during the year accounted for 5% (2019:11%) of the total turnover.

The Group's Chair and Chief Executive Officer reviews the internal management reports of each division at least week 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:

The following table shows the segment analysis of the Group's loss before tax for the year and net assets at 31 December 2020. All amounts are disclosed after taking into account any intra-segment and intra-group eliminations:

	Forestry $000	Trading $000	Unallocated head office costs $000	Total $000
INCOME STATEMENT				
Turnover	4,357	10,903	-	15,260
Cost of Sales	(3,308)	(10,730)	-	(14,038)
Gross profit	1,049	173	-	1,222
Operating costs	(2,609)	(1,678)	-	(4,287)
Administrative expenses	-	(8)	(1,009)	(1,017)
Depreciation	(763)	(15)	-	(778)
Loss owing to theft	-	(3,403)	-	(3,403)
Share based payment expense	(79)	(113)	(8)	(200)
Loss on restructure	-	-	(1,487)	(1,487)
Fair value gain	9,515	-	-	9,515
Foreign exchange (loss) / gain	414	813	-	1,227
Contingent acquisition expense	(1,086)	(1,085)	-	(2,171)
Segment operating profit / (loss)	6,441	(5,316)	(2,504)	(1,379)
Finance costs	(1,391)	(1,212)	(217)	(2,820)
Profit/(loss) before taxation	5,050	(6,528)	(2,721)	(4,199)
Taxation	(2,192)	-	-	(2,192)
Profit/(loss) for the year from Continuing Operations	2,858	(6,528)	(2,721)	(6,391)
NET ASSETS				
Assets:	226,002	8,468	1,170	235,640
Liabilities:	(2,213)	(10,778)	(1,033)	(14,024)
Deferred tax liability	(64,788)	-	-	(64,788)
Net assets	159,001	(2,310)	137	156,828
OTHER SEGMENT ITEMS				
Capital expenditure:				
Biological assets	204,223	-	-	204,223
Property, plant and equipment	20,113	90	-	20,203

The following table shows the segment analysis of the Group's loss before tax for the year and net assets at 31 December 2019. All amounts are disclosed after taking into account any intra-segment and intra-group eliminations:

	Forestry $000	Trading $000	Unallocated head office costs $000	Total $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

Geographical information

In presenting the below geographical information, segment revenue and non-current assets are based on the entity's country of domicile.

2020	Denmark $000	Gabon $000	Mozambique $000	Total $000
External sales	10,903	4,057	301	15,261
Non-Current Assets	90	150,445	73,892	224,427
2019	$000	$000	$000	$000
External sales	12,609	6,683	167	19,459
Non-Current Assets	70	107,740	107,221	215,031

The below segment revenue has been based on the geographic location of the customer. Only material amounts were included.

Location:	2020 $000	2019 $000
Pakistan	3,344	1,982
Libya	1,252	1,218
Mexico	926	1,563
Bangladesh	908	1,004
China	849	100
Congo	686	-
United Arab Emirates	665	944
Morocco	627	358
Philippines	577	158
Iraq	563	3,466
Vietnam	551	1,103
Turkey	531	380
	11,479	12,176

3. OPERATING LOSS

	2020 $000	2019 $000
Operating loss is stated after charging/(crediting):		
Depreciation of property, plant and equipment	1,942	1,393
Staff costs (see note 4)	3,075	3,508
Share based payment reserve expense (see note 22)	200	231
Operating lease costs	51	69
Gain on fair value of Biological assets (see note 10)	(9,515)	-
Inventory provisions	-	(244)
Auditor's remuneration:		
Audit services		
- fees payable to the Company auditor for the audit of the consolidated accounts	71	53
Fees payable to associates of the Company auditor		
- auditing the accounts of subsidiaries pursuant to legislation	84	76

4. EMPLOYEE INFORMATION

	2020 Number	2019 Number
The average monthly number of persons (including Directors) employed by the Group during the year was:		
Administration and management	4	4
Agriculture	1	1
Forestry	245	257
Trading		

	260	272

	2020 $000	2019 $000
The aggregate remuneration comprised:		
Wages and salaries	2,942	3,239
Social security costs	43	38
	2,985	3,277

Directors' remuneration included in the aggregate remuneration above comprised:	2020 $000	2019 $000
Emoluments for qualifying services	851	1,229

Included above are emoluments of $212,000 (2019: $243,000) 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 $15,701 (2019: $17,894) were made on behalf of the Directors and other staff members.

5. OTHER INCOME

	2020 $000	2019 $000
Bad debt recovered	-	3
Discount received	-	74
Administrative fees	-	22
Other	-	11
	-	110

6. FINANCE COSTS

	2020 $000	2019 $000
Bank interest	431	335
Internal Trade Finance interest	903	1,197
Convertible bond interest	1,486	477
	2,820	2,009

7. TAXATION

	2020 $000	2019 $000
CURRENT TAX:		
Corporation tax on profit for the year	(59)	(54)
DEFERRED TAX:		
Origination and reversal of temporary differences	(2,133)	-
Tax on profit / (loss) on ordinary activities	(2,192)	(54)

	2020 $000	2019 $000
Group		
Loss on ordinary activities before tax	(4,345)	(4,790)
Loss on ordinary activities multiplied by the average rate of corporation tax of 19% (2019: 20%)	(826)	(958)
Effects of:		
Losses carried forward	1,196	955
Fair value gain	-	(920)
Differences in overseas tax rates	-	156
Loss allowance	30	(4)
Share based payment expense	38	46
Non-deductible expenses	1,311	671
Effect of movement in fair value of biological assets	(3,941)	-
Group tax credit for the year	(2,192)	(54)

The prevailing tax rates of the operations of the Group range between 3% and 32%. Therefore, a rate of 19% has been used as it best represents the weighted average tax rate experienced by the Group. The Group has estimated losses of $29 million (2019: $17.6 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 for most entities. Unused tax losses arising from Mozambique may be carried forward for a five year period.

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

Deferred tax liabilities	2020 $000	2019 $000
At 1 January	62,655	62,655
Increase in deferred tax liability	2,133	-
At 31 December	64,788	62,655

Deferred tax reconciliation

Deferred tax assets / (liabilities)	2020 $000	2019 $000
Deferred tax liability on the fair value adjustment of Biological Assets	(62,734)	(60,601)
Deferred tax liability on the fair value adjustment on property, plant and equipment	(2,054)	(2,054)

At 31 December	(64,788)	(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 and excluding Treasury shares held by the Company.

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

	2020 $000	2019 $000
Loss from continuing operations	(6,391)	(3,005)
Loss from discontinued operations	(146)	(2,893)
Total loss	(6,537)	(5,898)

Weighted average number of ordinary shares		
Weighted average number of ordinary shares in issue	1,244,915,822	450,019,220
Weighted average number of ordinary shares used in calculating earnings per share	1,244,915,822	450,019,220
Earnings per share from continuing operations		
Basic (cents)	(0.51)	(0.67)
Earnings per share from discontinued operations		
Basic (cents)	(0.01)	(0.64)

9. PROPERTY, PLANT AND EQUIPMENT

	Land & buildings $000	Motor vehicles $000	Plant & equipment $000	Fixtures & IT equipment $000	Total $000
COST					
AT 1 JANUARY 2019	8,789	3,233	5,984	135	18,141
Additions	-	1,097	3,897	22	5,016
Disposal of subsidiary	(337)	-	337	-	-
Disposals (other)	-	(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
Additions	-	233	1,276	78	1,587
Disposals	(1,046)	(97)	(113)	(1)	(1,257)
Effects of foreign exchange	540	284	652	(26)	1,450
AT 31 DECEMBER 2020	7,775	4,694	12,201	191	24,861
DEPRECIATION					
AT 1 JANUARY 2019	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
Charge for the year	24	596	1,303	19	1,942
Disposals	(87)	(50)	(37)	-	(174)
Effects of foreign exchange	(8)	56	100	(16)	132
AT 31 DECEMBER 2020	-	1,725	2,879	54	4,658
NET BOOK VALUE					
AT 31 DECEMBER 2020	7,775	2,969	9,322	137	20,203
AT 31 DECEMBER 2019	8,210	3,151	8,873	89	20,323

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

10. BIOLOGICAL ASSETS

Standing timber	2020 $000	2019 $000
Carrying value at beginning of year	194,708	194,708
Fair value movements	9,515	-
Carrying value at end of year	204,223	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 2020, a net fair value gain of $9.5 million (loss of $31.8m for Mozambique and a gain of $41.3 million for Gabon) was recognised.

The discounted cash flow models cover the concession areas in Mozambique and Gabon to which the group has secured the rights. Management prepares 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 62,822m3 and 200,000m3 (2019: 89,525m3 and 200,000m3) and at a maximum represents 100% of the APC. A 100% harvest volume of the APC has been used when calculating the fair value. 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 of 10% (Gabon) and 12% (Mozambique). 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. When considering the discount rate applicable to the Mozambique model, management has specifically ensured that the discount rate adequately incorporates the risk associated with the current unrest being experienced in the Northern parts of the country. Management have further 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, Nampula 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	
	2020	2019
	$000	$000
Effect of increase in discount rate by 1%	(16,715)	(15,501)
Effect of decrease in discount rate by 1%	20,215	18,636
Effect of 10% increase in volume of APC	21,330	18,423
Effect of 10% decrease in volume of APC	(21,330)	(18,423)
Effect of 10% increase in sales price	32,878	38,219
Effect of 10% decrease in sales price	(32,878)	(38,219)

11. TRADE AND OTHER RECEIVABLES

	2020	2019
	$000	$000
Trade receivables	1,371	2,229
Other receivables	9	213
Deposits	147	40
Current tax receivable	11	20
VAT receivable	292	445
Prepayments	1,931	3,176
	3,761	6,123

The Directors consider that the carrying amount of trade and other receivables approximates their fair value. Refer to Note 13 for details of the trade debt aging profile and for the Group's impairment policy.

12. INVENTORY

	2020	2019
	$000	$000
Timber and veneer	1,858	3,879
Stock in transit	3,035	2,530
	4,893	6,409

Write down for net realisable value amounted to $- (2019: $244,000). These were recognised as loss during the year ended 31 December 2019 and included in 'cost of sales' in profit or loss.

Loss owing to theft - Ivory Coast

$2.2 million of trading inventory was discovered stolen from a third-party warehouse in Ivory Coast post period end. The matter is still under investigation by both the Group and police. Several people implicated have been arrested and charged, but no recoveries have been made to date. The Group has severed all ties with the service provider who had responsibility to manage the warehouse, stock and logistics in Ivory Coast and has written off the balance of $1.2 million of prepayment made to them. The Company is working with authorities in Ivory Coast, but based on the current information, has concluded that no material recovery is likely. Ivory Coast was a non-core geography for the group. Sales from the Ivory Coast accounted for 8% of the Group's 2020 turnover. No impact was noted on the principal operations in the key production business in Gabon.

The loss recognised is made up of:

	2020
	$000
Stock write-off	(2,223)
Prepayment write-off	(1,160)
Provision claim (note 20)	(20)
Total Loss due to theft	(3,403)

13. 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
2020

Financial assets/(liabilities)	Financial assets at amortised cost $000	Financial assets at fair value $000	Financial liabilities at amortised cost $000	Financial liabilities at fair value $000	Total $000
Trade and other receivables	3,761	-	-	-	3,761
Cash and cash equivalents	2,560	-	-	-	2,560
Trade and other payables	-	-	(3,590)	-	(3,590)
Borrowings	-	-	(8,710)	-	(8,710)
Convertible bond liability	-	-	(842)	-	(842)
Contingent acquisition liability	-	-	(750)	-	(750)
	6,321	-	(13,892)	-	(7,571)

2019

Financial assets/(liabilities)	Financial assets at amortised cost $000	Financial assets at fair value $000	Financial liabilities at amortised cost $000	Financial liabilities at fair value $000	Total $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)
Preference share liability	-	-	(23,547)	-	(23,547)
Contingent acquisition liability	-	-	(975)	-	(975)
	7,613	-	(49,211)	-	(41,598)

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 $7.8m (2019: $7.2m) measured in accordance with level 1 and Biological Assets of $204.2m (2019: $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.

For a portion of the year, until the ITF was settled, the majority of the Company's debt was based on fixed interest rates with no link or exposure to movements in LIBOR. Since the ITF was settled, the company is now exposed to fluctuations in LIBOR.

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.

	2020 $000	2019 $000
+ 20 bp increase in interest rates	(16)	(48)
+ 50 bp increase in interest rates	(40)	(123)
+ 100 bp increase in interest rates	(80)	(248)

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

GROUP	2020 Fixed rate $000	2019 Fixed rate $000	2020 Floating rate $000	2019 Floating rate $000	2020 Total $000	2019 Total $000
Borrowings	(1,366)	(19,888)	(7,344)	-	(8,710)	(19,888)
Cash and cash equivalents	-	-	2,560	1,490	2,560	1,490
Convertible bond liability	(842)	(23,547)	-	-	(842)	(23,547)
Total	(2,208)	(43,435)	(4,784)	1,490	(6,992)	(41,945)

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:

	2020 Carrying Value $000	2020 Maximum Exposure $000	2019 Carrying Value $000	2019 Maximum Exposure $000
Cash and cash equivalents	2,560	2,560	1,490	1,490
Trade and other receivables	3,761	3,761	6,407	6,407
Total	6,321	6,321	7,897	7,897

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 2020 or 1 January 2021 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 2020 and 31 December 2019 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
2020						
Expected loss rate	30.63%	0%	0%	12%	0%	13.61%
Gross carrying amount - trade receivables	542	89	163	406	387	1,587
Loss allowance	(166)	-	-	(50)	-	(216)
2019						
Expected loss rate	12.28%	0%	0%	0%	0%	2.70%
Gross carrying amount - trade receivables	490	74	118	582	965	2,229
Loss allowance	(60)	-	-	-	-	(60)

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

	2020 $000	2019 $000
Opening loss allowance at 1 January	60	82
Increase in loss allowance recognised in profit and loss during the year	184	1
Receivables written off during the year as uncollectible	(28)	(23)
Closing loss allowance at 31 December	216	60

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:

	2020 $000	2019 $000
Cash and cash equivalents		
GBP	1,079	5
EUR	64	1,340
DKK	67	4
CFA	52	104
MUR	1	1
MZN	7	33
HKD	-	-
USD	1,290	3
Total	2,560	1,490

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:

	2020 Income Statement	2019 Income Statement	2020 Equity	2019 Equity
IMPACT OF 10% RATE CHANGE				

IMPACT OF 10% RATE CHANGE				
	$000	$000	$000	$000
Cash and cash equivalents	103	104	103	104

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.

	2020	2019
	$000	$000
Cash at bank	2,560	1,490

CONTRACTUAL MATURITY ANALYSIS

The Group has assessed the contractual maturity analysis as follows:

2020	0-3 months	3-12 months	1 - 5 years	Total
	$000	$000	$000	$000
Assets by contractual maturity				
Trade and other receivables	770	2,991	-	3,761
Cash and cash equivalents	2,560	-	-	2,560
	3,330	2,991	-	6,321
Liabilities by contractual maturity				
Trade and other payables	(3,470)	(120)	-	(3,590)
Borrowings	-	(6,223)	(2,487)	(8,710)
Convertible bond liability	-	-	(842)	(842)
Contingent acquisition liability	(250)	(500)	-	(750)
	(3,720)	(6,843)	(3,329)	(13,892)
Net liabilities by contractual maturity	(390)	(3,852)	(3,329)	(7,571)

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)

14. TRADE AND OTHER PAYABLES

	2020	2019
	$000	$000
Trade payables	1,333	1,256
Accruals	671	1,498
Contract liabilities (prepayments received)	1,359	1,139
Current tax payable	45	55
Other payables	62	383
Related party loan (Note 25)	-	285
Debt due to concession holders	120	185
	3,590	4,801

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

15. BORROWINGS

	2020	2019
	$000	$000
Non-Current liabilities		
Business loans	1,111	1,227
Internal Trade Finance Fund ("ITF")	-	12,311
Working capital facility	1,376	-
Car loans	-	7
	2,487	13,545
Current liabilities		
Business loans	1,382	1,391
Bank overdraft	110	2,988
Working capital facility	4,731	1,944
Car loans	-	20
	6,223	6,343
Total	8,710	19,888

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

Business loan with a Danish bank that amounted to $1.2 million (2019: $1.2 million). The business loan carries an interest rate of 2%. The purpose of the loan is for financing timber trades.

Car Loans with a Danish bank that amounted to $ Nil (2019: $27k). The car loans carried interest rates of 2.25% and 2.5%.

Working capital facilities with Danish banks that amounted to $6,1 million (2019: $4,9 million). These facilities carry interest at rates of 6.32% and 2%. One of the facilities, for $3.2 million, has been included in current liabilities: this is a revolving facility with no maturity date. At the year end and as at the date of this report, there is no indication from the credit provider that the facility will be revoked, but as there is no maturity date, the Company has classified and disclosed it as being a current liability.

As at 31 December 2020 the Group had retired its Internal Trade Finance fund (2019: $12.3 million). The ITF was settled by a combination of monies raised during the Fundraise, disposal of idle assets located Nampula, Mozambique and subscription of share capital.

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

Business loans with a Gabonese bank that amounted to $1.2 million (2019: $1.4 million). These loans carry an interest rate of between 10% and 15%. A bank overdraft with a Gabonese bank amounted to $0.110 million (2019: Nil) and carries an interest rate of 15%. The purpose of the loans is for operational asset financing.

The Group signed a combined security to the value of $2 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 $4.7 million. Woodbois International APS has a payment guarantee to the value of $28 673.

The contractual maturity of borrowings has been assessed in Note 13.

The Group had undrawn facilities available at 31 December 2020 amount to $0.1m (2019: $0.6m).

16. CONVERTIBLE BONDS

	2020	2019
	$000	$000
Convertible bonds: Liability component	842	23,547
Convertible bonds: Equity component	52	1,495
Total	894	25,042
Convertible bond liability	741	23,070
Interest accrued	101	477
Total	842	23,547

As part of the financial restructure completed on 5 August 2020, convertible bonds of $28.95m principal amount plus $0.92m accrued interest were exchanged into new Voting Ordinary Shares and new Non-Voting Ordinary Shares each at the placing price of 2p per Share (note 17).

The terms of the remaining convertible bonds ($1.05m principal amount) were varied as follows:

1. Final Redemption Date of 30 June 2023 instead of 30 June 2024.

2. Convertible at a price of 4p per ordinary share instead of 8p.

3. Interest from 1 July 2020 being zero per cent rather than 4 per cent with accrued interest up to 30 June 2020 being satisfied by the issue of further Convertible Bonds.

17. 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 2019	377,451,931	5,617
Shares issued	88,000,000	1,140
AT 31 DECEMBER 2019	465,451,931	6,757
Shares issued	1,916,764,500	24,362
AT 31 DECEMBER 2020	2,382,216,431	31,119
Voting	1,430,851,336	19,227
Non-Voting	951,365,095	11,892

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, 1,916,764,500 (2019: 88,000,000) ordinary shares with a nominal value of $24,361,867 (2019: $1,140,379) were issued, of which 965,399,405 were Voting Shares and 951,365,095 were Non-Voting Shares.

On 21 January 2020, 4,140,230 new ordinary shares have been issued to Volantis and 244,704 new ordinary shares have been issued to P Dolan for a nominal value of $0.057m in consideration for ITF interest.

On 8 August 2020, 1,912,379,566 new ordinary shares have been issued as part of a Fundraise and Debt Restructure. Gross proceeds of £12.6m (approximately $15.7m) were raised by way of a conditional Placing, Retail Offer and Subscription by issuing 629,500,000 new ordinary shares at a price of 2 pence per ordinary share (the "Placing Price").

In addition, 243,514,472 new ordinary shares (Voting) and 951,365,095 new ordinary shares (Non-Voting) were issued relating to the conversion of $29.87m convertible bonds (principal and interest) each at the placing price.

62,500,000 new ordinary shares were issued at the placing price to settle a portion of the deferred consideration. 25,500,000 new ordinary shares were issued directly to two recipients in settlement of their portion of the ITF debt due (principal and interest).

Following Admission of the New Ordinary Shares, the Company's issued share capital comprises of 2,382,216,431 shares, of which 1,430,751,958 are Voting shares, 951,365,094 are Non-Voting shares and 99,378 are Treasury shares.

See note 26 for post year-end changes.

18. SHARE PREMIUM ACCOUNT

	2020 $000	2019 $000
AT 1 JANUARY	35,130	29,954
Shares issued	23,479	5,176
AT 31 DECEMBER	58,609	35,130

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.

19. MERGER RESERVE

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.

20. PROVISIONS

	2020 $000
AT 1 JANUARY	-
Provisions made during the year	132
AT 31 DECEMBER	132

	$000
Current	132
Non-current	-

The balance comprises two provisions: An amount of $0.1 million which relates to a tax dispute with the Mozambique tax authorities and a further $0.021 million relating to a potential cost reimbursement to a customer to whom an order could not be fulfilled due to the stock theft that occurred in the Ivory Coast (see note 12).

21. FAIR VALUE GAIN

	2020 $000	2019 $000
Fair value gain on conversion of preference shares	-	(4,602)

During 2019 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.

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).

22. SHARE BASED PAYMENT

The Group operates a share option plan, under which certain Directors and key employees have been granted options to subscribe for ordinary shares. All options are equity settled. The Group has no legal or constructive obligation to repurchase or settle the options in cash. A new Share Option award, totalling 144.5m Share Options, became effective as of 6 August 2020 and exercisable at 2p per Share, the same price as the Placing and other share issues set out in note 17. The vesting of the new awards is substantially geared towards material improvement in both operating results and share price appreciation. All share options under the previous share options plan were co-terminously forfeited.

The key terms and conditions related to the grants are as follow:

A. Market Performance Condition

- Grant Date: 6 August 2020
- Contractual life of options: 4 years
- Vesting conditions: Total Shareholder Return - 67.25m of the Share Options are subject to the Market Performance Condition whereby nil will vest at a share price of 2p; 33% of these options will vest on a straight-line basis between a share price of 2-4p, 67% will vest on a straight-line basis between a share price of 4-6p per share and full vesting will occur when the share price exceeds 6p, each vesting being based on the volume weighted average share price over a period of 30 days.

B. Non-Market Performance Condition

- Grant Date: 6 August 2020
- Contractual life of options: 4 years
- Vesting Conditions: Target EBITDA - These 67.25 million Share Options are subject to Non-Market Performance Conditions, whereby 12.5% of these Options can vest per annum based on achieving EBITDA targets for each of the financial years 2020-2023, being -$1.8m, $7.8m, $12.9m and $15.9m, respectively. There is also a cumulative provision whereby a shortfall (or excess) in one or more years can be offset against other years for the purposes of vesting.

Non-Subject to Performance Criteria

- Grant Date: 6 August 2020
- Contractual life of options: 4 years
- A one-off award of 10m Share Options has been made to Mr G Thomson (Senior Independent Non-Executive). In accordance with corporate governance advice his options are not subject to performance criteria but may not vest for 4 years from the time of grant.

The awards distributed to Directors are:

		Number of options (2p exercise price)
P Dolan	Chair and CEO	50,000,000
C Geddes	CFO	22,500,000
H Ghossein	Deputy Chair	22,500,000
G Thomson	Senior Independent NED	10,000,000

Measurement of fair values:

For the 'Market Performance Conditions' (Total Shareholder Return), the fair value of the 67.25m Share Options were valued using a Monte Carlo simulation.

For the 'Non-Market Performance Conditions' (Target EBITDA), the fair value of the of 67.25m Share Options were valued using a Black Scholes Option Pricing Model.

For the 'Non-Subject to Performance Criteria', the fair value of the 10m Share Options were valued using a Black Scholes Option Pricing Model.

Only Market Conditions have been considered in estimating the fair value of the Share Options.

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

Fair value at grant date	0.97p - 1,04p
Exercise price	2p
Share price at grant date	2.15p
Annual share price volatility (weighted average)	62%
Risk free rate	0.1%
Expected life	4 years

The annualised volatility in the share price was determined using the historical volatility of Woodbois Limited and York Timber Holdings Limited over a time period in line with the simulation period. A monthly volatility of 18.0% was used in the simulation (annual volatility of 62%).

Reconciliation of the share options in issue:

	Total options	Weighted average strike price
As on 1 January 2019	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
Forfeited during the financial year	(14,500,000)	(15.23p)
Issued during the financial year	144,500,000	2p
As on 31 December 2020	144,500,000	2p

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

	2020 $000	2019 $000
AT 1 JANUARY	968	1,012
Reserve transfer for forfeitures	(942)	(275)
Share based payment expense	200	231
AT 31 DECEMBER	226	968

There were no options exercisable at the reporting date.

23. LOSS ON FINANCIAL RESTRUCTURE

	2020 $000
Profit on ITF settlement	2,484
Loss on conversion of bonds	(4,035)
Gain on restructure of remaining convertible bond terms	64
Total loss on restructure	(1,487)

As of 5 August 2020, the Company completed a fundraise and debt restructure. The debt restructure resulted in:

- A capitalisation of convertible bonds into share capital and a variation to the remaining convertible bonds' terms (notes 16 and 17).
- Settlement of the ITF balance of $13,8m owing by a combination of $3. 9m in cash and $3.7m in asset transfer.
- Settlement of $3m in deferred consideration by a combination of cash and the issuing of ordinary shares.

24. DISCONTINUED OPERATIONS

During the 2018 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. No further disclosure has been made in 2020 on the grounds of materiality. Full disclosure and prior years' information has been disclosed in the 2018 and 2019 Annual Reports.

25. RELATED PARTY TRANSACTIONS AND BALANCES

RELATED PARTY BALANCES

	2020 $000	2019 $000
Amount due from shareholder of discontinued operations	-	49
Amount due to H. Ghossein, a Director	-	(285)
Funding raised for ITF (see below)	-	(7,290)
Contingent acquisition liability due to Director vendors re purchase of WoodBois International ApS in 2017	(750)	(975)
AT 31 DECEMBER	(750)	(8,501)

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

Name	Relationship	2020 $000	2019 $000
1798 Volantis Fund Limited	Shareholder	-	(5,000)
P Dolan	Shareholder and Director	-	(250)
Moghle Ltd (representing M Collins, former Director)	Other key management personnel	-	(296)
		-	(5,546)

Interest expensed during 2020 on the ITF was $0.9 million (2019: $1.2 million).

Deferred consideration:

Under the variation of the $3m Deferred Consideration due to Mr Abbas, Mr Hansen and Mr Ghossein or companies owned and controlled by them for the acquisition of WoodBois International ApS in 2017, it was agreed effective as of 5 August 2020 that the outstanding amount be settled as follows:

- In consideration of $1.56 million owing the issue of the 62.5 million Ordinary Shares at the Placing Price of 2p per share, being 15,861,853 ordinary shares to Mr Ghossein and 46,638,147 ordinary shares to Mr Hansen.
- The payment of an aggregate of $699,209 in cash to Mr Ghossein and Mr Hansen on 21 August 2020;
- The payment of an aggregate of $750,000 in cash to Mr Ghossein in three equal quarterly instalments in 2021 commencing 31 March.

Share subscription and restructure

- P Dolan participated in the fundraise completed on 5 August 2020 by subscribing for 29,026,757 Ordinary Shares at the subscription price (valued at $740,941), repayment of the ITF balance due to him ($315,855) and capitalisation of convertible bonds ($413,169).
- G Thomson subscribed for 1,250,000 shares (valued at $32,137) in the fundraise completed on 5 August 2020.
- On 21 January 2020, 4,140,230 new ordinary shares have been issued to Volantis (valued at $289,863). Internal trade finance owing to Volantis of $5,881,719 was repaid during the year.

The 40,000,000 warrants issued to Volantis in January 2019, exercisable at 8p before 1 April 2023, remain outstanding.

TRADING TRANSACTIONS

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

	2020 Transactions in year $000	2020 Balance at 31 December $000	2019 Transactions in year $000	2019 Balance at 31 December $000
Loans to subsidiary undertakings	16,042	14,835	(4,356)	30,877
Contingent acquisition expense (see above)	2,171	-	956	-

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

The Group's key management personnel comprised the following:

2020	Short-term employment benefits		
	Salaries, fees & national insurance contributions $000	Benefits $000	Total $000
Directors			
P Dolan	200	-	200
C Geddes *	200	-	200
H Ghossein	206	6	212
G Thomson	42	-	42
H Turcan **	6	-	6
J Hansen	201	9	210
Z Abbas *	203	6	209
K Milne	10	-	10
Other key management personnel			
S Bouchebel	96	16	112
C Wellov	40	4	44
A Rahmati	123	2	125
A Rafael	24	-	24
I Hardy *	91	-	91
	1,442	43	1,485

The table above excludes deferred acquisition payments made during the year directly to or to companies owned and controlled by H Ghossein ($0.618 million) and J Hansen ($1.756 million).

* Paid through service companies
** H Turcan is a representative of Lombard Odier. No fees are paid directly to H Turcan, however an annual fee is payable to Lombard Odier for his services.

2019	Short-term employment benefits			
	Salaries, fees & national insurance contributions $000	Benefits $000	Share based payments $000	Total $000
Directors				
K Milne	30	-	-	30
P Dolan	200	-	33	233
J Hansen	236	7	48	291
H Ghossein	188	6	48	242
Z Abbas	234	8	48	290
C Geddes	183	-	21	204
G Thomson	11	-	-	11
H Turcan	16	-	-	16
M Pelham	107	-	-	107
J Camus-Demarche	3	-	-	3
Other key management personnel				
G Impey	23	-	-	23
S Hunter	19	-	-	19
S Bouchebel	94	19	-	113
M Collins	36	-	-	36
C Wellov	64	4	-	68
I Muir	75	4	-	79
H Visser	12	-	-	12
T Costin	76	-	-	76
U Marshall	18	-	21	39
A Rahmati	91	-	12	103
I Hardy	91	-	-	91
	1,807	48	231	2,086

The table above excludes deferred acquisitions payments of $0.478 million made during the year directly to or to companies owned and controlled by each of J Hansen and Z Abbas.

26. EVENTS OCCURRING AFTER THE REPORTING DATE

- Conversion of 326 million Non-Voting Shares

To date in 2021, a total of 326,365,095 Non-Voting Shares have been converted into Voting Ordinary Shares. The total issued share capital as at 28 April 2021 comprises of 1,757,117,053 Voting Shares, 625,000,000 Non-Voting Ordinary Shares and 99,378 Treasury Shares.

- Establishment of new reforestation and carbon credit division

As set out in the Chair and CEO's report and as announced on 8 March 2021, the Group established a reforestation and carbon credit division to deliver reforestation projects at scale in Africa, generating carbon credits for corporate actors in the expanding Voluntary Carbon Markets. The new initiative will answer growing calls for high quality nature-based carbon sequestration projects, contributing to a wider global effort to address the ecological and socio-economic stresses posed by climate change.

27. ULTIMATE PARENT COMPANY

At 31 December 2020, the Directors do not believe that there was an ultimate controlling party.

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