**Cambium Global Timberland Limited**

**("Cambium" or the "Company")**

**Annual Results for the year ended 30 April 2019**

Cambium (AIM: TREE) announces its audited results for the year ended 30 April 2019. A copy of the annual report and accounts will be sent to shareholders and will be available to view on the Company's website shortly, at http://www.cambium.je/.

For further enquiries, please contact:

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*The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014). Upon the publication of this announcement via Regulatory Information Service this inside information is now considered to be in the public domain.*

The below has been extracted from the full financial statements.

## Chairman's Statement

### Assets and values

The Company's Net Asset Value per share ("NAVPS") as of 30 April 2019 is 18.8p compared with 20.2p as at 30 April 2018, a decrease of 6.7%.

Currency movements accounted for a decrease in the NAVPS of 5.1%. Net expenditure on forestry and other costs accounted for a further decrease of 5.3%. The accretive effect of buying back shares at a discount to NAV increased NAVPS by 3.7%.

The Board's view on land values results in an aggregate increase of £0.4m. The value of the Group's plantations has remained stable, with a small reduction in aggregate value due to the disposal of the final quantity of cut logs at 3R and initial sales of small volumes of wood in Agua Santa, partially offset by further growth of wood which remains in the ownership of the Group, including coppice re-growth at 3R.

The Board continues to pursue realistic opportunities to sell the land.

The Board continually monitors the Group's cash position. As at the period-end the Company and its subsidiaries had cash reserves of £1.14 million. The purchaser of the Group's Hawaiian properties continues to make timely payment of lease rental, resulting in corresponding sums being released to the Group from the rental escrow and the Group continues to expect to receive in the region of US$59,500 per quarter until January 2020 and US$21,400 per quarter from April 2020 to October 2020. The Operations Manager's Report states the outcome on recovery of wood sale proceeds at 3R in Brazil. In addition, the Group continues in discussions with prospective purchasers of wood and/or land in Minas Gerais. In light of the foregoing, the Company expects to have sufficient reserves to meet outgoings for the foreseeable future.

### Costs

Cost curtailment efforts continue whilst, as before, continuing to protect the value in the coppice re-growth at 3R, and to protect the crops at Minas Gerais and prevent encroachment on the land.

Excluding one-off Nomad fees incurred to enable share buybacks, total administrative expenses have decreased by 8.8%.

Forestry operating expenses (Notes 8 and 9) show a meaningful fall against the previous year, reflecting disposals, partly offset by increased maintenance and protection costs (including pest control) to safeguard asset values. The overall reduction amounts to 10.6% against prior year.

The net result, allowing for the impact of currency fluctuations, is that total costs, including finance costs, for the period *in Sterling terms* amounted to £1.37 million, as compared with £1.36 million for the prior year. Excluding interest arising on the related party loan and Nomad fees incurred to enable share buybacks, total costs have reduced by £0.13 million, or 9.7%, from the prior year.

**Return of funds to shareholders**

The Board has utilised £941,000 of its available cash to fund purchases of approximately 8 million of the Company's own shares at discounts to NAV, and will consider continuing the buy-back programme as more cash is realised from assets which is surplus to prudent needs.

**Conclusions**

The year has seen a continuation of asset value recoveries, ongoing progress in containing costs, conclusion of the 3R wood sale transaction, and a successful first phase of the share buy-back programme.

Notwithstanding that considerable work to prepare assets for sale has been completed, the market recovery has not materialised as had been hoped and the wait continues for the work to translate into further actual sales, in particular land sales, to bring the journey to a conclusion.

My unaltered ongoing role is to achieve that conclusion on the best terms sensibly achievable, and in the meantime to continue to keep expenditure down. I look forward to reporting further in due course.

**Antony Gardner-Hillman**
**Chairman**
24 July 2019

## Operations Manager's Report
For the year ended 30 April 2019

Total returns for the period covered by these financial statements were a loss of £0.9 million compared to a profit of £4.0 million in the previous year, the latter arising principally as a result of the reversal of the 3R provision in the amount of £3.2 million. The portfolio returns were primarily impacted by operating costs, partially offset by modest gains from the increased value of the plantations.

Below is a summary of the results by geographic area.

**Brazil**
The Brazilian portfolio now represents 100% of the total physical assets and 92% of the current assets.

At 3R the main operations have continued to be the tending of 1,600 hectares of coppice which continue to regrow well and have the potential to produce an economic second rotation crop. The majority of the small outstanding amount due on the harvest of charcoal wood was received and the remainder written off as the legal costs of recovery, if successful, would have likely outweighed the amount outstanding.

In Minas Gerais contracts have been signed to sell the wood from two of the Company's three properties in the State and harvesting has started at both properties. Payments were received for wood sold at Agua Santa. At

Ribeirao do Gado, a procedural delay in finalising the environmental harvesting licence has delayed receipt of wood sale proceeds. Negotiations are also underway to sell the wood from the third property, Forquilha, but no contract has been signed.

The anticipated upturn in Brazilian land market activity has not materialised. None the less, progress is being made in negotiating the sale of the land at Agua Santa and there is some interest in the other two properties in Minas Gerais. Likewise there is tentative interest in acquiring 3R, which will continue to be encouraged, but as yet no offers have been received.

Security, fire protection and insurance will continue to be required to protect the Company's assets.

**United States - Hawaii**

Cambium records the balance of outstanding rental payments in escrow as an asset which represents 1% of the total assets. The owners of the plantations continue to pay the rent to the landlords so allowing the release of escrow funds to Cambium as scheduled.

**Conclusion**

The operational focus continues to be the generation of cash flow from the Brazilian assets to offset the Company's costs, the building of cash surpluses for distribution, and demonstrating the commercial value of the properties to potential buyers. This is despite the fact that an upturn in economic activity in general and the land market in particular has not yet occurred. As a result of the lack of market upturn, there is not yet the level of market confidence required for Cambium to sell all its forest land on acceptable terms, and progress is therefore slow.

**Robert Rickman**
**Operations Manager**
24 July 2019

## Consolidated Statement of Comprehensive Income
For the year ended 30 April 2019

| Continuing operations | Notes | 30 April 2019 £ | 30 April 2018 £ |
|---|---|---|---|
| Finance costs | 10 | **(97,510)** | (33,805) |
| Net foreign exchange loss | | **(2,501)** | (1,650) |
| Net finance costs | | **(100,011)** | (35,455) |
| Administrative expenses | 7 | **(574,990)** | (460,223) |
| **Loss for the year from continuing operations** | | **(675,001)** | (495,678) |
| **Discontinued operations** | | | |
| Revenue | 6 | **-** | 116,557 |
| (Loss)/profit on disposal of assets held for sale | 15 | **(72,556)** | 709,845 |
| Increase in fair value of assets and disposal group held for sale | 5,15 | **587,773** | 691,396 |
| | | **515,217** | 1,517,798 |
| Administrative expenses | 7 | **(74,077)** | (168,987) |
| Forestry management expenses | 8 | **(6,349)** | (3,750) |
| Other operating forestry expenses | 9 | **(615,322)** | (691,785) |
| Movement in provisions | 26 | **-** | 3,191,119 |
| | | **(695,748)** | 2,326,597 |
| **Operating (loss)/profit from discontinued operations** | | **(180,531)** | 3,844,395 |
| Finance costs | 10 | **(3,350)** | (3,265) |

| | | | |
|---|---|---|---|
| Reclassification of prior year's translation gains on disposal of foreign subsidiaries | 17 | **-** | 615,145 |
| Net foreign exchange gain | | **-** | 13,239 |
| Net finance (cost)/income | | **(3,350)** | 625,119 |
| (Loss)/profit before taxation from discontinued operations | | **(183,881)** | 4,469,514 |
| Taxation charge | 11 | **-** | - |
| **(Loss)/profit for the year from discontinued operations** | | **(183,881)** | 4,469,514 |
| **(Loss)/profit for the year** | | **(858,882)** | 3,973,836 |
| **Other comprehensive loss** | | | |
| **Items that are or may be reclassified to profit or loss, net of tax** | | | |
| Foreign exchange loss on translation of discontinued foreign operations | 17 | **(816,903)** | (2,465,983) |
| Reclassification of prior year's translation gains on disposal of foreign subsidiaries | 17 | **-** | (615,145) |
| **Other comprehensive loss for the year** | | **(816,903)** | (3,081,128) |
| **Total comprehensive (loss)/income for the year** | | **(1,675,785)** | 892,708 |
| Basic and diluted (loss)/gain per share | 12 | **(1.07) pence** | 4.84 pence |
| Basic and diluted loss per share from continuing operations | 12 | **(0.84) pence** | (0.60) pence |
| Basic and diluted (loss)/gain per share from discontinued operations | 12 | **(0.23) pence** | 5.44 pence |

All gains and losses from continuing and discontinued operations are attributable to the equity holders of the parent Company. There are no minority interests.

The notes contained later in the annual report form an integral part of these consolidated financial statements.

## Consolidated Statement of Financial Position

At 30 April 2019

| | Notes | **30 April 2019 £** | 30 April 2018 £ |
|---|---|---|---|
| **Current assets** | | | |
| Assets held for sale | 15 | **14,292,311** | 14,774,260 |
| Trade and other receivables | 16 | **208,641** | 391,800 |
| Cash and cash equivalents | | **1,137,281** | 3,071,863 |
| **Total assets** | | **15,638,233** | 18,237,923 |
| **Current liabilities** | | | |
| Liabilities held for sale | 15 | **74,072** | 165,731 |
| Loan payable to related party | 18 | **1,539,237** | 1,444,272 |
| Trade and other payables | 19 | **77,529** | 63,923 |
| **Total liabilities** | | **1,690,838** | 1,673,926 |
| **Net assets** | 13 | **13,947,395** | 16,563,997 |
| **Equity** | | | |
| Stated capital | 22 | **2,000,000** | 2,000,000 |
| Distributable reserve | 23 | **82,648,243** | 83,589,060 |
| Translation reserve | 23 | **2,802,225** | 3,619,128 |
| Retained loss | | **(73,503,073)** | (72,644,191) |

| | | | |
|---|---|---|---|
| **Total equity** | | **13,947,395** | 16,563,997 |
| **Net asset value per share** | 13 | **18.8 pence** | 20.2 pence |

These consolidated financial statements were approved and authorised for issue on 24 July 2019 by the Board of Directors.

**Antony Gardner-Hillman** **Roger Lewis**

The notes contained later in the annual report form an integral part of these consolidated financial statements.

## Consolidated Statement of Changes in Equity
For the year ended 30 April 2019

| | **Stated capital £** | **Distributable reserve £** | **Translation reserve £** | **Retained loss £** | **Total £** |
|---|---|---|---|---|---|
| **At 30 April 2018** | **2,000,000** | **83,589,060** | **3,619,128** | **(72,644,191)** | **16,563,997** |
| **Total comprehensive loss for the year** | | | | | |
| Loss for the year | **-** | **-** | **-** | **(858,882)** | **(858,882)** |
| **Other comprehensive loss** | | | | | |
| Foreign exchange losses on translation of discontinued foreign operations (note 17) | **-** | **-** | **(816,903)** | **-** | **(816,903)** |
| **Total comprehensive loss** | **-** | **-** | **(816,903)** | **(858,882)** | **(1,675,785)** |
| **Transactions with owners** | | | | | |
| Share buy-backs (note 22) | **-** | **(940,817)** | **-** | **-** | **(940,817)** |
| **Total transactions with owners** | **-** | **(940,817)** | **-** | **-** | **(940,817)** |
| **At 30 April 2019** | **2,000,000** | **82,648,243** | **2,802,225** | **(73,503,073)** | **13,947,395** |

| | Stated capital £ | Distributable reserve £ | Translation reserve £ | Retained loss £ | Total £ |
|---|---|---|---|---|---|
| At 30 April 2017 | 2,000,000 | 83,589,060 | 6,700,256 | (76,618,027) | 15,671,289 |
| Total comprehensive income for the year | | | | | |
| Profit for the year | - | - | - | 3,973,836 | 3,973,836 |
| Other comprehensive loss | | | | | |
| Foreign exchange losses on translation of discontinued foreign operations (note 17) | - | - | (3,081,128) | - | (3,081,128) |
| Total comprehensive income | - | - | (3,081,128) | 3,973,836 | 892,708 |
| At 30 April 2018 | 2,000,000 | 83,589,060 | 3,619,128 | (72,644,191) | 16,563,997 |

The notes contained later in the annual report form an integral part of these consolidated financial statements.

## Consolidated Statement of Cash Flows
For the year ended 30 April 2019

| | Note | **30 April 2019 £** | 30 April 2018 £ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| (Loss)/profit for the year | | **(858,882)** | 3,973,836 |
| Adjustments for: | | | |
| Increase in fair value of assets and disposal group held for sale | 15 | **(587,773)** | (691,396) |
| Decrease in provision | 15 | **-** | (3,191,119) |
| Loss/(profit) on disposal of assets held for sale | 15 | **72,556** | (709,845) |
| Reclassification of prior years' translation gains on disposal of foreign subsidiaries | | **-** | (615,145) |
| Net finance costs, excluding foreign exchange movements - continuing operations | 10 | **97,510** | 33,805 |
| Net finance costs, excluding foreign exchange movements - discontinued operations | 10 | **3,350** | 3,265 |
| Settlement of provision | 26 | **-** | (1,413,874) |
| Decrease/(increase) in trade and other receivables | | **161,274** | (344,831) |
| Decrease in trade and other payables | | **(78,053)** | (65,769) |
| | | **(1,190,018)** | (3,021,073) |
| Tax paid | | **-** | - |
| Net cash used in operating activities | | **(1,190,018)** | (3,021,073) |
| **Cash flows from investing activities - discontinued operations** | | | |
| Net proceeds received from sale of assets held for sale | | **353,801** | 2,621,100 |
| Cost capitalised to land and plantations | 15 | **(151,776)** | - |
| Net cash from investing activities | | **202,025** | 2,621,100 |
| **Cash flows from financing activities** | | | |
| Proceeds of loan from related party | 18 | **-** | 1,413,874 |
| Share buy-backs | 22 | **(940,817)** | - |
| Net finance costs, excluding foreign exchange movements | | **(5,895)** | (37,070) |
| Net cash (used in)/from financing activities | | **(946,712)** | 1,376,804 |
| **Net (decrease)/increase in cash and cash equivalents** | | **(1,934,705)** | 976,831 |
| Foreign exchange movements | | **123** | (176,996) |
| **Balance at the beginning of the year** | | **3,071,863** | 2,272,028 |
| **Balance at the end of the year** | | **1,137,281** | 3,071,863 |

The notes contained later in the annual report form an integral part of these consolidated financial statements.

## Notes to the Consolidated Financial Statements
For the year ended 30 April 2019

**1. General information**

The Company and its subsidiaries (together the "Group") own a portfolio of forestry based properties which are managed on an environmentally and socially sustainable basis. Assets are managed for timber production, with exposure to emerging environmental markets. As at the year end date the Group owned forestry assets located in Brazil.

The Company is a closed-ended company with limited liability, incorporated in Jersey, Channel Islands on 19 January 2007. The address of its registered office is Charter Place, 23/27 Seaton Place, St Helier, Jersey JE1 1JY.

These consolidated financial statements (the "financial statements") were approved and authorised for issue on 06 August 2018 and signed by Roger Lewis and Antony Gardner-Hillman on behalf of the Board.

The Company is listed on AIM, a market of the London Stock Exchange.

**2. Basis of preparation**

The consolidated financial information included in the financial statements for the year ended 30 April 2019 has been prepared in accordance with International Financial Reporting Standards ("IFRS") issued and adopted by the International Accounting Standards Board ("IASB"). They give a true and fair view and are in compliance with applicable legal and regulatory requirements of the Companies (Jersey) Law 1991.

The financial statements have been prepared in Sterling, which is the presentation currency and functional currency of the Company, and under the historical cost convention, except for investment property, plantations, buildings, assets and liabilities held for sale and certain financial instruments, which are carried either at fair value or fair value less cost to sell.

The preparation of the financial statements in accordance with IFRS requires Directors to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. It also requires management to exercise its judgement in the process of applying accounting policies. The main area of the financial statements where significant estimates are made by the Directors is in determining the fair value of the assets held for sale as disclosed in note 14. The areas involving high degrees of judgement or complexity, or areas where the assumptions and estimates are significant to financial statements are disclosed in note 4.

Certain amounts included as equity within the prior year have been reclassified from translation reserve to retained loss within the Consolidated Statement of Financial Position to enable greater consistency with the Consolidated Statement of Changes in Equity and the rest of the financial statements. This reclassification had no effect on the previously reported results of operations and net asset position of the Group.

***Going concern and assets and liabilities held for sale***

On 30 November 2012, the Directors announced the outcome of the strategic review initiated in June 2012. The Directors proposed and recommended a change of investment policy with a view to implementing an orderly realisation of the Group's investments in a manner which maximises value for shareholders, and returning surplus cash to shareholders over time through ad hoc returns of capital. This proposal was approved by shareholders at an Extraordinary General Meeting ("EGM") on 22 February 2013. There is no set period for the realisation of the portfolio.

Since the EGM, the portfolio has been reviewed by the Directors with a view to an orderly sale of the assets in such a manner as to enable their inherent value to be realised. As part of this process, the Directors plan to sell the remaining assets when acceptable offers are received. As a result, as at 30 April 2019, the portfolio of assets is classified as held for sale (and its transactions for the year as discontinued operations) under IFRS 5 '*Non-current Assets Held for Sale and Discontinued Operations',* as disclosed in note 15.

As at the date of approval of these financial statements, the Directors have no intention to instigate a winding-up of the Company, a course of action that would require the approval of shareholders. As a result, as at 30 April 2019 the assets and liabilities of the Company pertaining to the Jersey operations have not been classified as held for sale and its operations continue to be treated as continuing.

The Directors have reviewed the Group's cash flow forecasts, which cover the period to 30 April 2021 and consider that the Group has sufficient resources available to pay its liabilities as they fall due. On the basis of the above, the Directors believe it is appropriate to prepare the financial statements on a going concern basis.

***New, revised and amended standards***

At the date of authorisation of these financial statements, the following relevant amended standard, which has not been applied in these financial statements, was in issue but not yet effective:

- IFRS 9 (amended), "Financial Instruments" (amendments regarding prepayment features with negative compensation and modifications of financial liabilities, effective for periods commencing on or after 1 January 2019);

In addition, the IASB published 'Definition of Material (Amendments to IAS 1 and IAS 8)' in October 2018. This project has amended IAS 1 and IAS 8 to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards, effective for accounting periods commencing on or after 1 January 2020.

The Directors do not anticipate that the adoption of these standards in future periods will have a material impact on the financial statements of the Group.

***New accounting standards effective and adopted***

The following amended standards have been applied for the first time in these financial statements.

- IAS 40 (amended), "Investment Property" (amendments to clarify transfers of property to or from investment property, effective for periods commencing on or after 1 January 2018);
- IFRS 9, "Financial Instruments" (effective for periods commencing on or after 1 January 2018);
- IFRS 15, "Revenue from Contracts with Customers" (effective for periods commencing on or after 1 January 2018).

In addition, the IASB completed its Annual Improvements 2014-2016 Cycle project in December 2016. This project has amended certain existing standards and interpretations effective for accounting periods commencing on or after 1 January 2018.

The adoption of these standards and amendments has had no material impact on the financial statements of the Group.

**3. Significant accounting policies**

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below.

***Basis of consolidation***

The financial statements incorporate the financial statements of the Company and its subsidiaries, including special purpose entities ("SPEs") controlled by the Company, made up to 30 April 2019. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee.

*a) Subsidiaries*

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

*b) Transactions eliminated on consolidation*

When necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

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

Classification as a discontinued operation occurs at the earliest 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 comprehensive income and statement of cash flows are re-presented as if the operation had been discontinued from the start of the comparative year.

***Revenue and other income***

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue can be measured reliably. Revenues are accounted for on an accruals basis.

***Finance income and finance costs***

Finance income comprises interest income on funds invested.

Interest income and expense are accrued on a time basis by reference to the principal outstanding and the effective interest rate applicable.

Finance costs comprise bank charges and interest payable on the loan from a related party.

Foreign currency gains and losses are reported on a net basis.

***Foreign currencies***

*a) Functional and presentation currency*

Items included in the financial statements of each of the Group entities are measured in the currency of the primary economic environment in which the entity operates (the "functional currency"). The Group has selected Sterling as its presentation currency, as it is the currency in which capital has been raised and dividends paid, and is the functional currency of the Company.

*b) Transactions and balances*
Transactions in currencies other than Sterling are recorded at the rates of exchange prevailing on the dates of transactions. At each period end date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the period end date. Non-monetary assets and liabilities that are carried at fair value and denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on translation are included in net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised in other comprehensive income.

*c) Group companies*
The results and financial position of all the Group entities that have a functional currency different from the presentation currency of the Company are translated into the presentation currency of the Company as follows:

(i) assets and liabilities in each Statement of Financial Position presented are translated at the closing rate at the reporting date;
(ii) income and expenses in the Statement of Comprehensive Income are translated at the average exchange rate prevailing in the period; and
(iii) all resulting exchange differences are recognised in other comprehensive income and are taken to the translation reserve.

The following exchange rates have been applied in these financial statements to convert foreign currency balances to Sterling:

| | **30 April 2019 closing rate** | **30 April 2019 average rate** | 30 April 2018 closing rate | 30 April 2018 average rate |
|---|---|---|---|---|
| Brazilian Real | **5.1067** | **4.9910** | 4.8252 | 4.3368 |
| United States Dollar | **1.3032** | **1.3045** | 1.3763 | 1.3384 |

On consolidation, the exchange differences arising from the translation of the net investment in foreign entities are recognised in other comprehensive income and are taken to the translation reserve.

***Expenses***
All expenses are accounted for on an accruals basis. Expenses which are incidental to the acquisition of an investment property or plantation are included within the cost of that property and plantation; for example this will include legal fees, due diligence fees and other expenses associated with acquisitions that are capitalised. Expenses incurred in relation to the disposal of an investment property or plantation are included in profit or loss on disposal of that asset.

***Provisions***
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.

***Impairment***
The carrying amounts of the Group's non-financial assets, other than investment property and plantations, buildings and improvements are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists the asset's recoverable amount is estimated. Any impairment loss is recognised in profit or loss of the Statement of Comprehensive Income whenever the carrying amount of an asset exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped together at the lowest levels for which there are separately identifiable cash flows.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount, after the reversal, does not exceed the amount that has been determined, net of applicable depreciation, if no impairment loss had been recognised.

***Taxation***
The Company is subject to Jersey income tax at a rate of 0%. No charge to Jersey taxation arises on capital gains. The Group is liable to foreign tax arising on activities in the overseas subsidiaries. During the year, the Group has owned subsidiaries incorporated in Brazil, British Virgin Islands and the United States.

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit or net loss as reported in the Statement of Comprehensive Income because it excludes items of income and expense that are taxable or deductible in other years or that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted by the reporting date.

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

***Investment property and plantations***

*a) Investment property*

Land is classified as investment property as it is held for capital appreciation. Investment property is recognised as an asset when it is probable that the future economic benefits that are associated with the property will flow to the enterprise and the cost of the property can be reliably measured. Investment property is initially measured at cost, including transaction costs.

Investment property is remeasured at fair value, which is the price at which an orderly transaction to sell the investment property would take place between market participants at the measurement date under current market conditions. The fair values are determined by the Directors, with reference to the latest offers received, current wood pricing and independent professional valuations. Gains or losses arising from changes in the fair value of or from disposal of investment property are recognised in profit or loss of the Statement of Comprehensive Income.

*b) Plantations*

Plantations are recognised as biological assets when the Group controls the asset as a result of past events, it is probable that future economic benefits will flow to the Group and the fair value or cost of the asset can be measured reliably. Plantations are measured on initial recognition and at each reporting date at fair value less cost to sell. The fair values are determined by the Directors, with reference to the latest offers received and independent professional valuations. Gains or losses arising from changes in the fair value of or from disposal of plantations are recognised in profit or loss of the Statement of Comprehensive Income. The Group's plantations are classified as consumable and mature biological assets. Agricultural produce harvested from plantations is classified as harvested timber. Gains or losses arising from changes in the fair value of or from disposal of plantations are recognised in profit or loss of the Statement of Comprehensive Income.

**Assets held for sale**

Assets are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. The assets held for sale previously classified as investment property and plantations continue to be measured using the accounting policy applicable before reclassification as set out above. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss.

***Financial instruments***

Financial assets and financial liabilities are recognised in the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument. The Group offsets financial assets and financial liabilities if the Group has a legally enforceable right to set off the recognised amounts and interests and intends to settle on a net basis.

***Financial assets***

The Group's financial assets fall into the categories below, with the allocation depending to an extent on the purpose for which the asset was acquired. The Group has not classified any of its financial assets as held to maturity.

Unless otherwise indicated, the carrying amounts of the Group's financial assets are a reasonable approximation of their fair values.

*a) Financial assets at amortised cost*

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise through deposits on new acquisitions and also incorporate other types of contractual monetary assets. They are included in current assets, except for maturities greater than twelve months after the reporting date which are classified as non-current assets. The Group's financial assets at amortised cost comprise trade and other receivables and cash and cash equivalents.

Trade and other receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. The effect of discounting on these financial instruments is not considered to be material.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, such impairments directly reduce the carrying amount of the impaired asset and are recognised against the relevant income category in profit or loss of the Statement of Comprehensive Income.

Cash and cash equivalents are carried at cost and comprise cash in hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

*b) De-recognition of financial assets*
A financial asset (in whole or in part) is de-recognised either when the Group has transferred substantially all the risks and rewards of ownership; or when it no longer has control over the asset or a portion of the asset; or when the contractual right to receive cash flows from the asset has expired.

***Financial liabilities***
*a) Financial liabilities at amortised cost*
Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method. The effect of discounting on these financial instruments is not considered to be material.

Borrowings are recognised initially at fair value. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss of the Statement of Comprehensive Income over the period of the borrowings on an effective interest basis.

*b) De-recognition of financial liabilities*
A financial liability is de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

*c) Stated capital*
Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's shares are classified as equity instruments. For the purposes of the disclosures given in notes 21 and 22 the Group considers all its stated capital and all other reserves as equity. The Company is not subject to any externally imposed capital requirements.

*d) Effective interest method*
The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income and expense over relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or liability or where appropriate, a shorter period.

***Dividends***
A dividend is recognised as a liability in the financial statements in the period in which it becomes an obligation of the Company.

***Determination and presentation of operating segments***
The Group determines and presents operating segments based on the information that is provided internally to the Board of Directors by the Operations Manager.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Board of Directors is the Chief Operating Decision Maker ("CODM"). Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The Jersey segment comprises mainly corporate assets and corporate expenses to administer and register the ultimate holding company.

Segment capital expenditure is the total cost incurred during the year to acquire and/or maintain property, buildings, plant and equipment and intangible assets.

## 4. Significant accounting judgements and key sources of estimation uncertainty

The Directors make estimates and assumptions concerning the Group's future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

***Valuation of assets and disposal group held for sale***
The Directors determine the fair value of the Group's assets and disposal group held for sale, taking into consideration the valuations performed by its independent professional valuers; the latest offers received for the Group's assets; and using their judgement to determine the highest and best use of the properties and the principal market in which an orderly transaction would take place for the properties. Some of the inputs used in the valuation are based on assumptions. The Directors also make reference to market evidence of transaction prices for similar transactions, where available and appropriate (for details of significant inputs used in the calculation of the valuations see note 14). As well as making reference to the valuations performed by independent valuers, the Directors make their own judgement on the valuations of the Group's assets and disposal groups held for sale and on the estimated costs to sell those assets, with reference to the views of the Operations Manager and other advisors as to the likely realisable values of the assets in the current market.

***Going concern***
The Directors have determined that it is appropriate for the Group to prepare its financial statements on a going concern basis. Details of the Directors' judgements in making this assessment are contained in note 2.

***Classification of assets and disposal group held for sale***
The Directors intend to realise value from the sale of the Group's investments in an orderly manner but not within any specific time frame. In previous years, the Directors had undertaken a marketing process and implemented a disposal plan to locate buyers for the remaining assets in Hawaii and Brazil. During the prior year, the Group disposed of its assets in Hawaii, and harvested and sold almost all of its tree crop in the 3R Tocantins property. In the current year, the remaining tree crop at 3R Tocantins was harvested and sold. During the year the Group has also agreed contracts for the sale of the entire tree crop at its Ribeirao do Gado and Agua Santa properties in Minas Gerais, at both of which harvesting commenced in the latter part of the year. At the date of signing of these financial statements, the Group is in discussions with the respective buyers of the tree crops at Agua Santa and Ribeirao do Gado to agree contracts for the sales of the entire properties. The assets remaining in Brazil are classified as part of a disposal group held for sale in these financial statements, and the Brazil segment is classified as a discontinued operation.

***Income and deferred taxes***
The Group is subject to income and capital gains taxes in numerous jurisdictions. Significant judgement is required in determining the total provision for income and deferred taxes. There are many transactions and calculations for which the ultimate tax determination and timing of payment are uncertain. The Group recognises liabilities for current and deferred tax based on estimates of whether taxes will be due and at what rates those taxes will be calculated, and based on judgements made in assessing what income may be taxable and what items may be deductible for tax purposes. The Directors have determined that deferred tax assets should not be recognised in these financial statements due to the unpredictability of future taxable profits against which such assets could be used. Where the final tax outcome of these matters is different from the amounts that were initially recorded such differences will impact the income and deferred tax provisions in the period in which the determination is made.

**5. Operating segments**
The Board of Directors is charged with setting the Company's investment strategy in accordance with the Prospectus. The Board of Directors, as the Chief Operating Decision Maker ("CODM"), had, until 16 October 2014, delegated the day to day implementation of this strategy to its Investment Manager and, with effect from 16 October 2014, to its Operations Manager, but retains responsibility to ensure that adequate resources of the Company are directed in accordance with its decisions. The investment decisions of the Operations Manager have been and are reviewed on a regular basis to ensure compliance with the policies and legal responsibilities of the Board.

Whilst the Operations Manager may make the investment decisions on a day to day basis, any changes to the investment strategy, major allocation decisions or any asset dispositions or material timber contracts have to be approved by the Board, even though they may be proposed by the Operations Manager. The Board therefore retains full responsibility as to the major allocation decisions made on an ongoing basis.

The Operations Manager will always act under the terms of the Prospectus.

As at 30 April 2019, the Group operates in two geographical locations, which the CODM has identified as one non-operating segment, Jersey, and one operating segment, Brazil. Timberlands are located in Brazil. During the year, all segments, apart from Jersey, have been classified as discontinued operations (see note 15).

The accounting policies of each segment are the same as the accounting policies of the Group, therefore no reconciliation has been performed.

| **30 April 2019** | **Jersey £** | **Hawaii £** | **Brazil £** | **Total £** |
|---|---|---|---|---|
| Assets and disposal group held for sale (note 15) | **-** | **-** | **14,292,311** | **14,292,311** |
| Other assets | **1,008,862** | **193,838** | **143,222** | **1,345,922** |
| Total assets | **1,008,862** | **193,838** | **14,435,533** | **15,638,233** |
| Total liabilities | **1,616,766** | **-** | **74,072** | **1,690,838** |

| 30 April 2018 | Jersey £ | Hawaii £ | Brazil £ | Total £ |
|---|---|---|---|---|
| Assets and disposal group held for sale (note 15) | - | - | 14,774,260 | 14,774,260 |
| Other assets | 2,687,789 | 366,003 | 409,871 | 3,463,663 |
| Total assets | 2,687,789 | 366,003 | 15,184,131 | 18,237,923 |
| Total liabilities | 1,508,195 | - | 165,731 | 1,673,926 |

| **For the year ended 30 April 2019** | **Jersey £** | **Hawaii £** | **Brazil £** | **Total £** |
|---|---|---|---|---|
| Segment revenue | **-** | **-** | **-** | **-** |
| Segment gross profit | **-** | **-** | **-** | **-** |
| Increase in fair value of assets and disposal group held for sale | **-** | **-** | **587,773** | **587,773** |
| Loss on disposal of assets held for sale | **-** | **-** | **(72,556)** | **(72,556)** |
| Forestry management expenses | **-** | **-** | **6,349** | **6,349** |
| Other operating forestry expenses | **-** | **-** | **615,322** | **615,322** |

| For the year ended 30 April 2018 | Jersey £ | Hawaii £ | Brazil £ | Total £ |
|---|---|---|---|---|
| Segment revenue | **-** | 116,557 | - | 116,557 |
| Segment gross profit | - | 116,557 | - | 116,557 |
| Decrease in fair value of assets and disposal group held for sale | - | - | 691,396 | 691,396 |
| Loss on disposal of assets held for sale | - | 645,470 | 64,375 | 709,845 |
| Forestry management expenses | - | - | 3,750 | 3,750 |
| Other operating forestry expenses | - | 50,913 | 640,872 | 691,785 |

As at 30 April 2019 and 30 April 2018 the Group owned four distinct parcels of land in one main geographical area, Brazil.

There was no revenue in the year ended 30 April 2019 (30 April 2018: other income received in Hawaii).

The Group's investments will be realised in an orderly manner (that is, with a view to achieving a balance between returning cash to shareholders and maximising value). In light of the realisation strategy, there will be no specific investment restrictions applicable to the Group's portfolio going forward.

This policy will involve a continuing evaluation of the portfolio in order to assess the most appropriate realisation strategy to be pursued in relation to each investment.

The strategy for realising individual investments will be flexible and may need to be altered to reflect changes in the circumstances of a particular investment or in the prevailing market conditions. The Group will, in relation to each investment, seek to create competition amongst a range of interested parties.

The net cash proceeds from realisations of assets will be applied to the payments of tax or other liabilities as the Board thinks fit prior to making payments to shareholders.

**6. Revenue**

| | **For the year ended** | For the year |
|---|---|---|

| | 30 April 2019 £ | ended 30 April 2018 £ |
|---|---|---|
| Other income | **-** | 116,557 |
| | **-** | 116,557 |

There was no revenue in the year ended 30 April 2019. (30 April 2018: extension payments received from the purchasers of the Hawaii properties in respect of extending the closing date of the sale of the properties). Income is recognised in the period it relates to on an accruals basis.

**7. Administrative expenses**

| | **For the year ended 30 April 2019 £** | For the year ended 30 April 2018 £ |
|---|---|---|
| ***Recurring expenses*** | | |
| **Continuing operations** | | |
| Operations Manager's fees (see note 27) | **104,333** | 96,000 |
| Directors' fees (see note 27) | **96,667** | 90,000 |
| Auditor's fees | **42,990** | 26,178 |
| Professional & other fees | **256,000** | 248,045 |
| | **499,990** | 460,223 |
| **Discontinued operations** | | |
| Professional & other fees | **35,608** | 109,371 |
| Administration of subsidiaries | **38,469** | 59,616 |
| | **74,077** | 168,987 |
| ***Total recurring expenses*** | **574,067** | 629,210 |
| ***Non-recurring expenses*** | | |
| **Continuing operations** | | |
| Nomad fees incurred to enable share buy-backs | **75,000** | - |
| **Total administration expenses** | **649,067** | 629,210 |

Professional and other fees includes the Company's own secretarial, administration and statutory fees, listing and registrar fees, insurance costs, broker's fees (including costs associated with share buy-backs), legal fees and consultancy fees relating to the disposal of the Company's assets.

Administration of subsidiaries includes statutory fees, accounting fees and administrative expenses in regard to the asset holding subsidiaries.

**8. Forestry management expenses**

| | **For the year ended 30 April 2019 £** | For the year ended 30 April 2018 £ |
|---|---|---|
| Appraisal fees | **6,349** | 3,750 |
| | **6,349** | 3,750 |

**9. Other operating forestry expenses**

| | **For the year ended 30 April 2019** | For the year ended 30 April 2018 |
|---|---|---|

| | £ | £ |
|---|---|---|
| ***Recurring expenses*** | | |
| Property management fees and expenses | **213,336** | 275,156 |
| Property taxes | **-** | 29,018 |
| Lease payments | **-** | 33,640 |
| Road maintenance | **-** | 21,458 |
| Fencing maintenance | **29,514** | - |
| Other repairs and maintenance | **10,192** | - |
| Pest control | **32,830** | 4,074 |
| Forest protection and insurance | **261,140** | 294,993 |
| Consulting fees | **62,007** | 22,113 |
| Other | **287** | 7,175 |
| | **609,306** | 687,627 |
| ***Non-recurring expenses*** | | |
| Inventory fees | **6,016** | 4,158 |
| | **6,016** | 4,158 |
| | **615,322** | 691,785 |

**10. Finance costs**

| | **For the year ended 30 April 2019 £** | For the year ended 30 April 2018 £ |
|---|---|---|
| **Continuing operations** | | |
| Loan interest | **94,965** | 30,398 |
| Other finance costs | **2,545** | 3,407 |
| | **97,510** | 33,805 |
| **Discontinued operations** | | |
| Other finance costs | **3,350** | 3,265 |
| Total finance costs | **100,860** | 37,070 |

**11. Taxation**

***Taxation on loss on ordinary activities***

The Group has incurred no tax charges during the year. A reconciliation of the Group's losses during the year to the zero tax charge is shown below.

| | **For the year ended 30 April 2019 £** | For the year ended 30 April 2018 £ |
|---|---|---|
| **Tax charge reconciliation** | | |
| Loss for the year from continuing operations before taxation | **(675,001)** | (495,678) |
| (Loss)/profit for the year from discontinued operations before taxation | **(183,881)** | 4,469,514 |
| Total profit/(loss) for the year before taxation | **(858,882)** | 3,973,836 |
| Tax (credit)/charge using the average of the tax rates in the jurisdictions in which the Group operates | **(49,868)** | 1,343,751 |
| Effects of: | | |
| Tax exempt income | **-** | (251,958) |
| Operating losses for which no deferred tax asset is recognised | **83,995** | 1,016,473 |
| Capital losses for which no deferred tax asset is recognised | **4,510** | - |
| Brought forward operating losses utilised | **-** | (1,079,075) |
| Brought forward capital losses utilised | **(38,637)** | (1,029,191) |

| | | |
|---|---|---|
| Tax charge for the year | **-** | - |

The average tax credit rate is a blended rate calculated using the weighted average applicable tax rates of the jurisdictions in which the Group operates. The average of the tax rates in the jurisdictions in which the Group operates in the year was 5.81% (2018: 29.56%). The effective tax rate in the year was 0.00% (2018: 0.00%).

At the year end date the Group has unused operational and capital losses. No deferred tax asset has been recognised in respect of these losses due to the unpredictability of future taxable profits and capital gains available against which they can be utilised. Tax losses arising in the United States can be carried forward for up to 20 years; those arising in Brazil can be carried forward indefinitely.

***Operational tax losses for which deferred tax assets have not been recognised in the consolidated financial statements***

| | **For the year ended 30 April 2019 £** | For the year ended 30 April 2018 £ |
|---|---|---|
| Balance at beginning of the year | **5,368,406** | 10,608,215 |
| Brought forward operating losses utilised | **-** | (1,259,125) |
| Current year operating losses for which no deferred tax asset is recognised | **759,533** | 368,715 |
| Operating losses written off on liquidation of subsidiaries | **-** | (3,477,643) |
| Exchange rate movements | **(244,037)** | (871,756) |
| Balance at the end of the year | **5,883,902** | 5,368,406 |

Accumulated operating losses at 30 April 2019 and 30 April 2018 in the table above relate entirely to discontinued operations. The value of deferred tax assets not recognised in regard to operational losses amounted to £1,620,097 (2018: £1,456,321), all of which related to discontinued operations.

Accumulated operating losses relating to continuing operations at the year end date amounted to £28,107,160 (2018: £27,432,159). No deferred tax assets arose in respect of these losses.

At the year end the Group had accumulated capital losses of £818,089 (2018: £1,473,786). The accumulated capital losses at 30 April 2019 and 30 April 2018 related entirely to discontinued operations. The value of deferred tax assets not recognised in regard to these capital tax losses amounted to £278,150 (2018: £501,087), all of which related to discontinued operations.

***Deferred taxation***
As at 30 April 2019 and 30 April 2018 the Group had no deferred tax liabilities or recognised deferred tax assets.

**12. Basic and diluted earnings/(loss) per share**
The calculation of the basic and diluted earnings/(loss) per share in total and for continuing operations is based on the following profit/(loss) attributable to shareholders and weighted average number of shares outstanding.

| | **For the year ended 30 April 2019 £** | For the year ended 30 April 2018 £ |
|---|---|---|
| (Loss)/profit for the purposes of basic and diluted (loss)/earnings per share being net (loss)/profit for the year | **(858,882)** | 3,973,836 |
| Loss for the purposes of basic and diluted loss per share being net loss for the year from continuing operations | **(675,001)** | (495,678) |
| (Loss)/profit for the purposes of basic and diluted (loss)/earnings per share being net (loss)/profit for the year from discontinued operations | **(183,881)** | 4,469,514 |

| | **30 April 2019** | 30 April 2018 |
|---|---|---|
| **Weighted average number of shares** | | |
| Issued shares brought forward | **82,130,000** | 82,130,000 |
| Issued shares carried forward | **74,117,299** | 82,130,000 |

| | | |
|---|---|---|
| Weighted average number of shares in issue during the year | **80,195,141** | 82,130,000 |

| | | |
|---|---|---|
| Basic and diluted (loss)/earnings per share | **(1.07) pence** | 4.84 pence |
| Basic and diluted loss per share from continuing operations | **(0.84) pence** | (0.60) pence |
| Basic and diluted (loss)/earnings per share from discontinued operations | **(0.23) pence** | 5.44 pence |

**13. Net asset value**

| | **30 April 2019** | 30 April 2018 |
|---|---|---|
| | **£** | £ |
| Total assets | **15,638,233** | 18,237,923 |
| Total liabilities | **1,690,838** | 1,673,926 |
| Net asset value | **13,947,395** | 16,563,997 |
| Number of shares in issue (note 22) | **74,117,299** | 82,130,000 |
| Net asset value per share | **18.8 pence** | 20.2 pence |

**14. Investment property and plantations**

The Group's investment property and plantations are classified as disposal group and assets held for sale.

The Group engages external independent professional valuers to estimate the market values of the investment properties and plantations in Brazil on an annual basis, with the Operations Manager providing a desktop update valuation for the purposes of the Group's Interim Financial Statements.

The investment property is carried at its estimated fair value and plantations are carried at their estimated fair values less costs to sell as at 30 April 2019, as determined by the Directors taking into consideration the external independent professional valuers' valuations, the latest offers received for the investment property and plantations and the Directors' assessment of other factors that may influence prospective purchasers.

The fair value measurements of investment properties and plantations have been categorised as Level 3 fair values based on the unobservable nature of significant inputs to the valuation techniques used.

Notwithstanding the results of the independent valuations, the Directors make their own judgement on the valuations of the Group's investment property and plantations, with reference to the views of the Operations Manager, other advisors and the latest offers received.

In forming their conclusions of the fair value of the investment property and plantations, the Directors have considered the following factors:

**(i) Plantations**

| **Property** | **Fair value** | | **Valuation technique** | **Significant unobservable inputs** | **Inter-relationship between key unobservable inputs and fair value measurement** |
|---|---|---|---|---|---|
| | **2019 £m** | **2018 £m** | | | |
| a) & b) Minas Gerais - Agua Santa/ Ribeirao do Gado | 2.7<br>0.8 | 3.3<br>0.9 | **30 April 2019**<br>In accordance with sale agreements in discussion after the year end, discounted to adjust for partially deferred settlement | • Sale prices agreed/subject to final agreement<br>• Discount rate: 10% | The estimated fair value would increase/(decrease) if:<br>• the agreed sale prices were higher/(lower)<br>• the discount rate were lower/(higher) |

| | | | | | |
|---|---|---|---|---|---|
| | | | **30 April 2018**<br>Discounted cash flow method. Considers the present value of the net cash flows expected to be generated by the plantation at maturity, the expected additional biological transformation and the risks associated with the asset; the expected net cash flows are discounted using a risk-adjusted discount rate. | • Estimated future log prices per $m^3$, being standing prices with the buyer absorbing all the costs of harvesting and haulage: BRL 43.29<br>• Estimated future overhead costs per planted hectare: BRL 206.25<br>• Estimated yields in $m^3$ per hectare per year: 26.5-34.5<br>• Estimated total establishment costs per hectare: BRL 5,329 for first cycle, BRL 2,606 for subsequent cycles<br>• Risk-adjusted discount rate: 10.0%<br>• Estimate of costs to sell the plantations: 5% | The estimated fair value would increase/(decrease) if:<br>• estimated log prices were higher/(lower)<br>• estimated future overhead costs were lower/(higher)<br>• estimated yields were higher/(lower)<br>• estimated establishment costs were lower/(higher)<br>• the risk-adjusted discount rate were lower/(higher)<br>• estimated costs to sell were lower/(higher) |

| **Property** | **Fair value** | | **Valuation technique** | **Significant unobservable inputs** | **Inter-relationship between key unobservable inputs and fair value measurement** |
|---|---|---|---|---|---|
| | **2019 £m** | **2018 £m** | | | |
| c) Minas Gerais -Forquilha | 0.9 | 0.8 | **30 April 2019**<br>Market approach, using prices and other information generated by identical or comparable market transactions<br><br>**30 April 2018**<br>Discounted cash flow method. Considers the present value of the net cash flows expected to be generated by the plantation at maturity, the expected additional biological transformation and the risks associated with the asset; the expected net cash flows are discounted using a risk- | • Estimated log prices per m3, being standing prices with the buyer absorbing all the costs of harvesting and haulage: BRL 33.00 - BRL 38.00<br>• Estimate of costs to sell the plantations: 5%<br><br>• Estimated future log prices per $m^3$, being standing prices with the buyer absorbing all the costs of harvesting and haulage: BRL 43.29<br>• Estimated future overhead costs per planted hectare: BRL 206.25<br>• Estimated yields in $m^3$ per hectare per year: 26.5-34.5 | The estimated fair value would increase/(decrease) if:<br>• estimated log prices were higher/(lower)<br>• estimated costs to sell were lower/(higher)<br><br>The estimated fair value would increase/(decrease) if:<br>• land values were higher/(lower)<br>• estimated log prices were higher/(lower)<br>• estimated future overhead costs were lower/(higher)<br>• estimated yields were higher/(lower)<br>• estimated establishment costs were lower/(higher)<br>• the risk-adjusted discount rate were lower/(higher)<br>• estimated costs to sell were lower/(higher) |

| | | | | | |
|---|---|---|---|---|---|
| | | | adjusted discount rate. | • Estimated total establishment costs per hectare: BRL 5,329 for first cycle, BRL 2,606 for subsequent cycles<br>• Risk-adjusted discount rate: 10.0%<br>• Estimate of costs to sell the plantations: 5% | |
| d) 3R Tocantins | 0.3 | 0.6 | **2019 and 2018** Reproduction cost method | • Regeneration costs: BRL 1,046.22 per hectare (2018: 808.36 per hectare)<br>• Estimate of costs to sell the plantation: 5% (2018: 5%) | The estimated fair value would increase/(decrease) if:<br>• regeneration costs were higher/(lower)<br>• estimated costs to sell were lower/(higher) |
| **Total** | **4.7** | **5.6** | | | |

**(i) a) Plantations - Agua Santa**

During the year, the Group agreed a contract to sell the plantations at the Agua Santa farm. Subsequent to the year end, the Group is in discussions to agree a contract to sell the entire Agua Santa property to the same buyer for £5.9 million (BRL 30.0 million), this contract to supersede the previously agreed contract for the sale of the plantations alone, with settlement to take place over 24 months. The Board has determined that the plantations should be valued on the basis of this later contract in negotiation, less an appropriate discount for deferred settlement, and accordingly the Agua Santa plantations are valued in these financial statements at £2.9 million (BRL 14.6 million) before estimated selling costs of £0.14 million.

**(i) b) Plantations -Ribeirao do Gado**

During the year, the Group also agreed a contract to sell the plantations at the Ribeirao do Gado farm. Subsequent to the year end, the Group is in discussions with the buyer of the Ribeirao do Gado plantations to similarly convert the plantations sale contract into a sale of the entire property for £1.5 million (BRL 7.8 million). The Board has determined that the plantations should be valued on the basis of this later agreement in negotiation, less an appropriate discount for deferred settlement, and accordingly the Ribeirao do Gado plantations are valued in these financial statements at £0.8 million (BRL 4.2 million) before estimated selling costs of £0.04 million.

**(i) c) Plantation - Forquilha**

The independent valuer has valued the Forquilha plantations at £0.9 million ((BRL 4.7 million) (2018: £0.8 million (BRL 3.8 million)), which the Directors believe represents a reasonable estimation of the fair value of the plantations as at 30 April 2019 before estimated selling costs of £0.05 million (2018: £0.05 million).

**(i) d) Plantation - 3R Tocantins**

The independent valuer has valued the regrowth in the plantations at 3R Tocantins since harvesting at £0.3 million (BRL 1.7 million) (30 April 2018: £0.6 million (BRL2.6 million), including harvested logs), which the Directors believe represents a reasonable estimation of the fair value of the plantations as at 30 April 2019 before estimated selling costs of £0.02 million (2018: £0.01 million).

During the year, the Group completed the sale of the remaining standing tree crop at 3R Tocantins to Suzano, a publicly owned Brazilian pulp and paper company. The vast majority of the trees sold had been harvested and paid for at 30 April 2018. Ownership of the trees passed to Suzano upon harvesting and removal from 3R Tocantins' property.

**(ii) Investment property**

| **Property** | **Fair value** | | **Valuation technique** | **Significant unobservable inputs** | **Inter-relationship between key unobservable inputs and fair value measurement** |
|---|---|---|---|---|---|
| | **2019 £m** | **2018 £m** | | | |
| a) & b) Minas Gerais -Agua Santa/ Ribeirao do Gado | 2.2<br>0.6 | 1.5<br>0.5 | **30 April 2019**<br>In accordance with sale agreements in negotiation after the year end and potential indicative offer, respectively, discounted to adjust for partially deferred settlement<br><br>**30 April 2018**<br>Sales comparison approach. Considers the bare land price from comparable transactions, soil quality, and topography of the land, access and distance from cities and the proportion of the property which could be used for cultivation. | • Sale prices agreed/subject to final agreement<br>• Discount rate: 10%<br><br>• Land value per hectare: BRL 1,000 - BRL 5,500 | The estimated fair value would increase/(decrease) if:<br>• the agreed sale prices were higher/(lower)<br>• the discount rate were lower/(higher)<br><br>The estimated fair value would increase/(decrease) if:<br>• land values were higher/(lower) |

| Property | Fair value | | Valuation technique | Significant unobservable inputs | Inter-relationship between key unobservable inputs and fair value measurement |
|---|---|---|---|---|---|
| | 2019 £m | 2018 £m | | | |
| c) Minas Gerais -Forquilha | 3.3 | 3.5 | **30 April 2019 and 30 April 2018** Sales comparison approach. Considers the bare land price from comparable transactions, soil quality, and topography of the land, access and distance from cities and the proportion of the property which could be used for cultivation. | • Land value per hectare: BRL 1,426 - BRL 4,455 (2018: BRL 1,000 - BRL 5,500) | The estimated fair value would increase/(decrease) if: • land values were higher/(lower) |
| d) 3R Tocantins | 3.4 | 3.6 | **30 April 2019 and 30 April 2018** Sales comparison approach. Considers the bare land price from comparable transactions, soil quality, topography of the land, access and distance from cities and the proportion of the property which could be used for cultivation. | • Comparable land sales prices per hectare: BRL 2,335 - BRL 3,821 (2018: BRL 2,335 - BRL 3,821) | The estimated fair value would increase/(decrease) if: • land values were higher/(lower) |
| **Total** | **9.5** | **9.1** | | | |

**(ii) a) Investment property - Agua Santa**

During the year, the Group agreed a contract to sell the plantations at the Agua Santa farm in Minas Gerais. Subsequent to the year end, the Group is in discussions to agree a contract to sell the entire Agua Santa property to the same buyer for £5.9 million (BRL 30.0 million), this contract to supersede the previously agreed contract for the sale of the plantations alone, with settlement to take place over 24 months. The Board has determined that the investment property at Agua Santa should be valued on the basis of this later contract in negotiation, less an appropriate discount for deferred settlement, and accordingly the Agua Santa investment property is valued in these financial statements at £2.2 million (BRL 11.5 million).

**(ii) b) Investment property - Ribeirao do Gado**

During the year, the Group has also agreed a contract to sell the plantations at the Ribeirao do Gado farm in Minas Gerais. Subsequent to the year end, the Group is in discussions with the same buyer to similarly convert the plantations sale contract into a sale of the entire property for £1.5 million (BRL 7.8 million), with settlement to take place over 24 months. The Board has determined that the investment property at Ribeirao do Gado should be valued on the basis of this agreement in negotiation, less an appropriate discount for deferred settlement, and accordingly the Ribeirao do Gado investment property is valued in these financial statements at £0.6 million (BRL 2.8 million).

**(ii) c) Investment property - Forquilha**

The independent valuer has valued the investment property held for sale in Forquilha, the third farm in the Minas Gerais property, at £4.0 million (BRL 20.6 million) (2018: £5.0 million (BRL 24.0 million)). However, in view of the high proportion of unproductive land in the property, the Directors consider it prudent to discount the independent valuation by approximately 19% (BRL 3.8 million (£0.7 million)) (2018: 29% (BRL 6.9 million (£1.4 million)), which takes into account the most recent offer in the year ended 30 April 2015 and the uncertainty of being granted the necessary forestry or agricultural licence required to achieve the level of productivity assumed by the valuer, resulting in a carrying value of £3.3 million (BRL 16.8 million) (2018: £3.5 million (BRL 16.8 million)) for the Forquilha land.

In arriving at the adjusted valuation of the land at Forquilha, the Directors have considered the current wood prices prevailing in the region as an indicator of the economic potential of the land and therefore implicitly of its value. In this context the Directors noted that, whilst wood prices have remained fairly stagnant in the period since the land was purchased in 2009 (when there was an active land market in Brazil), the independent valuer's estimation of the value of the land shows an increase of approximately 76% over purchase price in Minas Gerais. This, and the land values implicit in the prices that the Group was able to negotiate for the sale of the Agua Santa and Ribeirao do Gado farms, support the Directors' view that the independent valuers have been too optimistic about the economic potential of the Forquilha land, and believe that their valuation, which marks the value of the land more closely to its original purchase price, represents a more realistic view of its fair value in the current market. The Directors have also considered the fact that certain areas of the Forquilha property remain unplantable, and have explored possible alternative uses of these areas to generate value from the land. The Directors believe that these adjusted valuations provide the best estimates of fair value of the Forquilha land as at 30 April 2019 and 30 April 2018.

However, given the almost complete lack of comparable land sales in the region in recent years, the Directors recognise the continuing inherent uncertainty of the valuation process of the Forquilha investment property and that the fair value may differ materially from the actual value that would be realised if this were sold.

**(ii) d) Investment property - 3R Tocantins**

The independent valuer has valued the investment property held for sale in 3R Tocantins at £6.8 million (BRL 34.5 million) (2018: £7.0 million (BRL 33.7 million)). However the almost complete lack of comparable land sales in the region in recent years has led to the Directors taking a prudent view of the valuer's estimated bare land values, including taking into account the most recent offer for the land in the year ended 30 April 2016, and they have accordingly applied a discount of approximately 49% (BRL 17.0 million (£3.3 million)) (2018: 48% (BRL 16.2 million (£3.4 million)) to the independent valuation, resulting in a carrying value of £3.4 million (BRL 17.5 million) (2018: £3.6 million (BRL 17.5 million)) for the 3R Tocantins land.

In arriving at the adjusted valuation of the land at 3R Tocantins, the Directors have considered the current wood prices prevailing in the region as an indicator of the economic potential of the land and therefore implicitly of its value. In this context the Directors noted that, whilst wood prices have remained fairly stagnant in the period since the land was purchased in 2009 (when there was an active land market in Brazil), the independent valuer's estimation of the value of the land shows an increase of approximately 91% over purchase price in 3R Tocantins. This, and the land values implicit in the prices that the Group was able to negotiate for the sale of the Agua Santa and Ribeirao do Gado farms, support the Directors' view that the independent valuers have been too optimistic about the economic potential of 3R Tocantins land, and believe that their valuations, which mark the value of the land more closely to its original purchase price, represent a more realistic view of its fair value in the current market. The Directors have also considered the fact that certain areas of the 3R Tocantins land remain unplantable, and have explored possible alternative uses of these areas to generate value from the land. The Directors believe that these adjusted valuations provide the best estimates of fair value of the 3R land as at 30 April 2019 and 30 April 2018.

However, given the almost complete lack of comparable land sales in the region in recent years, the Directors recognise the continuing inherent uncertainty of the valuation process of the 3R Tocantins investment property and that the fair value may differ materially from the actual value that would be realised if this were sold.

The Group is exposed to a number of risks related to its tree plantations:

***Regulatory and environmental risks***
The Group is subject to laws and regulations in various countries in which it operates. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

***Supply and demand risk***
The Group is exposed to risks arising from fluctuations in the price and sales volume of trees. When possible the Group manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analyses to ensure that the Group's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand.

***Climate and other risks***
The Group's plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections and industry pest and disease surveys.

### 15. Disposal groups and assets held for sale and discontinued operations

During the year, the Group continued its disposal plan for the remaining assets in Brazil.

The assets in Brazil are more likely to be sold through a disposal of the entities owning the assets. Accordingly, the Group's Brazil segment is presented as a disposal group held for sale.

The Brazil disposal group comprises the following assets and liabilities held for sale:

| | **Assets held for sale** | **Liabilities held for sale** | **30 April 2019** | 30 April 2018 |
|---|---|---|---|---|
| | **£** | **£** | **£** | £ |
| Investment property | **9,505,966** | **-** | **9,505,966** | 9,111,848 |
| Plantations | **4,683,176** | **-** | **4,683,176** | 5,581,128 |
| Trade and other receivables | **103,169** | **-** | **103,169** | 81,284 |
| Trade and other payables | **-** | **74,072** | **(74,072)** | (165,731) |
| | **14,292,311** | **74,072** | **14,218,239** | 14,608,529 |

A loss of £840,345 (2018: loss of £2,439,214) related to the Brazil disposal group, representing foreign exchange translation of discontinued operations, is included in other comprehensive income (see note 17).

Movements in total assets held for sale in the statement of financial position during the year were as follows:

| | **30 April 2019** | 30 April 2018 |
|---|---|---|
| | **£** | £ |
| Balance brought forward | **14,774,260** | 18,673,356 |
| Increase/(decrease) in trade and other receivables | **21,885** | (41,225) |
| Costs capitalised to land and plantations | **151,776** | - |
| Net proceeds received from disposals of assets held for sale | **(353,801)** | (2,621,100) |
| (Loss)/profit on disposal of assets held for sale | **(72,556)** | 709,845 |
| Increase in the fair value of disposal groups and assets held for sale | **587,773** | 691,396 |
| Foreign exchange effect | **(817,026)** | (2,638,012) |
| | **14,292,311** | 14,774,260 |

The assets held for sale are located entirely in Brazil.

The fair value measurement of £14,292,311 has been categorised as a Level 3 fair value based on the estimated fair values of the investment property and the estimated fair values of the plantations less costs to sell. These assets were measured using the methods outlined in note 14. The fair value of other assets and liabilities within the disposal group is not significantly different from their carrying amounts.

Net cash flows attributable to the discontinued operations were as follows:

| | **30 April 2019** | 30 April 2018 |
|---|---|---|
| | **£** | £ |
| Operating activities | | |
| Profit/(loss) for the year before taxation | **(183,881)** | 3,854,369 |
| Adjustments for: | | |
| (Profit)/loss on disposal of assets held for sale | **72,556** | (709,845) |
| (Increase)/decrease in fair value of disposal groups, assets held for sale and investment property and plantations | **(587,773)** | (691,396) |
| Decrease in provisions | **-** | (3,191,119) |
| Net finance costs | **3,350** | 3,265 |
| Decrease/(increase) in trade and other receivables | **138,430** | (350,943) |
| Increase/(decrease) in trade and other payables | **(91,659)** | (56,821) |
| Taxation paid | **-** | - |
| Net cash used in operating activities | **(648,977)** | (1,142,490) |
| Cash from investing activities - sales proceeds of assets held for sale less costs capitalised to land and plantations | **202,025** | 2,621,100 |
| Net cash used in financing activities - settlement of lien and net finance costs | **(3,350)** | (1,417,139) |
| Foreign exchange movements | **2,624** | (175,349) |
| **Net cash outflow for the year** | **(447,678)** | (113,178) |

**16. Trade and other receivables**

| | **30 April 2019** | 30 April 2018 |
|---|---|---|
| | **£** | £ |
| Rental escrow accounts receivable | **193,838** | 354,153 |
| Prepaid expenses | **14,803** | 37,647 |
| | **208,641** | 391,800 |

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables is disclosed in note 24.

**17. Foreign exchange translation**

The translation reserve movement in the year has arisen as follows:

| **30 April 2019** | **Exchange rate at 30 April 2019** | **Exchange rate at 30 April 2018** | **Translation reserve movement** |
|---|---|---|---|
| **Discontinued operations** | | | |
| Brazilian Real | **5.1067** | **4.8252** | **(839,018)** |
| United States Dollar | **1.3032** | **1.3763** | **22,115** |
| **Foreign exchange translation loss** | | | **(816,903)** |

| 30 April 2018 | Exchange rate at 30 April 2018 | Exchange rate at 30 April 2017 | Translation reserve movement |
|---|---|---|---|
| Discontinued operations | | | |

| | | | |
|---|---|---|---|
| Brazilian Real | 4.8252 | 4.1140 | (2,439,214) |
| United States Dollar | 1.3763 | 1.2951 | (26,769) |
| Reclassification to profit or loss of prior years' net translation gains on disposal of foreign subsidiaries | | | (615,145) |
| Foreign exchange translation gain | | | (3,081,128) |

**18. Loan payable to related party**

During the prior year, the Group agreed an unsecured loan funding facility with Peter Gyllenhammar AB ('PGAB'), the Company's largest shareholder, for approximately £1.4 million, in order to enable the Group to remove outstanding mortgages over the Group's 3R Tocantins property (see note 27) without depleting existing cash balances.

The interest rate on the loan is 6% for the first 12 months and thereafter 8%. PGAB has agreed not to have recourse against the existing cash balances. There is no specified repayment date (and consequently no default interest rate) and the Company is only required to repay the loan or pay interest out of cash flow from the land and/or timber assets presently held in Brazil which are surplus to requirements. The loan agreement contains borrower covenants requiring lender consent for the Company to return to shareholders in excess of approximately £2,000,000 of the cash presently held, to purchase own shares for more than 12p per share, to declare or pay any dividend, or to make any significant new investment (not including asset maintenance or repair costs). During the year, no repayments of principal or interest were made.

**19. Trade and other payables**

| | **30 April 2019** | 30 April 2018 |
|---|---|---|
| | **£** | £ |
| Accrued expenses | **77,529** | 63,923 |
| | **77,529** | 63,923 |

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 24.

**20. Investment in Subsidiaries**

The financial statements of the Group consolidate the results, assets and liabilities of the subsidiary companies listed below:

| **Direct subsidiaries** | **Country of Incorporation** | **Beneficial interest** | **Financial year end** |
|---|---|---|---|
| Cambium Pahala Holdings Limited | British Virgin Islands | 100% | 30 April |
| Cambium Pinnacle Holdings Limited | British Virgin Islands | 100% | 30 April |
| Cambium Minas Gerias Holdings Limited | British Virgin Islands | 100% | 30 April |
| Cambium MG Holdings Limited | British Virgin Islands | 100% | 30 April |

| **Indirect subsidiaries** | **Country of Incorporation** | **Beneficial interest** | **Financial year end** |
|---|---|---|---|
| Cambium Pahala Inc (dissolved during the year) | United States | 100% | 30 April |
| Cambium Pinnacle Inc (dissolved during the year) | United States | 100% | 30 April |
| Cambium Brazil MG Investimentos Florestais Ltda | Brazil | 100% | 30 April |
| 3R Tocantins Investimentos Florestais Ltda | Brazil | 100% | 30 April |

Cambium Pahala Inc and Cambium Pinnacle Inc were liquidated during the prior year and have been dissolved during the current year. There are no other significant restrictions, any funding requirements or risks associated with the Company's interest in the above subsidiaries other than those already disclosed in these financial statements.

**21. Net asset value reconciliation**

| | **For the year ended 30 April 2019** | For the year ended 30 April 2018 |
|---|---|---|
| | **£** | £ |

| | | |
|---|---|---|
| Net asset value brought forward | **16,563,997** | 15,671,289 |
| Foreign exchange translation differences | **(816,903)** | (3,081,128) |
| (Loss)/profit on disposal of assets held for sale | **(72,556)** | 709,845 |
| Increase in fair value of assets and disposal group held for sale | **587,773** | 691,396 |
| Share buy-backs | **(940,817)** | - |
| Decrease in provisions | **-** | 3,191,119 |
| Net finance costs including foreign exchange movements - continuing operations | **(100,011)** | (35,455) |
| Net finance income including foreign exchange movements - discontinued operations | **(3,350)** | 625,119 |
| Loss before above items | **(1,270,738)** | (1,208,188) |
| Net asset value carried forward | **13,947,395** | 16,563,997 |

**22. Stated capital**

| | **30 April 2019** **£** | 30 April 2018 £ |
|---|---|---|
| Balance as at 30 April | **2,000,000** | 2,000,000 |

The total authorised share capital of the Company is 250 million shares of no par value. On initial placement 104,350,000 shares were issued at 100 pence each. Shares carry no automatic rights to fixed income but the Company may declare dividends from time to time to which shareholders are entitled. Each share is entitled to one vote at meetings of the Company.

On 22 February 2007 a special resolution was passed by the Company to reduce the stated capital account from £104,350,000 to £2,000,000. Approval was sought from the Royal Court of Jersey and was granted on 29 June 2007. The balance of £102,350,000 was transferred to a distributable reserve on that date.

The Company was granted authority by shareholders on 15 August 2008 to make market purchases of its own shares, an authority which has been renewed annually thereafter, most recently on 20 September 2018. During the years ended 30 April 2009 and 30 April 2012, the Company used this authority to buy-back and cancel 2,220,000 shares.

On 27 January 2015, shareholders approved a resolution to distribute £5,000,000 of cash via a tender offer of 25 pence per share, resulting in the buy-back and cancellation of 20,000,000 shares.

During the year, the Company made market purchases of 8,012,701 of its own shares at an average price of 11.74p per share. The total cost of these share buy-backs was £940,817, which was charged to the Company's Distributable reserve (see note 23).

***Shares in issue***

| | **30 April 2019** **Number** | 30 April 2018 Number |
|---|---|---|
| Brought forward | **82,130,000** | 82,130,000 |
| Share buy-backs during the year | **(8,012,701)** | - |
| **In issue at 30 April fully paid** | **74,117,299** | 82,130,000 |

On 6 June 2019, the Company bought back a further 389,015 shares at a price of 11.55p per share.

**23. Reserves**

The movements in the reserves for the Group are shown in the Statement of Changes in Equity.

***Translation reserve***

The translation reserve comprises accumulated exchange differences arising on consolidation of the Group's foreign operations (see note 17).

***Distributable reserve***

In June 2007, the Company reduced its stated capital account and a balance of £102,350,000 was transferred to distributable reserves. This reserve has been utilised by the Company to purchase its own shares (as at 30 April 2019: £7,192,957; as at 30 April 2018: £6,252,140) and for the payment of dividends (during the year: £Nil; as at 30 April 2018: £12,508,800), leaving a balance at 30 April 2019 of £82,648,243 (30 April 2018: £83,589,060).

**24. Financial instruments risk exposure and management**

In common with other businesses, the Group is exposed to risks that arise from use of financial instruments. The notes below describe the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

***Principal financial instruments***
The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Liabilities held for sale

The Board of Directors and Operations Manager are responsible for overseeing the measurement and control of all aspects of risk management and hold regular meetings in order to do so.

Various risk management models are in place which help to identify and monitor key risks both at individual investment level and at a Group level. The risk management policies apply equally to the Group. Further details regarding these policies are set out below.

***Categories of financial assets and financial liabilities***

| | **30 April 2019** | 30 April 2018 |
|---|---|---|
| **Financial assets measured at amortised cost** | | |
| Trade and other receivables | **208,641** | 354,153 |
| Cash and cash equivalents | **1,137,281** | 3,071,863 |
| Assets held for sale (trade and other receivables) | **103,169** | 81,284 |
| | | |
| **Financial liabilities measured at amortised cost** | | |
| Loan payable to related party | **1,539,237** | 1,444,272 |
| Trade and other payables | **77,529** | 63,923 |
| Liabilities held for sale (trade and other payables) | **74,072** | 165,731 |

***(a) Credit risk***
Credit risk is the risk that the counterparty to a financial instrument will fail to meet obligations, causing a loss to the Group.

Cash and cash equivalents represent the majority of the Group's financial assets. The credit risk associated with the holding of cash and cash equivalents is managed under the Group's cash management policy. This policy states that the Group must spread cash between the Group's bankers, each of whom at any given time should hold an approximate maximum of the lower of either £5 million or 10% of the net asset value. The cash management policy will be reviewed on an annual basis by the Board of Directors and the Operations Manager.

The following table below shows the maximum exposure to risk of the major counterparties at the year end date.

| **30 April 2019 Counterparty** | **Credit rating agency** | **Short-term rating** | **Carrying amount £** |
|---|---|---|---|
| Investec Bank (Channel Islands) Limited | **Fitch** | **F2** | **434,858** |
| Royal Bank of Scotland International Limited | **Fitch** | **F1** | **500,018** |
| Broker's share buy-back account | **N/A** | **N/A** | **59,183** |
| Banco Bradesco | **Fitch** | **B** | **13,636** |
| Citibank | **Fitch** | **F1+** | **129,586** |
| | | | **1,137,281** |

| **30 April 2019 Maturities of these cash and cash equivalents** | **Less than 1 month £** | **1 to 3 months £** | **3 months to 1 year £** | **More than 1 year £** |
|---|---|---|---|---|
| Investec Bank (Channel Islands) Limited | **434,858** | **-** | **-** | **-** |
| Royal Bank of Scotland International Limited | **500,018** | **-** | **-** | **-** |
| Broker's share buy-back account | **59,183** | **-** | **-** | **-** |
| Banco Bradesco | **13,636** | **-** | **-** | **-** |
| Citibank | **129,586** | **-** | **-** | **-** |

| | | | | |
|---|---|---|---|---|
| | **1,137,281** | **-** | **-** | **-** |

| 30 April 2018<br>Counterparty | Credit rating agency | Short-term rating | Carrying amount £ |
|---|---|---|---|
| Investec Bank (Channel Islands) Limited | Fitch | F2 | 1,661,893 |
| Royal Bank of Scotland International Limited | Fitch | F2 | 1,000,103 |
| Banco Bradesco | Fitch | B | 378,226 |
| Citibank | Fitch | F1+ | 31,641 |
| | | | 3,071,863 |

| 30 April 2018<br>Maturities of these cash and cash equivalents | Less than 1 month £ | 1 to 3 months £ | 3 months to 1 year £ | More than 1 year £ |
|---|---|---|---|---|
| Investec Bank (Channel Islands) Limited | 1,661,893 | - | - | - |
| Royal Bank of Scotland International | 1,000,103 | - | - | - |
| Banco Bradesco | 378,226 | - | - | - |
| Citibank | 31,641 | - | - | - |
| | 3,071,863 | - | - | - |

The Group is subject to counterparty concentration risk in respect of its holdings of cash with Investec Bank (Channel Islands) Limited and Royal Bank of Scotland International Limited, which together represent 82% of the Group's total cash balance. Bankruptcy or insolvency of either of these counterparties may cause the Group's rights with respect to these cash holdings to be delayed or limited. The Group monitors this risk by monitoring the credit ratings of Investec Bank (Channel Islands) Limited and Royal Bank of Scotland International Limited, which currently have Fitch short-term credit ratings of F2 and F1 respectively.

***(b) Liquidity risk***

Liquidity risk is the risk that the Group will not be able to meet financial liability obligations as they fall due. The Group's liquidity risk is managed by the Operations Manager in accordance with policies and procedures established by the Board. The Board believes that the Group has sufficient resources to appropriately manage its liquidity risk.

The tables below analyse the Group's financial liabilities, which will be settled on a net basis, into relevant maturity groupings based on the remaining period at the year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows including interest payments. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

***Contractual maturities of financial liabilities***

| **30 April 2019** | **Carrying amount £** | **Contractual cashflows £** | **Less than 1 year £** | **No specified maturity* £** |
|---|---|---|---|---|
| Loan payable to related party | **1,539,237** | **1,765,457** | **-** | **1,765,457** |
| Trade and other payables | **77,529** | **77,529** | **77,529** | **-** |
| Liabilities held for sale | **74,072** | **74,072** | **74,072** | **-** |
| **Total** | **1,690,838** | **1,917,058** | **151,601** | **1,765,457** |

* Repayment of the loan is dependent on the sale of the Brazilian properties, which is estimated to be within 2 years.

| 30 April 2018 | Carrying amount £ | Contractual cashflows £ | Less than 1 year £ | No specified maturity £ |
|---|---|---|---|---|
| Loan payable to related party | 1,444,272 | 1,765,457 | - | 1,765,457 |
| Trade and other payables | 63,923 | 63,923 | 63,923 | - |

| | | | | |
|---|---|---|---|---|
| Liabilities held for sale | 165,731 | 165,731 | 165,731 | - |
| Total | 1,673,926 | 1,995,111 | 229,654 | 1,765,457 |

***(c) Market risk***

The sensitivity analyses in this note, relating to interest and exchange rates, are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur and changes in some of the assumptions may be correlated, for example, change in interest rates and change in market values.

***(d) Foreign exchange currency risk***

The Group is exposed to currency risk through investing in assets held in currencies other than the functional currency. As a result, the Group is exposed to the risk that the exchange rates of Sterling relative to other currencies may fluctuate and have an adverse affect on the Group's performance. The Group operates in various parts of the world and is exposed to foreign exchange risk arising from currency exposure to Brazilian Real and United States Dollar. Foreign exchange risk arises from commercial transactions, recognised monetary assets and liabilities and net investments in foreign operations. The Group does not hedge against currency risk and so bears the risk of currency fluctuation.

The tables below summarise the exposure the Group has to foreign exchange risk in regards to financial assets and financial liabilities.

| **30 April 2019** | **Monetary assets £** | **Monetary liabilities £** | **Net exposure £** |
|---|---|---|---|
| Brazilian Real | **246,391** | **74,072** | **172,319** |
| United States Dollar | **193,838** | **-** | **193,838** |
| | **440,229** | **74,072** | **366,157** |

| **30 April 2018** | **Monetary assets £** | **Monetary liabilities £** | **Net exposure £** |
|---|---|---|---|
| Brazilian Real | 457,849 | 165,731 | 292,118 |
| United States Dollar | 366,003 | - | 366,003 |
| | 823,852 | 165,731 | 658,121 |

The Group's policy is, where possible, to allow Group entities to settle liabilities denominated in their functional currency with cash generated from their own operations in that currency.

At the reporting date the Group's exposure to foreign currency in regards to all foreign operations, including all assets and liabilities, was as follows (expressed in Sterling):

| | **30 April 2019 £** | 30 April 2018 £ |
|---|---|---|
| Brazilian Real | **14,361,461** | 15,018,400 |
| United States Dollar | **193,838** | 366,003 |
| | **14,555,299** | 15,384,403 |

The Group is subject to concentration risk in relation to its exposure to US Dollars and Brazilian Real. The Group holds 1% (2018: 2%) of its net assets in US Dollars and 92% (2018: 91%) of its net assets in Brazilian Real.

At 30 April 2019, had Sterling strengthened by 10% (2018: 15%) in relation to all currencies, with all other variables held constant, the net asset value would have decreased by the amounts shown below:

| | **30 April 2019 £** | 30 April 2018 £ |
|---|---|---|
| Brazilian Real | **(1,436,146)** | (2,252,760) |
| United States Dollar | **(19,384)** | (54,900) |
| | **(1,455,530)** | (2,307,660) |

A 10% weakening of Sterling against the above currencies would have resulted in an equal but opposite effect on the net asset value, on the basis that all other variables remain constant. The reduction in the sensitivity rate of sterling against other currencies is regarded as reasonable due to the reduced volatility of Sterling exchange rates in the last year.

***(e) Cash flow and fair value interest rate risk***

Interest rate risk arises in the Group predominantly from the holding of cash and cash equivalents. The Board has established a cash management policy to ensure the best return from the Group's bankers and to mitigate interest rate risk arising from the holding of cash. Cash is predominantly held on short-term deposit and the Board reviews interest rates on a quarterly basis. The Group's interest rate profile is shown in the following tables.

| **Interest rate profile**<br>**As at 30 April 2019** | **Weighted average interest rate %** | **Amount £** |
|---|---|---|
| **Financial assets** | | |
| Non-interest bearing (trade and other receivables and receivables held for sale) | **0.00** | **311,810** |
| **Cash and cash equivalents** | | |
| Variable | **0.00** | **1,137,281** |
| **Financial liabilities** | | |
| Interest bearing (loan payable to related party) | **8.00** | **1,539,237** |
| Non-interest bearing (trade and other payables and liabilities held for sale) | **0.00** | **151,601** |

| Interest rate profile<br>As at 30 April 2018 | Weighted average interest rate % | Amount £ |
|---|---|---|
| Financial assets | | |
| Non-interest bearing (trade and other receivables and receivables held for sale) | 0.00 | 439,778 |
| Cash and cash equivalents | | |
| Variable | 0.00 | 3,071,863 |
| Financial liabilities | | |
| Interest bearing (loan payable to related party) | 6.00 | 1,444,272 |
| Non-interest bearing (trade and other payables and liabilities held for sale) | 0.00 | 229,654 |

For the Group, an increase of 100 basis points in interest yields as at the year end date would decrease the Group's pre-tax loss by £11,373 (2018: £30,719). A decrease of 50 basis points in interest yields would have no effect on the Group's pre-tax loss (2018: no effect). The loan payable to related party bears interest at a fixed rate (increased from 6.00% to 8.00% with effect from 22 December 2018) and is therefore not subject to interest rate risk.

***(f) Fair values***

The fair values of the Group's financial assets and liabilities carried at amortised cost are not significantly different from their carrying amounts.

| | **30 April 2019** | |
|---|---|---|
| | **Carrying amount £** | **Fair value £** |
| **Financial assets carried at amortised cost** | | |
| Trade and other receivables and receivables held for sale | **311,810** | **311,810** |
| Cash and cash equivalents | **1,137,281** | **1,137,281** |
| | **1,449,091** | **1,449,091** |
| **Financial liabilities carried at amortised cost** | | |
| Loan payable to related party | **1,539,237** | **1,539,237** |
| Trade and other payables and liabilities held for sale | **151,601** | **151,601** |
| | **1,690,838** | **1,690,838** |

30 April 2018

| | Carrying amount £ | Fair value £ |
|---|---|---|
| Financial assets carried at amortised cost | | |
| Trade and other receivables and receivables held for sale | 439,778 | 439,778 |
| Cash and cash equivalents | 3,071,863 | 3,071,863 |
| | 3,511,641 | 3,511,641 |
| Financial liabilities carried at amortised cost | | |
| Loan payable to related party | 1,444,272 | 1,444,272 |
| Trade and other payables and liabilities held for sale | 229,654 | 229,654 |
| | 1,673,926 | 1,673,926 |

***(g) Fair value hierarchy***

The following table analyses the Group's financial assets and liabilities. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

| **As at 30 April 2019** | **Level 1 £** | **Level 2 £** | **Level 3 £** | **Total £** |
|---|---|---|---|---|
| **Assets not measured at fair value** | | | | |
| Trade and other receivables | **-** | **208,641** | **-** | **208,641** |
| Cash and cash equivalents | **-** | **1,137,281** | **-** | **1,137,281** |
| Assets held for sale (trade and other receivables) | **-** | **103,169** | **-** | **103,169** |
| | **-** | **1,449,091** | **-** | **1,449,091** |
| **Liabilities not measured at fair value** | | | | |
| Trade and other payables | **-** | **77,529** | **-** | **77,529** |
| Loan payable to related party | **-** | **1,539,237** | **-** | **1,539,237** |
| Liabilities held for sale (trade and other payables) | **-** | **74,072** | **-** | **74,072** |
| | **-** | **1,690,838** | **-** | **1,690,838** |

| As at 30 April 2018 | Level 1 £ | Level 2 £ | Level 3 £ | Total £ |
|---|---|---|---|---|
| Assets not measured at fair value | | | | |
| Trade and other receivables | - | 391,800 | - | 391,800 |
| Cash and cash equivalents | - | 3,071,863 | - | 3,071,863 |
| Assets held for sale (trade and other receivables) | - | 47,978 | - | 47,978 |
| | - | 3,511,641 | - | 3,511,641 |
| Liabilities not measured at fair value | | | | |
| Trade and other payables | - | 63,923 | - | 63,923 |
| Loan payable to related party | - | 1,444,272 | - | 1,444,272 |
| Liabilities held for sale (trade and other payables) | - | 165,731 | - | 165,731 |
| | - | 1,673,926 | - | 1,673,926 |

The following tables show the reconciliation of the Group's significant assets held for sale categorised as Level 3 in the fair value hierarchy.

| **As at 30 April 2019** | **£** |
|---|---|
| Fair value brought forward | **14,774,260** |

| | |
|---|---|
| Disposal of disposal groups and assets held for sale | **(404,472)** |
| Costs capitalised to land and plantations | **151,776** |
| Increase in fair value of disposal groups and assets held for sale | **587,773** |
| Foreign exchange effect | **(817,026)** |
| Fair value carried forward | **14,292,311** |

| As at 30 April 2018 | £ |
|---|---|
| Fair value brought forward | 18,673,356 |
| Disposal of disposal groups and assets held for sale | (1,952,480) |
| Decrease in fair value of disposal groups and assets held for sale | 691,396 |
| Foreign exchange effect | (2,638,012) |
| Fair value carried forward | 14,774,260 |

The Group recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

**25. Capital risk management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell net assets.

There were no changes to the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries were subject to any externally imposed capital requirements as at 30 April 2019 or 30 April 2018.

**26. Contingent asset/Provisions**

Until it was settled by the Group on 21 December 2017, there existed a security interest on the property owned by 3R Tocantins Florestais Ltda. ("3R Tocantins") to cover a liability between the previous owners and Banco da Amazonia (BASA), a financial institution which lent money to the previous owners who used the property as collateral. The liability to BASA was settled in the prior year, resulting in a reversal of the previously accrued provision of £3.2 million, however 3R Tocantins retains a security interest on Lizarda, another property of the previous owners, as cover for this potential liability. A valuation completed in December 2013 valued this property at BRL 7.7 million (£1.5 million), however the security on this property may have been limited to BRL 5.0 million (£1.0 million) and may not be enforceable. The Group continues to explore legal options in relation to the Lizarda security interest, and in the event that it is successful in enforcing this interest, the Lizarda property may become an asset of the Group.

**27. Related party transactions**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

During the prior year, in order to provide financial support for the release of the 3R Tocantins mortgages, the Company accepted an unsecured loan from its largest shareholder Peter Gyllenhammar AB ("PGAB") for approximately £1.4m. As at the date of the drawdown of the loan, PGAB held 28.82% of the Company's issued share capital, and therefore the loan constitutes a related party transaction. Please refer to note 18 for further details.

During the year the Directors received the following remuneration in the form of fees from the Company:

| | **30 April 2019 Total £** | 30 April 2018 Total £ |
|---|---|---|
| Antony Gardner-Hillman (Chairman) | **46,667** | 40,000 |
| Svante Adde | **25,000** | 25,000 |
| Roger Lewis | **25,000** | 25,000 |
| | **96,667** | 90,000 |

The Chairman's annual fee increased from £40,000 per annum to £48,000 per annum with effect from 1 July 2018. There has been no change in the remuneration of the other Directors.

At the year end the Directors had the following interests in the shares of the Company:

| | **30 April 2019 Number** | 30 April 2018 Number |
|---|---|---|
| Svante Adde | **160,840** | 160,840 |

**Other material contracts**

Under an agreement effective from 16 October 2014, Robert Rickman, a former Director of the Company, was engaged as Operations Manager to the Company, to be responsible for the management oversight and realisation of the timber assets of the Group. Mr Rickman's annual fee increased from £96,000 per annum to £106,000 per annum with effect from 1 July 2018. During the year, Mr Rickman has received remuneration of £104,333 (2018: £96,000) in the form of fees from the Company.

**28. Events after the year end**

On 6 June 2019, the Company bought back 389,015 of its own shares at a price of 11.55p per share.

There were no other significant events after the year end which, in the opinion of the Directors, require disclosure in these financial statements.