OBTALA

African Agriculture & Forestry

Company number: 52184

Annual Report 2016

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Obtala Limited

DIRECTORS

Miles Pelham	*(Non-executive Chairman)*
Paul Dolan	*(Chief Executive Officer)*
Warren Deats	*(Chief Operating Officer)*
Simon Rollason	*(Managing Director)*
Philippe Cohen	*(Finance Director)*
Jean du Lac	*(Non-executive Director)*
Kevin Milne	*(Non-executive Director)*
Francesco Scolaro	*(Non-executive Director)*

COMPANY SECRETARY
William Place Secretaries Limited

COMPANY NUMBER
52184 (Guernsey)

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Obtala Limited
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CHAIRMAN’S STATEMENT

I am pleased to present the Annual Report and consolidated financial statements for Obtala Ltd (the “Company” and its subsidiaries the “Group”) for the year ended 31 December 2016.

Upon my appointment as non-executive Chairman in April 2016, the Group entered an era of transition, narrowing its focus to two key industries, timber and agriculture and exiting all unrelated businesses. In addition to this distillation of focus, material changes were clearly required in many areas in order for the value embedded within the Company’s significant assets to be realised. I am delighted to report that by 31 December 2016 many key milestones that had been laid out for this transitional process were met, allowing the Group to end the year in a significantly stronger position than at the start of 2016.

Two of the world’s most valuable and fastest depleting natural resources are agricultural land and forestry. With 2 billion more people expected to share the planet by 2050, and half of that increase coming from sub-Saharan Africa, the supply-demand dynamic within our chosen industries appears to be moving irresistibly in our favour. We are not content however, to remain a minor player waiting to reap the seemingly inevitable demographic-driven benefits. The Group sees significant advantages to being one of the first to achieve meaningful scale in Sub-Saharan Africa in these industries. We are therefore seeking to build a substantial and profitable farming and forestry presence while looking for opportunities to add value and improve margins by moving up the value chain.

Strategy

Following a comprehensive mid-year strategic review of existing operations, it was decided that a capital raise was essential in order to enable the Group to rapidly expand its core operating businesses from the limited base that had been thus far achieved. Detailed research and comprehensive financial planning was undertaken to establish the fastest and most economically viable routes to achieving these ambitions.

The review also concluded that it was in the best interests of shareholders for the Group to exit the non-core LCS African Home Stores. Although this business was responsible for the majority of turnover during 2015, its profitability potential was felt to be marginal compared with the core areas of the Business.

Capital Raise

A total of $18.25m was arranged during 2016, $9.2m was received by 31st December 2016 with the balancing amount due during H1 2017, principally via the agreement to issue perpetual preference shares, during 2017, convertible into either the forestry subsidiary Argento Ltd, or into common stock at an initial strike price of 20p. The structure of the preference share is vanilla, full terms are on our website at www.obtala.com.

A total of US$2.15m of the preference share offering was subscribed to by management, and the market’s reaction would suggest that the raise was deemed to be strongly in the interests of all shareholders.

The premium to the existing share price at the time was reflective of the minimum valuation ascribed to the shares by the Board, and demand from a diverse group of investors, many of whom travelled to Mozambique and Tanzania to visit our operations and meet our key staff members as part of a comprehensive due diligence process. The raise allows for implementation of plans to expand operations in both Mozambique and Tanzania, which will serve to rapidly accelerate the revenue profile of both businesses.

Use of Proceeds

In Mozambique, the key step to achieving scale is through our construction of a major new sawmill in rapidly-growing Nampula, Mozambique’s fourth largest city. This new sawmill, which will be capable of an output of 100m3 of sawn wood per day, will receive its raw material from the Group’s 10 forestry concessions as they become operational. During 2016 only 2 of the 10 were operational, and only a small fraction of the government prescribed Annual Permitted Cut (APC) was harvested from these concessions. In the interim, the opportunity exists to ‘buy-in’ timber from other licenced concession holders who lack our infrastructure and sawmilling capability. The ability to ‘buy-in’ timber has increased with the Government’s ban on export of whole logs, which was without question an important piece of environmental legislation and one which is likely to reward those who follow sustainable forestry practice.

In Tanzania, the results of the strategic review left us with two choices: grow annual cash-crops to provide immediate but potentially volatile cash-flow, or opt for orchard farming, with zero immediate cashflow but substantial annuity revenues after year 5 or 6 when trees begin to reach maturity. The decision was to opt for a 'hybrid' model whereby we clear and prepare land and grow cash crops in year 1, and subsequently plant orchards on the same space after harvesting, repeating the process in subsequent years on an increasingly large scale as profits begin to flow. We feel that this model minimises risk to the overall operation as we scale up the agricultural operation and become more familiar with new operational practices.

This model also allows us some flexibility in the timing of construction of our new refrigerated packhouse, since the volumes of fresh product can be handled until 2019 by a relatively modest improvement to existing facilities.

Financial results

As outlined above, the Group entered a period of transition in the year ended 31 December 2016, including closing the Lesotho based subsidiary LCS. We also switched our presentational currency from £ to US$ to be more in tune with our African business strategies where budgets, expenses and export prices are generally US$ denominated.

The Group generated US$0.6 million of revenue versus 2015 of US$0.9 million resulting in a loss after tax from continued operations of US$5.3 million (2015: loss US$21.7 million after a deferred tax charge of US$6.9 million). The loss after tax, including a loss from discontinued operations of US$0.4 million (2015: loss US$1.1 million) attributable to shareholders totals US$4.8 million versus the 2015 loss was US$25.7 million).

The net equity position of the Group remains strong at US$115.4 million versus US$120.6 million in 2015. Total assets amounted to US$181.1 million versus US$179.7 million in 2015.

Directorate changes

I became Non-Executive Chairman in April 2016 in place of Francesco Scolaro who relinquished that role but remains on the board as non-executive director.

Paul Dolan joined as Chief Executive Officer in June 2016 and Warren Deats joined as Chief Operating Officer in August 2016.

Kevin Milne resigned as Deputy Chairman in June but remains on the board as a non-executive director and Chairman of the Audit and Remuneration committees. After the year-end, in March 2017, Simon Rollason resigned as Managing Director and Jean Du Lac resigned as Non-Executive Director.

Jessica Camus joined as Non-Executive Director in March 2017.

We sincerely thank Simon and Jean for their many years of service to the Company and are excited by the fresh perspective that the arrival of Jessica brings.

Outlook

With finance in place to accelerate production and revenues, the outlook for the Company is highly positive. I am confident that the talented and motivated management team that we continue to assemble and refine, have the requisite skillset to significantly grow revenues, both organically from existing assets and through acquisition and partnerships.

It is pleasing to see the confidence shown in our business model and management from Asia which has resulted in the vast majority of money raised being from the Far East. Given the rising economic prospects and demographics of the region it makes sense for us to strengthen our ties and a dual-listing in China or Australia are being actively investigated.

With zero debt on our balance-sheet, two attractive business lines in the midst of ramp-up, a socially impactful ethos, exceptional and established on the ground management teams and a deal savvy Board; the Company has a lot to offer a new and emerging investor base in the Asian timezone, and we feel a dual-listing would bring about increased liquidity and investor interest for the benefit of all shareholders.

The underlying trends in timber bode very well for our assets and revenue generation in the coming years. The active sponsorship of a clampdown on deforestation by developed nations coupled with the explosion in developing nation populations over the coming decades points to increasing tightness in timber markets particularly in the high-value hard species we are exposed to via our sustainable practices.

The potential acquisition of Woodbois would immediately lead to a step change in revenues and we’re extremely encouraged by the early signs of synergies the partnership can bring. The production business on the ground in West Africa is run to a high standard and the growth that we can achieve by expanding trade financing facilities is very exciting.

The Agri business now has a clear strategy and although significant revenues from the orchards will take time we believe it to be the most lucrative medium-term option for the Company. We will continue to work on leveraging the healthy investment made into our operations in Tanzania and moves up the value chain, via acquisition or organically, are being investigated.

As evidenced by our quarterly updates, we are committed to communicating regularly with you, our shareholders, regardless of whether we are ahead or behind the aggressive targets that we have set for ourselves. I enjoyed meeting investors in person at the UK Investor show in April 2017 and was encouraged by the many thoughtful and constructive comments received.

I wish to thank all of you, our shareholders for your continued support.

Miles Pelham
Chairman
30th June 2017

CHIEF EXECUTIVE OFFICER'S REVIEW

I am pleased to provide my first year-end summary since becoming CEO in July 2016. David Pilling, the Africa editor of the Financial Times recently commented that contrary to widely held opinions throughout the world, with some notable exceptions, nation state formation is at an advanced state across the African continent, a pre-condition to meaningful development and the type of economic lift off seen across Asia over the last three decades. Having spent roughly one third of my time in Africa since July, I consistently witness at first hand the dramatic emergence of these dynamic, vibrant economies. The similarities to observations made in my previous career spent principally dealing with Asia since 1987, particularly the growth of an increasingly educated and affluent middle class, are striking.

The new Obtala that is also starting to emerge, clearly enjoys a tailwind from economic growth rates that are outstripping every other part of the world.

Though determined to maintain an open mind upon taking the reins as CEO in July 2016, it was always likely that root and branch change might be required in order to turn the Company around. Initial visits to the Company operations confirmed this, revealing necessary improvements in structure, process, planning and communication, but conversely confirming the quality of many of the staff and critically, the underlying assets. The initial objective was to introduce first-world processes, which are now being adopted, and the teams on the ground are clearly motivated by the benefits that these systems bring to bear. Successful initial exports of fresh fruit from Tanzania, and timber from Mozambique albeit on a modest scale in 2016, demonstrated an ability to deliver product of a quality on par with our global peers. In this and many other respects, 2016 was a cathartic year for Obtala. The platform from which we operate today bears little resemblance to that of just 12 months ago and much credit for that must go to our senior in-country operational staff who have worked tirelessly to drive the necessary changes and to implement workable solutions.

Key performance indicators are set out below:

	2016 $000	2015 $000	2014 $000
Net assets	115,425	120,596	145,484
(Loss) before taxation from continuing operations	(5,251)	(21,763)	(22,918)
Cash and cash equivalents	3,398	974	5,095
Turnover	630	868	2,780

The capital raise finalised in Q1 2017 which came in at the higher end of our expectations, was the result of months of intensive investor dialogue and due diligence, a worthwhile educational experience to all involved, not least myself. In parallel, we embarked on a journey of stakeholder consultations, as a step towards engaging more meaningfully with our expanding communities. During this process, we met with high-level representatives from non-profit organisations and civil society, development finance and multi-lateral development institutions, non-profit organisations, academics and international experts. Across the board, we have received overwhelming support for leveraging our business activities by emphasising social and environmental stewardship, while expanding our operational footprint in the region.

Since 2015 we have been an active member company of the Social Stock Exchange UK. Our ongoing relationship with the Social Stock Exchange expresses our support for alternative market mechanisms and represents an endorsement of our business practices and social impact activities. To maintain our membership we are obliged to provide an update of our impact reporting and are subject to the rigorous review of an independent panel. In the interests of creating long term, material partnerships, myself and members of the board are actively looking to develop relationships with the social impact finance community. Our respective backgrounds and Obtala's activities make us uniquely placed to present African investment opportunities which can offer substantial financial returns to those with patient capital to employ, alongside positive environmental and social impact.

Selected Social Impact KPIs as follows:

Outcome	Indicator	Performance (2016)	Performance (2015)	Performance (2014)
Employment creation	Number of employees	440	440	400
	Leavers for career advancement	8	6	1
Workplace Training	Promotions	6	4	3
Food Security	Entities engaged to supply food directly to market	6	4	Nil

Moving up the value chain in our business activities, not only opens up new market opportunities, but translates into more jobs being created locally. Our social impact objectives focus on providing training and employment, addressing food security and nutrition, improving health and safety, making local communities more self-sufficient while pioneering ways in which we manage agricultural and wood waste and off-grid energy solutions across the value chain.

In this regard, we have set out to align our sustainability strategy with the United Nations Sustainable Development Goals (SDGs) which set out a vision for ending poverty, hunger, inequality and protecting the earth's natural resources.

To further support and measure our social impact objectives, we have conducted a baseline assessment for IRIS, the catalogue of globally accepted social impact performance metrics. The establishment of this framework uncovered insights on data points the company has at hand and areas we need to strengthen. We are conscious that that integrated qualitative and quantitative data comparability over time constitutes a long term effort but believe this will be to the material benefit of investors. In the coming year, we will focus on progressing selected indicators, including:

- *Environmental indicators*: Low impact harvesting practices, certification and low resource intensive techniques used, species conservation, carbon footprint and commercial stocks
- *Social Indicators:* Labour benefits, education, workplace safety and health, stakeholder dialogue and women representation balance.
- *Economic Indicators:* Employment, traceability system, contracts with small-holder farmers

The focus on these indicators will support our decision making internally, and communicate our social and environmental performance to potential and existing investors. It is clearly aligned with our mission statement, which equally sets out our ambition of significant growth, which is achievable, but is dependent on our pool of human capital. The Company has been relentless in assembling a team of the highest quality, and I'd like to draw attention to some of the most notable joiners.

Graham Impey. Farm Manager, Tanzania. A Zimbabwean national. With almost 30 years of industrial scale farming experience, Graham has performed a total revamp of operations at Morogoro and is in the process of training and developing a highly competent layer of local management beneath him to handle the expansion of land under production.

Ivan Muir. COO Forestry operation, Mozambique. A South African national, Ivan is a highly experienced FSC auditor with almost 30 years experience in all areas of forestry management. Ivan will oversee expansion of harvesting operations from 2 concessions in 2016 to all 10 by 2018.

Ben Salter. Global Head of HSSE. A UK national, Ben is a former Royal Marine and is a highly qualified HSSE instructor. Securing our supply lines during this critical phase of expansion falls within Ben's HSSE remit.

Carnel Geddes. Group Accountant. A South African national. Previously a partner at BDO, Carnel is a qualified forensic accountant. Carnel leads a new team of qualified accountants in Mozambique and Tanzania in implementing real-time reporting, internal audit and local fiscal compliance.

The impact of these high quality recruits, and the teams that they have assembled has been significant as we seek to establish a culture of excellence at every level within the Company. The Chairman's quarterly updates to shareholders have provided, and will continue to provide more specific details regarding operational progress. The Business is gathering momentum and as its transformation and evolution continues, we trust that you will continue to track our progress with interest.

Paul Dolan
Chief Executive Officer
30th June 2017

The Directors submit their report on the affairs of the Group, together with the financial statements and auditor's report for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES AND CORPORATE DEVELOPMENT

The principal activities of Obtala Limited together with its subsidiaries (the "Group") are the development of agricultural, food processing and timber projects. These activities are undertaken through both the Company and its subsidiaries. The Company is quoted on AIM and is incorporated and domiciled in Guernsey.

The main subsidiary companies comprise:

UNDERTAKING	SECTOR
Obtala Services Limited	Professional & Administration services
Montara Continental Limited	Forestry & Agriculture
Magole Agriculture Limited	Agriculture & Processing
Montara Land Company Limited	Agriculture
Milama Agriculture Company Limited	Agriculture
Milama Processing Limited	Agriculture & Processing
Madeiras S.L. Lda	Forestry
Wami Agriculture Co. Limited	Agriculture
Argento Limited	Forestry
Montara Limited	Agriculture

Obtala Services Limited provides accountancy, legal and administrative services to other Group companies.

BUSINESS REVIEW

A review of the Group's performance and future prospects is included in the Chairman's statement on pages 1 to 3 and in the CEO's Review on pages 4 to 6.

RESULTS AND DIVIDENDS

The consolidated loss for the year after taxation from continuing operations attributable to shareholders was $5.3m (2015 loss: $21.7m).

The Directors do not recommend payment of an ordinary dividend.

SHARE CAPITAL AND FUNDING

Full details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 18. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

The Company has unlimited authorised share capital divided into ordinary shares of 1p each, of which 273,260,664 had been issued as at the reporting date.

POST BALANCE SHEET EVENTS

Please refer to note 26 for details.

DIRECTORS

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

Miles Pelham		*(Non-executive Chairman)*
Paul Dolan	*(appointed 29 June 2016)*	*(Chief Executive Officer)*
Warren Deats	*(appointed 1 August 2016)*	*(Chief Operating Officer)*
Simon Rollason	*(resigned 16 March 2017)*	*(Managing Director)*
Philippe Cohen		*(Finance Director)*
Emma Priestley	*(resigned 20 April 2016)*	*(Executive Director)*
Kevin Milne		*(Non-executive Director)*
Jean du Lac	*(resigned 16 March 2017)*	*(Non-executive Director)*
Francesco Scolaro		*(Non-executive Director)*
Jessica Camus-Demarche	*(appointed 23 March 2017)*	*(Non-executive Director)*

DIRECTORS' INDEMNITY INSURANCE

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

DIRECTORS' INTERESTS

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

Shareholdings

	Ordinary shares of 1p each 2016	Ordinary shares of 1p each 2015
Francesco Scolaro[1]	2,150,000	2,150,000
Miles Pelham[2]	12,800,000	12,800,000
Paul Dolan	13,300,000	-
Warren Deats	5,135,000	-
Simon Rollason	556,260	556,260
Philippe Cohen	-	-
Kevin Milne[3]	122,252	122,252
Jean du Lac	-	-

1 In addition Grandinex International Corp, a company in which Francesco Scolaro holds a controlling interest, holds 70,000,000 (25.62%) shares in the Company.

2 Miles Pelham, Chairman of Obtala, holds 12,800,000 shares (4.68%) of which 11,800,000 shares in the Company are held through HSBC Global Custody Nominee (UK) Limited with the remainder being held through other nominee companies.

3. Kevin Milne, Non-executive Director of Obtala, together with his wife holds 122,252 shares in the Company.

Options

On 30th June 2016, the Board proposed and approved the issue of long-dated, highly out-of-the-money share option awards to current and proposed management. Share options granted in 2008 held by Simon Rollason at the end of 2015 were considered to be cancelled and new awards were allocated under the new scheme.

Share option awards were made on the following structure within the company's existing share scheme, the terms of which are detailed in Note 23:

Vesting Date	Trigger Price	Award Amounts
June 2018	15p	5.25m options
June 2019	20p	5.25m options
June 2020	25p	5.25m options
June 2021	30p	5.25m options

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

Miles Pelham	Chairman	1m per tranche (4m total)
Paul Dolan	CEO	1m per tranche (4m total)
Simon Rollason	Managing Director	1m per tranche (4m total)
Warren Deats	COO	1m per tranche (4m total)
Philippe Cohen	Finance Director	250k per tranche (1m total)

Jointly owned shares
The Obtala Employee Share Trust ("the Trust") established with Marlborough Trust Company Limited was wound up in October 2015 when Obtala bought back the shares held on trust by Marlborough Trust Company Limited for zero consideration.

DIRECTORS' REMUNERATION

The remuneration of the individual Directors who served in the year to 31 December 2016 was:

	Salary & fees $000	Bonus $000	Benefits $000	Total 2016 $000	Total 2015 $000	Total 2014 $000
Miles Pelham	158	-	-	158	-	-
Paul Dolan	99	-		99	-	-
Warren Deats	90	-	23	113	-	-
Simon Rollason	107	-	6	113	217	249
Phillippe Cohen	89	-	-	89	100	101
Emma Priestley	17	-	-	17	100	-
Francesco Scolaro	48	-	-	48	213	353
Kevin Milne	77	-	-	77	67	-
Jean du Lac	21	-	-	21	23	23
Grahame Vetch	-	-	-	-	24	128
Tim Walker	-	-	-	-	28	45
Stephen Murphy	-	-	-	-	12	-
Total	706	-	29	735	784	899

It is the Company's policy that executive Directors should have contracts with an indefinite term providing for a maximum of 3-6 months' notice. In the event of early termination, the Directors' contracts provide for compensation up to a maximum of basic salary for the notice period. The current salary payable to Miles Pelham, Paul Dolan and Warren Deats is $200,000 and Simon Rollason received $105,664 (2015: $217,402) per annum. Philippe Cohen receives $88,621 per annum. Emma Priestley resigned during 2016.

Non-executive Directors are employed on letters of appointment which may be terminated on not less than 3 months' notice. After stepping down to Non-executive director roles, the current basic fees payable to Kevin Milne and Francesco Scolaro are $30,000 and $20,000 per annum respectively and Jean du Lac also received $20,000 per annum.

Relocation fees of $15,898 (2015: nil) and housing allocation of $20,833 (2015: nil) were paid to Warren Deats during the year and reflected as benefits in kind.

PROFILES OF THE CURRENT DIRECTORS

MILES PELHAM, AGED 39, NON-EXECUTIVE CHAIRMAN
Miles Pelham is Hong Kong based and has worked in finance for the past 20 years, during which time he has held senior investment banking positions at some of the worlds' largest financial institutions. His experience ranges from running trading desks to bond and financial instrument management.

PAUL DOLAN, AGED 53, CHIEF EXECUTIVE OFFICER
Paul brings almost 30 years' experience in investment banking and finance, where he consistently built award winning, world-class teams and managed global portfolios in excess of $10 billion across asset classes. Paul worked in London and Tokyo, and from 2007- 2012 in Hong Kong, as Nomura's Global Head of Convertible Bonds, Co-head of Equities APAC and Chairman of the committee for Corporate Social Responsibility. In 2014 he founded Dolan Sports Management with the goals of managing the careers and wealth of elite athletes, improving the visibility of female sporting role models and financing sports facilities for the underprivileged.

WARREN DEATS, AGED 38, CHIEF OPERATING OFFICER
Warren has 15 years' of investment banking experience in Africa, Europe and Asia, and has extensive contacts throughout the continent. His management skills are complimented by 5 years' experience developing a successful Citrus and Pomegranate farm in South Africa. Warren is based in Tanzania from where he oversees our African operations.

PHILIPPE COHEN, AGED 58, FINANCE DIRECTOR
Philippe Cohen is a Switzerland based multilingual executive with over 30 years of expertise in the natural resources and commodities sectors, with a wealth of experience in Africa. Philippe has an extensive network with financial institutions, the commodities trading community and emerging markets governments. Philippe worked for 14 years in Commodities and Structured Finance at BNP Paribas as well as Vitol. Philippe also consults in the commodities, mining and oil and gas sectors. He is a graduate of the Ecole Supérieure de Commerce de Paris.

FRANCESCO SCOLARO, AGED 53, NON-EXECUTIVE DIRECTOR
Frank Scolaro is an active investor in publicly quoted companies in the resource, leisure and property sectors. Frank was Non-Executive Chairman of Regal Petroleum plc from October 2006 to November 2007, in which time he was instrumental in the successful resolution of local litigation issues in the Ukraine. Until March 2008 Frank was a Non-Executive Director of Regal Petroleum plc. He is Founder of the Obtala Group and was Executive Chairman until April 2016.

KEVIN MILNE, AGED 55, NON-EXECUTIVE DIRECTOR
Kevin is a Chartered Fellow of the CISI, with over 30 years' experience in Global Financial Services, covering both developed and developing economies. Kevin has extensive experience operating in highly regulated environments including being a member of the Executive Committee of the London Stock Exchange Group. Kevin has held a number of leadership and senior management positions in the financial sector in the UK, Europe, Asia and Australia and has built a wealth of contacts in Global Financial Markets.

JESSICA CAMUS, AGED 33, NON-EXECUTIVE DIRECTOR
Jessica brings extensive experience facilitating public private partnerships working with leaders from private sector, government and civil society globally, and across Sub-Saharan Africa. Jessica specialises in accelerating growth and impact for socially responsible business in frontier markets. She was previously an Associate Director at the World Economic Forum, developing numerous initiatives and programmes on building entrepreneurship ecosystems, innovation and gender and former Financial Market Executive at Thomson Reuters. Jessica holds an MA from the Graduate Institute of International Relations & Development Studies, Geneva and an MBA from the IE Business School, Madrid.

SUBSTANTIAL SHAREHOLDERS

The Company is aware that the following have at 20th June 2017 an interest in three per cent. or more of the issued ordinary share capital of the Company:

Name	Number of 1p ordinary shares	Percentage of the issued share capital
Grandinex International Corp*	70,000,000	25.22%
HSBC Global Custody Nominee (UK) Limited**	25,548,760	9.21%
Basic Materials Limited	24,357,270	8.78%
BNY (OCS) Nominees Limited	12,325,000	4.44%
James Capel (Nominees) Limited	11,993,828	4.32%
Nomura Custody Nominees Limited	9,734,959	3.51%

* Francesco Scolaro is the controlling shareholder of Grandinex International Corp. He holds a further 2,150,000 shares in the Company through nominee companies bringing his total interest to 72,150,000 (26%).

** Miles Pelham, Chairman of Obtala, holds 12,800,000 shares (4.61%) of which 11,800,000 shares in the Company are held through HSBC Global Custody Nominee (UK) Limited with the remainder being held through other nominee companies.

CORPORATE GOVERNANCE

The Board is accountable to the Company's shareholders for good corporate governance and the company has regard for Quoted Companies Alliance's Corporate Governance Code for Small and Mid Size Quoted Companies 2013 which the directors consider appropriate guidance for the Group's size of development. Set out below is a summary of how, at 31 December 2016, the Group was dealing with corporate governance issues.

THE BOARD

The Board in 2016 comprises three executive Directors and four non–executive Directors.

AUDIT COMMITTEE

The Board has established an audit committee with formally delegated duties and responsibilities. The audit committee is chaired by the non–executive Director, Kevin Milne. The committee meets at least twice in each financial year.

REMUNERATION COMMITTEE

The remuneration committee meets as and when required. The remuneration committee comprises of the non–executive Director, although it is the intention to appoint more members in due course, currently Kevin Milne is its Chairman.

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

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

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

NOMINATIONS COMMITTEE

The Directors do not consider that, given the size of the Board, it is appropriate at this stage to have a nominations committee. However, this will be kept under regular review by the Board.

INTERNAL CONTROL

The Board is responsible for maintaining a sound system of internal control. The Board's measures are designed to manage, not eliminate, risk and such a system provides reasonable but not absolute assurance against material misstatement or loss.

Some key features of the internal control system are:

(i) Management accounts information, budgets, forecasts and business risk issues are regularly reviewed by the Board which meets at least 4 times per year;
(ii) The Company has operational, accounting and employment policies in place, including procedures to address the UK Bribery Act;
(iii) The Board actively identifies and evaluates the risks inherent in the business and ensures that appropriate controls and procedures are in place to manage these risks; and
(iv) There is a clearly defined organisational structure and there are well-established financial reporting and control systems.

GOING CONCERN

Having made reasonable enquiries, the Directors are satisfied that the current cash balance of circa $4 million together with the resources and fund raising ability of the group are sufficient to cover all known financial liabilities for the next 12 months from the date of approval of the financial statements. The directors have made reasonable enquiries and are satisfied that current cash balances together with forward looking statements are sufficient to support sufficient to plan for the projected capital expenditure. The Directors have considered the guidance for directors issued by the Financial Reporting Council ("FRC") in respect of going concern. The Directors therefore confirm that they are satisfied that the Group has adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

RISK MANAGEMENT

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

TECHNICAL RISK

The Company has sought expert analysis of soil and hydro conditions to assess feasibility of planting agriculture species within our farms. Plans have been adjusted as a result of this analysis and the Company feels confident that sufficient attention has been given to this issue. The forestry business has sought expert advice on its expansion plans.

POLITICAL AND REGULATORY RISK

The Board believes that the Governments of the countries in which the group operates, support the development of agriculture and forestry. However, there is no assurance that future political and economic conditions in these countries will not result in the Governments changing their political attitude towards agriculture and forestry. Any changes in policy may result in changes in laws affecting ownership of assets, land tenure, taxation, environmental protection and repatriation of income and capital, which may adversely impact the Group's ability to carry out its activities.

ENVIRONMENTAL RISK

The Group is exposed to climate, weather and the risk of pests effecting its agriculture and forestry operations. The availability of water for its irrigation as well as the abundance of too much water also pose a risk to the biological assets. These risks are managed by ongoing assessment of local pests and the adoption of irrigation methods.

FINANCIAL RISK

This comprises of a number of risks explained below.

MARKET RISK

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

LIQUIDITY RISK

The Group seeks to manage liquidity by regularly reviewing cash levels and expenditure budgets to ensure that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Group had net cash balances of $3.398 million as at 31 December 2016 (2015: $0.974m).

INTEREST RATE RISK
The most significant area of market risk to which the Group and Company are exposed is interest rate risk. As the Group has no significant borrowings its risk is limited to the reduction of interest received on cash surpluses held.

CREDIT RISK

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

DONATIONS

No political donations were made during the year (2016: $ nil). Charitable donations amounting to nil (2016: nil) were made in the year.

POLICY ON PAYMENT OF SUPPLIERS

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

EMPLOYMENT POLICIES

The Group supports employment of disabled people wherever possible through recruitment, by retention of those who become disabled and generally through training, career development and promotion.

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report, Strategic Report and the financial statements in accordance with applicable law and regulations.

Guernsey company law requires the directors to prepare group financial statements for each financial year in accordance with generally accepted accounting principles. The directors are required by the AIM Rules of the London Stock Exchange to prepare group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

The financial statements of the group are required by law to give a true and fair view and are required by IFRS adopted by the EU to present fairly the financial position of the group and the financial performance of the group.

In preparing the group financial statements, the directors are required to:

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

The directors are responsible for keeping accounting records which are sufficient to show and explain the group's transactions and are such as to disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements are properly prepared and in accordance with The Companies (Guernsey) Law 2008. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

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

AUDITOR

RSM UK Audit LLP remained as auditors for 2016. A resolution for their re-appointment will be put to the members at the forthcoming Annual General Meeting.

On behalf of the Board

Philippe Cohen
Finance Director
30th June 2017

OPINION ON FINANCIAL STATEMENTS

We have audited the group financial statements on pages 16 to 45 the financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

BASIS FOR QUALIFIED OPINION ON FINANCIAL STATEMENTS
With respect to cost of sales of $141,000 the audit evidence available to us was limited because the company's accounting records in relation to this area had been deleted and could not be recreated. Owing to the nature of the company's records, we were unable to obtain sufficient appropriate audit evidence regarding the cost of sales by using other audit procedures.

QUALIFIED OPINION ON FINANCIAL STATEMENTS
In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph the financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2016 and of the group's loss for the year then ended;
- are in accordance with IFRSs as adopted by the European Union; and
- comply with the requirements of The Companies (Guernsey) Law, 2008.

EMPHASIS OF MATTER – FAIR VALUE OF BIOLOGICAL ASSETS
In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in the critical accounting estimates on pages 26 to 27 and in note 12 on pages 37 and 38 of the financial statements regarding the critical judgements and estimates used in determining the fair value of the standing timber held within the forestry concessions. The consolidated statement of financial position includes $174,528,000 in relation to these biological assets. The amounts ultimately realised on the biological assets may be materially different to the fair value estimates reflected in these financial statements.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS
A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website athttp://www.frc.org.uk/auditscopeukprivate

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION
In respect solely of the limitation on our work relating to cost of sales, described above, where The Companies (Guernsey) Law 2008 requires us to report to you by exception on the following matters, in our opinion:

- we have failed to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit;
- we were unable to determine whether proper accounting records have not been kept; and
- we were unable to determine whether the financial statements are not in agreement with the accounting records.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR
As more fully explained in the Directors' Responsibilities Statement set out on page 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

We read the other financial and non-financial information contained in the annual report and consider the implications for our report if we become aware of any material inconsistency with the financial statements or with knowledge acquired by us in the course of performing the audit, or any material misstatement of fact within the other information. We also read the information in the directors' report and consider the implications for our report if we become aware of any material inconsistency with the financial statements.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP
Chartered Accountants
25 Farringdon Street
London EC4A 4AB
30th June 2016

Obtala Limited
CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME
For the year ended 31 December 2016

	Notes	2016	2015 Restated
Continuing operations		$000	$000
Turnover	2	630	868
Cost of sales		(141)	(193)
Gross profit	3	489	675
Loss on derivative financial instruments		-	(1,658)
Operating costs	3	(829)	(915)
Administrative expenses	3	(3,488)	(2,457)
Depreciation	11	(907)	(521)
Impairment of intangible assets	10	-	(24,618)
Gain on fair value of Biological assets	12	-	13,167
Operating loss	3	(4,735)	(16,327)
Gain on disposal of investment	15	-	1,601
Finance income	5	5	9
Finance costs	6	(521)	(60)
(Loss) before taxation		(5,251)	(14,777)
Taxation	7	-	(6,896)
(Loss) for the year from continued operations		(5,251)	(21,673)
Discontinued operations			
(Loss) from discontinued operations, net of tax:			
- Owners of the parent		(347)	(842)
- Non-controlling interests	9	(35)	(291)
(Loss) for the year		(5,633)	(22,806)
Loss attributable to:			
- Owners of the parent		(4,836)	(25,729)
- Non-controlling interests	24	(797)	2,923
		(5,633)	(22,806)
Items that may be subsequently released to profit or loss:			
Currency translation differences, net of tax		(24)	(653)
Total comprehensive income for the year		(5,657)	(23,459)
Loss attributable to:			
Owners of the parent		(4,860)	(20,536)
Non-controlling interests	24	(797)	2,923
Total comprehensive income for the year		(5,657)	(23,459)
Total comprehensive income attributable to equity shareholders arises from:			
- Continuing operations		(4,478)	(19,694)
- Discontinued operations	10	(382)	(842)
		(4,860)	(20,536)
Earnings per share from continuing and discontinued operations attributable to the owners of the during the year (cents per share)			
Basic earnings per share			
From continuing operations (cents)	8	(1.70)	(7.48)
From discontinued operations (cents)		(0.14)	(0.32)
From loss for the year		(1.84)	(7.80)
Diluted earnings per share			
From continuing operations (cents)	8	(1.70)	(7.48)
From discontinued operations (cents)		(0.14)	(0.32)
From loss for the year		(1.84)	(7.80)

The notes on pages 21 to 46 form an integral part of the consolidated financial statements.

Obtala Limited
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2016

	Attributable to the owners of the parent								
	Share capital $000	Share premium $000	Merger reserve $000	Foreign exchange reserve $000	Share based payment reserve $000	Retained earnings $000	Total $000	Non-controlling interests $000	Total equity $000
AT 1 JANUARY 2015 (Restated)	4,104	17,968	44,487	-	1,580	50,790	118,929	26,554	145,483
Loss for the year	-	-	-	-	-	(25,729)	(25,729)	2,923	(22,806)
Other comprehensive income:									
Currency translation differences	-	-	-	(653)	-	-	(653)	-	(653)
Total comprehensive income for the year	-	-	-	(653)	-	(25,729)	(26,382)	2,923	(23,459)
Issue of shares									
Exchange differences on translating into presentational currency	-	-	-	(1,428)	-	-	(1,428)	-	(1,428)
AT 31 DECEMBER 2015 (Restated)	4,104	17,968	44,487	(2,081)	1,580	25,061	91,119	29,477	120,596
Loss for the year	-	-	-	-	-	(4,836)	(4,836)	(797)	(5,633)
Other comprehensive income:									
Currency translation differences	-	-	-	(24)	-	-	(24)	-	(24)
Total comprehensive income for the year	-	-	-	(24)	-	(4,836)	(4,860)	(797)	(5,657)
Transactions with owners:									
Sales of subsidiary	-	-	-	-	-	311	311	(311)	-
Issue of ordinary shares	136	-	-	-	(136)	-	-	-	-
Reserve transfer	-	-	-	-	(46)	46	-	-	-
Exchange differences on translating into presentational currency	-	-	-	486	-	-	486	-	486
AT 31 DECEMBER 2016	4,240	17,968	44,487	(1,619)	1,398	20,582	87,056	28,369	115,425

The notes on pages 21 to 46 form an integral part of the consolidated financial statements.

Obtala Limited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Notes	2016 $000	2015 Restated $000	2014 Restated $000
ASSETS				
NON-CURRENT ASSETS				
Available for sale investments	15	-	133	140
Intangible exploration and evaluation assets	10	-	-	25,062
Biological asset	12	174,528	174,528	161,833
Property, plant and equipment	11	1,935	2,808	3,982
TOTAL NON-CURRENT ASSETS		176,463	177,469	191,017
CURRENT ASSETS				
Trade and other receivables	13	216	406	1,289
Inventory	14	1,017	855	2,103
Short term investments	15	-	-	6,138
Current tax receivable		25	30	-
Cash and cash equivalents		3,398	974	5,095
TOTAL CURRENT ASSETS		4,656	2,265	14,625
TOTAL ASSETS		181,119	179,734	205,642
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables	17	(9,846)	(3,290)	(3,621)
Financial investment liabilities		-	-	(4,507)
Current tax liabilities		-	-	(3)
TOTAL CURRENT LIABILITIES		(9,846)	(3,290)	(8,131)
NON-CURRENT LIABILITIES				
Borrowings		-	-	(242)
Deferred tax	7	(55,848)	(55,848)	(51,786)
TOTAL NON-CURRENT LIABILITIES		(55,848)	(55,848)	(52,028)
TOTAL LIABILITIES		(65,694)	(59,138)	(60,159)
NET ASSETS		115,425	120,596	145,483
EQUITY				
Share capital	18	4,240	4,104	4,104
Share premium	19	17,968	17,968	17,968
Merger reserve	20	44,487	44,487	44,487
Foreign exchange reserve		(1,619)	(2,081)	-
Share based payment reserve		1,398	1,580	1,580
Retained earnings	21	20,582	25,061	50,790
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT		87,056	91,119	118,929
Non-controlling interests	24	28,369	29,477	26,554
TOTAL EQUITY		115,425	120,596	145,483

The notes on pages 21 to 46 form an integral part of the consolidated financial statements. The financial statements on pages 16 to 45 were authorised for issue by the board of directors on 30th June 2017 and were signed on its behalf.

Miles Pelham
Chairman

Philippe Cohen
Finance Director

Obtala Limited
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2016

	Notes	2016 $000s	2015 $000s
(Loss)/ before taxation		(5,251)	(14,777)
Adjustment for:			
Depreciation of property, plant and equipment	11	907	521
Fair value adjustment of biological asset	10	-	(13,167)
Impairment of intangible assets		-	24,618
Losses on investments		-	1,658
Finance costs	6	521	-
Loss on disposal of subsidiary		382	60
Gain on fair value of investments		-	(1,601)
Decrease in trade and other receivables		195	6,991
Increase/(decrease) in trade and other payables		6,846	(11,221)
Increase/(decrease) in inventory		(162)	1,248
CASH OUTFLOW FROM OPERATIONS			
Income taxes received	7	-	-
NET CASH OUTFLOW FROM CONTINUING OPERATIONS		3,438	(5,670)
INVESTING ACTIVITIES			
Expenditure on property, plant and equipment	11	(493)	(15)
NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES		(493)	(15)
FINANCING ACTIVITIES			
Proceeds from sale of investments		-	1,624
Finance costs		(521)	(60)
NET CASH INFLOW FROM FINANCING ACTIVITIES		(521)	1,564
INCREASE IN CASH AND CASH EQUIVALENTS		2,424	(4,121)
Cash and cash equivalents at beginning of year		974	5,095
Effect of foreign exchange rate variation		-	-
CASH AND CASH EQUIVALENTS AT END OF YEAR		3,398	974

The notes on pages 21 to 46 form an integral part of the consolidated financial statements.

1. ACCOUNTING POLICIES

Obtala Limited ("the Company" or "Obtala") is an AIM-quoted agriculture, food processing and timber company. The Company is incorporated and domiciled in Guernsey. It registered office is Dixcart House, Sir William Place, St Peter Port, Guernsey, GY1 1GX.

The principal activities and nature of the business are included on pages 1 to 7.

BASIS OF ACCOUNTING
The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted in the European Union ("IFRS"). The financial statements have been prepared under the historical cost convention except for biological assets and certain financial assets and liabilities, which have been measured at fair value

BASIS OF CONSOLIDATION
The consolidated financial statements incorporate those of the Company and all of its entities controlled by the Company (together referred to as "the Group") from the date control commences until the date control ceases.

Control is achieved where the Company:
- Has the power over the investee
- Is exposed or has the rights to a variable return from the involvement with the investee
- Has the ability to use its power to affect its returns

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

SUBSIDIARIES
The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at acquisition date irrespective of the extent of any non-controlling interest. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the identifiable net assets acquired is capitalised as goodwill and reviewed annually for impairment. Any deficiency of the cost of acquisition below the fair value of identifiable net assets acquired (i.e. discount on acquisition) is recognised directly in profit or loss.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that represents ownership interests entitling their holders to a proportionate share of the net assets upon liquidation are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

INTRA-GROUP TRANSACTIONS

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

SEGMENTAL REPORTING

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

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

REVENUE RECOGNITION

Revenue from timber and agriculture sales is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred in respect of the transaction can be measured reliably.

Realised profits and losses on the disposal of investments is the difference between the fair value of the consideration received less any directly attributable costs on the sale and the carrying value of the investments at the start of the accounting period or acquisition date if later.

Unrealised profits and losses on the revaluation of investments is the movement in carrying value of investments between the start of the accounting period or acquisition date if later and the end of the accounting period.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

GOING CONCERN

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

- Review of profit and cashflow forecasts;
- Review of actual results against forecast;
- Timing of cashflows; and
- Financial or operational risks.

Having made reasonable enquiries, the Directors are satisfied that the cash balance and resources and facilities of the Group are sufficient to cover all known financial liabilities for the next 12 months from the date of approval of the financial statements. As at 31 December 2016 the Group have a healthy cash balance of circa $4 million and committed incoming funds of another $10 million over the next three months and a sound capital expenditure plan over the 12 months. As a result, the directors have satisfied themselves that the Group is in a sound financial position and will be able to meet the Group's foreseeable cash requirements and that it remains appropriate to adopt the going concern basis in preparing the financial statements.

FOREIGN CURRENCIES

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

Up to 2015, the Group's financial statements were presented in sterling. In 2016, management has decided to change the presentation currency to USD. The Company believes that the presentation of financial results in USD, which is the functional currency of the majority of the Group, will provide greater transparency and provide shareholders and other users of the financial statements with reliable and more relevant information, providing a more accurate reflection of the Group's underlying financial performance and financial position. The change has been applied retrospectively in line with IAS 8 "Accounting Policies, Changes in accounting Estimates and Errors" and as a result the comparative financial information for the year ended 31 December 2015 has been presented in USD. Further, in accordance with IAS 1, a balance sheet as at 31 December 2014 was presented in these consolidated financial statements. The sterling to USD exchange rates as at 31 December 2014, 2015 and 2016 were 1.5586, 1.4763, and 1.228, respectively. The average sterling to USD exchange rates for 2015 and 2016 were 1.5309 and 1.3633, respectively.

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

	At 31 December 2016	Annual average for 2016	At 31 December 2015	Annual average for 2015	At 31 December 2014	Annual average for 2014
Great British Pound	0.82	0.73	0.68	0.65	0.64	0.61
South African Rand	13.58	14.46	15.47	12.95	11.55	10.88
Mozambique Metical	71.64	62.67	48.03	39.16	31.33	31.72
Tanzanian Shilling	2,170	2,170	3,017	3,214	1,750	1,750

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

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

INTANGIBLE EXPLORATION AND EVALUATION ASSETS

All costs associated with mineral exploration and evaluation including the costs of acquiring prospecting licences and rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling and other activities to evaluate the technical feasibility and commercial viability of extracting a mineral resource, are capitalised as intangible exploration and evaluation assets and subsequently measured at cost. The costs are allocated to base mineral/gemstone groupings within a region ("field"), which are treated as cash-generating units ("CGUs")/ projects because the underlying geology and risks and rewards of exploration within a field are considered to be similar.

If an exploration project is successful, the related expenditures will be transferred at cost to property, plant and equipment and amortised over the estimated life of the commercial ore reserves on a unit of production basis. Where a project does not lead to the discovery of commercially viable quantities of mineral resources and is relinquished, abandoned, or is considered to be of no further commercial value to the Group, the related costs are written off to profit or loss as an impairment charge.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is provided at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Land and Buildings	over 50 years
Motor Vehicles	over 3 years
Fixtures and Equipment	over 3 years
Plant and Equipment	over 2 - 5 years

LAND AND BUILDINGS

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Land that is held under lease for the use in agriculture and forestry is stated at cost less any subsequent depreciation.

Depreciation is recognised so as to write off the cost of the assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. For leasehold land and buildings, the useful life is the period of the lease. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. Freehold land is not depreciated.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

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

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

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

IMPAIRMENT OF EXPLORATION AND EVALUATION ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, an asset is reviewed for impairment. An asset's carrying value is written down to its estimated recoverable amount (being the higher of the fair value less costs to sell and value in use) if that is less than the asset's carrying value. Impairment losses are recognised in profit or loss immediately. Impairment reviews for intangible exploration and evaluation assets are carried out on the basis of mineral/gemstone fields with each field representing a single CGU. An impairment review is undertaken when indicators of impairment arise but typically when one of the following circumstances applies:

- unexpected geological occurrences that render the resources uneconomic;
- title to the asset is compromised;
- variations in mineral/gemstone prices that render the project uneconomic;
- variations in the foreign currency rates; or
- the Group determines that it no longer wishes to continue to evaluate or develop the field.

BIOLOGICAL ASSETS

A biological asset is defined as a living plant managed by an enterprise which is involved in the agricultural activity of the transformation of biological assets for sale, into agricultural produce, or into additional biological assets. The Group's biological assets mainly comprise the standing timber. The fair value of the standing timber is determined using models based on expected yields, market prices for the saleable produce, after allowing for harvesting costs and other costs yet to be incurred in getting the produce to maturity. Any changes in fair value are recognised in the income statement in the year in which they arise.

Forestry

IAS41 requires biological assets to be measured at fair value less costs to sell. The fair value of standing timber is estimated based on the present value of the net future cash flows from the asset, discounted at a current market-based rate. In determining the present value of expected net cash flows, the Group includes the net cash flows that market participants would expect the asset to generate in its most relevant market. Increases or decreases in value are recognised in profit or loss. When the fair value estimates are determined to be clearly unreliable due to insufficient information being available to the directors, the biological asset is held at cost less any accumulated depreciation and any accumulated losses.

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

Agriculture

Crops which are planted from seed to undergoing the process of transformation until they become mature and productive are also stated at fair value less costs to sell. Management review the crops on an ongoing basis and should these be deemed to be unsuitable for further cultivation, full provision for impairment loss is made at that time.

A gain or loss arising on initial recognition of biological assets at fair value less costs to sell and from a change in fair value less costs to sell is recognised as profit or loss in the period in which it arises.

Agricultural produce harvested from the Group's biological assets is measured at its fair value less costs to sell. The fair value of agricultural produce is based on market prices of agricultural produce of similar size and weight or alternative estimates of fair value.

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

FINANCIAL ASSETS AND LIABILITIES

The Group classifies its financial assets and liabilities as follows:

TRADE AND OTHER RECEIVABLES

Trade and other receivables do not carry any interest and are initially recognised at fair value. They are subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment.

Impairment provisions are recognised when there is objective evidence that the Group will be unable to collect all of the amounts due under the terms of the 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.

FINANCIAL ASSETS AT FAIR VALUE THROUGH THE PROFIT OR LOSS ("FVTPL")
Financial investment assets are classified at fair value through profit or loss when either they are held for trading or when they are initially designated at fair value through the profit or loss.

The fair value is derived from the closing bid-market price at the reporting date. Gains and losses arising from changes in fair value are recognised directly in profit or loss.

A financial asset is classified as held for trading if:
- it has been acquired principally for the purpose of selling in the near future; or
- it is part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

FINANCIAL LIABILITIES
Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire.

TRADE AND OTHER PAYABLES
Trade and other payables are not interest bearing and are initially recognised at fair value. They are subsequently measured at amortised cost using the effective interest rate method.

CASH AND CASH EQUIVALENTS
Cash and cash equivalents comprise cash at hand and deposits on a term of not greater than 3 months.

SHARE CAPITAL
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from proceeds.

LEASES
Leases where the lessor retains substantially all of the risks and rewards of ownership are classified as operating leases and the rentals payments are charged to profit or loss on a straight-line basis over the lease term.

SHARE BASED PAYMENTS

SHARE OPTIONS AND WARRANTS

Share option programmes entitle certain employees and Directors to acquire shares of the Company. In addition warrants may be issued as consideration for services provided. These options and warrants are granted by the Company. The fair value of options granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options based on the number expected to vest. The fair value of the options granted is measured using the Black Scholes valuation model for options without market conditions and using the binomial method for those with market conditions, taking into account the terms and conditions under which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

INVENTORIES

Inventories, are stated at the lower of cost-of-production on the weighted average basis or estimated net realisable value. Cost of production includes direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business.

PENSION COSTS

Contributions by the Group to personal pension schemes are charged to profit or loss on a straight-line basis as they become due.

TAXATION

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

The tax payable is based on taxable profit for the year. The Group’s liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon rates enacted and substantively enacted at the reporting date. Deferred tax is charged or credited in profit or loss, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity or taken to other comprehensive income if it relates to other comprehensive income items.

CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

Fair value of biological assets

The methods and assumptions used in determining the fair value of standing timber within the forestry concessions held has been based on discounted cash flow models which require a number of significant judgements to be made by the directors in respect of sales price, production levels, operational cost and discount rates.

The discounted cash flow models cover the 10 concession areas of Miombo hardwood forest to which the group has secured the rights to. The concessions cover the same surface as last year but have reduced in number from 12 to 10 which makes for easier management. The concessions are in three locations in three adjacent provinces within northern Mozambique and cover a total area of 314,965 hectares. The concessions have been granted by the Mozambican Government for a 50 year term once the necessary management plan, community consultation and administrative process is completed, and are renewable thereafter. The ten management plans have been presented, of which 3 are fully approved and are now operational, with another 5 in the final stages of approval by the Mozambican Government. We expect the last two to be completed as well by the end of 2017.

Harvesting levels are regulated by the Annual Permitted Cut ("APC") (total m3 per species) set in each management plan and approved at Provincial government level and can be reviewed and increased periodically, while continued sustainability is ensured.

The volume of timber to be harvested has been estimated based on the assumption that:

- the proportion of the APC to be harvested in any one year will increase over the first three years and then remain constant.
- from year 4, all the current APC will be harvested in any one year; as the APC number can be increased as per the 13% increase already authorised from 2016 to 2017.
- From year 3 to 5 we are projecting to ramp up high margin veneer production with a new unit to about 15% of production as of year 5.
- We have extended the model from a 10 to a 20 period which we believe is appropriate for the sawmill operation that will be completed in 2017.

The valuation model accommodates uncertainties over the actual levels of available timber and reflects the variability of the woodland types and content.

The valuation models assume a discount rate of 12%. Further details of the underlying assumptions and judgements are given in note 12.

The concessions were granted to Obtala at nil initial cost but with a levy payable to the Mozambique government based on harvesting and sales. These projected costs are included in the discounted cash flow valuation models within costs of sales.

In support of the revised valuation and to corroborate the fair value of the forestry concession the directors have also commissioned, an independent valuation report reflecting the value of the sale of rights “to a willing buyer”. This report prepared on 1 May 2017 was undertaken by Mr: Edward Anderson-Bickley, formerly of Honour Capital, who is an independent consultant that specialises in providing comprehensive forestry investment and management services, and is regulated and authorised to conduct investment appraisals and analysis of forestry by the Royal Institution of Chartered Surveyors (RICS).

On the basis of the recommendations and the existing valuation model, which we are maintaining at the same level in 2016, the Group has successfully raised funds from the sale of Argento Limited Preference Share, with another $6.6 million to be received by Argento by the end of September 2017. These funds are being primarily used to scale up production levels and engage the necessary personnel to support the planned production increases and boost sales team.

Impairment of intangible exploration and evaluation assets

The Group has no intangible assets. An impairment charge of $nil (2015: $24,618,000) was recognised in the year, and the carrying value of intangible exploration and evaluation assets at 31 December 2016 was $nil (2015:£nil).

ACCOUNTING STANDARDS ADOPTED DURING THE YEAR

New standards, amendments to published standards and interpretations to existing standards effective in 2016, with their dates of adoption adopted by the Group and brief description:

Annual Improvements to IFRSs 2010-2012 Cycle	Includes amendments to the definitions of 'vesting conditions' and 'market condition' and new definitions of 'performance condition' and 'service condition' in IFRS 2 Share-based Payment	1 February 2015
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	Clarifies that preparers should not use revenue-based methods to calculate charges for the depreciation or amortisation of items of property, plant and equipment or intangible assets.	1 January 2016
Amendments to IAS1: Disclosure Initiative	Amended to further clarify the concept of materiality, namely that it is applicable to the financial statements as a whole, not just the primary statements and that it applies to specific disclosures required by an IFRS and, therefore, an entity does not have to disclose information required by an IFRS if that information would not be material.	1 January 2016
Annual Improvements to IFRSs 2012–2014 Cycle	The improvements in this Amendment clarify the requirements of IFRSs and eliminate inconsistencies within and between Standards, including disclosure of information 'elsewhere in the interim financial report'.	1 January 2016
Amendments to IAS 27: Equity Method in Separate Financial Statements	Restoration of the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in the entity’s separate financial statements.	1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities*	Clarifies that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity. This clarification extends to the equity method for entities that are subsidiaries and that hold interests in associates and joint ventures. IFRS 12 clarifies that an investment entity is not excluded from the scope of the standard.	1 January 2016
Amendments to IAS 16 and IAS 41:	Brings bearer plants, which are used solely to grow produce, into the scope of IAS 16 so that they are accounted for in the same way as property, plant and equipment	1 January 2016

* not yet endorsed by the EU

The implementation of these standards did not have a material impact on the Group’s consolidated financial statements other than disclosures.

ACCOUNTING STANDARDS AND INTERPRETATIONS NOT APPLIED

The following Adopted IFRSs have been issued but have not been applied by the Group in these financial statements. Their adoption is not expected to have a material effect on the financial statements:

Annual Improvements to IFRSs 2014–2016 Cycle*	1 January 2017 & 1 January 2018	The improvements in this Amendment clarify the requirements of IFRSs and eliminate inconsistencies within and between Standards, including clarification of the scope of IFRS 12.
Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017	Clarifies deferred tax on unrealised losses generated by debt instruments carried at fair value.
Amendments to IAS 7: Disclosure Initiative*	1 January 2017	The amendments clarify and improve information provided to users of financial statements about changes in liabilities arising from financing activities.
Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions*	1 January 2018	Amendments to provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based payment transactions with a net settlement feature for withholding tax obligations, and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.
IFRIC 22 Foreign Currency Transactions and Advance Consideration*	1 January 2018	Provides requirements about which exchange rate to use in reporting foreign currency transactions (such as revenue transactions) when payment is made or received in advance.
IFRS 9 Financial Instruments	1 January 2018	Replacement to IAS 39 and is built on a logical, single classification and measurement approach for financial assets which reflects both the business model in which they are operated and their cash flow characteristics. Also addresses the so‑called 'own credit' issue and includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. It is a change from incurred to expected loss model.
IFRS 15 Revenue from Contracts with Customers (IFRS 15 clarifications not EU-endorsed)	1 January 2018	Introduces requirements for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. Also results in enhanced disclosure about revenue and provides or improves guidance for transactions that were not previously addressed comprehensively and for multiple‑element arrangements.
IFRS 16 Leases*	1 January 2019	The new standard recognises a leased asset and a lease liability for almost all leases and requires them to be accounted for in a consistent manner. This introduces a single lessee accounting model and eliminates the previous distinction between an operating lease and a finance lease.

*Not yet endorsed in the EU.

The Directors anticipate that the adoption of these Standards and Interpretations as appropriate in future periods will have no material impact on the financial statements of the Group, subject to any future business combinations.

2. SEGMENTAL REPORTING

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

As a result of the sale of LCS, the company has determined that it now has the following reportable segments, being agriculture and forestry, and has restated its operating segment reporting accordingly. The LCS results were included within the Retail segment in 2015.

The Group is currently focused on agriculture and forestry. These are the Group's primary reporting segments.

The following table shows the segment analysis of the Group's loss before tax for the year and net assets at 31 December 2016:

	Agriculture	Forestry	Unallocated head office costs	Intra-group elimination	Total
	$000	$000	$000	$000	$000
INCOME STATEMENT					
Turnover	127	503	-	-	630
Cost of Sales	(205)	64	-	-	(141)
Gross profit	(78)	567	-	-	489
Operating costs	(690)	(139)	-	-	(829)
Administrative expenses	(15)	(499)	(2,974)	-	(3,488)
Depreciation	(499)	(408)	-	-	(907)
Segment operating (loss)/profit before interest	(1,282)	(479)	(2,974)	-	(4,735)
Finance income	-	5	-	-	5
Finance costs	-	(394)	(127)	-	(521)
(Loss)/Profit before tax	(1,282)	(868)	(3,101)	-	(5,251)
Taxation	-	-	-	-	-
(Loss) after tax	-	-	-	-	(5,251)
NET ASSETS					
Assets	2,589	176,382	13,721	(11,573)	181,119
Liabilities:					
Deferred tax liability	-	(55,848)	-	-	(55,848)
Other	-	(11,573)	(9,846)	11,573	(9,846)
Net assets	2,589	108,961	3,875	-	115,425
OTHER SEGMENT ITEMS					
Capital expenditure:					
Property, plant and equipment	-	-	-	-	-
Intangible exploration and evaluation assets	-	-	-	-	-

The following table shows the segment analysis of the Group's loss before tax for the year and net assets at 31 December 2015:

Restated	Exploration and development $000	Agriculture $000	Forestry $000	Unallocated head office costs $000	Intra-group elimination $000	Total $000
INCOME STATEMENT						
Turnover	-	122	746	-	-	868
Cost of Sales	-	(64)	(129)	-	-	(193)
Gross profit	-	58	617	-	-	675
Loss on Impairment of asset	(24,618)	-	-		-	(24,618)
Loss on derivative financial instruments	-	-	-	(1,658)	-	(1,658)
Gain on valuation of biological asset	-	-	13,167	-	-	13,167
Gain on fair value of investment	-	-	-	1,601	-	1,601
Operating costs	-	(537)	(378)	-	-	(915)
Administrative expenses	-	(15)	(147)	(2,295)	-	(2,457)
Depreciation	-	(243)	(145)	(133)	-	(521)
Segment operating (loss)/profit before interest	(24,618)	(737)	13,114	(2,485)	-	(14,726)
Finance income	-	-	9	-	-	9
Finance costs	-	-	(60)	-	-	(60)
Profit before tax	(24,618)	(737)	(13,063)	(2,485)	-	(14,777)
Taxation	-	-	(6,896)	-	-	(6,896)
Profit after tax						(21,673)
NET ASSETS						
Assets	-	2,934	175,923	21,128	(20,281)	179,704
Liabilities:						
Deferred tax liability	-	-	(55,848)	-	-	(55,848)
Other	-	(219)	(21,078)	(2,244)	20,281	(3,260)
Net assets	-	2,715	98,997	18,884	-	120,596
OTHER SEGMENT ITEMS						
Capital expenditure:						
Property, plant and equipment	-		-	-	-	-
Intangible exploration and evaluation assets	-		-	-	-	-

3. OPERATING LOSS

	2016 $000	2015 $000
Operating loss is stated after charging/(crediting):		
Depreciation of property, plant and equipment	907	521
Staff costs (see note 4)	1,223	1,848
Agriculture and forestry costs	1,761	1,196
Operating Lease Costs	69	73
Impairment of assets (see notes 10)	-	24,618
Inventory expensed	141	193
Auditor's remuneration:		
Audit services		
- fees payable to the Company auditor for the audit of the consolidated accounts	50	61
Fees payable to associates of the Company auditor for other services		
- auditing the accounts of subsidiaries pursuant to legislation	5	9

4. STAFF COSTS

	2016 Number	2015 Number
The average monthly number of persons (including Directors) employed by the Group during the year was:		
Administration and management	11	13
Agriculture and forestry	7	7
Retail	30	140
	48	160

	2016 $000	2015 $000
The aggregate remuneration comprised:		
Wages and salaries	1,223	1,848
Social security costs	-	-
	1,223	1,848

Directors' remuneration included in the aggregate remuneration above comprised:	2016 $000	2015 $000
Emoluments for qualifying services	713	568

Included above are emoluments of $190,000 (2015: $189,844) in respect of the highest paid Director.

No pension contributions were made on behalf of the Directors and other staff members.

5. FINANCE INCOME

	2016 $000	2015 $000
Bank interest receivable	5	9

6. FINANCE COSTS

	2016 $000	2015 $000
Bank interest payable	521	58

7. TAXATION

	2016 $000	2015 $000
CURRENT TAX:		
Corporation tax on loss for the year	-	-
DEFERRED TAX:		
Origination and reversal of temporary differences	-	(6,896)
TAX ON (LOSS) ON ORDINARY ACTIVITIES	-	(6,896)

Group	$000	$000
Loss on ordinary activities before tax	(5,251)	(14,777)
Loss on ordinary activities multiplied by the average rate of corporation tax of 24.5% (2014: 24.5%)	(1,286)	(3,620)
Effects of:		
Losses not recognised for deferred tax	1,286	-
Effect of movement in fair value of intangible assets	-	(3,276)
GROUP TAX (CREDIT) FOR THE YEAR	-	(6,896)

The prevailing tax rates of the operations of the Group range between 20% and 35%. Therefore a rate of 24.5% has been used as it best represents the weighted average tax rate experienced by the Group. The Group has estimated losses of $43 million (2015: $38.6 million) available for carry forward against future profits. No deferred tax assets have been recognised in respect of losses due to the unpredictability of future profit streams. Unused tax losses may be carried forward indefinitely.

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

Deferred tax liabilities	2016 $000	2015 $000
At 1 January	55,848	51,786
Increase in deferred tax liability	-	4,213
Effects of foreign exchange	-	(151)
At 31 December	55,848	55,848

8. EARNINGS PER SHARE

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

Dilutive earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue during the year to assume conversion of all dilutive potential ordinary shares, being share options and the shares held by the Trust and certain employees.

	2016	2015
	$'000	$'000
Loss from continuing operations attributable to owners of the parent	(4,478)	(19,694)
Loss from discontinued operations attributable to owners of the parent	(382)	(1,133)
Total	(4,860)	(20,827)
Weighted average number of ordinary shares		
Weighted average number of ordinary shares in issue	263,761,286	263,161,286
Weighted average number of ordinary shares used in calculating earnings per share	263,761,286	263,161,286
Number of options and own shares with dilutive effects	-	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	263,761,286	263,161,286
Earnings per share from continuing operations		
Basic (cents)	(1.70)	(7.48)
Diluted (cents)	(1.70)	(7.48)
Earnings per share from discontinued operations		
Basic (cents)	(0.14)	(0.32)
Diluted (cents)	(0.14)	(0.32)

There is no dilutive effect of options (note 23) and own shares (note 21) due to the Group's share price during the year.

9. DISCONTINUED OPERATIONS

The African Homes Stores group of companies ('LCS') have been discontinued during the year as the company decided to sell its shareholding for $1.The transaction became effective on 24th December 2016.

Discontinued operations are comprised of the following:

	2016	2015
	$'000	$'000
Turnover	482	4,787
Cost of sales	(435)	(3,811)
Gross profit	47	976
Administrative expenses	(102)	(1,989)
Depreciation	(41)	(120)
Loss on disposal	(286)	-
	(382)	(1,133)

10. INTANGIBLE EXPLORATION AND EVALUATION ASSETS

	Mindex licences $000	Paragon Diamonds licences $000	Montara & Altadis licences $000	Total licences $000
AT 1 JANUARY 2015	24,965	-	97	(25,062)
Impairment charge for the year	(24,965)	-	(97)	(25,062)
AT 31 DECEMBER 2015 AND 2016	-	-	-	-

Impairment
The Directors have considered the following factors when considering whether there have been any indicators for impairment of the exploration and evaluation assets:

- Geology and lithology on each licence as outlined in the most recent CPRs (independent Competent Person's Reports from mining and earth
- resources consultants);
- The expected useful lives of the licences and the ability to retain the license interests when they come up for renewal;
- Comparable information for large mining and exploration companies in the vicinity of each licence;
- History of exploration success in the regions being explored;
- Local infrastructure;
- Climatic and logistical issues; and
- Geopolitical environment.

After considering these factors the Directors have recognised a charge of $25,062,000 in 2015 relating to the impairment of four licences that have expired and the Directors have decided not to renew.

11. PROPERTY, PLANT AND EQUIPMENT

	Land & buildings $000	Motor vehicles $000	Plant & equipment $000	Fixtures & IT $000	Total $000
COST					
AT 1 JANUARY 2015	1,690	524	2,877	1,147	6,238
Additions	15	-	-	-	15
Effects of foreign exchange	(263)	(28)	(335)	(180)	(806)
AT 31 DECEMBER 2015	1,442	496	2,542	967	5,447
Additions	244	82	160	7	493
Disposal of subsidiary	-	(27)	(711)	(281)	(1,019)
Effects of foreign exchange	(829)	(281)	180	(613)	(1,543)
AT 31 DECEMBER 2016	856	270	2,171	80	3,378
DEPRECIATION					
AT 1 JANUARY 2015	164	522	1,093	477	2,256
Charge for the year	29	-	374	118	521
Effects of foreign exchange	(10)	(28)	(71)	(29)	(138)
AT 31 DECEMBER 2015	183	494	1,396	565	2,639
Charge for the year	35	29	811	32	907
Disposal of subsidiary	-	(27)	(345)	(214)	(586)
Effects of foreign exchange	(105)	(323)	(764)	(325)	(1,517)
AT 31 DECEMBER 2016	113	173	1,098	59	1,443
NET BOOK VALUE					
AT 31 DECEMBER 2016	744	97	1,073	21	1,935
AT 31 DECEMBER 2015	1,258	2	1,146	402	2,808
AT 31 DECEMBER 2014	1,526	2	1,784	670	3,982

12. BIOLOGICAL ASSETS

Standing timber	2016 $000	2015 $000	2014 $000
Carrying value at beginning of year	174,528	161,833	161,833
Additions	-	12,695	-
Carrying value at end of year	174,528	174,528	161,833

The Group's main class of biological assets comprise forestry concessions which hold a range of hardwoods. Biological assets are carried at fair value less estimated costs to sell. The brought forward biological assets were assessed internally at fair value and supported by a report on the valuation to a willing buyer dated 1 May 2017 and prepared by Edward Anderson-Bickley MRICS, formerly of Honour Capital Limited, valuers of the original concessions in 2014 and 2015.

During the year the company consolidated its 12 concessions into 10 concessions on a 50-year concession basis (renewable thereafter for a further 50 years) with the similar global map and surface. There were no additions to the concessions land to this date. All are located in Northern Mozambique in the states of Cabo Delgado, Nyassa and Zambezia and are managed from a central point in Nampula, capital of the middle state of the North.

Fair values have been determined internally by discounting a 20-year cash flow projection (Level 3 of the fair value hierarchy) for 10 concession areas located in three separate blocks in northern Mozambique after taking into account the following assumptions:

- NPV based on a 20 years' cash flow on concessions valid for 50 years.
- 20-year operational cumulative sales revenues forecast at $710 million.
- We are now using a discount of 12% for all concessions as this is considered the most appropriate given the operational and country risk see page 39 for sensitivity analysis.
- Total area of 314,965 hectares.
- Total actual and estimated annual permitted cut ("APC") has been increased by almost 4,500 m3/year to 75,809 m3/year from 71,348m3/year in 2015 on a 20-year cycle.
- Not all the APC will be harvested in any one year.
- The proportion of the APC to be harvested in any one year will increase over the first three years and then remain constant at the level of the full current APC. We are confident that we will be able to continue to increase the APC on a regular basis as we have done in 2016.
- Predicted production levels used in the brought forward valuation report are 8% of the annual permitted cut in 2017 increasing to 61% in 2018 and 80% in 2019.
- Average annual production of sawn timber is expected to be 5,750m3 in 2017 increasing to 46,000m3 in 2018 with the new sawmill in operations.
- Production costs remain an average of $310/m3 of product sold and FOB costs are at an average $468/m3
- The weighted average sale price of the sawn timber varies in function of the grades with $860/m3 for first grade and $600/m3, with veneers at $2,900/m3 and $4,500/m3, (from year 3 only), without taking into consideration sales of blackwood budgeted now at $9,400/m3.

All management plans for the concessions and a community consultation have been formalised or are being reviewed by the Mozambican Government and their process will be completed during 2017.

The financial risk management strategies relating to the above are included on page 13 and 14.

12. BIOLOGICAL ASSETS (continued)

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

	Fair value of biological asset	
	2016	2015
	$ 000	$ 000
Effect of increase in discount rate by 1%	(16,664)	(6,761)
Effect of decrease in discount rate by 1%	19,761	7,183
Effect of 10% increase in volume of production	19,599	6,483
Effect of 10% decrease in volume of production	(19,599)	(6,847)
Effect of 10% increase in sales price	42,203	17,149
Effect of 10% decrease in sales price	(31,210)	(17,149)

There is no value assigned to the agriculture assets in either 2015 or 2016 as the fair value cannot be reliably measured.

13. TRADE AND OTHER RECEIVABLES

	2016	2015
	$000	$000
Trade receivables	214	81
Other receivables	2	303
Prepayments and accrued income	-	22
	216	406

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

14. INVENTORIES

	2016	2015
	$000	$000
Agriculture supplies	1,017	515
Retail merchandise	-	340
	1,017	855

15. INVESTMENTS

	Short term Investments	Available for sale investments	Total
	$000	$000	$000
COST AND FAIR VALUE AT 1 JANUARY 2015	6,138	140	6,287
Losses	(7,739)	(7)	(7,739)
Disposal	1,601	-	1,601
COST AND FAIR VALUE AT 31 DECEMBER 2015	-	133	140
Impairment	-	(133)	(140)
COST AND FAIR VALUE AT 31 DECEMBER 2016	-	-	-

16. FINANCIAL INSTRUMENTS

CAPITAL RISK MANAGEMENT

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

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

16. FINANCIAL INSTRUMENTS (continued)

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

CATEGORISATION OF FINANCIAL INSTRUMENTS

2016 Financial assets/(liabilities)	Held for trading/ designated as FVTPL $000	Available for sale investments $000	Loans and receivables $000	Financial liabilities at amortised cost $000	Total $000
Trade and other receivables	-	-	216	-	216
Cash and cash equivalents	-	-	3,398	-	3,398
Trade and other payables	-	-	-	(9,846)	(9,846)
	-	-	3,614	(9,846)	(6,232)

2015 Financial assets/(liabilities)	Held for trading/ designated as FVTPL $000	Available for sale investments $000	Loans and receivables $000	Financial liabilities at amortised cost $000	Total $000
Trade and other receivables	-	-	406	-	406
Investments	-	140	-	-	140
Cash and cash equivalents	-	-	974	-	974
Trade and other payables	-	-	-	(3,290)	(3,290)
	-	140	1,380	(3,290)	(1,770)

FAIR VALUE MEASUREMENTS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from 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 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

EQUITY PRICE RISK

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

MANAGEMENT OF MARKET RISK
The most significant area of market risk to which the Group and Company are exposed is interest rate risk.

As the Group has no significant borrowings its risk is limited to the reduction of interest received on cash surpluses held.

GROUP	2016 Fixed rate $000	2015 Fixed rate $000	2016 Floating rate $000	2015 Floating rate $000	2016 Total $000	2015 Total $000
Cash and cash equivalents	-	-	3,398	974	3,398	974

16. FINANCIAL INSTRUMENTS (continued)

The impact of a 10% increase/decrease in the average base rates would be $nil (2015: $nil) on the total cash and cash equivalents balances and on equity.

MANAGEMENT OF CREDIT RISK

The principal financial assets of the Company and Group are bank balances. The Group deposits surplus liquid funds with counterparty banks that have high credit ratings. Cash is sometimes placed with certain institutions in support of trading positions. The Group deposits such funds with large well known institutions and the Directors consider the credit risk to be minimal.

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

	2016 Carrying Value $000	2016 Maximum Exposure $000	2015 Carrying Value $000	2015 Maximum Exposure $000
Cash and cash equivalents	3,398	3,398	974	974
Total	3,398	3,398	974	974

No aged analysis of financial assets is presented as no financial assets are past due at the reporting date.

MANAGEMENT OF FOREIGN EXCHANGE RISK

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

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

	2016 $000	2015 $000
Cash and cash equivalents		
GBP	3,132	906
ZAR	-	32
TZS	266	35
MZN	1	1
USD	-	-
Total	3,399	974

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

IMPACT OF 10% RATE CHANGE	2016 $000	2015 $000
Cash and cash equivalents	-	-

16. FINANCIAL INSTRUMENTS (continued)

MANAGEMENT OF LIQUIDITY RISK

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

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

	2016 $000	2015 $000
Cash at bank	3,398	974
	3,398	974

17. TRADE AND OTHER PAYABLES

	2016 $000	2015 $000
Trade and other payables	491	3,290
Accruals	178	-
Other payables	9,177	-
	9,846	3,290

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

Included within other payables are amounts received in advance relating to the post year end capital raise $9,177k (2015: $nil).

18. SHARE CAPITAL

	Number	$000
Authorised: Ordinary shares of 1p each	Unlimited	Unlimited
Allotted, issued and fully paid: Ordinary shares of 1p each		
AT 31 DECEMBER 2014 and 2015	263,260,664	4,104
Shares issued	10,000,000	136
AT 31 DECEMBER 2016	273,260,664	4,240

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

In December 2016, Meradell holders opted for conversion into Argento Preference shares with the exception of Global Timber Investments Limited which exercised its option to convert its holding in Meradell (1) Ltd. into 10,000,000 new ordinary shares of Obtala. These shares represent approximately 3.80% of Obtala's existing issued ordinary share capital and will on issue represent approximately 3.66% of its enlarged issued ordinary share capital, being Global Timber's total holding of Obtala ordinary shares. Miles Pelham's interest in the Meradell structures will be converted into a further 2,500 Argento Preference shares.

19. SHARE PREMIUM ACCOUNT

	2016 $000	2015 $000
AT 1 JANUARY AND 31 DECEMBER	17,968	17,968

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

20. MERGER RESERVE

	2016 $000	2015 $000
AT 31 DECEMBER	44,487	44,487

The merger reserve arose on shares issued by Obtala Services Limited to acquire Obtala Limited and on shares issued by Obtala Limited to the previous owners of Obtala Services Limited under a scheme of arrangement concluded in August 2010.

21. MOVEMENT IN REVENUE RESERVE AND OWN SHARES

	Retained earnings $000	Own shares $000	Revenue reserve $000
AT 1 JANUARY 2015	54,370	(3,580)	50,790
Loss for the year	(25,729)	-	(25,729)
Foreign exchange	(189)	189	-
AT 31 DECEMBER 2015	28,452	(3,391)	25,061
Loss for the year	(4,836)	-	(4,836)
Foreign exchange	(570)	570	-
Sale of subsidiary	311	-	311
Reserve transfer	46	-	46
AT 31 DECEMBER 2016	23,403	(2,821)	20,582

Retained earnings represents the cumulative profit attributable to the equity holders of the parent company.

Own shares represents the cost of Obtala Resources Limited shares purchased in the market and held by the Obtala Limited Employee Share Trust (“the Trust”) jointly with a number of the Group’s employees. The Trust dissolved in October 2015 at which time Obtala purchased the shares held in Trust by Marlborough Trust Company limited for zero consideration.

22. CAPITAL AND OPERATING LEASE COMMITMENTS

The Group had total commitments at the reporting date under non-cancellable operating leases falling due as follows:

	Land & buildings and mining licences 2016 $000	Land & buildings and mining licences 2015 $000
Within one year	44	69
Between one and two years	-	-
	44	69

23. SHARE BASED PAYMENTS

Obtala Option Scheme

The Group operates a share option plan, under which certain Directors and employees have been granted options to subscribe for ordinary shares. All options are equity settled. The options have an exercise price of 8.75p which was based upon the average value of the Group’s ordinary shares for the ten days prior to the date of grant. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. The Group has no legal or constructive obligation to repurchase or settle the options in cash. The number and weighted average exercise prices of share options are as follows:

Vesting Date	Trigger Price	Award Amounts
June 2018	15p	5.25m options
June 2019	20p	5.25m options

June 2020	25p	5.25m options
June 2021	30p	5.25m options

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

Miles Pelham	Chairman	1m per tranche (4m total)
Paul Dolan	CEO	1m per tranche (4m total)
Simon Rollason	Managing Director	1m per tranche (4m total)
Warren Deats	COO	1m per tranche (4m total)
Philippe Cohen	Finance Director	250k per tranche (1m total)

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

No charge has been recognised in the income statement relating to the above options as they charge is considered to be adequately provided for.

Jointly Owned Shares

The Obtala Employee Share Trust ("the Trust") established with Marlborough Trust Company Limited appointed as trustee ("the Trustee") was dissolved in October 2015 at which time Obtala purchased the shares held in Trust by Marlborough Trust Company limited for zero consideration.

On 20 February 2013 the Company issued 4,377,104 warrants with an exercise price of 18.56p per share. On 16 February 2017 Weiss Asset Management served notice of their intent to exercise this third and final tranche of warrants issued and on receipt of payment of £812,390.50 made to the Company, 4,377,104 new Obtala ordinary shares in the capital of the company were admitted to trading on AIM.

20,000,000 Warrants with an exercise price of 40p were issued to GEM as part of an equity line of credit agreement that was signed in November 2012. The warrants have an expiry date of November 2017. The warrants have been valued using the Black Scholes model and will be charged through the profit and loss over the life of the equity line of credit. The assumptions used in valuing the warrants are a risk free rate of 2.5%, volatility of 50% an expected life of 3 year and a fair value calculated at 3.27p each.

There were no options exercisable at the reporting date.

24. NON-CONTROLLING INTERESTS

	$000
AT 1 JANUARY 2015	26,554
Non-controlling interests share of profits in the year	2,923
AT 31 DECEMBER 2015	29,477
Non-controlling interests share of losses in the year	(797)
Sale of subsidiary	(311)
AT 31 DECEMBER 2016	28,369

The share of losses in the year represents the losses attributable to non-controlling interests for the year.

25. RELATED PARTY TRANSACTIONS

TRADING TRANSACTIONS

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

	2016 Transactions in year $000	2016 Balance at 31 December $000	2015 Transactions in year $000	2015 Balance at 31 December $000
Loans to subsidiary undertakings	(5,134)	11,956	(1,488)	6,822

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

The Group's key management personnel comprised the Directors of the Company.

2016	Short-term employment benefits				
	Salaries & fees $000	Employer's national insurance contributions $000	Benefits $000	Share based payments $000	Total $000
Miles Pelham	158	-	-	-	158
Paul Dolan	99	-	-	-	99
Warren Deats	90	-	23	-	113
Simon Rollason	107	-	6	-	113
Phillippe Cohen	89	-	-	-	89
Emma Priestley	17	-	-	-	17
Francesco Scolaro	48	-	-	-	48
Kevin Milne	77	-	-	-	77
Jean du Lac	21	-	-	-	21
	706	-	29	-	735

2015	Short-term employment benefits				
	Salaries & fees $000	Employer's national insurance contributions $000	Benefits $000	Share based payments $000	Total $000
Francesco Scolaro	188	-	24	-	213
Simon Rollason	217	-	-	-	217
Grahame Vetch	24	-	-	-	24
Emma Priestley	100	-	-	-	100
Philippe Cohen	100	-	-	-	100
Tim Walker	28	-	-	-	28
Stephen Murphy	12	-	-	-	12
Kevin Milne	67	-	-	-	67
Miles Pelham	0	-	-	-	0
Jean du Lac	23	-	-	-	23
	759	-	24	-	784

26. POST BALANCE SHEET EVENTS

In February 2016 Obtala entered into three share purchase agreements to raise $3 million through three wholly owned subsidiaries of Argento Continental Corp, Meradell Inc, Meradell (1) Limited and Meradell (2) Limited. The share purchase was completed during 2017.

Global Timber Investment Ltd, a company based in Hong Kong, invested a total of $900,000 and received 15% of the issued share capital of Meradell (1). George Miller, a private investor based in the US, invested CAD$1,610,000 and received 12.5% of the issued share capital of Meradell (2) Limited. Basic Materials Ltd, a company with offices in Hong Kong and Russia, invested $900,000 and received 17.5% of the issued share capital of Meradell Inc. Furthermore, Basic Materials Ltd have entered into a sales and marketing agreement to supply timber to Asia (including Russia) and the Middle East.

In June 2016, Miles Pelham entered into a share purchase agreement to invest $250,000 and received 1.43% of the issued share capital of Meradell (2) Limited and in September 2016, Miles entered into a second share purchase agreement to invest $500,000 and received a further 2.86% of the issued share capital of Meradell (2) Limited.

The following directors also agreed to invest the following principal amounts in the Argento Preference Share Subscription with a completion date of 30th June 2017:

Miles Pelham	Chairman	$1,500,000	4,286 Argento shares
Paul Dolan	Chief Executive Officer	$250,000	715 Argento shares
Warren Deats	Chief Operating Officer	$250,000	715 Argento shares
Frank Scolaro	Non-Executive Director	$150,000	429 Argento shares

Basic Materials Ltd agreed to invest in two further tranches of the Argento Preference Share Subscription, 7,665 shares for $2,682,500 and 4,143 shares for $1,450,000 with completion dates of 30th June and 30th September 2017 respectively.

In March 2017 the Company issued 8,573 Argento Preference Shares for consideration of US$3m.

In May 2017 the Company accepted subscription to 20m new Obtala shares at 20p from Jiangsu Dolphin International Trading Co Limited, or their assignee. Payment is due 30th June 2017 and upon receipt of full payment 20m warrants with November 2018 expiry and strike price 20p will be issued to Jiangsu Dolphin International Trading Co Limited, or their assignee.

Obtala is doing due diligence on the potential 100% acquisition through Argento Limited of private Danish Group WoodBois International ApS ("WBI"), an international trader and producer of sawn timber, for a total consideration of up to US$14.8 million in a combination of cash and Obtala equity ($4 million limit) over 3 tranches and with deferred consideration over 5 years tied to management retention.

Founded in 2004 in Copenhagen, WBI trades as well as a produces sawn timber from its 41,278 hectare concessions in Gabon, which are renewable annually. Its annual permitted cut (APC) is currently of 70,000m3 and its trading operations are based in Abidjan, Ivory Coast, where WBI operates warehouse space for inventory. WBI has a 24,000m3 sawn capacity sawmill and is completing a 18,000m3 veneer plant opening later this year. Capex for expanding both business lines is estimated at about $500,000.

27. ULTIMATE PARENT COMPANY

At 31 December 2016 the Directors do not believe that there was an ultimate controlling party.

NOTICE IS HEREBY GIVEN that the 2017 Annual General Meeting of Obtala Limited (registration number 52184) will be held at the Company's registered office at Dixcart House, Sir William Place, St Peter Port, Guernsey, GY1 1GX on 4th August 2017 at 12:00 p.m. to transact the following business:

To consider and, if thought fit, to pass the following resolutions, numbers 1 to 7 of which will be proposed as ordinary resolutions and numbers 8 and 9 as special resolutions.

ORDINARY RESOLUTIONS

1. To receive and adopt the Directors' Report, the Audited Statement of Accounts and Auditor's report for the year ended 31 December 2016.

2. To re-elect Jessica Camus as a director of the Company, pursuant to the Articles of Incorporation of the Company.

3. To re-elect Miles Pelham as a director of the Company, who retires pursuant to the Articles of Incorporation of the Company.

4. To re-elect Kevin Milne as a director of the Company, who retires pursuant to the Articles of Incorporation of the Company.

5. To re-appoint RSM UK Audit LLP as auditor of the Company until the conclusion of the next annual general meeting at which the accounts are laid before the Company.

6. To authorise the Directors to determine the auditors' remuneration.

Allotment of shares

7. THAT the Directors be hereby generally and unconditionally authorised, in substitution for all previous powers granted to them, pursuant to Article 8 of the Company's Articles of Incorporation ("the Articles") to exercise all the powers of the Company to allot and make offers to allot equity securities (as defined in Article 8 of the Articles) up to an aggregate nominal amount of £18,000,000 provided that this authority shall expire at the conclusion of the annual general meeting of the Company to be held in 2018 save that the Company may before such expiry make an offer or enter into an agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as the authority conferred hereby had not expired.

SPECIAL RESOLUTIONS

Disapplication of pre-emption rights

8. THAT the Directors be authorised and empowered, in substitution for all previous powers granted to them, pursuant to Article 9 of the Articles to allot equity securities (as defined in Article 8 of the Articles) for cash pursuant to the authority referred to in resolution 7 above as if Article 9.2 of the Articles did not apply to any such allotment provided that this power should be limited to the allotment of equity securities:

   a. on a pro rata basis to the holders of ordinary shares in the Company where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with any fractional entitlements or any legal or practical problems under law of, or the requirements of any regulatory body or any recognised stock exchange in, any territory;

   b. with an aggregate nominal amount of £18,000,000 otherwise than pursuant to paragraph 8a above; and

c. this authority shall expire at the conclusion of the annual general meeting of the Company to be held in 2018 save that the Company may before such expiry make an offer or enter into an agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as the authority conferred hereby had not expired.

Buy-back of shares

9. THAT, the Company be generally and unconditionally authorised for the purposes of Article 50.3 of the Articles to make market purchases (as defined in Article 50.5 of the Company's Articles) of ordinary shares of the Company on such terms and in such manner as the directors of the Company shall determine provided that:

a. the maximum aggregate number of ordinary shares which may be purchased is 250,000,000 ordinary shares;

b. the minimum price (excluding expenses) which may be paid for each ordinary share is 1p;

c. the maximum price (excluding expenses) which may be paid for each ordinary share does not exceed 5 per cent. above the average closing price of such shares for the five business days on London Stock Exchange plc prior to the date of purchase; and

d. this authority shall expire at the conclusion of the next annual general meeting of the Company unless such authority is renewed prior to that time (except in relation to the purchase of ordinary shares the contract for which was concluded before the expiry of such authority, in which case such purchase may be concluded wholly or partly after such expiry).

On behalf of the Board

Paul Dolan
Chief Executive Officer

30 June 2017

Registered office:
Dixcart House
Sir William Place
St Peter Port
Guernsey
GY1 1GX

Entitlement to attend and vote

1. The time by which a person must be entered on the register of members in order to have the right to attend or vote at the meeting is 6.00 p.m. on 2nd August 2017. If the meeting is adjourned, the time by which a person must be entered on the register of members in order to have the right to attend or vote at the adjourned meeting is 48 hours before the date fixed for the adjourned meeting. Changes to entries on the register of members after such times shall be disregarded in determining the rights of any person to attend or vote at the meeting.

Appointment of proxies

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint one or more proxies to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

4. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of proxy using hard copy proxy form

5. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

   To appoint a proxy using the proxy form, the form must be:

   - completed and signed;
   - sent or delivered Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA; and
   - received by Neville Registrars no later than 12:00 p.m. on 2nd August 2017.

   In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

   Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxy by joint members

6. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

7. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

8. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment as above. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by Neville Registrars no later than 12:00 p.m. on 2nd August 2017. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Issued shares and total voting rights

9. As at 6.00 p.m. on 30 June 2017, the Company's issued share capital comprised 297,737,146 ordinary shares of 1p each, carrying one vote each. The Company currently holds 99,378 shares in treasury. Therefore, the total number of voting rights in the Company as at 6.00 p.m. on 30 June 2017 was 297,637,768.

Documents on display

10. The following documents will be available for inspection at the registered office of the Company during normal business hours on any weekday (weekends excepted) from the date of this notice until 4th August 2017 and at the place of the Meeting for 15 minutes prior to and during the Meeting:

a) copies of the service contracts of executive directors of the Company; and
b) copies of letters of appointment of the non-executive directors of the Company.

Crest proxy instructions

11. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held at 12:00 p.m. on 4th August 2017 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a “CREST Proxy Instruction”) must be properly authenticated in accordance with Euroclear UK & Ireland Limited’s specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company’s agent, Neville Registrars Limited (CREST Participant ID: **7RA11**), no later than 48 hours before the time appointed for the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsor or voting service provider should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsor or voting service provider are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

OBTALA LIMITED
(Company Number 52184)
FORM OF PROXY FOR USE AT THE
2017 ANNUAL GENERAL MEETING ON 4TH AUGUST 2017

I/We: ____
(Block capitals please)

(a) member(s) of the above- named Company hereby appoint(s) *the Chairman of the meeting (see Note 4) or ……………………….. as my/our proxy vote for me/us on my/our behalf at the 2017 Annual General Meeting of Obtala Limited (the "Company") to be held at the Company's registered office: Dixcart House, Sir William Place, St Peter Port, Guernsey GY1 1GX on 4th August 2017 at 12:00 a.m. and at every adjournment thereof.

Please tick here if this proxy appointment is one of multiple appointments being made ☐

I/We direct my/our proxy to vote on the following resolutions as I/we have indicated by marking the appropriate box with an 'X'

ORDINARY RESOLUTIONS	**For**	**Against**	**Vote Withheld**
1. To receive and adopt the report and accounts for the year ended 31 December 2016			
2. To re-elect Jessica Camus as a director of the Company			
3. To re-elect Miles Pelham as a director of the Company			
4. To re-elect Kevin Milne as a director of the Company			
5. To re-appoint RSM UK Audit LLP as auditors			
6. To authorise the Directors to determine the auditors' remuneration			
7. To authorise the Directors to allot relevant securities			
SPECIAL RESOLUTIONS			
8. To disapply the statutory pre-emption rights			
9. To authorise the Company to make market purchases to buy back shares			

Signature: ____
(BLOCK CAPITALS PLEASE)
Address: ____

____

Dated this: ____________________ day of ____________________________2017

Joint Holders if any:

Signature ____

Address: ____