Cleantech Building Materials plc

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018

Registered Number: 09357256 (England and Wales)

Cleantech Building Materials plc

CONTENTS OF THE FINANCIAL STATEMENTS

Cleantech Building Materials plc

DIRECTORS, OFFICERS AND ADVISERS

Directors

Andrew Paul Richards – Non-Executive Chairman

Jason Hung-Wen Wang – Chief Executive Officer

Dwight Wei Zou – Chief Finance Officer

Syed Jeff Erik Jaffrey – Non-Executive Director

Adrian Wyn-Griffiths – Non-Executive Director

Company Secretary

Adrian Wyn-Griffiths

Registered Office

7 Trebeck Street, London, W1J 7LU

Independent Auditor

Crowe U.K. LLP, St. Bride's House, 10 Salisbury Square, London EC4Y 8EH

Certified Adviser on Nasdaq First North

Keswick Global AG

Registrars

Neville Registrars Limited

Company number: 09357256

CHAIRMAN'S STATEMENT

2018 continued to be a year of progress but at a much slower pace than we had hoped.

During the course of 2018 Diamond Wood continued to invest in the development of its marketing and sales operations in China and the ASEAN countries, which resulted in several new offtake agreements being added to the growing list of manufacturers and wholesalers in the region committing to purchase significant volumes of Accoya® wood. These agreements and the ongoing business with our existing base of distribution partners attest to a strong and increasing demand for Accoya® wood.

The Group anticipated receiving a greater allocation of Accoya® wood in mid-2018 following public announcements by Accsys Technology (AIM market: AXS), owner of Titan Wood, that it had added additional annual capacity of 20,000 m3 at its Arnhem factory in Europe. Unfortunately, the corresponding increase in Accoya® wood allocated to Diamond Wood has not yet materialised. Titan Wood is currently the sole producer of Accoya® wood in the world.

As a consequence of this shortage of Accoya® wood supply, Diamond Wood's partners have been unable to tender large-volume projects, and our manufacturing customers have had to delay their market launch plans. This inability to serve the growing demand in the region has been a frustrating development for all concerned.

However, it is the Board's view that there is sufficient demand in China and the ASEAN territories to warrant the construction of our own Accoya® wood factory. The Company's subsidiary, Diamond Wood, purchased the exclusive license to sell and produce Accoya® wood in those regions from Accsys Technology (AIM market: AXS) subsidiary Titan Wood.

The Company has been in detailed discussions regarding the financing and construction of an Accoya® wood factory with several potential Chinese partners. Those discussions and the corresponding due diligence processes have now advanced significantly, and it is our expectation that in the near term a comprehensive agreement will be reached to begin construction of the second Accoya® wood factory in the world. We are hoping to finally begin to realise the tremendous potential of supplying large volumes of Accoya® wood in China and the ASEAN markets.

In closing, I would like to take this opportunity to again express my sincere gratitude to my fellow directors and staff for their hard work and commitment over the past year.

The Group reported a loss of €4,661,000 for the 12 months ended 31 December 2018, which reflects the fact that the Group has borne the cost of its infrastructure and staff.

I look forward to providing you with further updates at our next Annual General Meeting which is scheduled to be held at the end of May 2019.

Paul Richards
Chairman
28 March 2019

Cleantech Building Materials plc

STRATEGIC REPORT

Strategy and Objectives

The Group's primary strategic objectives for 2019 are to:

1. secure the financing required to commence the construction of its own Accoya® Wood manufacturing facility in China during 2019 to facilitate the commercial production of its own Accoya® Wood.
2. secure a Build and Operate agreement with an experienced firm to ensure the Accoya® Wood manufacturing facility is constructed on time and on budget, and operated efficiently.
3. grow sales of Accoya® Wood both to new and existing distributors, and directly to wood product manufacturers.
4. build strong relationships with large-volume wood manufacturers through testing and trials in anticipation of Accoya® Wood being produced in the Group's own factory.
5. develop its marketing and sales initiatives to further expand market channels and offtake agreements in the Chinese and ASEAN markets.

Financial Review of the Business

The Group's revenues for the 12 months ended 31 December 2018 remained steady at €703,000 (2017: €874,000) and consisted mainly of Accoya® Wood sales to Thailand, Vietnam, Singapore and Malaysia.

The Group realised a net loss of €4,661,000 for the year to 31 December 2018 (2017: €4,936,000).

Since reaffirming its Accoya® licence with Titan Wood Limited, a subsidiary of Accsys Technologies plc in 2014, the Group has successfully appointed a number of distributors of Accoya® Wood in the ASEAN region, including offtake agreements in China and Thailand. The demand from the Group's distributors exceeded supply in 2018 due to product shortages from Titan Wood in Europe, a situation which is expected to continue through the first half of 2019.

During 2018 the Group advanced its discussions with several potential partners to significantly grow its business and to construct and operate its own Accoya® Wood manufacturing facility. Once the Group is producing its own Accoya® Wood, the Board believes the financial performance of the Group will be radically transformed.

As at 31 December 2018, the Group had cash and cash equivalents of €8,000 (2017: €120,000) and net current liabilities of €1,531,000 (2017: €1,214,000).

Principal Risks and Uncertainties

The principal risks associated with the Group are its ability to:

1. secure the financing required to construct its own Accoya® Wood manufacturing facility
2. construct and operate an Accoya® Wood manufacturing facility in line with its business plan
3. receive sufficient supply of Accoya® Wood to satisfy current demand
4. grow sales of Accoya® Wood in line with its business plan

The Group's current business is the importing and marketing of Accoya® wood, which the Group has done since 2008. The Group has sufficient financing available to operate this existing import business on a going concern basis. The Group's directors are of a view that there is an investment opportunity for the Group to build and operate its own Accoya® factory in China. Despite a loan facility available from a third party, and the successful admission to Nasdaq First North, Copenhagen by its immediate holding company which will enable the Group to raise funding through a capital market, CBM Group (the "Group") would still require additional funds to finance the construction and operation of its manufacturing plant.

During the year ended 31 December 2017, the Group had discussed the detailed terms and conditions of the investment framework agreement with its business associate and the local government. However, due to the more rigorous environmental policy change in China which related to the land of this business associate and its financial investment department, the agreement has been suspended.

In view of the above, during 2018, the Group has undertaken parallel discussions with a new business associate which has the relevant expertise in the business and meets the current environmental policy in China. The terms of a joint venture investment agreement are substantially agreed and the negotiation of this agreement is now in its final stage. With the directors' best estimate, this agreement will be signed in 2019 and accordingly, the directors considered that no impairment should be made against the non-current assets.

The validity and success of the new business plan is dependent on the signing and execution of the joint venture agreement and the approval from the local government on the construction and operation of manufacturing plant. Up to date, the Group is yet to enter into the agreement with the new business associate and obtain approval from the local government.

At this stage, the amounts of additional funds which may be raised, if any, and the timing of receipts cannot be determined. The directors are of a view that there is an investment opportunity for the Group to build and operate its own Accoya® factory in China as stated above. This opportunity would require the Group to secure additional sources to finance the construction and operation of its manufacturing plant. It is uncertain as to whether these additional funds will be sufficient to finance the construction and operation of its manufacturing plant. Despite the uncertainty as to the outcome of the business plan and whether additional funds may be raised, the directors are confident that the Group will be able to obtain sufficient funds and to execute the Group's business plan to fully realise the carrying amount of the non-current assets.

However, the execution of the business plan and the availability of additional funds are inherently uncertain.

To deal with these risks and uncertainties, the Group is actively pursuing discussions with several Chinese partners to construct and operate its planned Chinese Accoya® Wood factory including the appointment of VSA Capital Limited as its Financial Adviser and Broker working through its offices in Shanghai providing extensive experience and expertise that will be invaluable to assist with the fund raising required to build the plant.

ON BEHALF OF THE BOARD

Paul Richards
Chairman
28 March 2019

REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activities of the Group are the sale of specialist wood products, technology licensing, sourcing and procurement, business development and investment holding.

RESULTS

The loss for the year amounted to €4,661,000 (2017: loss of €4,936,000). The Directors do not propose the payment of a dividend (2017: €nil).

DIRECTORS

The Directors set out below held office throughout the year except where stated:

Syed Jeff Erik Jaffrey
Adrian Wyn-Griffiths
Andrew Paul Richards
Jason Hung-Wen Wang
Dwight Wei Zou

In accordance with the Company's Articles, none of the directors are required to retire by rotation.

DIRECTORS' REMUNERATION

	Year to 31 Dec 2018 €'000	Year to 31 Dec 2017 €'000
Directors' fees	60	53
Salaries and allowances	458	520
Share based payments	292	303
	810	876

GOING CONCERN

The Directors have considered the future liquidity of the Group in light of the net loss of €4,661,000 (2017: loss of €4,936,000) during the current year and the net current liabilities as at 31 December 2018 of €1,531,000 (2017: €1,214,000) and the material uncertainty regarding the Group's ability to raise funding and to execute the Group's business plan.

The directors have reviewed the Group's cash flow projections prepared by management covering a year of twelve months from the date of the consolidated financial statements. Management's projections make key assumptions with regard to (i) the anticipated cash flows from the Group's operations and (ii) availability of future funding from the loan facility. Based on these cash flow projections, the Group will have sufficient financial resources in the coming twelve months from 1 January 2019 to 31 December 2019 to meet its financial obligations as and when they fall due. Accordingly, the directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the value of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effect of these potential adjustments has not been reflected in the consolidated financial statements.

REPORT OF THE DIRECTORS (continued)

FUTURE DEVELOPMENTS

The Group continues to advance its discussions with potential partners to significantly grow its business and to construct and operate its own Accoya® Wood manufacturing facility. The Group expects to commence construction of its own Accoya® Wood manufacturing facility during 2019.

FINANCIAL RISK MANAGEMENT

Information relating to the Group's financial risk management is detailed in note 23 to the financial statements.

EVENTS AFTER THE REPORTING DATE

On 28 February 2019, the loan facility to the Company was increased by €1,000,000.

STRATEGIC REPORT

Information in respect of the Business Review and Principal Risks and Uncertainties are not shown in the Report of the Directors because they are presented in the Strategic Report in accordance with s414c(ii) of the Companies Act 2006.

REPORT OF THE DIRECTORS (continued)

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Strategic Report, Directors' Report, any other surround information and the group and parent company financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare group and parent company financial statements for each financial year. Under that law, they are required to prepare the group financial statements in accordance with International Reporting Standards (IFRSs) as adopted by the European Union (EU) and applicable law and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under Company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that year. In preparing each of the group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the parent company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' report and Strategic Report that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the website. Legislation in the United Kingdom concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The work carried out by the auditors does not involve the consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred in the accounts since they were initially presented on the website.

Provision of information to auditors
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of the information.

AUDITOR

In accordance with section 489(4) of the Companies Act 2006, a resolution proposing the reappointment of Crowe U.K. LLP will be put to the members at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD

Paul Richards
Chairman
28 March 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLEANTECH BUILDING MATERIALS PLC

Opinion

We have audited the financial statements of CleanTech Building Materials PLC (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 December 2018, which comprise:

- the Group income statement and statement of comprehensive income for the year ended 31 December 2018;
- the Group and parent company statements of financial position as at 31 December 2018;
- the Group statement of cash flows for the year then ended;
- the Group and parent company statements of changes in equity for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2018 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty relating to going concern

We draw attention to note 2 in the financial statements, which indicates that the Group still requires additional funds to execute its business plan, construct the planned manufacturing facility and recover the carrying value of its intangible assets. Note 5 of the financial statements provides additional information on the critical accounting judgements and significant estimation uncertainty in relation to the carrying value of the licence, the use of which is inherently linked to the going concern assumption. As stated in note 2, these events or conditions, along with the other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be €330,000 (FY17 €330,000), based on a measure of 2% of total assets.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration. We agreed with the Audit Committee to report to it all identified errors in excess of €10,000 (2017: €10,000). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

The Group's accounting function is headquartered in Hong Kong. The accounting records for the parent company are maintained by a service organisation in the UK which reports directly to the Financial Director in Hong Kong. In establishing the overall approach to the group audit, we determined the work that needed to be performed by us, as the group engagement team, and the component auditors, a member firm of the Crowe Global network operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the financial statements as a whole. Senior members of the group engagement team reviewed the work of the component auditors and communicated with the audit teams and local management on a regular basis.

Key Audit Matters

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

This is not a complete list of all risks identified by our audit.

Key audit matter	***How the scope of our audit addressed the key audit matter***
Valuation of intangible assets The carrying value of the license asset at 31 December 2018 was €13.5 million. There is a risk that the Group may not be able to exploit the value of the Accoya licence or that the conditions of the Accoya licence may not be met which could mean the value of the asset is impaired. There are significant accounting judgements and estimates in relation to the carrying value of the licence, which management has disclosed in note 5 to the financial statements. The key judgements are: a) that the manufacturing plant is funded and commences construction in Q2 2019; and b) construction of the manufacturing plant is reliant on approval from local government, which is considered by management to be received in line with the expected commencement date of construction. The execution of the business plan, the availability of funds and the timing of the above matters are inherently uncertain. Changes in these factors could result in an impairment to the carrying value of the licence asset.	We held discussions with management to understand the position in relation to funding and reviewed evidence and draft documentation to demonstrate the progress of these discussions. We also reviewed management's assessment of the recoverable amount of the licence asset. This included an assessment of licence conditions, particularly progress on obtaining the funding and commencing construction of the manufacturing facility and obtaining the appropriate legal and regulatory permissions. This also included a consideration of the appropriateness and methodology of the value in use calculation, the assumptions and judgements applied and management's evaluation of the sensitivity of these assumptions.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.
We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors’ report and strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the group’s and parent company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the 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.

John Glasby (Senior Statutory Auditor)

for and on behalf of

Crowe U.K. LLP
Statutory Auditor
London

28 March 2019

Cleantech Building Materials plc

CONSOLIDATED INCOME STATEMENT

	Notes	Year to 31 December 2018 €'000	Year to 31 December 2017 €'000
Revenue	7	703	874
Cost of inventories		(653)	(764)
Gross profit		50	110
Other revenue	7	5	29
Share based payment		(385)	(501)
General and administrative expenses		(3,428)	(3,971)
Loss from operations		(3,758)	(4,333)
Finance costs	10	(903)	(603)
Loss before taxation	8	(4,661)	(4,936)
Income tax	11	-	-
Loss for the year		(4,661)	(4,936)
Allocation of loss for the year			
Shareholders of the company		(4,585)	(4,848)
Non-controlling interest		(76)	(88)
Loss for the year		(4,661)	(4,936)
Earnings per share	13	(€0.128)	(€0.137)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Year to 31 December 2018 €'000	Year to 31 December 2017 €'000
Loss for the year	(4,661)	(4,936)
Other comprehensive income for the year		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of parent company	(8)	(36)
Other comprehensive income for the year, net of tax	(8)	(36)
Total comprehensive loss for the year, net of tax	(4,669)	(4,972)
Attributable to shareholders of the Company	(4,593)	(4,884)
Attributable to the non-controlling interest	(76)	(88)
	(4,669)	(4,972)

Cleantech Building Materials plc

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2018 €'000	31 December 2017 €'000
Non-current assets			
Intangible asset	14(a)	13,503	14,643
Property, plant and equipment	15	-	1
		13,503	14,644
Current assets			
Trade and other receivables	16	202	309
Cash and cash equivalents	17	8	120
		210	429
Current liabilities			
Trade and other payables and accruals	18	1,741	1,643
		1,741	1,643
Net current liabilities		(1,531)	(1,214)
Total assets less current liabilities		11,972	13,430
Non-current liabilities			
Convertible loan liability	19	8,820	6,006
Licence fee payable	14(b)	545	545
		9,365	6,551
Net assets		2,607	6,879
Equity attributable to shareholders of the Company			
Share capital	20	4,426	4,426
Share premium		1,074	1,074
Share based payment reserve		2,145	1,760
Merger reserve		35,713	35,713
Exchange reserves		2,003	2,011
Retained losses		(43,008)	(38,423)
		2,353	6,561
Non-controlling interest		254	318
Total equity		2,607	6,879

The financial statements on pages 13 to 43 were authorised for issue by the Board of Directors on 28 March 2019 and were signed on its behalf by:

Paul Richards
Chairman
Company number: 09357256

The accompanying accounting policies and notes form an integral part of these financial statements.

Cleantech Building Materials plc

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Share based payments	Merger reserve	Exchange reserve	Retained losses	Total attributable to shareholders of parent	Non-controlling interest	Total equity
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
At 1 January 2017	3,496	16,821	1,259	35,713	2,047	(51,496)	7,840	573	8,413
Transactions with owners									
Share conversions	816	2,084	-	-	-	-	(2,900)	-	(2,900)
Acquisition of Non-Controlling Interest (see Note 19)	114	786	-	-	-	(696)	204	(204)	-
Cancellation of share premium	-	(18,617)	-	-	-	18,617	-	-	-
Share-based payment for the year	-	-	501	-	-	-	501	-	501
	930	(15,747)	501	-	-	17,921	705	(204)	501
Other movements in Non-controlling interest – capital contribution	-	-	-	-	-	-	-	37	37
Loss for the year	-	-	-	-	-	(4,848)	(4,848)	(88)	(4,936)
Other comprehensive income									
Exchange differences on translation of parent company	-	-	-	-	(36)	-	(36)	-	(36)
Total other comprehensive loss	-	-	-	-	(36)	-	(36)	-	(36)
Total comprehensive loss for the year	-	-	-	-	(36)	(4,848)	(4,884)	(88)	(4,972)
At 31 December 2017	4,426	1,074	1,760	35,713	2,011	(38,423)	6,561	318	6,879
Share-based payment for the year	-	-	385	-	-	-	385	-	385
	-	-	385	-	-	-	385	-	385
Other movements in Non-controlling interest – capital contribution	-	-	-	-	-	-	-	12	12
Loss for the year	-	-	-	-	-	(4,585)	(4,585)	(76)	(4,661)
Other comprehensive income									
Exchange differences on translation of parent company	-	-	-	-	(8)	-	(8)	-	(8)
Total other comprehensive loss	-	-	-	-	(8)	-	(8)	-	(8)
Total comprehensive loss for the year	-	-	-	-	(8)	(4,585)	(4,593)	(76)	(4,669)
At 31 December 2018	4,426	1,074	2,145	35,713	2,003	(43,008)	2,353	254	2,607

The accompanying accounting policies and notes form an integral part of these financial statements.

Cleantech Building Materials plc

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year to 31 December 2018 €'000	Year to 31 December 2017 €'000
Operating activities			
Loss before taxation		(4,661)	(4,936)
Adjustments for:			
Finance costs	10	903	603
Share based payments		385	501
Loss on disposal		-	2
Depreciation and amortisation	8(b)	1,141	1,144
Operating loss before changes in working capital		(2,232)	(2,686)
Decrease/(increase) in trade and other receivables		107	(34)
Increase in trade and other payables		98	480
Cash used in operations		(2,027)	(2,240)
Tax paid		-	-
Net cash used in operating activities		(2,027)	(2,240)
Investing activities			
Purchase of property, plant and equipment		-	-
Net cash generated from investing activities		-	-
Financing activities			
Net proceeds of interest-bearing borrowings		1,911	2,246
Net cash generated from financing activities		1,911	2,246
Net increase in cash and cash equivalents		(116)	6
Cash and cash equivalents at beginning of year		120	113
Effect of foreign exchange differences		4	1
Cash and cash equivalents at end of year		8	120

For the reconciliation of cashflows arising from financing activities please see Note 14 for the license fee and note 19 for the convertible loan

The accompanying accounting policies and notes form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1. REPORTING ENTITY

Cleantech Building Materials plc is a public limited liability company which is quoted on the Nasdaq First North, Copenhagen and is incorporated and domiciled in the UK. The address of the registered office is 7, Trebeck Street, London, W1J 7LU and the registered number of the company is 09357256.

The consolidated financial information comprises Cleantech Building Materials plc and its subsidiaries (the Group).

The principal activities of the Group are the sale of specialist wood products, technology licensing, sourcing and procurement, business development and investment holding.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (IFRSs) and IFRS Interpretations Committee (IFRIC) interpretations as adopted by the European Union as at 31 December 2018.

The consolidated financial statements have been prepared under the historical cost convention and are presented in Euros rounded to the nearest thousand except where indicated otherwise. The Euro has been chosen as the presentation currency of the Group because the Group is listed on the Nasdaq First North in Copenhagen whose primary currency is the Euro. In addition, the Euro represents a stable and strong currency and the Eurozone a significant potential source of funding in the future.

Going concern

The Group's current business is the importing and marketing of Accoya® wood, which the Group has done since 2008. The Group has sufficient financing available to operate this existing import business on a going concern basis. The Group's directors are of a view that there is an investment opportunity for the Group to build and operate its own Accoya® factory in China. Despite a loan facility available from a third party, and the successful admission to Nasdaq First North, Copenhagen by its immediate holding company which will enable the Group to raise funding through a capital market, CBM Group (the "Group") would still require additional funds to finance the construction and operation of its manufacturing plant.

During the year ended 31 December 2017, the Group had discussed the detailed terms and conditions of the investment framework agreement with its business associate and the local government. However, due to the more rigorous environmental policy change in China which related to the land of this business associate and its financial investment department, the agreement has been suspended.

In view of the above, during 2018, the Group has undertaken parallel discussions with a new business associate which has the relevant expertise in the business and meets the current environmental policy in China. The terms of a joint venture investment agreement are substantially agreed and the negotiation of this agreement is now in its final stage. With the directors' best estimate, this agreement will be signed in 2019 and accordingly, the directors considered that no impairment should be made against the non-current assets.

The validity and success of the new business plan is dependent on the signing and execution of the joint venture agreement and the approval from the local government on the construction and operation of manufacturing plant. Up to date, the Group is yet to enter into the agreement with the new business associate and obtain approval from the local government.

At this stage, the amounts of additional funds which may be raised, if any, and the timing of receipts cannot be determined. The directors are of a view that there is an investment opportunity for the Group to build and operate its own Accoya® factory in China as stated above. This opportunity would require the Group to secure additional sources to finance the construction and operation of its manufacturing plant. It is uncertain as to whether these additional funds will be sufficient to finance the construction and operation of its manufacturing plant. Despite the uncertainty as to the outcome of the business plan and whether additional funds may be raised, the directors are confident that the Group will be able to obtain sufficient funds and to execute the Group's business plan to fully realise the carrying amount of the non-current assets.

However, the execution of the business plan and the availability of additional funds are inherently uncertain.

The consolidated financial statements are prepared on the going concern basis.

The Directors have considered the future liquidity of the Group in light of the net loss of €4,661,000 (2017: loss of €4,936,000) during the current year and the net current liabilities as at 31 December 2018 of €1,531,000 (2017: €1,214,000) and the material uncertainty regarding the Group's ability to raise funding and to execute the Group's business plan.

2. BASIS OF PREPARATION (continued)

Going concern (continued)

The directors have reviewed the Group's cash flow projections prepared by management covering a year of twelve months from the date of the consolidated financial statements. Management's projections make key assumptions with regard to (i) the anticipated cash flows from the Group's operations and (ii) availability of future funding from the loan facility. Based on these cash flow projections, the Group will have sufficient financial resources in the coming twelve months from the date of approval of these financial statements to meet its financial obligations as and when they fall due. Accordingly, the directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the value of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effect of these potential adjustments has not been reflected in the consolidated financial statements.

3. APPLICATION OF NEW AND REVISED STANDARDS

Standards and amendments to existing standards adopted in these accounts

The following standards, amendments and interpretations became effective and were applied for the first time this year:

- IFRS 15: Revenue from contracts with customers – the standard establishes the principles that an entity will apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.
- IFRS 9: Financial instruments - under the provisions of the standard the company will need to apply an expected credit loss model when calculating impairment losses on its trade and other receivables (both current and non-current).

The adoption of the new standards has not had a material impact on the company's financial statements.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company in the 31 December 2018 financial statements:

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective and, in some cases, have not yet been adopted by the EU.

The Directors do not expect that their adoption will have a material impact on the financial statements of the company in future years.

The Directors continue to monitor the impact of future changes to the reporting requirements but do not believe the proposed changes will significantly impact the financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently in the preparation of the consolidated financial information.

4.1 Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less accumulated depreciation and any accumulated impairment losses (see note 4.6):

Depreciation is calculated to write off the cost of each item of property, plant and equipment, using the straight-line method over their estimated useful lives as follows:

Leasehold improvements	3 years or over the lease term, whichever is shorter
Furniture and fixtures	2-5 years
Computer equipment	3 years

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of that item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

4.3 Intangible asset

The Group is licenced to have the right to use certain intellectual property rights to manufacture and sell Accoya® acetylated wood. This licence has a finite useful life and is carried at cost less accumulated amortisation and impairment, if any. The cost of the licence represents the discounted value of the minimum fees payable over the licence period and the directly attributable costs of preparing the asset for its intended use. It is recorded together with the related obligations.

Amortisation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortisation is calculated using the straight-line method to allocate the cost of the licence over the estimated useful economic life of the licence of 20 years. Interest accreted on the discounted value of the minimum fees payable is charged to the consolidated statement of profit or loss within “finance costs”.

4.4 Impairment of non-financial assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its intangible 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).

The recoverable amount is the greater of its fair value less costs of disposal and value in use. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

4.6 Financial assets and liabilities

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets
All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Trade receivables
The Group's trade receivables without a significant financing component are initially measured at the transaction price. The Group recognises a loss allowance for lifetime Expected Credit Losses for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within administrative expenses. When a trade receivable is uncollectible it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement.

Financial liabilities
The Group's financial liabilities include borrowings, trade and other payables.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest related charges are recognised as an expense in the income statement.

Trade payables are recognised initially at their fair value and measured subsequently at amortised cost using the effective interest method.

Convertible loans
On the issue of convertible loans the Group allocated the fair value of these loans to Non-current liabilities. The disclosure in Note 20 - Interest bearing borrowings, provides more detail.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.7 Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
- the same taxable entity; or
- different taxable entities which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.8 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

(a) Sale of goods
Revenue from sales of goods is recognised when control of the goods has been transferred the to the customer, usually at delivery. A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

(b) Commission income
Commission income is recognised when earned.

4.9 Employee benefits

Pension schemes
The employees of the Group who are employed in the People's Republic of China are required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute certain amounts for the employees in the People's Republic of China, pursuant to the local municipal government regulations. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Short-term employee benefits
Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

4.10 Share-based payments

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each reporting date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the consolidated statement of profit or loss with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.11 Translation of foreign currencies

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective foreign exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the foreign exchange rates ruling at the end of the reporting period. All differences are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

The functional currency of the members of the Group is a currency other than the Euro (€). As at the end of the reporting period, the assets and liabilities of the Group are translated into Euros which is the presentation currency of the Group, at the exchange rates ruling at the end of the reporting period and its statement of profit or loss is translated into Euros at the rates on the dates of the transactions. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve (attributed to non-controlling interest as appropriate). On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows are translated into € at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows which arise throughout the period are translated into € at the weighted average exchange rate for the period.

4.12 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.13 Equity

The reserves which form the constituents of shareholders' equity are as follows:

Share capital:
The proceeds from the issue of shares in the Company at par value.

Share based payments:
The consideration for equity instruments issued by the Company in exchange for services provided.

Merger reserve:
The fair value of the consideration given that exceeds the nominal value of the ordinary shares issued by the Company for the acquisition of Diamond Wood China Limited.

Exchange reserve:
The translation of the Group's financial results into the reporting currency of the Company.

Retained losses:
The accumulated net losses retained by the Company at the end of the reporting periods.

Non-controlling interest
The portion of equity ownership in Diamond Wood China Limited that is not attributable to the Company.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's consolidated financial information requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and certain disclosures. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities in the future.

In the process of applying the Group's accounting policies which are described in note 4, management has made certain key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, as described below.

Key sources of estimation uncertainty and judgement

Impairment of non-current assets
The Group evaluates whether the non-current assets have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. The recoverable amount of cash-generating unit ("CGU") has been determined based on a value in use calculation assuming that the Group will obtain sufficient funds to finance the construction of manufacturing plant to realise the economic benefits of the non-current assets. These calculations require the use of estimates and the going concern assumption.

The value in use calculation as at 31 December 2018 applied a discounted free cash flow model using cash flow projections of future expenditure on the plant, together with the expected revenue generated from the manufacturing plant through to the expiry of the rights of the intangible asset. These projections reflect management's best estimate of the future results of the CGU based on past experience and future outlook, having undertaken various market studies on the prospects of this industry in Asia. Based on the value in use calculation, the recoverable amount of the CGU exceeds its carrying amount as at 31 December 2018.

The key accounting judgements in relation to the value of the licence are:

- The construction project commencing in Q2 2019. Given the previous delays in the project and the local operating environment, this is a critical assumption. Management have considered a scenario where the commencement of the project is delayed by six months, being the likely timeframe of any possible delay. In this scenario, no impairment is required to the carrying value of the licence asset.
- The construction, and subsequent operation, of the manufacturing plant is reliant on the approval from local government which management consider will be in line with the expected commencement date of the construction project.

The key accounting estimates in relation to the assumptions used for the value in use calculation included the following:

- The manufacturing plant will be constructed in Jiang Su, China and be operational by 2020. The gross contribution will improve significantly following the construction of the manufacturing plant as a result of lower production costs whilst gradually increasing the sales volume of Accoya® acetylated wood.

- Sales volume prior to operation of the Group's own manufacturing facilities will reflect the volume of supply it can secure from the Licensor. Once the Group's manufacturing plant is operational, production capacity is forecast to progressively increase and reach to capacity of approximately 147,000 m^3 per annum by the end of 2026.

- The selling price of Accoya® acetylated wood is forecast to increase by approximately 3% year on year up to 2027.

- The purchase cost of Accoya® acetylated wood directly from the Licensor is expected to be increased by 2% per annum.

- Operating overheads are forecast to increase by 2%-5% year on year throughout the projections.

- A discount rate of 24.57% has been applied in the value in use calculation for the period from1 January 2019 to 1 July 2030.

6. SEGMENTAL REPORT

The directors identify operating segments based upon the information which is regularly reviewed by the chief operating decision maker. The Group considers that the chief operating decision makers are the executive members of the Board of Directors. The Group has identified a single reportable segment which is sale of Accoya® acetylated wood. The Group generates revenue from one geographical region, ASEAN, based on the location of its customers. All of the group's non-current assets are held in the PRC.

7. REVENUE

	Year to 31 December 2018 €'000	Year to 31 December 2017 €'000
Revenue		
Commission income	-	32
Sale of goods	703	842
	703	874
Other revenue		
Other payable written off	5	29
Reversal of inventories written down	-	-
	5	29

8. LOSS BEFORE TAXATION

The Group's loss before taxation is arrived at after charging the following:

	Year to 31 December 2018 €'000	Year to 31 December 2017 €'000
a) Staff costs		
Salaries, wages and other benefits (including directors' remuneration)	884	1,794
Contribution to defined contribution retirement plans	37	2
	921	1,796
b) Other items		
Interest expense	903	603
Business travel expense	131	246
Loss on disposal of property, plant and equipment	-	2
Other payable written off	-	(29)
Cost of inventories	654	764
Depreciation of property, plant and equipment	1	4
Operating lease rentals in respect of buildings	31	3
Share based payment expense	385	501
Amortisation of:		
- intangible assets	1,140	1,140

9. AUDITOR'S REMUNERATION

	Year to 31 December 2018 €'000	Year to 31 December 2017 €'000
Fees payable to the Groups auditor and its associates for the audit of the Group's annual financial statements	117	121

10. FINANCE COSTS

	Year to 31 December 2018 €'000	Year to 31 December 2017 €'000
Interest on borrowings wholly repayable within five years	903	603
Total interest expense on financial liabilities	903	603

The Group's convertible loans carry an interest charge of 15%.

11. INCOME TAX

(a) Income tax in the consolidated statement of profit or loss represents:

No provision has been made for Corporation Tax as the Group did not earn any assessable profit subject to tax for the year ended 31 December 2018 (2017: €Nil).

No provision has been made for tax in the subsidiaries of the group in their own countries for the same reason.

There is no liability in the consolidated statement of financial position.

(b) Reconciliation between tax expense and accounting loss at the applicable tax rates:

	Year to 31 December 2018 €'000	Year to 31 December 2017 €'000
Loss before taxation	(4,661)	(4,936)
Notional tax on loss before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	(792)	(856)
Tax effect of unused tax losses not recognised	365	520
Tax effect of non-taxable income	-	(1)
Tax effect of non-deductible expenses	427	337
Tax charge	-	-

INCOME TAX (continued)

(c) Deferred tax assets:

At 31 December 2018, in accordance with the accounting policy the Group has not recognised deferred tax assets in respect of unused tax losses available for offsetting against future profits that may be carried forward for up to five years for EIT purpose, there are no material unrecognised deferred tax liabilities arising from temporary differences (2017: €Nil).

The Group has not recognised deferred tax assets arising from the accumulated tax losses. Subject to the agreement by the Hong Kong Inland Revenue Department and the PRC local tax authority, these tax losses can be carried forward against future taxable income and amount to €22,670,000 (2017: €17,275,000).

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate of 5% is applied to Diamond Wood as there is a tax treaty between the PRC and Hong Kong.

The Group is therefore liable to withholding taxes on dividends distributed by the subsidiaries established in the PRC in respect of earnings generated from 1 January 2008.

12. DIRECTORS' REMUNERATION

	Year to 31 December 2018 €'000	**Year to 31 December 2017 €'000**
Directors' fees	60	53
Salaries and allowances	458	520
Share based payments	292	303
	810	876

All directors' remuneration is classified as a short-term employee benefit. The highest paid director received remuneration of €258,000 (2017: €132,000).

13. LOSS PER SHARE

a) Basic loss per share
The calculation of basic loss per share is based on the loss attributable to owners of the Group of approximately €4,661,000 (2017: €4,848,000) and the weighted average number of 36,498,707 ordinary shares (2017: 35,404,034 ordinary shares) in issue during the year.

b) Diluted loss per share
In accordance with IAS 33 *"Earnings per share"*, where an entity has reported a loss for the year, the share options are not dilutive.

14 INTANGIBLE ASSET AND LICENCE FEE PAYABLE

a) **Intangible asset**

	Year to 31 December 2018 €'000	**Year to 31 December 2017 €'000**
Cost		
As at 31 December 2018 and 2017	19,383	19,383
Accumulated amortisation		
Beginning of the year	4,740	3,600
Amortisation charge for the year	1,140	1,140
End of the year	5,880	4,740
Net book value		
As at 31 December	13,503	14,643

INTANGIBLE ASSET AND LICENCE FEE PAYABLE (continued)

On 12 August 2010, Diamond Wood and Titan Wood entered into the Technology Licence Agreement in order to replace previous licence agreements signed in prior years.

The key terms of the Licence Agreement are summarised as follows:

Grant of rights

Titan Wood granted Diamond Wood the rights to use patent and technical information ("**Intellectual Property Rights**") as follows:

i) an exclusive licence to use the Intellectual Property Rights in the PRC, including the Special Administrative Regions and Taiwan plus the member states of the Association of South East Asian Countries (ASEAN) (the "**Territory**").

ii) an exclusive licence to use the Intellectual Property Rights in the Territory to manufacture a maximum capacity of 750,000m^3 of Accoya® Wood annually until the expiry of the Term of the Licence; and an exclusive licence to market, distribute and sell Accoya® Wood until 1 July 2030 for the ASEAN markets, so long as at 1 July 2020, Diamond Wood is operating an Accoya Production facility capable of producing more than 114,172m3 of estimated capacity, and actively promoting the distribution and sale of Accoya® wood.

iii) a right of first refusal to enter into exclusive licensing arrangements for Tricoya Wood Elements technology in the PRC.

The Company may sub-licence the Intellectual Property Rights to its subsidiaries or any affiliate of the Company without obtaining consent from Titan Wood.

Titan Wood Technology B.V. ("TWTBV") agrees to provide advice and services to support the Group to construct facilities and commission the licenced capacity. Service fees are charged by TWTBV to the Group at a per diem charge per person, plus all associated expenses. No such services were provided by TWTBV during the year (2017: none).

Please refer to Note 5 for more details of the estimate of uncertainty.

b) Licence fee payable

The Group has a licence fee payable as follows:

	Present value of the minimum fee payable **€'000**	Total minimum fee payable **€'000**
As at 31 December 2018 and 31 December 2017		
Repayable		
- over one year but not exceeding two years	545	571
	545	571

As at 31 December 2018, the licence fee payable was €545,000, which will be settled nine months after the plant construction commences according to the Licence Agreement. According to the Licence Agreement, Diamond Wood shall also pay Titan Wood a royalty fee ("Royalty Fee") of €25 per m^3 of Accoya® Wood sold for the first 20 years following commissioning of the respective production project and thereafter, an amount equal to 25% of the royalty payable during the last year of payments. Movements on the license fee were as follows:

	2018 **€'000**	**2017** **€'000**
License fee payable		
Brought forward	545	545
Cash flows	-	-
Share conversion	-	-
Interest	-	-
As at 31 December	545	545

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements €'000	Furniture and fixtures €'000	Computer equipment €'000	Total €'000
Cost				
At 1 January 2017	165	49	186	400
Additions	-	-	-	-
Disposals	-	-	(8)	(8)
Exchange difference	(11)	(2)	(8)	(21)
At 31 December 2017	154	47	170	371
Additions	-	-	-	-
Disposals	-	-	-	-
Exchange difference	(1)	-	-	(1)
At 31 December 2018	153	47	170	370
Accumulated depreciation and impairment				
At 1 January 2017	165	49	179	393
Charge for the year	-	-	4	4
Written back	-	-	(6)	(6)
Exchange difference	(11)	(2)	(8)	(21)
At 31 December 2017	154	47	169	370
Charge for the year	-	-	1	1
Exchange difference	(1)	-	-	(1)
At 31 December 2018	153	47	170	370
Net book value				
At 31 December 2018	-	-	-	-
At 31 December 2017	-	-	1	1

16. TRADE AND OTHER RECEIVABLES

	31 December 2018 €'000	31 December 2017 €'000
Trade receivables	151	178
Less: allowance for impairment loss	(151)	(151)
	-	27
Other receivables	10	9
Prepayment and deposits	192	273
	202	309

TRADE AND OTHER RECEIVABLES (continued)

Movements in the allowance for doubtful debts

	31 December 2018 €'000	31 December 2017 €'000
Beginning of the year	151	151
End of the year	151	151

As at 31 December 2018, trade receivables amounting to **€**151,000 (2017: **€**151,000) were individually determined to be impaired. The individually impaired receivables were outstanding for over 60 days at the end of the reporting year or were due from customers with financial difficulties.

Trade receivables that are overdue but not impaired
The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	31 December 2018 €'000	31 December 2017 €'000
Neither past due nor impaired	-	27
	-	27

Trade receivables are due within 60 days from the date of billing.

Receivables that were over 60 days related to a number of independent customers that have a good track record with the Group.

17. CASH AND CASH EQUIVALENTS

	31 December 2018 €'000	31 December 2017 €'000
Cash and cash equivalents in the consolidated statement of financial position and the consolidated statement of cash flows	8	120

Bank balances carried interest rates which ranged from 0% to 0.35% per annum (2017: 0% to 0.15% per annum). The bank balances were deposited with creditworthy banks.

At 31 December 2018, the Group held bank balances of €8,000 (2016: €120,000). Of these amounts €236 (2017: €335) were deposited in bank accounts within the Peoples Republic of China (PRC) which can only be remitted outside the PRC by means of the approval of an application of remittance of foreign exchange by the State Administration for Exchange Control.

18. TRADE AND OTHER PAYABLES

	31 December 2018 €'000	31 December 2017 €'000
Trade payables	284	35
Other payables	665	980
Accruals	792	187
Loans from Directors	-	441
	1,741	1,643

19. INTEREST BEARING BORROWINGS

Diamond Wood - loan facility
Following CBM becoming the holding company of DW on 31 December 2016 a new intergroup facility was made available. The terms of the new intergroup facility were such that the amount is unsecured, interest free and repayable on demand. This intercompany loan between CBM and DW has been eliminated on consolidation at 31 December 2018 and 31 December 2017.

Convertible loans
On 8 February 2018 the lender made additional funds, amounting to €1,500,000 available to the Group, the terms were as previously agreed with the loan unsecured and an interest rate of 15%. On 1 November 2018 a new loan facility was agreed with the original lender which offered further funding amounting to €2,000,000. As part of this new agreement the maturity of the loan was extended to 30 June 2020. Both the loan holder and the Company have the right to convert any amount owing under the facility into Ordinary Shares prior to the maturity date. The loan amounts to €8,820,000 at 31 December 2018 (2017: €6,006,000). A reconciliation of the movements is shown below:

	2018 €'000	2017 €'000
Interest bearing borrowings		
Brought forward	6,006	6,057
Cash flows	1,911	2,246
Share conversion	-	(2,900)
Interest and fees	903	603
As at 31 December	8,820	6,006

20. SHARE CAPITAL

	Number of shares	€'000
Issued and fully paid		
1 January 2017	28,583,519	3,496
Issued 27 January 2017 on conversion	6,000,000	704
Issued 19 April 2017 to acquire additional shares in DWC	955,188	114
Issued 19 May 2017 on conversion	960,000	112
31 December 2017	36,498,707	4,426
Share issues	-	-
At 31 December 2018	36,498,707	4,426

The number of shares in issue at 31 December 2018 was 36,498,707 with a par value of £0.10 giving a quoted capitalisation of £3,649,871. Conversion to Euro is at the historical rate.

21. SHARE OPTIONS & WARRANTS

Employee Share Option Scheme
On 7 December 2016 and as a result of the closure of the 2013 Scheme and as part of the remuneration package moving forwards, CBM entered into option agreements with the affected option holders granting them 1,381,850 share options in total (*2016 scheme*), which entitles the option holders to subscribe for the shares of CBM for €0.35 per share. The options shall have a 5 years' exercisable period from the admission date and ending on the expiration of the fifth anniversary of the admission date. The issue of these options has been treated as a modification of the existing option schemes of Diamond Wood. The fair value of these option schemes was calculated at the date of modification on 7 December 2016. The difference in fair value between the Diamond Wood options schemes and the CBM schemes is recognised as a share-based payment expense. There was no additional amount charged to the profit or loss in relation to this modification.

During 2017 there were two grants of share options to employees (*2017 scheme*):
- 7 July 2017 a total of 1,277,455 options with an exercise price of €1.25 per share. Of the options 50% vested on 23 December 2017 and the remainder will vest in two tranches of 25% each on condition of continued employment. Expiry will be 5 years from the grant date.
- 20 October 2017 a total of 729,974 options to a newly joined director with an exercise price of €1.25 per share. Of the options 25% vested on the first anniversary of their joining and the remainder will vest in three tranches of 25% each on condition of continued employment. Expiry will be 5 years from the grant date.

Share based payment
On 7 December 2016, 242,400 share options were granted to a third party by CBM for the fund-raising services rendered to the Company, which entitles the option holder to subscribe for the shares of CBM for €0.35 per share. The options shall have a 5 years' exercisable period from the admission date and ending on the expiration of fifth anniversary of the admission date. Such issuance of share options by CBM was considered as an expense and charged to the income statement.

Share warrants
On 7 December 2016, 475,000 share warrants were granted to Keswick Global AG for services rendered to the Company, which entitle the holder to subscribe for shares in CBM for €0.93 per share. The warrants have a 3 years' exercisable period commencing on 23 June 2017. The issue of share warrants by CBM was considered as an expense and was charged to the income statement.

SHARE OPTIONS & WARRANTS (continued)

The unexpired share options and warrants at the end of the year had exercise prices between €0.35 and €1.25 with a remaining weighted average contractual life of 3.1 years.

The number and weighted average exercise prices of share options and warrants are as follows:

2018	**Weighted average exercise price €**	**Number of options**
Outstanding/unexercised at beginning of the year	0.86	4,106,679
Outstanding/unexercised at the end of the year	0.86	4,106,679
Exercisable at end of year	0.66	2,737,977

2017	**Weighted average exercise price €**	**Number of options**
Outstanding/unexercised at beginning of the year	0.48	2,099,250
Granted during the year - options	1.25	2,007,429
Outstanding/unexercised at the end of the year	0.86	4,106,679
Exercisable at end of year	0.66	2,737,977

The fair value of services received in return for share options and warrants granted were measured by reference to the fair value of share options and warrants granted and was approximately €385,000 (2017: €501,000). The estimate of the fair value of the share options and warrants granted is measured based on the Binomial Option Pricing Model. The contractual life of the share options is used as an input into this model.

Fair value of share options and warrants and assumptions:

There were no grants of either share warrants or options during the year.

CBM 2017 Scheme	Grant 20 October 2017	Grant 7 July 2017
Fair value of share options at the measurement date	€0.49	€0.60
Share price	€1.19	€1.40
Exercise price	€1.25	€1.25
Expected volatility	58.048%	59.856%
Option life	4.8 years	4.5 years
Expected dividends	0.00%	0.00%
Risk-free interest rate	-0.263%	-0.127%

Expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options) of listed companies operating in similar industries to that of Diamond Wood. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimates.

22. RELATED PARTY TRANSACTIONS

The Group had the following significant transactions with its related parties including shareholders.

(a) Key management personnel of the Group are the directors. Details of their remuneration are as follows:

	31 December 2018 €'000	31 December 2017 €'000
Directors' fees	60	53
Salaries and allowances	458	520
Share based payment	292	303
	810	876

(b) All of the transactions were carried out in the normal course of the Group's business and on terms as agreed between the transacting parties. They were summarised as follows:

	31 December 2018 €'000	31 December 2017 €'000
Corporate advice fees charged by a related party (Note (i))	468	405
Interest charged by a shareholder (Note (ii))	903	603

Notes:

(i) In 2018, corporate advisory fees of approximately €468,000 (2017: €405,000) were charged by Morinaka S.L., for the provision of services in relation to liaison with shareholders, government officials, business partners and potential investors. The director of Morinaka S.L. is one of the directors of Diamond Wood.

(ii) Interest of €903,000 was charged for the year ended 31 December 2018 (2017: €603,000) by a shareholder of DW at an interest rate of 15% (2017: 15%) per annum on the loan facility drawdown amount.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise trade and other receivables, cash and cash equivalents, trade and other payables and interest-bearing borrowings.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rates risk and foreign currency risk.

a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables and the deposits with banks and other current financial assets.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These take into account the customer's past payment history, financial position and other factors. Trade receivables are due within 60 days of the date of billing. There is no concentration of credit risk due to the customer base being large and unrelated. The Group does not hold any collateral over these balances.

The Group mitigates its exposure to credit risk on bank deposits by placing deposits with financial institutions with established credit ratings. Management does not expect any counterparty to fail to meet its obligations.

At 31 December 2018, the Group has certain concentration of credit risk as 99% (2017: 99%) of total bank balances were deposited at two financial institutions with high credit ratings.

b) Liquidity risk

The Group monitors its risk of a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial liabilities and financial assets (e.g. trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of its own operating cash reserve and interest-bearing borrowings. The Group maintains good business relations and ensures compliance with covenants as stipulated in the facility agreements.

The maturity profile of the Group's financial liabilities at the end of the year, based on the contractual undiscounted cash flows, is as follows:

As at 31 December 2018

	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total contractual undiscounted cash flows	Carrying amount
	€'000	€'000	€'000	€'000	€'000
Interest bearing loans	-	8,820	-	8,820	8,820
Other payables and accruals	1,741	-	-	1,741	1,741
Licence fee payable	-	545	-	545	545
	10,561	545	-	11,106	11,106

As at 31 December 2017

	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total contractual undiscounted cash flows	Carrying amount
	€'000	€'000	€'000	€'000	€'000
Interest bearing loans	-	6,006	-	6,006	6,006
Other payables and accruals	1,643	-	-	1,643	1,643
Licence fee payable	-	545	-	545	545
	1,643	545	-	2,188	2,188

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

c) Foreign currency risk

The Group's exposure to foreign currency risk related primarily to cash and cash equivalents, trade and other receivables, trade and other payables that are denominated in currencies other than the functional currency of the relevant group entities.

i) Exposure to currency risk

The following table details the Group's exposure at the end of the year to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. Differences resulting from the translation of the financial statements of the entity within the Group into the Group's presentation currency are excluded.

	31 December 2018			
	Hong Kong Dollars	**British Pounds Sterling**	**Euro**	**United States Dollars**
	€'000	**€'000**	**€'000**	**€'000**
Cash and cash equivalents	-	-	-	-
Borrowing	-	-	(4,277)	-
Trade and other receivables	-	-	-	-
Other payables and accruals	(62)	(8)	(149)	(25)
Overall exposure to currency risk	(62)	(8)	(4,426)	(25)

	31 December 2017			
	Hong Kong Dollars	**British Pounds Sterling**	**Euro**	**United States Dollars**
	€'000	**€'000**	**€'000**	**€'000**
Cash and cash equivalents	-	-	-	-
Borrowing	-	-	(1,933)	-
Trade and other receivables	-	-	-	-
Other payables and accruals	(84)	(22)	(34)	(25)
Overall exposure to currency risk	(84)	(22)	(1,967)	(25)

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss for the year and accumulated losses that would arise if foreign exchange rates to which the Group has significant exposure at the end of the year had changed at that date, assuming all other risk variables remained constant.

	31 December 2018		**31 December 2017**	
	Increase/ decrease in foreign exchange rates	**Effect on loss after tax and accumulated losses €'000**	**Increase/ decrease in foreign exchange rates**	**Effect on loss after tax and accumulated losses €'000**
Hong Kong Dollars	5%	(3)	5%	(4)
	(5)%	3	(5)%	4
Euro	5%	(221)	5%	(98)
	(5)%	221	(5)%	98
United States Dollars	5%	(1)	5%	(1)
	(5)%	1	(5)%	1

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on the Group's loss and equity measured in the respective functional currencies, translated into Euro and Hong Kong Dollar respectively at the exchange rate ruling at the end of the year for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the year. The analysis excluded differences that would result from the translation of the financial statements of the entities within the Group into the Group's presentation currency. The analysis is performed on the same basis for the year from 1 January 2017 to 31 December 2018.

d) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2018 and 31 December 2017.

e) Interest rate risk

During the year, the Group had not entered into any interest swap contracts.

The Group's interest rate profile, as monitored by the management, is set out below:

	31 December 2018		**31 December 2017**	
	Effective interest rates	€'000	Effective interest rates	€'000
Fixed rate borrowings:				
Interest-bearing borrowings	15%	6,584	15%	5,403

All of the interest bearing loans of the company which are fixed rate instruments are insensitive to any change in interest rates. A change in interest rates at the end of the reporting year would affect neither profit nor loss.

24. EVENTS AFTER THE REPORTING DATE

On 28 February 2019, the loan facility to the Company was increased by €1,000,000.

Cleantech Building Materials plc

COMPANY STATEMENT OF FINANCIAL POSITION
As at 31 December 2018

	Notes	31 December 2018 €'000	31 December 2017 €'000
NON-CURRENT ASSETS			
Investment in subsidiaries	6	22,512	22,512
TOTAL NON-CURRENT ASSETS		22,512	22,512
CURRENT ASSETS			
Debtors	7	1,682	591
Cash at bank		-	2
TOTAL CURRENT ASSETS		1,682	593
CURRENT LIABILTIES			
Amounts falling due within one year	8/9	161	75
TOTAL CURRENT LIABILITIES		161	75
NET CURRENT (LIABILITIES)/ASSETS		1,521	518
NON-CURRENT LIABILITIES			
Convertible loan note liability	9	4,277	1,933
TOTAL NON-CURRENT LIABILITIES		4,277	1,933
NET ASSETS		19,756	21,097
CAPITAL AND RESERVES			
Called up share capital		4,426	4,426
Share premium		1,074	1,074
Share based payment reserve		1,218	833
Foreign exchange reserve		(483)	(287)
Retained earnings		13,521	15,051
SHAREHOLDERS' FUNDS		19,756	21,097

The loss for the year of the company was €1,530,000 (2017: €1,484,000)

The financial statements were approved by the Board of Directors on 28 March 2019 and were signed on its behalf by:

………………………………………………………………
Paul Richards - Director

Company number: 09357256

Cleantech Building Materials plc

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2018

	Called up share capital	Share premium	Share based payment reserve	Foreign exchange reserve	Retained earning	Total equity
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Balance at 1 January 2017	**3,496**	**16,821**	**332**	**(64)**	**(1,386)**	**19,199**
Transactions with owners						
Share conversion	816	2,084	-	-	-	(2,900)
Issue of share capital for the acquisition of Diamond Wood shares	114	786	-	-	(696)	204
Cancellation of share premium	-	(18,617)	-	-	18,617	-
Share based payment	-	-	501	-	-	501
Total transactions with owners	930	(15,747)	501	-	17,921	705
Comprehensive income for the year						
Loss for the year	-	-	-	-	(1,484)	(1,484)
Other comprehensive income						
Exchange differences on translation to presentational currency	-	-	-	(223)	-	(223)
Total comprehensive loss for the year	-	-	-	(223)	(1,484)	(1,707)
Balance at 31 December 2017	**4,426**	**1,074**	**833**	**(287)**	**15,051**	**21,097**
Transactions with owners						
Share based payment	-	-	385	-	-	385
Total transactions with owners	-	-	385	-	-	385
Comprehensive income for the year						
Loss for the year	-	-	-	-	(1,530)	(1,530)
Other comprehensive income						
Exchange differences on translation to presentational currency	-	-	-	(196)	-	(196)
Total comprehensive loss for the year	-	-	-	(196)	(1,530)	(1,726)
Balance at 31 December 2018	**4,426**	**1,074**	**1,218**	**(483)**	**13,521**	**19,756**

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in England and Wales on 16 December 2014 as a public company with limited liability under the UK Companies Act. The registered office of the Company is 7 Trebeck Street, London, W1J 7LU. The Company did not trade during either the current year or prior year.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Going concern
Despite loan facilities being provided to the Group from a third party, a Memorandum of Understanding (the "MOU") being signed with a state-owned Chinese conglomerate in relation to the financing, construction and operation of an Accoya® Wood manufacturing facility, and the Group's successful admission to Nasdaq First North, Copenhagen, the Group would still require additional funds to finance the construction and operation of its proposed manufacturing plant. At this stage, the additional funds raised, if any, and the timing of receipts cannot be determined. It is also uncertain as to whether these additional funds will be sufficient to finance the construction and operation of the manufacturing plant. This constitutes a material uncertainty over the Group's ability to continue as a going concern.

Despite the uncertainty as to whether the additional funds will be raised, the directors' best estimate is that the Group will be able to obtain sufficient funding to execute the Group's business plan to fully realise the carrying amount of the non-current assets. Accordingly, the directors have concluded that no impairment is required against the non-current assets. However, the availability of additional funds and the execution of the business plan are inherently uncertain.

The parent company's financial statements are prepared on the going concern basis.

Foreign currencies
The company's functional currency is Pound Sterling (£) and the presentational currency is Euro (€)**.**

Parent company disclosure exemptions
In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

• Only one reconciliation of the number of shares outstanding at the beginning and end of the year has been presented as the reconciliations for the group (see note 22 in the notes to the group accounts) and the parent company would be identical. Hence, the parent company has not disclosed this reconciliation in its notes to the accounts;
• Disclosures in respect of the parent company's financial instruments and share-based payment arrangements have not been presented as equivalent disclosures have been provided in respect of the group as a whole;
• No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole; and
• No cash flow statement has been presented for the parent company.

Parent company loss for the year
The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive loss in these financial statements.

Investments in subsidiaries

The Company's investment in its subsidiaries is carried at cost less provision for any impairment. The carrying value is tested for impairment when there is an indication that the value of the investment might be impaired. When carrying out impairment tests these would be based upon future cash flow forecasts and these forecasts would be based upon management judgement. The Board review the subsidiary forecasts to determine whether any provision impairment is required and where the forecasts indicate future profitability, no impairment provision is made

Critical accounting estimates and judgements

The Directors do not consider there are any critical accounting estimates or judgements in preparation of these financial statements.

3. STAFF COSTS

There were no staff costs for the year ended 31 December 2018 nor 31 December 2017 and the company had no employees.

4. OPERATING LOSS

The operating loss is stated after charging:

	31 December 2018 €'000	31 December 2017 €'000
Foreign exchange differences	(27)	7

5. AUDITOR'S REMUNERATION

	Year to 31 December 2018 €'000	Year to 31 December 2017 €'000
Fees payable to the Groups auditor and its associates for the audit of the Group's annual financial statements	23	23

6. TAXATION

No liability to UK corporation tax arose on ordinary activities for the year.

7. INVESTMENT

	Group undertakings €'000
Cost	
At 1 January 2018	22,512
Additions	-
At 31 December 2018	22,512

The principal undertakings in which the company's interest at the year-end is 20% or more are as follows:

Name	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
Diamond Wood China Limited	Hong Kong	97.44%	Trading in the wood business
Diamond Wood Nanjing Manufacturing Company Ltd*	PRC	97.44%	Trading in the wood business
Diamond Wood (Shanghai) Trading Company Ltd*	PRC	97.44%	Trading in the wood business

*Held indirectly through Diamond Wood China Limited

Registered offices:
Diamond Wood China Limited – 12/F Henley Building, Suite No. 8783, 5 Queen's Road Central, Central, Hong Kong.

Diamond Wood Nanjing Manufacturing Company Ltd - 168-080, Fang Shui Road, Nanjing Chemical and Industrial Park 2B3-1, Liu He District, Nanjing, Jiangsu Province, China

Diamond Wood (Shanghai) Trading Company Ltd - Room 2007-2008, No. 300 Xi Kang Road, Jing An District, Shanghai, China

8. DEBTORS

	31 December 2018 €'000	31 December 2017 €'000
Amounts owed by group undertakings	1,673	587
Prepayments	-	1
Other debtors	9	3
Amount due from directors	-	-
	1,682	591

Amounts owed by group undertakings comprise an unsecured non-interest bearing intercompany balance which is repayable on demand.

All amounts shown under debtors fall due for payment within one year except for the amounts owed by group undertakings.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2018 €'000	31 December 2017 €'000
Trade creditors	12	35
Other creditors	12	12
Accruals	137	28
Amounts owed to group undertakings	-	-
	161	75

10. INTEREST BEARING BORROWINGS

Diamond Wood - loan facility
Following CBM becoming the holding company of DW on 31 December 2016 a new intergroup facility was made available. The terms of the new intergroup facility were such that the amount is unsecured, interest free and repayable on demand. This intercompany loan between CBM and DW has been eliminated on consolidation at 31 December 2018 and 31 December 2017.

Convertible loans
A loan facility arrangement for the Group provides funding up to €9,500,000 at an interest rate of 15% per annum and with a maturity date of 30 June 2020. Both the loan holder and the Company have the right to convert any amount owing under the facility into Ordinary Shares prior to the maturity date. The Company's share of the loan amounted to €4,277,000 (2017: €1,933,000) A reconciliation of the movements is shown below:

	2018 €'000	2017 €'000
Interest bearing borrowings		
Brought forward	1,933	3,454
Cash flows	1,911	1,034
Share conversion	-	(2,900)
Interest	433	345
As at 31 December	4,277	1,933

11. RELATED PARTY DISCLOSURE

Other than the Directors' remuneration disclosed in the group accounts, the Company has outstanding balances due from Diamond Wood China Limited, its subsidiary. See note 7 for more details of this intercompany balance.

During the year, the Company entered into the following transactions with its subsidiary:

	31 December 2018 €'000	31 December 2017 €'000
Opening balance	587	105
Loan advanced/settled	1,911	1,256
Management fee income	81	83
Other costs recharged to or from subsidiaries	(906)	(857)
Balance owing as at 31 December	1,673	587

12. EVENTS AFTER THE REPORTING DATE

Please refer to Note 24 of the Group Financial Statements.