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The Capricorn Forest Fund K/S
Central Business Registration No 30724437
c/o Bruun & Hjejle Nørregade 21
1165 Copenhagen K, Denmark

Annual report 2015

The Annual General Meeting adopted the annual report on 27.05.2016

Chairman of the General Meeting

Name: Søren Damgaard

Entity details

Entity details

Entity

The Capricorn Forest Fund K/S
c/o Bruun & Hjejle Nørregade 21
1165 Copenhagen K, Denmark

Central Business Registration No: 30724437
Registered in: Denmark
Financial year: 01.01.2015 - 31.12.2015

Board of Directors

Advokat Hans Robin Philip, Chairman
Advokat Søren Damgaard

Executive Board

Søren Damgaard

Bank

Danske Bank A/S

Entity auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
0900 Copenhagen C, Denmark

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of The Capricorn Forest Fund K/S for the financial year 01.01.2015 - 31.12.2015.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements give a true and fair view of the group's and the parent's financial position at 31.12.2015 and the results of its operations and cash flows for the financial year 01.01.2015 - 31.12.2015.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 17.05.2016

Executive Board

Søren Damgaard

Board of Directors

Advokat Hans Robin Philip Chairman	Advokat Søren Damgaard

Independent auditor's reports

To the owners of The Capricorn Forest Fund K/S
Report on the financial statements

We have audited the consolidated financial statements and parent financial statements of The Capricorn Forest Fund K/S for the financial year 01.01.2015 - 31.12.2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes for the Group as well as for the Parent and the consolidated cash flow statement. The consolidated financial statements and parent financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the consolidated financial statements and parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements and parent financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether consolidated financial statements and parent financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and parent financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the consolidated financial statements and parent financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements and parent financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the consolidated financial statements and parent financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Independent auditor's reports

Opinion

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2015, and of the results of their operations and the Group's cash flows for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the consolidated financial statements and parent financial statement.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the consolidated financial statements and parent financial statement.

Copenhagen, 17.05.2016

Deloitte
Statsautoriseret Revisionspartnerselskab

Bill Haudal Pedersen	Martin Pedersen
State-Authorised Public Accountant	State-Authorised Public Accountant

CVR-nr. 33963556

Management commentary

Financial highlights	2015 USD'000	2014 USD'000	2013 USD'000	2012 USD'000	2011 USD'000
Key figures					
Revenue	4.394	4.845	4.975	2.772	1.404
Gross profit/loss	(7.621)	5.911	(15.049)	11.185	15.446
Operating profit/loss	(19.619)	(3.173)	(23.023)	8.219	10.346
Net financials	(3.541)	(1.935)	(583)	(445)	(271)
Profit/loss for the year	(23.041)	(4.557)	(23.728)	7.836	10.118
Total assets	121.741	135.393	134.569	123.273	113.074
Investments in property, plant and equipment	7.406	4.207	11.268	10.269	0
Equity	114.545	132.752	128.699	117.986	109.226
Ratios					
Gross margin (%)	(173,5)	122,0	(302,5)	403,5	1.100,1
Net margin (%)	(524,4)	(94,1)	(476,9)	282,7	720,7
Return on equity (%)	(18,6)	(3,5)	(19,2)	6,9	9,3
Equity ratio (%)	94,1	98,0	95,6	95,7	96,6

Financial highlights are presented on a consolidated basis.

Management commentary

Primary activities

The company was established in 2007. The purpose of the company is to carry out long term sustainable forestry investments in emerging markets in Asia, Africa, and the tropical part of Latin America.

At the end of the financial year, the fund comprises four investments in East Africa, Panama, Cambodia and Uganda respectively.

The company is the ultimate parent company for a number of enterprises in connection with the investment activities.

Development in activities and finances

During 2015, the activities of the company have continued to be focused on the management of the company's current investments.

In accordance with a separate agreement, this task has been performed in collaboration with the investment adviser, The International Woodland Company A/S.

The general economic development of the company is primarily impacted by changes in the fair market value of the investments, which are assessed yearly by an external appraiser.

The income statement for the financial year 2015 for the concern shows a loss of USD 23,041k and the balance sheet as of 31 December 2015 shows an equity of USD 114,545k.

Outlook

The partnership has identified all underlying investments and will not make any new investments. Over the next few years the remaining committed capital will be invested in the portfolio companies.

Despite the expected uncertainties of operating in emerging markets, where the company is invested, we expect a modest development for the investments during the coming year.

Particular risks

Uncertainty relating to recognition and measurement

Equity investments in the portfolio company are recorded at fair market value. All investments in the fund have been appraised at fair market value by independent appraisers as of year end 2015.
The third party appraisal is based on a valuation methodology that aims at determining the expected transaction price between independent parties applying usual commercial considerations.

Management commentary

The valuation methodology involves all factors likely to influence the fair market value and is in accordance with generally accepted methodologies. The third party appraisals are based on projections, which contain a number of estimates (e.g. discount rate, growth rates, sales prices and costs), making third-party appraisals subject to a certain degree of uncertainty.

Every third year a new independent appraiser is appointed for each of the investments. The results of the annual appraisals of the subsidiaries can be very volatile and this should also be expected in the coming years.

Investment risks
Each investment is subject to a number of risks including, but not limited to: market risks, climate risks, biological risks, country risks, exchange rate risks, financial risks and interest and inflation risks.

Market Risk – The risk to the company's value that can derive from the fluctuation in market prices of forest products. To some extent, this risk can be mitigated through harvest planning measures.

Climate risks, including risks of storm and fire, and biological risks, including insect and fungal attack - Historically, these risks have only contributed to a minor impact on the value of forests. A number of precautions in the forest management are taken to mitigate these risks.

Country risks - include the risk of nationalization or expropriation of assets, exchange controls or devaluation.
Exchange Rate Risk – The company is denominated in USD, but has investments globally that are often not denominated in USD. The exchange rate between USD and the underlying currency of the investment fluctuates based on the impact of the financial market variables and leads to changes in the value of the investment as these results and financial items are translated back to USD. The company does not hedge any currency risks.

Financial risk - The company can incur debt up to a maximum of 30% of the invested capital, however as of year end 2015 the company has not incurred any external financial debt from third parties.

Interest Rate and inflation risk – The valuation of the company's assets is often derived from a discounted cash flow analysis, which is heavily influenced by the discount rate applied in the analysis. The discount rate is based on the level of interest rates in the economy in combination with appropriate risk adjustments. Any fluctuation in interest rates leads to a variation in the valuation of the entity.

In the selection of its investments, the company has sought to geographically diversify the portfolio in order to mitigate a number of risk factors such as market risks, climate risks, biological risks and political risks.

Management commentary

The company conducts an annual risk assessment for each investment, where risk factors that may affect the company are examined and addressed.

Environmental performance

All forest assets are covered by sustainable forest management plans.

At year end 2015, all the investments except one are fully FSC certified (Forest Stewardship Council). The last investment in East Africa is expected to pursue FSC certification and has currently achieved partial certification.

Events after the balance sheet date

The portfolio company in Uganda has incurred additional debt, that may be converted to equity. The proceeds will finance future operations and enhance the asset value.

The portfolio company in East Africa has undertaken a preferential rights issue and has started a capital raising process to issue more equity.

Both of these actions may dilute the current shareholding in the company.

Accounting policies

Reporting class

This financial statement for the group and parent company has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium-size).

The accounting policies applied for these financial statements are consistent with those applied last year.

The annual report for the group is presented in its functional currency, USD.

Material uncertainty related to recognition and measurement

Equity investments in the portfolio companies and biological assets are recorded at fair value. The fair value is compiled at balance sheet date and is based on a third party appraisal.

The third party appraisal is based on a valuation methodology that aims at determining the expected transaction price between independent parties applying usual commercial considerations.

The third party appraisals are based on projections, which contains a number of estimates (e.g. discount rate, expected production, sales prices and costs), making third-party appraisal subject to a certain degree of uncertainty

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Accounting policies

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of The Capricorn Forest Fund K/S and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in the income statement and the balance sheet, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Foreign currency translation

Balance sheet items are translated using the exchange rates at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.
Receivables and payables in foreign currencies are translated using the exchange rate at the balance sheet date. The difference from these transactions is recognised in the income statement under financial income or expenses.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the year.

In the parent company equity investments and loans to portfolio companies in foreign currencies are translated using the exchange rate at the balance sheet date. Exchange rate differences that arise between the rate at the transaction date and the balance sheet date, are recognised in the income statement under the item Revenue from portfolio companies.

Accounting policies

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Fair value adjustments of biological assets

Fair value adjustments of biological assets include adjustments for the financial year of the entity's biological assets measured at fair value

Production costs

Production costs comprise of the costs to achieve the yearly revenue including directly and indirectly costs to wages and salaries to production staff, rent etc. together with depreciation and impairment.

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment attached to the distribution process.

Administrative expenses

Administrative expenses comprise of the yearly cost of management and administration including wages to administrative staff, office building and office expenses together with depreciation and impairment. Furthermore the administrative expenses also consist of provision for bad debts.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the group's primary activities.

Other financial income

In the financial statement of the Group, financial income comprises interests and exchange rate adjustment on other receivables and payables in foreign currencies. In the parent company also interests on loan provided to portfolio companies.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Accounting policies

Income taxes

The tax on profit/loss for the year consists of the actual tax and adjustment of the deferred tax is recognized in the profit and loss statement.

The Danish entities in the group are jointly taxed with the ultimate parent company which settles all taxable payments with the tax authorities. The actual Danish company tax is allocated between the Danish companies according to each entity's taxable income. In connection with this, Danish entities with a negative taxable income receive a contribution from Danish entities, which had deducted the negative taxable income in their positive taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Goodwill

Goodwill is first measured to cost as described under business combination. Goodwill is hereafter amortised straight-line over the expected ownership of the entity, which is up to 12 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Property, plant and equipment consist of buildings, plant and machinery.

Building as well as plant and machinery are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the time when it is ready to be put into operation. For group-manufactured assets, cost comprises direct and indirect costs of materials, components, sub suppliers and labor costs.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	3-15 years
Machinery and equipment	2-20 years

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price lass selling costs and carrying amount at the time of sale. Profits or losses are recognized in the income statement as adjustment to depreciation and impairment losses, or under other operation income if the selling price exceeds original cost.

Accounting policies

Biological assets
Biological assets comprise of the value of planted and natural forestry including the value of the right to further planting. Biological assets are measured at fair value based on third party assessment as per balance sheet date.

The third party assessment is based on a valuation methodology that aims to determine the transaction price, which would arise between independent parties who bring normal commercial considerations.

The valuation methodology involves all factors likely to influence the fair value and is in accordance with generally accepted methodologies.

Third party evaluation is based on projections, which contains a number of estimates (e.g. discount rate, expected production, sales prices and costs), making third-party assessments subject to a certain degree of uncertainty.

Unrealized and realized fair value adjustments of biological assets are recognized in the profit and loss statement as fair value adjustment of biological assets.

Investments in group enterprises
In the parent company, equity investments in the portfolio company are recorded at fair value based on the same appraisal technique as described above under biological assets.

In the parent company, loan provided to portfolio companies are measured to amortised cost, which usually is comparable to nominal value. The value is reduced by write-down on expected loss.

Investments in associates
Investments in associates are measured at fair value based on the same appraisal technique as described above under biological assets.

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost of goods for resale, raw materials and consumables consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables and direct labor costs as well as indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on and impairment losses relating to machinery, factory buildings and equipment applied for the manufacturing process as well as costs of factory administration and management. Financing costs are not included in cost.

Accounting policies

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less provisions for bad and doubtful debts.

Income tax payable or receivable
Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in hand and bank deposits.

Minority interests
Minority interests consist of non-controlling interests share of equity in subsidiaries not 100% owned by the parent company.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Cash flow statement
The cash flow statement of the group is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as the group's cash and cash equivalents at the beginning and the end of the financial year. No separate cash flow statement has been prepared for the parent because it is included in the consolidated cash flow statement.

Cash flows from acquisition and divestment of enterprises are shown separately under cash flows from investing activities. Cash flows to acquired enterprises are recognized up to the time of sale.

Cash flows from operating activities are calculated as the operating profit/loss adjusted for non-cash operating items, working capital changed and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises and fixed asset investments as well as purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment.

Accounting policies

Cash flows from finanxing activities comprise changes in the size or composition of the parent's share capital and related costs.

Cash and cash equivalents comprise and short-term securities with an insignificant price risk less short-term bank debt.

Contingent liabilities
Contingent liabilities are not shown in the balance sheet but are only shown in the notes.

Financial highlights
Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2010" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Ratios reflect
Gross margin (%)	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$	The Entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Revenue}}$	The Entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$	The Entity's return on capital invested in the Entity by the owners.
Equity ratio (%)	$\frac{\text{Equity x 100}}{\text{Total assets}}$	The financial strength of the Entity.

Consolidated income statement for 2015

	Notes	2015 USD	2014 USD
Revenue	1	4.393.747	4.845.242
Fair value adjustments of biological assets		(10.604.172)	6.248.192
Production costs		(1.410.868)	(5.182.405)
Gross profit/loss		**(7.621.293)**	**5.911.029**
Distribution costs		(4.067.965)	(3.562.354)
Administrative costs	2	(8.769.172)	(6.165.012)
Other operating income		839.141	642.971
Operating profit/loss		**(19.619.289)**	**(3.173.366)**
Other financial income	4	50.186	50.349
Other financial expenses	5	(3.590.754)	(1.985.526)
Profit/loss from ordinary activities before tax		**(23.159.857)**	**(5.108.543)**
Tax on profit/loss from ordinary activities	6	122.426	761.507
Consolidated profit/loss		**(23.037.431)**	**(4.347.036)**
Minority interests' share of profit/loss		(3.082)	(209.977)
Profit/loss for the year		**(23.040.513)**	**(4.557.013)**

Proposed distribution of profit/loss		
Retained earnings	(23.040.513)	(4.557.013)
	(23.040.513)	**(4.557.013)**

Consolidated balance sheet at 31.12.2015

	Notes	2015 USD	2014 USD
Goodwill		0	0
Intangible assets	7	**0**	**0**
Land and buildings		1.466.849	1.609.745
Plant and machinery		1.481.005	1.673.947
Biological assets		111.120.093	122.366.248
Property, plant and equipment	8	**114.067.947**	**125.649.940**
Investments in associates		3.930.690	6.755.992
Fixed asset investments	9	**3.930.690**	**6.755.992**
Fixed assets		**117.998.637**	**132.405.932**
Manufactured goods and goods for resale		90.314	75.646
Inventories		**90.314**	**75.646**
Trade receivables		506.052	119.785
Other short-term receivables		905.700	787.470
Income tax receivable		122.426	120.580
Prepayments		56.584	677.724
Receivables		**1.590.762**	**1.705.559**
Cash		**2.060.886**	**1.205.771**
Current assets		**3.741.962**	**2.986.976**
Assets		**121.740.599**	**135.392.908**

Consolidated balance sheet at 31.12.2015

	Notes	2015 USD	2014 USD
Contributed capital		201.230.598	196.395.598
Reserve for net revaluation according to the equity method		4.330	5.345
Distributions		(26.897.590)	(26.897.590)
Retained earnings		(59.792.177)	(36.751.664)
Equity		**114.545.161**	**132.751.689**
Minority interests	10	**1.520.080**	**1.557.777**
Other payables	11	4.508.043	0
Non-current liabilities other than provisions		**4.508.043**	**0**
Trade payables		607.648	623.480
Other payables		559.667	459.962
Current liabilities other than provisions		**1.167.315**	**1.083.442**
Liabilities other than provisions		**5.675.358**	**1.083.442**
Equity and liabilities		**121.740.599**	**135.392.908**
Contingent liabilities	14		

Consolidated statement of changes in equity for 2015

	Contributed capital USD	Reserve for net revaluation according to the equity method USD	Distributions USD	Retained earnings USD
Equity beginning of year	196.395.598	5.345	(26.897.590)	(36.751.664)
Increase of capital	4.835.000	0	0	0
Exchange rate adjustments	0	(1.015)	0	0
Profit/loss for the year	0	0	0	(23.040.513)
Equity end of year	**201.230.598**	**4.330**	**(26.897.590)**	**(59.792.177)**

	Total USD
Equity beginning of year	132.751.689
Increase of capital	4.835.000
Exchange rate adjustments	(1.015)
Profit/loss for the year	(23.040.513)
Equity end of year	**114.545.161**

Consolidated cash flow statement for 2015

	Notes	2015 USD	2014 USD
Operating profit/loss		(19.619.289)	(3.173.366)
Amortisation, depreciation and impairment losses		5.188.502	3.638.753
Working capital changes	12	185.849	(134.945)
Other adjustments	13	10.604.172	(6.248.192)
Cash flow from ordinary operating activities		**(3.640.766)**	**(5.917.750)**
Financial income received		50.186	50.349
Financial income paid		(3.590.754)	(1.985.526)
Income taxes refunded/(paid)		120.580	100.218
Cash flows from operating activities		**(7.060.754)**	**(7.752.709)**
Acquisition etc of property, plant and equipment		(7.405.804)	(4.207.368)
Sale of property, plant and equipment		4.110.907	116.536
Cash flows from investing activities		**(3.294.897)**	**(4.090.832)**
Loans raised		4.508.042	0
Cash increase of capital		4.835.000	9.819.552
Cash flows from financing activities		**9.343.042**	**9.819.552**
Increase/decrease in cash and cash equivalents		**(1.012.609)**	**(2.023.989)**
Cash and cash equivalents beginning of year		1.205.771	4.814.226
Currency translation adjustments of cash and cash equivalents		1.867.724	(1.584.466)
Cash and cash equivalents end of year		**2.060.886**	**1.205.771**

Notes to consolidated financial statements

	2015 USD	2014 USD
1. Revenue		
USA	0	736.060
Europe	0	367.018
Latin America	0	582.812
Asia	4.387.847	3.146.447
Africa	5.900	12.905
	4.393.747	**4.845.242**

2. Administrative expenses

	2015 USD	2014 USD
Staff costs		
Wages and salaries	(663.896)	(1.980.540)
Other social security costs	0	(369.435)
Total staff costs	**(663.896)**	**(2,349.975)**
Staff costs is allocated as follows:		
Cost of goods sold	(331.948)	(1.174.987)
Sales and distribution cost	(165.974)	(587.494)
Administrative expenses	(165.974)	(587.494)
	(663.896)	**(2.349.975)**
Average number of employees	**175**	**250**

Notes to consolidated financial statements

3. Depreciation, amortisation and impairment losses

	2015 (USD)	2014 (USD)
Depreciation, amortisation and impairm. losses		
Goodwill	0	(1.228.370)
Buildings	(446.091)	(668.965)
Plant and machinery	(525.739)	(1.741.418)
Biological	(4.235.473)	(491.787)
Total depreciation, amor. and impairm. losses	**(5.207.303)**	**(4.130.540)**

Depreciation, amor. and impairment is allocated as follows:

Cost of goods sold	(4.686.573)	(3.717.486)
Sales and distribution cost	(260.365)	(206.527)
Administrative expenses	(260.365)	(206.527)
	(5.207.303)	**(4.130.540)**

4. Other financial income

	2015 USD	2014 USD
Other financial income	50.186	50.349
	50.186	**50.349**

5. Other financial expenses

	2015 USD	2014 USD
Exchange rate adjustments	3.072.718	1.791.112
Other financial expenses	518.036	194.414
	3.590.754	**1.985.526**

6. Tax on profit/loss from ordinary activities

	2015 USD	2014 USD
Tax on current year taxable income	(122.426)	(761.507)
	(122.426)	**(761.507)**

Notes to consolidated financial statements

	Goodwill USD
7. Intangible assets	
Cost beginning of year	1.842.558
Cost end of year	**1.842.558**
Amortisation and impairment losses beginning of year	(1.842.558)
Amortisation and impairment losses end of year	**(1.842.558)**
Carrying amount end of year	**0**

The development in goodwill is due to discontinuing of the investment in Peru 2014, which had recognised a goodwill asset.

	Land and buildings USD	Plant and machinery USD	Biological assets USD
8. Property, plant and equipment			
Cost beginning of year	3.531.736	5.624.238	129.043.446
Exchange rate adjustments	0	0	(1.403.543)
Additions	303.195	334.650	6.767.959
Disposals	0	(42.942)	(4.067.965)
Cost end of year	**3.834.931**	**5.915.946**	**130.339.897**
Depreciation and impairment losses beginning of the year	(1.921.991)	(3.950.291)	(505.975)
Impairment losses for the year	0	0	(4.257.761)
Depreciation for the year	(446.091)	(525.739)	0
Reversal regarding disposals	0	41.089	0
Depreciation and impairment losses end of the year	**(2.368.082)**	**(4.434.941)**	**(4.763.736)**
Fair value adjustments beginning of year	0	0	(6.677.198)
Fair value adjustments for the year	0	0	(7.778.870)
Fair value adjustments end of year	**0**	**0**	**(14.456.068)**
Carrying amount end of year	**1.466.849**	**1.481.005**	**111.120.093**

9. Fixed asset investments

Fixed asset investments comprises of investments in non-controlling assets.

Notes to consolidated financial statements

10. Minority interests

Minority interest in equity of consolidated affiliates includes common shares in consolidated affiliates and preferred stock issued by affiliates of The Capricorn Forest Fund K/S.

11. Other long-term payables

Other long-term payables, consist of loans, which is due after 5 years.

12. Change in working capital

	2015 USD	2014 USD
Increase/decrease in inventories	(14.668)	3.004.877
Increase/decrease in receivables	116.643	(9.481)
Increase/decrease in trade payables etc	83.874	(3.130.341)
	185.849	**(134.945)**

13. Other adjustments

Other adjustments comprise fair value adjustments on biological assets, that does not have any effect on liquidity.

14. Contingent liabilities

The company has as of December 31, 2015 assumed an irrevocable commitment to invest a total sum of USD 161.4 million to the portfolio companies in the period up until the year of 2022. Of this total USD 4.3 million is still outstanding.

Parent income statement for 2015

	Notes	2015 USD	2014 USD
Administrative costs	1	(1.161.458)	(1.672.288)
Operating profit/loss		**(1.161.458)**	**(1.672.288)**
Income from investments in group enterprises	2	(23.656.837)	(4.451.626)
Other financial income	3	1.791.148	1.557.801
Other financial expenses	4	8.011	9.101
Profit/loss for the year		**(23.019.136)**	**(4.557.012)**

Proposed distribution of profit/loss		
Retained earnings	(23.019.136)	(4.557.012)
	(23.019.136)	**(4.557.012)**

Parent balance sheet at 31.12.2015

	Notes	2015 USD	2014 USD
Investments in group enterprises		96.450.488	117.257.325
Receivables from group enterprises		18.225.027	15.708.878
Fixed asset investments	5	**114.675.515**	**132.966.203**
Fixed assets		**114.675.515**	**132.966.203**
Cash		**26.219**	**9.375**
Current assets		**26.219**	**9.375**
Assets		**114.701.734**	**132.975.578**

Parent balance sheet at 31.12.2015

	Notes	2015 USD	2014 USD
Contributed capital		201.230.597	196.395.597
Distributions	6	(26.897.591)	(26.897.591)
Retained earnings		(59.770.799)	(36.751.663)
Equity		**114.562.207**	**132.746.343**
Other payables		139.527	229.235
Non-current liabilities other than provisions		**139.527**	**229.235**
Liabilities other than provisions		**139.527**	**229.235**
Equity and liabilities		**114.701.734**	**132.975.578**
Contingent liabilities	7		
Ownership	8		

Parent statement of changes in equity for 2015

	Contributed capital USD	Distributions USD	Retained earnings USD	Total USD
Equity beginning of year	196.395.597	(26.897.591)	(36.751.663)	132.746.343
Increase of capital	4.835.000	0	0	4.835.000
Profit/loss for the year	0	0	(23.019.136)	(23.019.136)
Equity end of year	**201.230.597**	**(26.897.591)**	**(59.770.799)**	**114.562.207**

Notes to parent financial statements

1. Administrative expenses

Staff relationship:

The company has not had any employees in the financial year 2014 or 2015.

The Management board has not received any remuneration in the financial year 2014 or 2015.

The partnership has no pension obligations to employees or management.

The partnership does not have any special incentive plans other than a potential profit sharing plan with the adviser, The International Woodland Company A/S.

	2015 USD	2014 USD
Partnership costs and advisory fee	1.043.982	1.470.926
Accounting assistance	70.134	83.159
Other costs	4.174	71.669
Auditor's fee	21.668	23.333
Other audit fee	21.500	23.201
Total Partnership expenses	**1.161.458**	**1.672.288**

2. Income from investments in group enterprises

	2015 USD	2014 USD
Unrealised gains / loss on investments	(23.635.559)	(4.424.893)
Unrealised exchange rate adjustment on unlisted shares	(21.278)	(26.733)
Total Partnership expenses	**(23.656.837)**	**(4.451.626)**

3. Other financial income

	2015 USD	2014 USD
Financial income arising from group enterprises	1.791.148	1.557.801
	1.791.148	**1.557.801**

4. Other financial expenses

	2015 USD	2014 USD
Exchange rate adjustments	(8.011)	(9.101)
	(8.011)	**(9.101)**

Notes to parent financial statements

	Investments in group enterprises USD	Receivables from group enterprises USD
5. Fixed asset investments		
Cost beginning of year	127.627.840	25.929.489
Additions	2.850.000	725.000
Cost end of year	**130.477.840**	**26.654.489**
Revaluations beginning of year	(10.370.515)	(10.220.611)
Fair value adjustments	(23.656.837)	1.791.149
Revaluations end of year	**(34.027.352)**	**(8.429.462)**
Carrying amount end of year	**96.450.488**	**18.225.027**

6. Distributions

Total distributions and other transactions with shareowners reduced equity by USD 26.9 million in 2011.

7. Contingent liabilities

The company has as of December 31, 2015 assumed an irrevocable commitment to invest a total sum of USD 161.4 million to the portfolio companies i the period up until the year of 2022. Of this total USD 4.3 million is still outstanding.

8. Ownership

Related parties with a controlling interest:

The following related parties have a controlling interest in The Capricorn Forest Fund K/S:

International Woodland Company A/S, Amalievej 20, 1875 Frederiksberg, Denmark
Basis of influence: General Partner

Transactions between related parties and The Capricorn Forest Fund K/S that have not been conducted at arm's length: None.