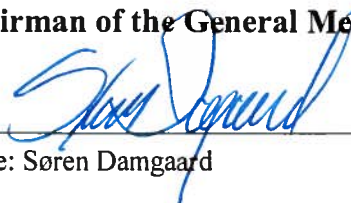


**Capricorn Africa ApS
Central Business Registration No
30897323
c/o Bruun & Hjejle, Nørregade 21
1165 Copenhagen K, Denmark**

Annual report 2015

The Annual General Meeting adopted the annual report on 27.05.2016

Chairman of the General Meeting



Name: Søren Damgaard

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Entity details

Entity

Capricorn Africa ApS
c/o Bruun & Hjejle, Nørregade 21
1165 Copenhagen K, Denmark

Central Business Registration No: 30897323

Founded: 27.09.2007

Registered in: Denmark

Financial year: 01.01.2015 - 31.12.2015

Board of Directors

Advokat Hans Robin Philip, Chairman
Søren Damgaard

Executive Board

Søren Damgaard

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
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 Capricorn Africa ApS 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 financial statements give a true and fair view of the Entity's financial position at 31.12.2015 and of the results of its operations 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



Søren Damgaard

Independent auditor's reports

To the owners of Capricorn Africa ApS

Report on the financial statements

We have audited the financial statements of Capricorn Africa ApS 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. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of 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 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 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 the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the 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 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 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 financial statements give a true and fair view of the Company's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

Statement on the management commentary

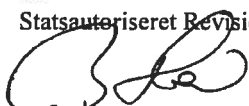
Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

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

Copenhagen, 17.05.2016

Deloitte

Statsautoriseret Revisionspartnerselskab



Bill Haudal Pedersen
State-Authorised Public Accountant



~~Martin Pedersen~~
State-Authorised Public Accountant

CVR-nr. 33963556

Management commentary

Primary activities

The purpose of the company is to carry out long term sustainable investments in forestry and plantation establishment in Africa.

Development in activities and finances

Activities

Since the establishment of the company in 2007, the main activity was initially investment in plantation establishment in Mozambique through ownership of 20.33 % of Global Solidarity Forest Fund AB (GSFF), a Swedish entity.

In June 2014 GSFF was merged with a Norwegian company, Green Resources AS, which conducts the same activities but is further diversified into Uganda and Tanzania as well as Mozambique.

Economic development

The value of the assets is assessed annually by an external appraiser and can vary significantly from year to year. The company is expected to be cash flow positive in two to three years when most of the plantations start to reach harvestable age.

The net result for the company for the financial year 2015 shows a loss of USD 3,184,074. Thus the company will show negative equity also in 2015. As of December 31 2015 the equity is USD (22,148,036).

This situation will, in accordance with the Companies Act § 119, be considered at the company's Annual General Meeting in May 2016, where the Management Board will account for the financial position of the company and, if necessary, propose any measures to be taken.

The company's operations are mainly financed via loans from the shareholder. The loans will only be repaid, if the company has the necessary funds to do so.

Events after the balance sheet date

After the balance sheet date, there have been a few large sales of shares by some of the largest investors. The new holder of these shares will have considerable influence over the strategy of the company and holds 18% of the shares.

Accounting policies

Reporting class

This annual report of Capricorn Africa ApS has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises.

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

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

The company is a 100 % owned subsidiary of The Capricorn Forest Fund K/S, which is the ultimate parent company.

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.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Accounting policies

Income statement

Fair value adjustment of other investment assets and related financial liabilities

Fair value adjustment of other investment assets and related financial liabilities comprises adjustments for the financial year of the Entity's investment assets.

Other operating expenses

Other operating expenses comprise expenses of bank, audit and legal fee etc.

Other financial income

Other financial income consists of interest income and both realized and unrealized exchange rate adjustments.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises and both realized and unrealized exchange rate adjustments.

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Other investments

Equity investment in the portfolio company are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Cash

Cash comprises cash in hand and bank deposits.

Accounting policies

Other financial liabilities

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

Income statement for 2015

	<u>Notes</u>	<u>2015 USD</u>	<u>2014 USD</u>
Fair value adjustments of other investment assets		<u>(2.825.302)</u>	<u>43.734</u>
Gross profit/loss		(2.825.302)	43.734
Other operating expenses		<u>(11.910)</u>	<u>(10.574)</u>
Operating profit/loss		(2.837.212)	33.160
Other financial income		39.526	0
Other financial expenses	1	<u>(508.741)</u>	<u>(480.907)</u>
Profit/loss from ordinary activities before tax		(3.306.427)	(447.747)
Tax on profit/loss from ordinary activities		<u>122.353</u>	<u>120.413</u>
Profit/loss for the year		<u>(3.184.074)</u>	<u>(327.334)</u>
Proposed distribution of profit/loss			
Retained earnings		<u>(3.184.074)</u>	<u>(327.334)</u>
		<u>(3.184.074)</u>	<u>(327.334)</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 USD</u>	<u>2014 USD</u>
Other investments		3.930.690	6.755.992
Fixed asset investments	2	<u>3.930.690</u>	<u>6.755.992</u>
Fixed assets		<u>3.930.690</u>	<u>6.755.992</u>
Deferred tax assets		122.353	120.413
Receivables		<u>122.353</u>	<u>120.413</u>
Cash		<u>332.654</u>	<u>209.689</u>
Current assets		<u>455.007</u>	<u>330.102</u>
Assets		<u><u>4.385.697</u></u>	<u><u>7.086.094</u></u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 USD</u>	<u>2014 USD</u>
Contributed capital		24.699	24.699
Retained earnings		<u>(22.172.735)</u>	<u>(18.988.661)</u>
Equity		<u>(22.148.036)</u>	<u>(18.963.962)</u>
Payables to group enterprises		<u>26.526.533</u>	<u>26.042.156</u>
Non-current liabilities other than provisions		<u>26.526.533</u>	<u>26.042.156</u>
Other payables		<u>7.200</u>	<u>7.900</u>
Current liabilities other than provisions		<u>7.200</u>	<u>7.900</u>
Liabilities other than provisions		<u>26.533.733</u>	<u>26.050.056</u>
Equity and liabilities		<u>4.385.697</u>	<u>7.086.094</u>
Contingent liabilities	3		
Related parties with control	4		

Statement of changes in equity for 2015

	Contributed capital USD	Retained ear- nings USD	Total USD
Equity beginning of year	24.699	(18.988.661)	(18.963.962)
Profit/loss for the year	0	(3.184.074)	(3.184.074)
Equity end of year	24.699	(22.172.735)	(22.148.036)

Notes

	2015	2014
	USD	USD
1. Other financial expenses		
Financial expenses from group enterprises	484.377	475.170
Interest expenses	14	0
Exchange rate adjustments	24.350	5.737
	508.741	480.907
		Other in-
		vestments
		USD
2. Fixed asset investments		
Cost beginning of year		24.486.656
Cost end of year		24.486.656
Impairment losses beginning of year		(17.730.664)
Impairment losses for the year		(2.825.302)
Impairment losses end of year		(20.555.966)
Carrying amount end of year		3.930.690

3. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which International Woodland Company Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2015 for income taxes etc for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

Notes

4. Related parties with control

Related parties with controlling interest:

The following related parties have a controlling interest in Capricorn Africa ApS:

The Capricorn Forest Fund K/S, Nørregade 21, 1165 København K.

Basis of influence: Owner.

Transactions between related parties and Capricorn Africa ApS that have not been on arm's length: None.