

Komplementarselskabet Monsoon Timber ApS

Nørregade 21
1165 Copenhagen
Business Registration No
31849217

Annual report 2018

The Annual General Meeting adopted the annual report on 29.05.2019

Chairman of the General Meeting

Name: Søren Damgaard

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Entity details

Entity

Komplementarselskabet Monsoon Timber ApS
Nørregade 21
1165 Copenhagen

Central Business Registration No (CVR): 31849217

Founded: 13.11.2008

Registered in: Copenhagen

Financial year: 01.01.2018 - 31.12.2018

Board of Directors

Thomas Skjellerup
Søren Damgaard

Executive Board

Søren Damgaard

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
P.O. 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 Komplementarselskabet Monsoon Timber ApS for the financial year 01.01.2018 - 31.12.2018.

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 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

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, 29.05.2019

Executive Board

Søren Damgaard

Board of Directors

Thomas Skjellerup

Søren Damgaard

Independent auditor's report

To the shareholders of Komplementarselskabet Monsoon Timber ApS

Opinion

We have audited the financial statements of Komplementarselskabet Monsoon Timber ApS for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared 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 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, 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.

Management's responsibilities 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.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has 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 and the additional requirements applicable in Denmark 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.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and 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 management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 29.05.2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR)
33963556

Bill Haudal Pedersen
State Authorised Public Accountant
Identification No (MNE) mne30131

Michael Thorø Larsen
State Authorised Public Accountant
Identification No (MNE) mne35823

Management commentary

Primary activities

The purpose of the company is to be the general partner of Monsoon Timber K/S and in relation to this role, exercise certain special rights in the limited partnership.

Development in activities and finances

Since the establishment of the company at the end of 2008, the main activity has been to be a general partner in the company Monsoon Timber K/S.

Furthermore, the company has, through its part ownership of Monsoon Timber K/S invested in plantation establishment in Cambodia via a Cambodian subsidiary named Grandis Timber Ltd.

Economic development

The general economic development of Monsoon Timber K/S in 2018 has primarily been impacted by changes in the fair market value of the investments, which is assessed annually by an independent appraiser. The fair market value of the subsidiary in Cambodia continues to be very volatile and this should also be expected in the coming years.

The income statement for Monsoon Timber K/S for 2018 shows a loss of USD 1.567.049.

The income statement of Komplementarselskabet Monsoon Timber ApS for the financial year 2018 shows a gain of USD 773 and the company's balance sheet at 31 December 2018 shows equity of USD 30.774.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2018

<u>Notes</u>	<u>2018 USD</u>	<u>2017 USD</u>
Other operating expenses	(2.029)	(1.648)
Operating profit/loss	(2.029)	(1.648)
Other financial income	3.000	3.000
Other financial expenses	(1)	(110)
Profit/loss before tax	970	1.242
Tax on profit/loss for the year	(197)	(256)
Profit/loss for the year	773	986
Proposed distribution of profit/loss		
Retained earnings	773	986
	773	986

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 USD</u>	<u>2017 USD</u>
Other investments		0	0
Other receivables		30.066	27.066
Fixed asset investments	2	30.066	27.066
Fixed assets		30.066	27.066
Cash		2.605	4.591
Current assets		2.605	4.591
Assets		32.671	31.657

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 USD</u>	<u>2017 USD</u>
Contributed capital		21.442	21.442
Retained earnings		9.332	8.559
Equity		30.774	30.001
Income tax payable		197	256
Other payables		1.700	1.400
Current liabilities other than provisions		1.897	1.656
Liabilities other than provisions		1.897	1.656
Equity and liabilities		32.671	31.657
Staff costs	1		
Contingent liabilities	3		
Group relations	4		

Statement of changes in equity for 2018

	Contributed capital USD	Retained earnings USD	Total USD
Equity beginning of year	21.442	8.559	30.001
Profit/loss for the year	0	773	773
Equity end of year	21.442	9.332	30.774

Notes

	<u>2018</u>	<u>2017</u>
1. Staff costs		
Average number of employees	<u>0</u>	<u>0</u>
	Other	Other
	investments	receivables
	USD	USD
2. Fixed asset investments		
Cost beginning of year	15.000	27.066
Additions	<u>0</u>	<u>3.000</u>
Cost end of year	<u>15.000</u>	<u>30.066</u>
Revaluations beginning of year	<u>(15.000)</u>	<u>0</u>
Revaluations end of year	<u>(15.000)</u>	<u>0</u>
Carrying amount end of year	<u>0</u>	<u>30.066</u>

The Entity owns 0.61% of the paid contribution in Monsoon Timber K/S, Denmark. According to Monsoon Timber K/S' annual report at 31.12.2018, the paid contribution is USD 35.734.026, the total equity USD 19.941.709 and loss for the year is USD 1.567.049. The Entity owns, through Monsoon Timber K/S, a part of the shares in the company Grandis Timber Ltd. in Cambodia.

3. Contingent liabilities

The Entity is liable, as general partner, for the liabilities in Monsoon Timber K/S without limit and has a joint and several liability.

The Entity 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 Entity is therefore liable 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 entities.

4. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

The Capricorn Forest Fund K/S, Copenhagen

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

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

The annual report of the Entity is presented in its functional currency, USD.

The Entity 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

Other operating expenses

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

Other financial income

Financial income and expenses consists of remuneration from Monsoon Timber K/S and both realised as well as unrealised exchange rate adjustments.

Other financial expenses

Other financial expenses comprise of exchange rate adjustments.

Tax on profit/loss for the year

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

Receivables

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

Other investments

Other investments comprise investment in Monsoon Timber K/S which are measured at fair value (market price) at the balance sheet date according to the annual report of the Company.

Unrealised and realised fair values of financial assets are recognised in the income statement as fair value adjustments of other investment assets.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

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

Income tax receivable or payable

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.

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Bill Haudal Pedersen

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Revisor

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Adm. direktør

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Thomas Skjellerup

Bestyrelsesmedlem

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