

**Komplementarselskabet Monsoon
Timber ApS
Central Business Registration No
31849217
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

Komplementarselskabet Monsoon Timber ApS
c/o Bruun & Hjejle, Nørregade 21
1165 Copenhagen K, Denmark

Central Business Registration No: 31849217

Founded: 13.11.2008

Registered in: Copenhagen, Denmark

Financial year: 01.01.2015 - 31.12.2015

Board of Directors

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 Komplementarselskabet Monsoon Timber 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

Hans Robin Philip
Chairman



Søren Damgaard

Independent auditor's reports

To the owners of Komplementarselskabet Monsoon Timber ApS

Report on the financial statements

We have audited the financial statements of Komplementarselskabet Monsoon Timber 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.

Opinion

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 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

Management commentary

Primary activities

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

Development in activities and finances

Activities

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

Furthermore, the Entity 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 2015 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 of Monsoon Timber K/S for 2015 shows a loss of USD 11,521k.

The income statement of Komplementarselskabet Monsoon Timber ApS for the financial year 2015 shows a loss of USD 7,525, and the Entity's balance sheet at 31 December 2015 shows equity of USD 25,900.

Events after the balance sheet date

No events have occurred after the end of the financial year, which may have a material impact on the assessment of the financial position of the company.

Accounting policies

Reporting class

This annual report of Komplementarselskabet Monsoon Timber 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 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

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

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

Receivables

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

Other investments

Other investments comprise equity investments in Monsoon Timber K/S.

Equity investments in Monsoon Timber K/S are recognised and measured at equity value according to the annual report of the Entity.

In Monsoon Timber K/S the investments are recognised as mentioned below:

Investments in group enterprises are recorded at fair value. The fair value is compiled at the balance sheet date and is based on a third party assessment. 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 values and is in accordance with generally accepted methodologies for pricing equity.

Accounting policies

Third party evaluation is based on projections which contain 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.

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

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.

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	1	<u>(7.351)</u>	<u>(36.963)</u>
Gross profit/loss		(7.351)	(36.963)
Other operating expenses	2	<u>(3.213)</u>	<u>(3.593)</u>
Operating profit/loss		(10.564)	(40.556)
Other financial income		<u>2.966</u>	<u>2.981</u>
Profit/loss from ordinary activities before tax		(7.598)	(37.575)
Tax on profit/loss from ordinary activities		<u>73</u>	<u>167</u>
Profit/loss for the year		<u>(7.525)</u>	<u>(37.408)</u>
Proposed distribution of profit/loss			
Retained earnings		<u>(7.525)</u>	<u>(37.408)</u>
		<u>(7.525)</u>	<u>(37.408)</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 USD</u>	<u>2014 USD</u>
Other investments		0	7.351
Other receivables		<u>21.066</u>	<u>18.066</u>
Fixed asset investments	3	<u>21.066</u>	<u>25.417</u>
Fixed assets		<u>21.066</u>	<u>25.417</u>
Deferred tax assets		<u>73</u>	<u>167</u>
Receivables		<u>73</u>	<u>167</u>
Cash		<u>8.161</u>	<u>11.341</u>
Current assets		<u>8.234</u>	<u>11.508</u>
Assets		<u><u>29.300</u></u>	<u><u>36.925</u></u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 USD</u>	<u>2014 USD</u>
Contributed capital		21.442	21.442
Retained earnings		4.458	11.983
Equity		<u>25.900</u>	<u>33.425</u>
Other payables		3.400	3.500
Current liabilities other than provisions		<u>3.400</u>	<u>3.500</u>
Liabilities other than provisions		<u>3.400</u>	<u>3.500</u>
Equity and liabilities		<u>29.300</u>	<u>36.925</u>
Contingent liabilities	4		
Related parties with control	5		

Statement of changes in equity for 2015

	Contributed capital USD	Retained ear- nings USD	Total USD
Equity beginning of year	21.442	11.983	33.425
Profit/loss for the year	0	(7.525)	(7.525)
Equity end of year	21.442	4.458	25.900

Notes

1. Fair value adjustments of other investment assets

Fair value adjustments of other investment assets comprise value adjustment of the subsidiary, Monsoon Timber K/S.

2. Other operating expenses

Other operating expenses can be specified as follows:

	2015	2014
	USD	USD
Auditor's fee	3.092	(3.446)
Bank charges	121	(147)
	3.213	(3.593)
	Other in-	Other recei-
	vestments	vables
	USD	USD
3. Fixed asset investments		
Cost beginning of year	15.000	18.066
Additions	0	3.000
Cost end of year	15.000	21.066
Revaluations beginning of year	(7.649)	0
Revaluations	(7.351)	0
Revaluations end of year	(15.000)	0
Carrying amount end of year	0	21.066

The Entity owns 0.61% of the paid contribution in Monsoon Timber K/S, Denmark. According to Monsoon Timber K/S' annual report at 31.12.2015, the paid contribution is USD 28,277,612, the total equity USD 15,494,794 and loss for the year is USD 11,520,841. The Entity owns, through Monsoon Timber K/S, a part of the shares in the company Grandis Timber Ltd. in Cambodia.

Notes

4. 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 from the financial year 2015 for income taxes etc for the jointly taxed entities 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.

5. Related parties with control

Related parties with controlling interest:

The following related parties have a controlling interest in Komplementarselskabet Monsoon Timber ApS:

The Capricorn Forest Fund K/S, Nørregade 21, 1165 Copenhagen K, Denmark

Basis of influence: Owner

Transactions between related parties and Komplementarselskabet Monsoon Timber ApS that have not been conducted at arm's length: None.