



## Monsoon Timber K/S

Nørregade 21  
1165 København K  
CVR No. 31850134

## Annual report 2020

The Annual General Meeting adopted the  
annual report on 28.07.2021

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**Lundy Nath**  
Chairman of the General Meeting

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# Entity details

## Entity

Monsoon Timber K/S

Nørregade 21

1165 København K

CVR No.: 31850134

Registered office: København

Financial year: 01.01.2020 - 31.12.2020

## Board of Directors

Lundy Nath, formand

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Monsoon Timber K/S for the financial year 01.01.2020 - 31.12.2020.

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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

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, 28 July 2021

## Board of Directors



**Lundy Nath**  
formand

# Independent auditor's report

## To the shareholders of Monsoon Timber K/S

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Monsoon Timber K/S for the financial year 01.01.2020 - 31.12.2020, 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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 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:

- 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.

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.

**Report on other legal and regulatory requirements and other reporting responsibilities**

**Violation of the provisions of the Danish Financial Statements Act on submission of annual reports**

The Company has submitted the annual report for the period 1 January - 31 December 2020 too late in relation to the provisions of section 138 of the Danish Financial Statements Act, whereby the management may incur liability.

Copenhagen, 28 July 2021

**Deloitte**

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556



**Michael Thorø Larsen**

State Authorised Public Accountant

Identification No (MNE) mne35823

# Management commentary

## Primary activities

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

The company is a subsidiary of Nath Land Development Co., Ltd., which is the ultimate parent company.

## Development in activities and finances

Since the establishment of the company at the end of 2008, the main activity has been investment in plantation establishment in Cambodia via a Cambodian subsidiary Grandis Timber Ltd. The subsidiary, Grandis Timber Ltd., has achieved FSC certification.

The income statement for Monsoon Timber K/S for 2020 shows a loss of USD 973 thousand and the balance sheet as of 31 December 2020 shows equity of USD 1,531 thousand.

## 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 2020

	Notes	2020 USD	2019 USD
Other external expenses		(26,222)	(8,762)
<b>Gross profit/loss</b>		<b>(26,222)</b>	<b>(8,762)</b>
Impairment losses on financial assets		(944,021)	(19,007,483)
Other financial expenses	1	(3,075)	(3,233)
<b>Profit/loss for the year</b>		<b>(973,318)</b>	<b>(19,019,478)</b>
<b>Proposed distribution of profit and loss:</b>			
Retained earnings		(973,318)	(19,019,478)
<b>Proposed distribution of profit and loss</b>		<b>(973,318)</b>	<b>(19,019,478)</b>

# Balance sheet at 31.12.2020

## Assets

	Notes	2020 USD	2019 USD
Investments in group enterprises		2,500,000	2,500,000
<b>Financial assets</b>	2	<b>2,500,000</b>	<b>2,500,000</b>
<b>Fixed assets</b>		<b>2,500,000</b>	<b>2,500,000</b>
<b>Cash</b>		<b>0</b>	<b>15,368</b>
<b>Current assets</b>		<b>0</b>	<b>15,368</b>
<b>Assets</b>		<b>2,500,000</b>	<b>2,515,368</b>

**Equity and liabilities**

	Notes	2020 USD	2019 USD
Contributed capital		37,586,163	37,316,163
Retained earnings		(35,785,113)	(34,811,795)
<b>Equity</b>		<b>1,801,050</b>	<b>2,504,368</b>
Payables to shareholders and management		669,854	0
Other payables		29,096	11,000
<b>Current liabilities other than provisions</b>		<b>698,950</b>	<b>11,000</b>
<b>Liabilities other than provisions</b>		<b>698,950</b>	<b>11,000</b>
<b>Equity and liabilities</b>		<b>2,500,000</b>	<b>2,515,368</b>

Contingent liabilities

3

# Statement of changes in equity for 2020

	<b>Contributed capital USD</b>	<b>Retained earnings USD</b>	<b>Total USD</b>
Equity beginning of year	37,316,163	(34,811,795)	2,504,368
Increase of capital	270,000	0	270,000
Profit/loss for the year	0	(973,318)	(973,318)
<b>Equity end of year</b>	<b>37,586,163</b>	<b>(35,785,113)</b>	<b>1,801,050</b>

# Notes

## 1 Other financial expenses

	2020	2019
	USD	USD
Other interest expenses	38	233
Other financial expenses	3,037	3,000
	<b>3,075</b>	<b>3,233</b>

## 2 Financial assets

	Investments in group enterprises USD
Cost beginning of year	37,169,524
Additions	944,022
<b>Cost end of year</b>	<b>38,113,546</b>
Impairment losses beginning of year	(34,669,525)
Impairment losses for the year	(944,021)
<b>Impairment losses end of year</b>	<b>(35,613,546)</b>
<b>Carrying amount end of year</b>	<b>2,500,000</b>

## 3 Contingent liabilities

The Company has no contingent liabilities.

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

## Changes in accounting policies

The Entity has changed its accounting policies with regard to measurement of investments in group enterprises, so that these are measured at cost less any write-downs and with recognition of dividends received in the income statement. Previously, investments in group enterprises were measured using the equity-method. The change in accounting policy takes place as management considers that it will be more relevant to present the direct return on investment in group enterprises in the form of dividends received. The changes has not affected the result for the year or the balance sheet, and neither have comparative figures been adjusted as the equity-value at 31 December 2019 was equivalent to the cost price.

Apart from the areas mentioned above, the annual report has been presented applying the accounting policies consistent with last year.

## Consolidated financial statements

Referring to section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

## Material uncertainty related to recognition and measurement

Investments in group enterprises are measured at cost less write-downs, equal to the expected recoverable amount. The recoverable amount is based on management's assumptions, and hence, naturally associated with uncertainty, since the subsidiary is located in Cambodia and invests in forestry and plantation, where the future cash flows and earnings are depended on a number of management assumptions. .

## 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 rate 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.

### **Income statement**

#### **Other operating expenses**

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

#### **Impairment losses on financial assets**

Impairment losses on financial assets comprise impairment losses on financial assets which are not measured at fair value on a current basis.

#### **Other financial expenses**

Financial income and expenses consists of remuneration to Komplementarselskabet Monsoon Timber ApS and realised as well as unrealised exchange rate adjustments.

### **Balance sheet**

#### **Investments in group enterprises**

Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

#### **Cash**

Cash comprises cash in bank deposits.

#### **Other financial liabilities**

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