

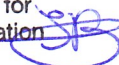
Stichting Administratie- en Trustkantoor Tectona

Amsterdam, the Netherlands

ANNUAL REPORT 2015

 **MTH**
ACCOUNTANTS & ADVISEURS

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identification



Stichting Administratie- en Trustkantoor Tectona

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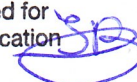
Stichting Administratie- en Trustkantoor Tectona

Balance Sheet as at December 31, 2015
(In Euro, before appropriation of results)

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
Current Assets			
Debtors	1	28,372	46,917
Taxes receivable (VAT)		6,290	--
Other receivables	2	--	--
Cash and cash equivalents	3	111,022	68,900
		<u>145,684</u>	<u>115,817</u>
Current Liabilities			
Taxes payable (VAT)		--	267
Other payables	4	150,771	150,771
Creditors		21,916	--
Accrued expenses	5	43,427	40,399
		<u>216,114</u>	<u>191,437</u>
Working Capital		<u>(70,430)</u>	<u>(75,620)</u>
Total Assets less Current Liabilities		<u>(70,430)</u>	<u>(75,620)</u>
		<u>(70,430)</u>	<u>(75,620)</u>
Capital and Reserves			
Other reserves	6	(75,620)	(106,515)
Result for the year		5,190	30,895
		<u>(70,430)</u>	<u>(75,620)</u>

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Stichting Administratie- en Trustkantoor Tectona

Profit and Loss Account for the financial year ended December 31, 2015 (in Euro)

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
Net turnover		125,494	125,488
Costs of sales		--	--
		<u>125,494</u>	<u>125,488</u>
General and Administrative Expenses	7	<u>120,304</u>	<u>94,593</u>
Operating result		5,190	30,895
Financial income and expense		<u>--</u>	<u>--</u>
Net result for the year		<u><u>5,190</u></u>	<u><u>30,895</u></u>

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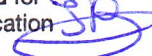
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Cash Flow Statement for 2015 (in Euro)

	<u>2015</u>	<u>2014</u>
Cash flow from operational activities		
Net result	5,190	30,895
	<u>5,190</u>	<u>30,895</u>
<i>Working capital</i>		
Movements in receivables	12,255	25,517
Movements in payables	24,677	(4,595)
	<u>36,932</u>	<u>20,922</u>
	<u>42,122</u>	<u>51,817</u>
Increase (decrease) in cash held	<u>42,122</u>	<u>51,817</u>
Cash and cash equivalents, beginning of year	68,900	17,083
Cash and cash equivalents, end of year	<u>111,022</u>	<u>68,900</u>

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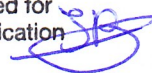
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Statement of Changes in Equity for the financial year ended December 31, 2015

Balance as at January 1, 2015		(75,620)
Results from operations		
Result current year	5,190	
Other movements	--	
	<hr/>	<hr/>
		5,190
Balance as at December 31, 2015		<hr/> <hr/> (70,430)

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Stichting Administratie- en Trustkantoor Tectona

Notes to the Financial Statements as at December 31, 2015

(in Euro)

General

Activities

The activities of the Stichting Administratie- en Trustkantoor Tectona, having its legal seat at Jan van Goyenkade 8, 1075 HP Amsterdam, are primarily to act as trustee for third parties who have acquired a financial interest in teakwood plantations that are planted and managed by Floresteca S.A. The plantations are located in the State of Mato Grosso, Brazil.

SATT holds legal title to the planted teak trees whereas the rights to the revenues of the teak trees have been transferred to third parties. SATT holds title to a total area of 18,741.84 hectares planted with teak trees as per December 31st 2013 (2012: 18,741.84).

Prior to the financial year 2012 the only cash transactions SATT was engaged in where the receiving and distribution of (the net result of) thinnings. All activities were outsourced to GoodWood Investments B.V. which bore all the operating costs. As soon SATT had finished its re-organising (including the financing of its administrative activities), the Board ordered a financial audit.

Continuance of operations

In February 2013 Stichting Amazon Teak Foundation (ATF) informed Stichting Administratie- en Trustkantoor Tectona (SATT) about the intention to transfer the legal rights and accompanying administration to a separate fund, BAUM Management S.a.r.l. (BAUM). The ATF portfolio presents approximately 50% of the total volume in hectares, and approximately 13,500 private investors, under the custody of SATT. Last months Floresteca S.A., Floresteca B.V., ATF, SATT and BAUM have drafted and negotiated heads of agreement regarding the management and restructuring of the participations. Parties have also started informing the private investors. If the private investors agree up on transfer of the legal rights to BAUM it is expected to take place in 2015. SATT will then also discuss with the remaining parties

General accounting principles for the preparation of the financial statements


The financial statements are prepared according to own valuation principles. Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are valued

Income and expenses are accounted for on accrual basis. Profit is only included when realized on the balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

Changes in accounting policies

Accounting policies have remained unchanged.

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Stichting Administratie- en Trustkantoor Tectona

Notes to the Financial Statements as at December 31, 2015

(in Euro)

Translation of foreign currency

Receivables, liabilities and obligations denominated in foreign currency are translated at the exchange rates prevailing at balance sheet date. Transactions in foreign currency during the financial year are recognised in the financial statements at the exchange rates prevailing at transaction date. The exchange differences resulting from the translation as of balance sheet date, taking into account possible hedge transactions, are recorded in the profit and loss account.

Principles of valuation of assets and liabilities

Receivables

Upon initial recognition the receivables are included at fair value and then valued at amortised cost. The fair value and amortized cost equal the face value. Any provision for doubtful accounts deemed necessary is deducted. These provisions are determined by individual assessment of the receivables.

Fellings

The net proceeds of the sold fellings are recorded on cash receipts basis within the financial year.

Cash

The cash is measured at face value. If cash equivalents are not freely disposable, then this has been taken into account upon measurement.

Principles for the determination of the result

Net turnover

Net turnover represents amounts invoiced for services rendered during the financial year reported on, net of discounts and value added taxes.

Revenues from services are recognized in proportion to the services rendered, based on the cost incurred in respect of the services performed up to balance sheet date, in proportion to the estimated costs of the aggregate services to be performed. The cost price of these services is allocated to the same period.

Taxation

The foundation takes the position that it's activities are not taxable with corporate income tax.

Stichting Administratie- en Trustkantoor Tectona

Notes to the Financial Statements as at December 31, 2015

(in Euro)

Extraordinary income and expense

Extraordinary income and expense arise from events or transactions that are clearly distinguishable from the ordinary operating activities and have a highly incidental character and are therefore not expected to recur frequently or regularly.

Principles for preparation of the cash flow statement

The cash flow statement is prepared according to the indirect method. The funds in the cash flow statement consist of cash and cash equivalents. Cash equivalents can be considered as highly liquid investments. Cash flows in foreign currencies are translated at an estimated average rate. Exchange rate differences concerning finances are shown separately in the cash flow statement.

Corporate income taxes, issuance of share capital, interest received and dividends received are presented under the cash flow from operating activities. Interest paid and dividends paid are presented under the cash flow from financing activities.

The cost of group companies acquired is presented under the cash flow from investment activities, as far as payment has been made with cash and cash equivalents. The cash and cash equivalents of the group companies acquired are deducted from the purchase cost.

Transactions that do not result in exchange of cash and cash equivalents, such as financial lease, are not presented in the cash flow statement. The payment of lease terms on account of the financial lease contract is considered as an expenditure of financing activities as far as it concerns redemptions and as an expenditure of operational activities as far as it concerns interest.

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Stichting Administratie- en Trustkantoor Tectona

Notes to the Financial Statements as at December 31, 2015

(in Euro)

CURRENT ASSETS

(1) Debtors

This amount can be specified as follows:

	<u>2015</u>	<u>2014</u>
Debtors	114,383	132,928
Provision for bad debts Stichting Amazon Teak Foundation	(86,011)	(86,011)
	<u>28,372</u>	<u>46,917</u>

(2) Other receivables

	<u>2015</u>	<u>2014</u>
Current account Stichting Amazon Teak Foundation	7,004	7,004
Provision for bad debts Stichting Amazon Teak Foundation	(7,004)	(7,004)
Floresteca S.A.	37,333	37,333
Provision for bad debts Floresteca S.A.	(37,333)	(37,333)
	<u>--</u>	<u>--</u>

(3) Cash and cash equivalents

	<u>Currency</u>	<u>2015</u>	<u>2014</u>
ABN AMRO Bank, c/a	EUR	111,022	68,900
		<u>111,022</u>	<u>68,900</u>

The funds in cash and cash equivalents are freely available to the Company.

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Stichting Administratie- en Trustkantoor Tectona

Notes to the Financial Statements as at December 31, 2015

(in Euro)

CURRENT LIABILITIES

(4) Other payables

This amount can be specified as follows:

	<u>2015</u>	<u>2014</u>
Thinnings payable	141,659	141,659
Current account GoodWood Investments B.V.	9,112	9,112
	<u>150,771</u>	<u>150,771</u>

At balance sheet date, "Thinnings payable" relates to the net results payable to investors excluding Floresteca B.V.

(5) Accrued expenses

This amount can be specified as follows:

	<u>2015</u>	<u>2014</u>
Fee AFM	23,840	17,300
Management and administrative fees	12,087	13,099
Audit fees	7,500	10,000
	<u>43,427</u>	<u>40,399</u>

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Stichting Administratie- en Trustkantoor Tectona

Notes to the Financial Statements as at December 31, 2015

(in Euro)

6. CAPITAL AND RESERVES

	<u>2015</u>	<u>2014</u>
Balance January 1 ,	(75,620)	(106,515)
Result for the year	5,190	30,895
Balance December 31 ,	<u>(70,430)</u>	<u>(75,620)</u>

7. GENERAL AND ADMINISTRATIVE EXPENSES

This amount can be specified as follows:

	<u>2015</u>	<u>2014</u>
Management and administrative fees	66,779	74,240
Legal fees	25,480	3,000
Audit fee	10,000	10,971
Travel expenses	9,456	--
Fee AFM	6,540	5,800
Other office expenses	1,857	383
Bank charges and interest	192	187
Provision for doubtful debtors	--	--
Chamber of Commerce	--	12
	<u>120,304</u>	<u>94,593</u>

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Stichting Administratie- en Trustkantoor Tectona

Notes to the Financial Statements as at December 31, 2015
(in Euro)

NUMBER OF EMPLOYEES AND EMPLOYMENT COSTS

Neither during the year under review nor in the previous year did the Company have any employees other than its directors. Hence, it did not pay any wages and related social security contributions.

DIRECTORS

During the year under review, the Company had two directors, who received a total remuneration of EUR 22,500 (2014: EUR 30,900).

The Board of Directors,



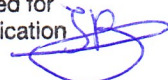
Mr. R.A. Feitsma



Mr. A.A. van Rossem

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Other information

Profit/loss appropriation according to the Articles of Association

According to article 1 of the Articles of Association the Foundation is a Non-Profit organization.

Proposed appropriation of profit

The Board of Directors proposes to transfer the net profit for the year, amounting to EUR 5,190 to the reserve.

Audit

Reference is made to the auditor's report as included hereafter.

Post Balance Sheet events

No matters or circumstances of importance have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Company, the results of those operations or the affairs of the Company.

INDEPENDENT AUDITOR'S REPORT

To: The shareholders of Stichting Administratie- en Trustkantoor Tectona

A. Report on the audit of the financial statements 2015 included in the annual report

Our opinion

We have audited the financial statements 2015 of Stichting Administratie- en Trustkantoor Tectona, based in Bussum.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Stichting Administratie- en Trustkantoor Tectona as at 31 December 2015, and of its result for 2015 in accordance with the accounting policies and other explanatory information as mentioned in the notes.

The financial statements comprise:

1. the company balance sheet as at 31 December 2015;
2. the company profit and loss account for 2015; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Stichting Administratie- en Trustkantoor Tectona in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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



B. Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The management board's report;
- Other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

C. Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting policies and other explanatory information as mentioned in the notes. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.



Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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;
- Obtaining 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 company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company'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 a company to cease to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

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 findings in internal control that we identify during our audit.

Bussum, 27 July 2017

MTH accountants & adviseurs B.V.

drs. M. Thoben RA