

Stichting Administratie- en Trustkantoor Tectona

Bussum, The Netherlands

ANNUAL REPORT 2019

Stichting Administratie- en Trustkantoor Tectona

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Stichting Administratie- en Trustkantoor Tectona

Balance Sheet as at December 31, 2019 (In Euro, before appropriation of results)

	<u>Notes</u>	<u>2019</u>	<u>2018</u>
Current Assets			
Debtors	1	32.095	2.087
Other receivables	2	164.062	196.669
Cash and cash equivalents	3	141.942	68.455
		<u>338.099</u>	<u>267.211</u>
Current Liabilities			
Other payables	4	444.415	265.099
Accrued expenses	5	50.320	37.010
		<u>494.735</u>	<u>302.109</u>
Working Capital		<u>(156.636)</u>	<u>(34.898)</u>
Total Assets less Current Liabilities		<u>(156.636)</u>	<u>(34.898)</u>
		<u>(156.636)</u>	<u>(34.898)</u>
Capital and Reserves			
Other reserves	6	(34.898)	(140.778)
Result for the year		(121.738)	105.880
		<u>(156.636)</u>	<u>(34.898)</u>

Stichting Administratie- en Trustkantoor Tectona

Profit and Loss Account for the financial year ended December 31, 2019 (in Euro)

	<u>Notes</u>	<u>2019</u>	<u>2018</u>
Net turnover		72.461	391.825
Costs of thinning		(65.032)	(63.128)
		<u>7.429</u>	<u>328.697</u>
General and Administrative Expenses	7	<u>129.167</u>	<u>222.817</u>
Operating result		(121.738)	105.880
Financial income and expense		<u>--</u>	<u>--</u>
Net result for the year		<u><u>(121.738)</u></u>	<u><u>105.880</u></u>

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Cash Flow Statement for 2019 (in Euro)

	2019	2018
Cash flow from operational activities		
Net result	(121.738)	105.880
	(121.738)	105.880
<i>Working capital</i>		
Movements in receivables	2.599	53.691
Movements in payables	192.626	(173.644)
	195.225	(119.953)
	73.487	(14.073)
Cash flow from finance activities		
Interest paid after corporate income tax	--	--
	--	--
 Increase (decrease) in cash held	 73.487	 (14.073)
Cash and cash equivalents, beginning of year	68.455	82.528
Cash and cash equivalents, end of year	141.942	68.455

Stichting Administratie- en Trustkantoor Tectona

Statement of Changes in Equity for the financial year ended December 31, 2019

Balance as at January 1, 2019		(34.898)
Results from operations		
Result current year	(121.738)	
Other movements	<u> --</u>	
		<u>(121.738)</u>
Balance as at December 31, 2019		<u><u>(156.636)</u></u>

Stichting Administratie- en Trustkantoor Tectona

Notes to the Financial Statements as at December 31, 2019

(in Euro)

General

Activities

The activities of the Stichting Administratie- en Trustkantoor Tectona (SATT), having its legal seat at Bussummergrindweg 1-H, 1406 NZ Bussum, 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 16,801.77 hectares planted with teak trees as per December 31st 2019 (2018: 16,801,77).

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 2017 the administrator Stichting Amazon Teak Foundation (ATF) went bankrupt. SATT has taken over certain tasks from ATF ever since.

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 according to the cost model.

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.

Stichting Administratie- en Trustkantoor Tectona

Notes to the Financial Statements as at December 31, 2019

(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 its activities are not taxable with corporate income tax.

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Notes to the Financial Statements as at December 31, 2019 (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.

Stichting Administratie- en Trustkantoor Tectona

Notes to the Financial Statements as at December 31, 2019 (in Euro)

CURRENT ASSETS

(1) Debtors

This amount can be specified as follows:

	<u>2019</u>	<u>2018</u>
Debtors	32.095	2.087
Provision for bad debts Stichting Amazon Teak Foundation	--	--
	<u>32.095</u>	<u>2.087</u>

(2) Other receivables

	<u>2019</u>	<u>2018</u>
Taxes receivable (VAT)	1.550	11.337
Rental deposit	2.300	2.300
Other receivables	160.212	183.032
	<u>164.062</u>	<u>196.669</u>

(3) Cash and cash equivalents

	<u>Currency</u>	<u>2019</u>	<u>2018</u>
ABN AMRO Bank, c/a	EUR	141.942	68.455
		<u>141.942</u>	<u>68.455</u>

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

Stichting Administratie- en Trustkantoor Tectona

Notes to the Financial Statements as at December 31, 2019 (in Euro)

CURRENT LIABILITIES

(4) Other payables

This amount can be specified as follows:

	<u>2019</u>	<u>2018</u>
Thinnings payable	187.931	11.861
Creditors	3.246	--
Floresteca/LATC	253.238	253.238
	<u>444.415</u>	<u>265.099</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>2019</u>	<u>2018</u>
Fee AFM	6.320	6.010
Management and administrative fees	5.000	5.000
Audit fees	39.000	26.000
	<u>50.320</u>	<u>37.010</u>

Stichting Administratie- en Trustkantoor Tectona

Notes to the Financial Statements as at December 31, 2019
(in Euro)

6. CAPITAL AND RESERVES

	<u>2019</u>	<u>2018</u>
Balance January 1 ,	(34.898)	(140.778)
Result for the year	(121.738)	105.880
Balance December 31 ,	<u>(156.636)</u>	<u>(34.898)</u>

7. GENERAL AND ADMINISTRATIVE EXPENSES

This amount can be specified as follows:

	<u>2019</u>	<u>2018</u>
Management and administrative fees	90.982	95.000
Audit fee	18.000	13.000
Fee AFM	6.745	6.110
Legal fees	663	87.340
Provision for doubtful debtors	--	--
Other office expenses	12.409	21.035
Bank charges and interest	368	332
	<u>129.167</u>	<u>222.817</u>

Stichting Administratie- en Trustkantoor Tectona

Notes to the Financial Statements as at December 31, 2019
(in Euro)

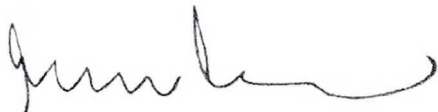
NUMBER OF EMPLOYEES AND EMPLOYMENT COSTS

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.

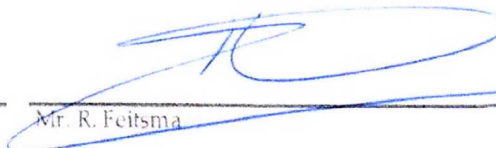
DIRECTORS

During the year under review, the Company had three directors, who received a total remuneration of EUR 90,000 (2018: EUR 90,000).

The Board of Directors.



Mr. A.A. van Rossem



Mr. R. Feitsma



Mr. P. Cox

Stichting Administratie- en Trustkantoor Tectona

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 add the result for the year to the reserve.

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.