



# TIMBERLAND SECURITIES INVESTMENT PLC

Annual Report and Financial Statements  
31 December 2017

## **DIRECTORS' REPORT**

The directors present their report and the audited financial statements of Timberland Securities Investment plc (the "Company") for the year ended 31 December 2017.

### **Principal activities**

The Company's principal activities, comprises acting as arranger in respect of the issuance of limited recourse notes by related parties.

### **Financial performance**

During the financial year under review, the Company registered a profit after tax amounting to €932,086. The profit increased significantly after a loss of €99,090 in the prior year (31/12/2016), and this is mainly due to an increase in the commission income generated by the Company during the year. The directors expect that the present level of activity will be enhanced for the foreseeable future and that operating results will improve gradually.

The statement of profit or loss and other comprehensive income is set out on page 12. The directors do not recommend the payment of a dividend.

Shareholder's equity at reporting date amounted to a surplus of €885,685 (2016: deficit of €46,401).

### **Financial position**

The statement of financial position during the year has been strengthened due to the positive results recorded during the year. As at the year end, the Company's statement of financial position shows net assets of €885,685 (2016: negative €46,401) and net current assets of €502,861 (2016: €68,864). The directors expect that the financial position will continue to improve in the coming years.

### **Future developments**

The directors do not expect any significant changes in the company's activities in the foreseeable future. The Company intends to continue to issue new Bonds and Notes and will also continue to fund initiatives driven by related parties with the related proceeds.

The directors expect that the present level of activity will be enhanced for the foreseeable future and that operating results will improve gradually.

### **Financial risk management**

The principal risks and uncertainties relate to the financial instruments issued by the Company. For principal risks and uncertainties and mitigating factors refer to Note 2.

### **Events after the reporting period**

There were no events after year end which would require adjustments or disclosures in the financial statements of the Company. During 2018, the company has increased its investment in associated companies as disclosed in note 20.

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## **DIRECTORS' REPORT - CONTINUED**

### **Statement of regulatory breaches**

We report that there were no breaches of any regulatory requirements during the reporting period or that were subject to an administrative penalty or other regulatory sanction.

### **Directors**

The directors of the company who held office during the year were:

Mr. Thomas Kramer  
Mr. Anthony J. Paris  
Mr. Dirk Koster

The company's Articles of Association do not require any directors to retire.

### **Statement of directors' responsibilities for the financial statements**

The directors are required by the Maltese Companies Act, 1995 (Cap. 386) to prepare financial statements which give a true and fair view of the state of affairs of the company as at the end of each reporting period and of the profit or loss for that period.

In preparing the financial statements, the directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the company will continue in business as a going concern.

The directors are also responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the company and which enable the directors to ensure that the financial statements comply with the Maltese Companies Act (Cap. 386). This responsibility includes designing, implementing and maintaining such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **DIRECTORS' REPORT - CONTINUED**

### **Auditors**

Ernst & Young Malta have not renewed their appointment as the Company's auditors and PwC Malta have been appointed in their stead. PwC Malta have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the forthcoming annual general meeting.

Approved by the board of directors and signed on its behalf on 6 September 2018.

**Thomas Kraemer**

Director

**Dirk Koester**

Director

### **Registered Office**

171, Old Bakery Street

Valletta VLT 1455

Malta

## STATEMENT OF FINANCIAL POSITION

		As at 31 December	
	Notes	2017 €	2016 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	19,195	504
Investments	5	5,000	
Trade and other receivables	6	<u>2,579,777</u>	
Total non-current assets		<u>2,603,972</u>	504
<b>Current assets</b>			
Trade and other receivables	6	1,351,344	586,276
Cash and cash equivalents	7	28,001	22,293
Total current assets		1,379,345	608,569
<b>Total assets</b>		<u>3,983,317</u>	<u>609,073</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	8	50,000	50,000
Retained earnings / accumulated losses		835,685	(96,401)
<b>Total equity</b>		<b>885,685</b>	<b>(46,401)</b>
<b>Non-current liabilities</b>			
Notes and bonds issued	9	<u>2,221,148</u>	115 769
Total non-current liabilities		<u>2,221,148</u>	115 769
<b>Current liabilities</b>			
Trade and other payables	10	428,141	536,746
Corporation tax payable		448,343	2,959
Total current liabilities		876,484	539,705
<b>Total liabilities</b>		<b>3,097,632</b>	<b>655,474</b>
<b>Total equity and liabilities</b>		<b>3,983,317</b>	<b>609,073</b>

Thomas Kraemer  
Director

Dirk Koester  
Director

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December	
		2017	2016
		€	€
Revenue	11	2,239,000	10,000
Administrative and selling expenses	12	(780,208)	(93,884)
<b>Operating profit</b>		<b>1,458,792</b>	<b>(83,884)</b>
Finance income	14	92,989	-
Finance cost	15	(171,352)	(15,206)
<b>Profit / (Loss) before tax</b>		<b>1,380,429</b>	<b>(99,090)</b>
Tax expense	16	(448,343)	-
<b>Profit / (Loss) for the year</b>		<b>932,086</b>	<b>(99,090)</b>

## STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings	Total
	€	€	€
Balance at 1 January 2016	50,000	2,689	52,689
<b>Comprehensive income</b>			
Loss for the year	-	(99,090)	(99,090)
Balance at 31 December 2016	50,000	(96,401)	(46,401)
<b>Comprehensive income</b>			
Profit for the year		932,086	932,086
<b>Balance at 31 December 2017</b>	<b>50,000</b>	<b>835,685</b>	<b>885,685</b>

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## STATEMENT OF CASH FLOWS

	Year ended 31 December	
	2017	2016
	€	€
<b>Cash flows from operating activities</b>		
<b>Operating profit / (loss)</b>	<b>1,458,792</b>	<b>(99,090)</b>
Adjustments for:		
Exchange adjustments	<b>3,226</b>	-
Depreciation of property, plant and equipment	<b>4,017</b>	252
Interest expense	-	15,206
<b>Changes in working capital:</b>		
Trade and other receivables	<b>(3,348,071)</b>	(555,363)
Trade and other payables	<b>(108,605)</b>	429,015
Deferred Asset	-	(713,077)
<b>Cash used in operating activities</b>	<b>(1,990,641)</b>	<b>(923,057)</b>
Interest received	<b>92,989</b>	-
Interest paid	<b>(86,973)</b>	(1,472)
Income tax paid	<b>(2,959)</b>	-
<b>Net cash used in operating activities</b>	<b>(1,987,584)</b>	<b>(924,529)</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	<b>(22,708)</b>	-
Investment in subsidiary	<b>(5,000)</b>	-
<b>Net cash used in investing activities</b>	<b>(27,708)</b>	-
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	<b>2,021,000</b>	866,278
Proceeds from issuance of ordinary shares	-	40,000
<b>Net cash generated from financing activities</b>	<b>2,021,000</b>	<b>906,278</b>
<b>Net movement in cash and cash equivalents</b>	<b>5,708</b>	<b>(18,251)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>22,293</b>	<b>40,544</b>
<b>Cash and cash equivalents at end of year</b>	<b>28,001</b>	<b>22,293</b>