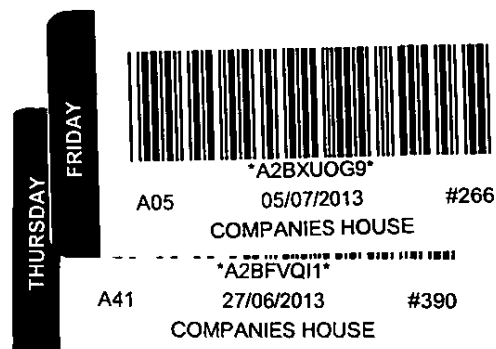


**REPORT OF THE DIRECTORS AND  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD 1 JANUARY 2012 TO 30 SEPTEMBER 2012  
FOR  
ETHICAL FORESTRY LIMITED**



## **ETHICAL FORESTRY LIMITED**

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**ETHICAL FORESTRY LIMITED**

**COMPANY INFORMATION  
FOR THE PERIOD 1 JANUARY 2012 TO 30 SEPTEMBER 2012**

**DIRECTORS:**

P A Laver  
M Pickard  
S Greenaway

**SECRETARY:**

Mrs M Pickard

**REGISTERED OFFICE:**

Ocean  
80 Holdenhurst Road  
Bournemouth  
Dorset  
BH8 8AQ

**REGISTERED NUMBER:**

06455149 (England and Wales)

**AUDITORS:**

Chorus Audit Limited  
3 Branksome Park House  
Branksome Business Park  
Poole  
Dorset  
BH12 1ED

## **ETHICAL FORESTRY LIMITED**

### **CHAIRMAN'S REPORT FOR THE PERIOD 1 JANUARY 2012 TO 30 SEPTEMBER 2012**

I reported on the 2011 financial statements that the company had experienced an exceptional year. I am pleased to say that 2012 continued the success of the team at Ethical and we have been able to increase activity, investment and profits across all aspects of the business.

We have devoted considerable resources in developing the internal processes, procedures and introducing management structures that reflect the future needs of the business and are currently continuing this with further plans to strengthen the international management of the overseas business.

The company shortened its accounting period to nine months ending 30 September 2012 in order that the groups' accounting periods are consistent and will prepare accounts annually to this date. The change was necessitated by the Costa Rican subsidiaries' statutory reporting date.

The directors strengthened the company's capital base with issues during the accounting period and shortly afterwards of £28,800,000 partly paid shares. The additional paid up capital increased by £4,644,200 during and after the accounting period. The commitment demonstrated by the directors in subscribing for these shares is a clear indication of their confidence in the future of the business and the continued growth foreseen by them.

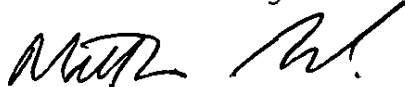
The company continued the trend from 2011 of acquiring further plantation lands in Costa Rica. During the nine months the amount invested in plantations has grown from £841,402 to £1,980,513, and acquired further fixed assets during the period of £611,392. Since 30 September 2012 Ethical has purchased a further six plantations providing additional growth for the following year. I am also pleased to confirm investors have since 30 September 2012 received their second interim harvest return in line with expectations.

The company is currently looking at new projects, both in terms of international markets for its existing products outside the UK and developing new biofuel and renewable energy backed products.

The company continues with its social and environmental policies and has become a major employer in the local overseas areas. The company has become highly regarded as an employer of choice in those localities and is successfully attracting the best personnel to work for it. Overseas management continues to devote resources to the local communities and has begun to strengthen relationships with local and national government.

The directors are thankful for the efforts made by its employees in both the UK and overseas. Their combined efforts have supported the growth and success of the company and the teams continue to contribute as we move forward expanding and developing the operations of the company.

Once again I can only congratulate everyone at Ethical Forestry for a highly successful period and look forward to continued success during 2013 and onwards.



M Pickard  
Chairman

## **ETHICAL FORESTRY LIMITED**

### **REPORT OF THE DIRECTORS FOR THE PERIOD 1 JANUARY 2012 TO 30 SEPTEMBER 2012**

The directors present their report with the financial statements of the company and the group for the period 1 January 2012 to 30 September 2012

#### **PRINCIPAL ACTIVITY**

The principal activity of the group in the period under review was that of the sale and management of forestry in Costa Rica.

#### **REVIEW OF BUSINESS**

The company's turnover has increased by 222% to £15,497,918 producing operating profit for 2012 of £1,118,649 compared with £1,094,041 for the previous year. The company has invested significantly in its UK resources, increasing fixed assets from £490,655 to £517,626 and has provided finance for substantial development by its overseas subsidiaries. Overall the company has a strong financial base with net assets increasing from £824,843 to £1,787,969 during the year.

#### **DIVIDENDS**

No dividends will be distributed for the period ended 30 September 2012.

#### **EVENTS SINCE THE END OF THE PERIOD**

Information relating to events since the end of the period is given in the notes to the financial statements.

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2012 to the date of this report.

P A Laver  
M Pickard  
S Greenaway

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

**ETHICAL FORESTRY LIMITED**

**REPORT OF THE DIRECTORS  
FOR THE PERIOD 1 JANUARY 2012 TO 30 SEPTEMBER 2012**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued**

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

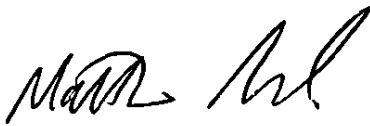
**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**AUDITORS**

The auditors, Chorus Audit Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

A handwritten signature in black ink, appearing to read 'M Pickard', written over a horizontal line.

M Pickard - Director

27 June 2013

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ETHICAL FORESTRY LIMITED**

We have audited the financial statements of Ethical Forestry Limited for the period ended 30 September 2012 on pages seven to twenty five. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on pages three and four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Chairman's Report and the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2012 and of the group's profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

### **Opinion on other matter prescribed by the Companies Act 2006**

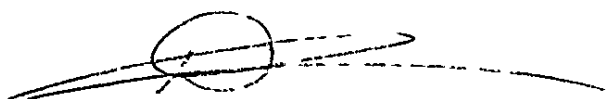
In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
ETHICAL FORESTRY LIMITED**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



D J Strike (Senior Statutory Auditor)  
for and on behalf of Chorus Audit Limited  
3 Branksome Park House  
Branksome Business Park  
Poole  
Dorset  
BH12 1ED

27 June 2013



# ETHICAL FORESTRY LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD 1 JANUARY 2012 TO 30 SEPTEMBER 2012

	Notes	Period 1.1.12 to 30.9.12 £	Year Ended 31 12 11 £
<b>TURNOVER</b>		<b>15,649,326</b>	<b>4,954,757</b>
Cost of sales		<b>(7,662,744)</b>	<b>(1,904,566)</b>
<b>GROSS PROFIT</b>		<b>7,986,582</b>	<b>3,050,191</b>
Administrative expenses		<b>(6,766,082)</b>	<b>(1,817,457)</b>
		<b>1,220,500</b>	<b>1,232,734</b>
Other operating income		<b>500</b>	<b>-</b>
<b>OPERATING PROFIT</b>	3	<b>1,221,000</b>	<b>1,232,734</b>
Interest receivable and similar income		<b>-</b>	<b>5</b>
		<b>1,221,000</b>	<b>1,232,739</b>
Interest payable and similar charges	4	<b>(445)</b>	<b>-</b>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>1,220,555</b>	<b>1,232,739</b>
Tax on profit on ordinary activities	5	<b>(299,523)</b>	<b>(275,296)</b>
<b>PROFIT FOR THE FINANCIAL PERIOD FOR THE GROUP</b>		<b>921,032</b>	<b>957,443</b>

### CONTINUING OPERATIONS

None of the group's activities were acquired or discontinued during the current period or previous year

### TOTAL RECOGNISED GAINS AND LOSSES

The group has no recognised gains or losses other than the profits for the current period or previous year.

The notes form part of these financial statements

**ETHICAL FORESTRY LIMITED (REGISTERED NUMBER: 06455149)**

**CONSOLIDATED BALANCE SHEET  
30 SEPTEMBER 2012**

	Notes	2012 £	2011 £
<b>FIXED ASSETS</b>			
Tangible assets	7	<b>4,038,474</b>	1,648,833
Investments	8	<b>10</b>	10
		<u><b>4,038,484</b></u>	<u>1,648,843</u>
<b>CURRENT ASSETS</b>			
Debtors	9	<b>1,279,635</b>	1,466,931
Cash at bank and in hand		<b>1,336,897</b>	249,747
		<u><b>2,616,532</b></u>	<u>1,716,678</u>
<b>CREDITORS</b>			
Amounts falling due within one year	10	<b>(4,626,448)</b>	(2,401,985)
<b>NET CURRENT LIABILITIES</b>		<u><b>(2,009,916)</b></u>	<u>(685,307)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><b>2,028,568</b></u>	<u>963,536</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	<b>144,200</b>	200
Profit and loss account	14	<b>1,884,368</b>	963,336
<b>SHAREHOLDERS' FUNDS</b>	19	<u><b>2,028,568</b></u>	<u>963,536</u>

The financial statements were approved by the Board of Directors on 27 June 2013 and were signed on its behalf by:



M Pickard - Director

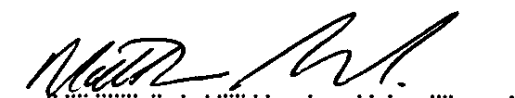
The notes form part of these financial statements

**ETHICAL FORESTRY LIMITED (REGISTERED NUMBER: 06455149)**

**COMPANY BALANCE SHEET  
30 SEPTEMBER 2012**

	Notes	2012 £	2011 £
<b>FIXED ASSETS</b>			
Tangible assets	7	517,626	490,655
Investments	8	10	10
		<u>517,636</u>	<u>490,665</u>
<b>CURRENT ASSETS</b>			
Debtors	9	4,676,716	2,098,443
Cash at bank and in hand		821,687	107,023
		<u>5,498,403</u>	<u>2,205,466</u>
<b>CREDITORS</b>			
Amounts falling due within one year	10	(4,228,070)	(1,871,288)
<b>NET CURRENT ASSETS</b>		<u>1,270,333</u>	<u>334,178</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,787,969</u>	<u>824,843</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	144,200	200
Profit and loss account	14	1,643,769	824,643
<b>SHAREHOLDERS' FUNDS</b>	19	<u>1,787,969</u>	<u>824,843</u>

The financial statements were approved by the Board of Directors on 27<sup>th</sup> June 13 ..and were signed on its behalf by



M Pickard - Director

The notes form part of these financial statements

**ETHICAL FORESTRY LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE PERIOD 1 JANUARY 2012 TO 30 SEPTEMBER 2012**

	Notes	Period 1.1.12 to 30.9.12 £	Year Ended 31.12 11 £
<b>Net cash inflow from operating activities</b>	1	<b>1,552,036</b>	<b>2,242,551</b>
<b>Returns on investments and servicing of finance</b>	2	<b>(445)</b>	<b>5</b>
<b>Taxation</b>		<b>(275,295)</b>	<b>(170,663)</b>
<b>Capital expenditure and financial investment</b>	2	<b>(2,591,927)</b>	<b>(1,700,707)</b>
		<b>(1,315,631)</b>	<b>371,186</b>
<b>Financing</b>	2	<b>2,402,781</b>	<b>(844,358)</b>
<b>Increase/(decrease) in cash in the period</b>		<b>1,087,150</b>	<b>(473,172)</b>
<b>Reconciliation of net cash flow to movement in net funds</b>	3		
Increase/(decrease) in cash in the period		<b>1,087,150</b>	<b>(473,172)</b>
Change in net funds resulting from cash flows		<b>1,087,150</b>	<b>(473,172)</b>
<b>Movement in net funds in the period</b>		<b>1,087,150</b>	<b>(473,172)</b>
<b>Net funds at 1 January</b>		<b>249,747</b>	<b>722,919</b>
<b>Net funds at 30 September</b>		<b>1,336,897</b>	<b>249,747</b>

The notes form part of these financial statements

# ETHICAL FORESTRY LIMITED

## NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD 1 JANUARY 2012 TO 30 SEPTEMBER 2012

### 1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Period 1.1.12 to 30.9.12 £	Year Ended 31.12.11 £
Operating profit	1,221,000	1,232,734
Depreciation charges	202,286	138,700
Increase in debtors	(657,162)	(606,884)
Increase in creditors	785,912	1,478,001
<b>Net cash inflow from operating activities</b>	<b>1,552,036</b>	<b>2,242,551</b>

### 2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	Period 1.1.12 to 30.9.12 £	Year Ended 31.12.11 £
<b>Returns on investments and servicing of finance</b>		
Interest received	-	5
Interest paid	(445)	-
<b>Net cash (outflow)/inflow for returns on investments and servicing of finance</b>	<b>(445)</b>	<b>5</b>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(2,591,927)	(1,700,697)
Purchase of fixed asset investments	-	(10)
<b>Net cash outflow for capital expenditure and financial investment</b>	<b>(2,591,927)</b>	<b>(1,700,707)</b>
<b>Financing</b>		
Amount introduced by directors	2,258,781	-
Amount withdrawn by directors	-	(844,458)
Share issue	144,000	100
<b>Net cash inflow/(outflow) from financing</b>	<b>2,402,781</b>	<b>(844,358)</b>

The notes form part of these financial statements

**ETHICAL FORESTRY LIMITED**

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE PERIOD 1 JANUARY 2012 TO 30 SEPTEMBER 2012**

**3 ANALYSIS OF CHANGES IN NET FUNDS**

	<b>At 1.1.12 £</b>	<b>Cash flow £</b>	<b>At 30.9.12 £</b>
Net cash:			
Cash at bank and in hand	<b>249,747</b>	<b>1,087,150</b>	<b>1,336,897</b>
	<b>249,747</b>	<b>1,087,150</b>	<b>1,336,897</b>
 Total	<b>249,747</b>	<b>1,087,150</b>	<b>1,336,897</b>

The notes form part of these financial statements

## ETHICAL FORESTRY LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY 2012 TO 30 SEPTEMBER 2012

#### 1 ACCOUNTING POLICIES

##### **Accounting convention**

The financial statements have been prepared under the historical cost convention

##### **Turnover**

Turnover represents net invoiced sales of goods, excluding value added tax.

##### **Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Short leasehold	- land is not depreciated and leasehold written off over term of lease
Fixtures and fittings	- 33% on cost
Motor vehicles	- 33% on cost
Computer equipment	- 33% on cost

##### **Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

##### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

##### **Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease

##### **Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

# ETHICAL FORESTRY LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE PERIOD 1 JANUARY 2012 TO 30 SEPTEMBER 2012

### 2. STAFF COSTS

	Period 1.1.12 to 30.9.12 £	Year Ended 31.12.11 £
Wages and salaries	9,897,427	2,044,938
Social security costs	269,132	39,528
	<u>10,166,559</u>	<u>2,084,466</u>

The average monthly number of employees during the period was as follows

	Period 1.1.12 to 30.9.12	Year Ended 31.12.11
UK	49	24
Costa Rica	150	75
	<u>199</u>	<u>99</u>

### 3. OPERATING PROFIT

The operating profit is stated after charging

	Period 1.1.12 to 30.9.12 £	Year Ended 31.12.11 £
Other operating leases	81	-
Depreciation - owned assets	202,287	138,700
Foreign exchange differences	25	-
	<u>202,393</u>	<u>138,700</u>
Directors' remuneration	<u>5,222,644</u>	<u>826,916</u>



# ETHICAL FORESTRY LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE PERIOD 1 JANUARY 2012 TO 30 SEPTEMBER 2012

### 3. OPERATING PROFIT - continued

Information regarding the highest paid director is as follows:

	Period 1.1.12 to 30.9.12 £	Year Ended 31.12.11 £
Emoluments etc	<u>2,847,548</u>	<u>408,972</u>

### 4. INTEREST PAYABLE AND SIMILAR CHARGES

	Period 1.1.12 to 30.9.12 £	Year Ended 31 12 11 £
Bank interest	26	-
Interest on late tax	419	-
	<u>445</u>	<u>-</u>

### 5. TAXATION

#### Analysis of the tax charge

The tax charge on the profit on ordinary activities for the period was as follows

	Period 1.1.12 to 30.9.12 £	Year Ended 31 12 11 £
Current tax.		
UK corporation tax	<u>299,523</u>	<u>275,296</u>
Tax on profit on ordinary activities	<u>299,523</u>	<u>275,296</u>

### 6. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £819,126 (2011 - £818,750)

**ETHICAL FORESTRY LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 JANUARY 2012 TO 30 SEPTEMBER 2012**

**7. TANGIBLE FIXED ASSETS**

**Group**

	<b>Freehold property £</b>	<b>Short leasehold £</b>	<b>Plant and machinery £</b>
<b>COST</b>			
At 1 January 2012	<b>841,402</b>	<b>6,264</b>	<b>372,351</b>
Additions	<b>1,980,513</b>	<b>43,763</b>	<b>250,521</b>
Exchange differences	-	-	<b>23</b>
At 30 September 2012	<b>2,821,915</b>	<b>50,027</b>	<b>622,895</b>
<b>DEPRECIATION</b>			
At 1 January 2012	-	<b>626</b>	-
Charge for period	-	<b>32,191</b>	-
At 30 September 2012	-	<b>32,817</b>	-
<b>NET BOOK VALUE</b>			
At 30 September 2012	<b>2,821,915</b>	<b>17,210</b>	<b>622,895</b>
At 31 December 2011	<b>841,402</b>	<b>5,638</b>	<b>372,351</b>

# ETHICAL FORESTRY LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE PERIOD 1 JANUARY 2012 TO 30 SEPTEMBER 2012

### 7. TANGIBLE FIXED ASSETS - continued

#### Group

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>				
At 1 January 2012	133,772	52,767	403,923	1,810,479
Additions	177,388	36,771	102,949	2,591,905
Exchange differences	-	-	-	23
At 30 September 2012	311,160	89,538	506,872	4,402,407
<b>DEPRECIATION</b>				
At 1 January 2012	42,451	3,375	115,194	161,646
Charge for period	51,999	2,250	115,847	202,287
At 30 September 2012	94,450	5,625	231,041	363,933
<b>NET BOOK VALUE</b>				
At 30 September 2012	216,710	83,913	275,831	4,038,474
At 31 December 2011	91,321	49,392	288,729	1,648,833

# ETHICAL FORESTRY LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE PERIOD 1 JANUARY 2012 TO 30 SEPTEMBER 2012

### 7 TANGIBLE FIXED ASSETS - continued

#### Company

	Short leasehold £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>					
At 1 January 2012	6,264	228,614	13,500	403,923	652,301
Additions	43,763	82,546	-	102,949	229,258
At 30 September 2012	50,027	311,160	13,500	506,872	881,559
<b>DEPRECIATION</b>					
At 1 January 2012	626	42,451	3,375	115,194	161,646
Charge for period	32,191	51,999	2,250	115,847	202,287
At 30 September 2012	32,817	94,450	5,625	231,041	363,933
<b>NET BOOK VALUE</b>					
At 30 September 2012	17,210	216,710	7,875	275,831	517,626
At 31 December 2011	5,638	186,163	10,125	288,729	490,655

### 8. FIXED ASSET INVESTMENTS

#### Group

	Shares in group undertakings £
<b>COST</b>	
At 1 January 2012 and 30 September 2012	10
<b>NET BOOK VALUE</b>	
At 30 September 2012	10
At 31 December 2011	10

# ETHICAL FORESTRY LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE PERIOD 1 JANUARY 2012 TO 30 SEPTEMBER 2012

### 8 FIXED ASSET INVESTMENTS - continued

#### Company

Shares in  
group  
undertakings  
£

#### COST

At 1 January 2012  
and 30 September 2012

10

#### NET BOOK VALUE

At 30 September 2012

10

At 31 December 2011

10

Ethical Forestry Limited holds 80% of the share capital in Ethical Forestry S A, a company incorporated in Costa Rica operating as a holding company and providing group finance to its wholly owned subsidiaries listed below which are also incorporated in Costa Rica and provide forestry operations to Ethical Forestry Limited

The company's investment in the share capital of Ethical Forestry S A was £10 (2011 - £10)

Company name	Activity	Capital	£
Ethical Forestry S.A	Holding company	10 shares of 1,000 Colones	13
<b>Wholly owned subsidiary companies of Ethical Forestry S.A</b>			
Plantaciones S.A	Plantation landowner	10 shares of 1,000 Colones	13
EF Operations & Payroll S.A	Labour supply business	1,000 shares of 1,000 Colones	1,282
EF Ethical Forestry UK & C.R S A	Operational equipment leasing	10 shares of 1,000 Colones	13
Reforestacion Etica S A	Plantation operations	1,000 shares of 1,000 Colones	1,282
Timber Exports S A	Timber processing facilities	1,000 shares of 1,000 Colones	1,282

The subsidiary companies provides services within the group, and ultimately to Ethical Forestry Limited at cost. Other than insignificant timing differences no material profits or losses arose during the year and the capital of reserves of the individual companies at 30 September 2012 is the issued share capital in each case.

**ETHICAL FORESTRY LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 JANUARY 2012 TO 30 SEPTEMBER 2012**

**9 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	<b>88,559</b>	527,233	-	-
Amounts owed by group undertakings	-	-	<b>3,538,056</b>	1,158,178
Other debtors	<b>109,883</b>	4,139	<b>52,670</b>	4,706
Tax recoverable	-	24,446	-	24,446
Directors' current accounts	-	844,458	-	844,458
Tax	<b>5,817</b>	5,817	<b>5,817</b>	5,817
VAT	<b>7,117</b>	-	<b>11,914</b>	-
Prepayments and accrued income	<b>1,068,259</b>	60,838	<b>1,068,259</b>	60,838
	<u><b>1,279,635</b></u>	<u>1,466,931</u>	<u><b>4,676,716</b></u>	<u>2,098,443</u>

**10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade creditors	<b>297,677</b>	111,133	<b>216,859</b>	91,882
Tax	<b>298,562</b>	274,334	<b>298,562</b>	274,334
Social security and other taxes	<b>221,809</b>	62,516	<b>221,809</b>	62,516
VAT	-	1,450	-	-
Other creditors	<b>317,872</b>	509,996	<b>312</b>	-
Directors' current accounts	<b>1,414,323</b>	-	<b>1,414,323</b>	-
Accruals and deferred income	<b>2,076,205</b>	1,442,556	<b>2,076,205</b>	1,442,556
	<u><b>4,626,448</b></u>	<u>2,401,985</u>	<u><b>4,228,070</b></u>	<u>1,871,288</u>

# ETHICAL FORESTRY LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE PERIOD 1 JANUARY 2012 TO 30 SEPTEMBER 2012

### 11 OPERATING LEASE COMMITMENTS - continued

### 11 OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year

#### Company

	Land and buildings	
	2012 £	2011 £
Expiring In more than five years	<u>68,050</u>	<u>68,050</u>

The company entered into a new lease for a period of ten years however the lease is subject to a break clause at September 2016

### 12. SECURED DEBTS

On 23 March 2012, a debenture was issued over all the assets of the company This is a standard debenture for the business bank account and there are no liabilities due to the bank

### 13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number	Class:	Nominal value	2012 £	2011 £
70	Ordinary 'A'	£1	70	70
60	Ordinary 'B'	£1	60	60
35	Ordinary 'C'	£1	35	35
35	Ordinary 'D'	£1	35	35
14,400,000	Class E shares	£1	<u>144,000</u>	<u>-</u>
			<u>144,200</u>	<u>200</u>

# ETHICAL FORESTRY LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE PERIOD 1 JANUARY 2012 TO 30 SEPTEMBER 2012

### 13. CALLED UP SHARE CAPITAL - continued

Between 28 February 2012 and 4 May 2012 the company created and issued 14,400,000 Class E Shares of £1 with an initial called and paid up amount of one penny per share

#### Cash call on E securities shares

On 18 October 2012 the company created and issued 14,400,000 Class F shares of £1 with an initial called up and paid up amount of one penny per share

The company has structured its share capital to facilitate further injections of capital of up to £28,512,000 at 30 September 2012 by the shareholders should the company deem the issue of additional share capital appropriate

The directors, who are also shareholders, have committed to provide this additional capital should the company make a call to do so. After the Balance Sheet date the company made such a call upon the director shareholders for a further £4,356,000 which has been fully paid by the directors out of amounts due to them

The company's paid up share capital has as a result been increased since the 30 September 2012 to £4,644,200

### 14. RESERVES

#### Group

	Profit and loss account £
At 1 January 2012	963,336
Profit for the period	921,032
	<hr/>
At 30 September 2012	1,884,368
	<hr/>

#### Company

	Profit and loss account £
At 1 January 2012	824,643
Profit for the period	819,126
	<hr/>
At 30 September 2012	1,643,769
	<hr/>



# ETHICAL FORESTRY LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE PERIOD 1 JANUARY 2012 TO 30 SEPTEMBER 2012

### 14 RESERVES - continued

### 15. TRANSACTIONS WITH DIRECTORS

The following loans to directors subsisted during the period ended 30 September 2012 and the year ended 31 December 2011

	2012 £	2011 £
<b>M Pickard</b>		
Balance outstanding at start of period	444,867	-
Amounts advanced	-	444,867
Amounts repaid	(444,867)	-
Balance outstanding at end of period	-	444,867
<b>S Greenaway</b>		
Balance outstanding at start of period	228,014	-
Amounts advanced	-	228,014
Amounts repaid	(228,014)	-
Balance outstanding at end of period	-	228,014
<b>P A Laver</b>		
Balance outstanding at start of period	171,477	-
Amounts advanced	-	171,477
Amounts repaid	(171,477)	-
Balance outstanding at end of period	-	171,477

During the previous year the directors received advances that were fully repaid on 28 February 2012 by an award of earnings in respect of their services for the year ended 31 December 2011 and period ended 30 September 2012. The initial advances were interest free and repayable on demand.

# ETHICAL FORESTRY LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE PERIOD 1 JANUARY 2012 TO 30 SEPTEMBER 2012

### 16 RELATED PARTY DISCLOSURES

The subsidiary companies referred to in Note 6 provide forestry services within the group, and ultimately through Ethical Forestry S.A to Ethical Forestry Limited at cost

#### Transactions with group companies

During the period Ethical Forestry Limited has incurred costs from Ethical Forestry S.A. The total value of services provided during the year was £2,355,891 (2011 - £665,236) Other than insignificant timing differences no material profits or losses arose during the period In addition during the period the Company provided loans to the group to acquire operational assets including plantation land, vehicles and to establish timber processing plant and facilities The total amount advanced to Ethical Forestry S.A was £3,538,056 (2011 - £1,158,178), the loan was interest free and repayable on demand As at the balance sheet date £3,538,056 (2011 - £1,158,178) is owed by Ethical Forestry S.A.

#### Transactions with non group companies

The company also advanced a loan of £79,400 to Grupo Las Cinco Rama CR S.A in 2011, a company controlled by the directors and also incorporated in Costa Rica to acquire plantation land not used in the operational activities of the Company The loan was interest free and repayable on demand

### 17 POST BALANCE SHEET EVENTS

On 18 October 2012 the company entered into an agreement with the directors in connection with the total issue of 14,400,000 Class F shares of £1 each The directors agreed immediately to subscribe for the shares with an initial called up amount of one penny per share in consideration for the payment to the directors of earnings for the three financial years ending 30 September 2014

### 18 ULTIMATE CONTROLLING PARTY

The company was under the control of the directors throughout the current and previous year.

### 19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

#### Group

	2012 £	2011 £
Profit for the financial period	921,032	957,443
New share capital subscribed	144,000	100
<b>Net addition to shareholders' funds</b>	<b>1,065,032</b>	<b>957,543</b>
Opening shareholders' funds	963,536	5,993
<b>Closing shareholders' funds</b>	<b>2,028,568</b>	<b>963,536</b>

# ETHICAL FORESTRY LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE PERIOD 1 JANUARY 2012 TO 30 SEPTEMBER 2012

### 19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS - continued

#### Company

	2012	2011
	£	£
Profit for the financial period	819,126	818,750
New share capital subscribed	144,000	100
<b>Net addition to shareholders' funds</b>	<b>963,126</b>	818,850
Opening shareholders' funds	824,843	5,993
<b>Closing shareholders' funds</b>	<b>1,787,969</b>	824,843

### 20. CONTINGENT ASSETS

As at 30 September 2012, the company anticipates receiving a refund in respect of VAT totalling £601,935. The debtor recognised in the accounts as at 30 September 2012 is £11,914. Whilst this amount is not certain, the directors are of the opinion that it is probable that this will be received post year end.