ANNUAL REPORT 2011

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COMPANY PROFILE

Green Resources is Africa's leading forestation company and a leader in East African wood manufacturing. The company has 25,000 ha of standing forest in Tanzania, Mozambique and Uganda, established through its own planting activities. It operates East Africa's largest sawmill in Tanzania and electricity pole and charcoal plants in Tanzania and Uganda and is also one of the first global companies to receive carbon revenue from its plantation forests.

The company was established in 1995 and is a private Norwegian company with 80 shareholders. It employs more than 3,600 people and has invested USD 120 mn in its African operations since its inception. Green Resources aims to establish over 100,000 ha of plantation to serve both the growing regional and global demand for wood products. Its strategy is based on growing wood for both traditional uses (sawn timber, panel board, pulp, etc.) and for the growing bio-energy sector. Green Resources has probably planted more trees than any other private company in Africa during the past ten years; a record 5,600 ha of new forest was planted in 2011. In addition, the company holds land for future planting and conservation, ensuring continued strong growth.

Green Resources also harvests logs from its own plantations established in the 1990's and will continue to do so as the plantations mature. Much of the harvesting is in Uganda where eucalyptus is being logged for use in the electrical pole industry, pine for sawlogs and the residues for charcoal production. The Company expects revenues from harvesting to sharply increase over the next five years.

Green Resources aims to follow the highest international environmental standards by conserving natural forest and other valuable habitats. The company has more than three-quarters of its forests certified according to the Forest Stewardship Council® (FSC®) standard, the world's leading standard for environmental and sustainable forest management, and is aiming for 100% certification. It is the only company with FSC-certified plantations in three African countries and it owns more than two-thirds of the FSC-certified plantation forest in Africa outside the Republic of South Africa (RSA) and Swaziland. As part of this sustainability policy, the company only harvests plantation forest, currently is planting at least ten new trees for every one tree that it harvests, and only plants on low value grassland or degraded forestland.

Green Resources' strategy is based on sustainable development of the areas in which it operates. The company believes that forestation is one of the most efficient ways of improving social and economic conditions for people in rural areas and aims to be the preferred partner for local communities in these areas; it also wants to be the favoured African employer within its industry.

The prime objective of the industrial operations is to add value to the forest. Green Resources' main industrial operations, Sao Hill Industries (SHI), Tanzania have been significantly upgraded in the past three years. It now operates two log lines, a pole treatment plant, joinery facilities and a charcoal plant, including what probably is Africa's (ex-RSA) largest and most modern sawmill. It has several sales branches throughout Tanzania. It also operates an electricity pole plant in Uganda. The industrial operations generated USD 12 mn of revenues in 2011.

Green Resources' carbon credit projects include both forestation and bio-energy. It is a leader in forestry-derived greenhouse gas emission reductions, having registered the world's first forestry project based on the Voluntary Carbon Standard (VCS) in 2009 and sold the first issued credits in 2010. All of Green Resources' forestry-derived carbon off-set revenues will be reinvested in the countries where they were generated and 10% will be used for community developments, making the credits some of the most attractive in the world.

Dear Shareholder,

During 2011, Green Resources achieved successes in a number of areas. The company planted a record 6,400 ha of new forest, achieved FSC® certification in Mozambique (the first plantation ever to receive certification there) and Uganda, improved the quality of the planting, planted more eucalyptus clones than ever and continued its efforts to mechanise operations. The first full year of industrial operations in Uganda generated good profits and the industrial operations in Tanzania turned around in the second half of the year. Green Resources has confirmed its position as a leader in African plantation forestry, and has more than three-quarters of all FSC® certified forest in Africa, outside of South Africa and Swaziland. On the other hand, the company implemented new systems and significantly upgraded its forestry data, which resulted in a write-down of forestry assets.

COMPANY PROFILE

Green Resources is Africa's leading forestation company and a leader in East African wood manufacturing. The company currently has 23,000 ha of forest in Tanzania, Mozambique and Uganda and operates East Africa's largest sawmill and its largest electricity pole plant. In 2010 and 2011, it added additional processing capacity by opening a pole plant in Uganda. Green Resources is also one of the first companies to receive carbon revenue from its plantation forests. The company was established in 1995 and is a private Norwegian company with 80 shareholders. It employs 4,000 people and has invested USD 120 mn in the African operations since its inception. Green Resources aims to establish over 100,000 hectares of plantation to serve both the growing regional and global demand for wood products. Its strategy is based on growing wood for both traditional uses (lumber, chips, pulp, etc.) and for the growing bio-energy sector. Green Resources has probably planted more trees than any other private company in Africa during the past ten years; a record 6,400 ha of new forest was planted in 2011. In addition, the company holds land for future planting and conservation, ensuring continued strong growth.

Green Resources also harvests logs from plantations established in the 1990's and will continue to do so as the plantations mature. Much of the harvesting is in Uganda where eucalyptus is being logged for use in the electrical pole industry. Green Resources replants the harvested areas to establish a second rotation. The Company expects revenues from harvesting to sharply increase over the next five years. Green Resources' industrial operations, Sao Hill Industries in Tanzania has been significantly upgraded in the past three years. It now operates two log lines, a pole treatment plant, joinery facilities and a charcoal plant. It has several sales branches throughout Tanzania. It also operates an electricity pole plant in Uganda. The industrial operations generated USD 12 mn of revenues in 2011.

Green Resources' strategy is based on sustainable development of the areas in which it operates. The company believes that forestation is one of the most efficient ways of improving social and economic conditions for people in rural areas. Green Resources aims to be the preferred partner for local communities in these areas. It also wants to be the favoured African employer within its industry.

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YEAR IN REVIEW

Green Resources generated group revenues of NOK 87 mn (USD 16 mn) in 2011, down 61% from NOK 224 mn (USD37 mn) in 2010. The group recorded an operating loss of NOK 26 mn (USD –5mn), well down from the NOK 114 mn in 2010, and a net loss of NOK 44 mn (USD –8 mn) versus NOK 54 mn in 2010. The main reason for the lower revenues and operating profit was the drop in gains from biological asset value from NOK 148 mn in 2010 to NOK 14 mn in 2011 due to a reduction in the average value of the standing forest by 21% to USD 4,251 per ha. This was partly offset by a 32% increase in the planted area.

Record planting level

A record 6,400 ha of forest was planted in 2011, up from 6,100 ha in 2010. Of the total planted area, 800 ha was replanting, giving a net addition of 5,600 ha new forest. The main reasons for the replanting last year was an unusual hailstorm damaging 300 ha of new planting in Kachung, Uganda, and losses due to dry weather/insufficient planting quality in Niassa, Mozambique and Lindi, Tanzania. The level of replanting has been reduced during the last year, with an aim to stabilise replanting at around 10%.

Certification successes

In 2011 the company saw major achievements regarding FSC® certification. Both Ugandan plantations received certification. In Mozambique, our Niassa plantation became the first forest plantation in Mozambique to be FSC® certified. Together with the Tanzanian Southern Highlands plantations, 76% of our plantations are now certified. We are only one of two companies with FSC® certified plantation forest in Africa outside of South Africa and Swaziland, with three times more certified forest than the second company.

Plantation improvements

A number of clones were produced from external sources. During 2011, in our first year of operation, we produced 150,000 clones in our Bukaleba nursery in Uganda. The M'gololo nursery in Tanzania started clonal production at the end of 2011 and we clone production was under way at the Namaita nursery in Mozambique. These represent important innovations within our company because clones typically produce higher quality trees with higher growth rates than trees raised from seed.

In Lurio, mechanised planting was implemented based on equipment imported from South America. In Tanzania's Southern Highlands, strip ploughing was utilised on a large scale for the first time. We are making good progress on our five-year program that aims to increase the growth rate (as measured by mean annual increment (MAI)) of the new forest by at least 30% compared to the base year in 2008-09.

Developing large scale plantations

It has become increasingly complicated to develop large scale agricultural and forestry projects in Africa. We have spent more than USD 10 million developing the world scale Lurio plantation project in Mozambique. Planning and implementing the commercial plantation is only one part of the task. Extensive community development projects, out-grower programs, nature conservation and biodiversity plans and complicated land use planning processes are key parts of the overall project. Africa has 60% of the world's unutilised arable land. Commercial exploitation of this potential is a pre-requisite for economic development and a high political priority in the countries where we operate. At the same time, these projects attract intense scrutiny from international NGOs. Close co-operation with leading development banks and progressive NGOs are highly beneficial in this process. Green Resources' land acquisition has always been founded on close co-operation with the villages' authorities and the rural population. Thus, we believe we are uniquely positioned to manoeuvre these challenges and be successful in developing large scale forest plantation projects.

Mixed carbon results

Kachung, Uganda was validated as a CDM project in 2011, and the credits were sold on a 25 years' contract to a European Government buyer. Bukaleba, Uganda, is close to being validated as a VCS project. There are still bureaucratic obstacles to Tanzanian approvals of the Idete CDM project. There were no cash revenues from the carbon business in 2011, compared to USD 1 mn in 2010. Revenues are poised to exceed the 2010 level in 2012.

Industrial gains

2011 saw major improvements in the industrial operations, but the results were mixed for Sao Hill Industries (SHI). The first half of the year was disappointing in terms of profitability, but in the second half of the year there were significant improvements in profitability with SHI, generating 10% EBITDA margin before overhead cost allocation.

Most importantly, the sawn timber production generated positive cash flow for the first time in several years. Sawn timber revenues rose by 50%, with sales volume up 23% and average prices by 15%. Pallet sales increased by 21%, despite a 5% drop in production volume. Price rises at the start of 2011 lead to volume loss, but the business came back stronger than ever towards the end of 2011.

Poles volume was disappointing in 2011, with revenues down 15% year-on-year in local currency, but the new focus on profitability rather than volume generated positive results by year end. In August, 2011, a large two year old loss-making electricity pole contract was completed, and SHI gained three new customers during the second half of the year. The number of poles sold fell by 30%, compared to 2010, but the average price increased by 25% in local currencies in a determined step to re-establish a profitable business.

We implemented two 20%+ price rises for sawn timber during the second half of 2011, the latest in December, 2011, and one similar price rise for electricity poles in Q3. This results in significantly higher prices at the start of 2012 than at the start of 2011. Average costs are up about 20% during the same period.

Our Ugandan electricity pole plant generated more than 30% EBITDA margin in its first full year of operations, on more than USD 2 mn of revenues. The pole production will be supplemented by charcoal production during the first half of 2012 when Green Resources commences operation in East Africa's most modern charcoal. The charcoal will be produced utilising thinning and the waste material from the pole production.

Investments

Total investments were NOK 102 mn (USD 18 mn) in 2011, down from NOK 140 mn (USD 24 mn) in 2010. Investments continued to be focused on the plantations in 2011, reaching NOK 82 mn (USD 15 mn) in 2011, down from NOK 97 mn in 2010. The plantation in Tanzania's Southern Highlands (GRL) continued to receive the most investment, NOK 31 mn, accounting for 31% of the total, compared with 41% in 2010.

The forest investments were as follows: Tanzania NOK 38 mn, Uganda NOK 8 mn, Mozambique NOK 34 mn and South Sudan NOK 2 mn. Accumulated investment in land acquisitions and development was NOK 49 mn (USD 8 mn) at the end of 2011 up from NOK 34 mn (USD 6 mn) end 2010. Investment in industrial plant and equipment and working capital was NOK 12 mn (USD 2 mn) in 2011, down from NOK 34 mn in 2010. SHE Project development cost of NOK 5 mn in 2011 versus NOK 8 mn in 2010.

Several key parts of the new sawmill at Sao Hill have started up, including the dry kilns, the 2.5MW boiler and the log sorting line. The new Sao Hill sawmill will start up in May 2012. It will more than triple the sawn timber capacity to 75,000 m^3 annually and could not have been started up at a better time. Domestic demand is very high and we expect to sell all production in Tanzania, with some possible added export to Kenya.

Bridge built by GRL, Idete Village, Tanzania

Five Year Summary of Green Resources

	Unit	2006	2007	2008	2009	2010	2011
Revenues	USD mn	6	17	25	25	37	16
of which sales	USD mn	4	6	10	8	11	12
Operating profit	USD mn	1	6	10	9	19	-5
Net profit	USD mn	0	3	6	0	9	-8
Operating margin	%	15%	37%	41%	36%	51%	-30%
Shareholder's funds	USD mn	13	34	49	76	96	93
Net debt	USD mn	-1	-2	-3	-2	2	8
Outstanding no. of shares	mn	20.8	25.0	28.1	33.1	35.3	38.0
Employees	no.			3,200	3,752	5,283	4,033
Return on equity	%	-1.1	17.2	14.0	0.7	10.4	-8.2
Earnings per share	NOK	-0.056	1.042	1.224	0.105	1.582	-1.189

Strong economic growth

Africa has developed rapidly over the last decade, with economic growth highest in Eastern and Southern Africa. Mozambique, Tanzania and Uganda are at the forefront of the African lions. GDP growth in Mozambique was 7.5% in 2011, while it was about 6.5% in Tanzania and Uganda, broadly the same as in 2010, and 1% point higher than the trough in 2009. The Economist has forecast Mozambique and Tanzania to be among the top five fastest-growing economies in the world during the next five years. We see strong demand from our local markets and all of the company's products were sold locally in 2011.

Environmental effects

Green Resources' activities have a significant positive environmental effect. The mosaic-based forest plantations lead to significant re-growth of natural forests in valley bottoms. The growth of the forest sequestrates CO_2 and contributes to the fight against climate change. Furthermore, plantation forestry creates new supplies of biomass for the 90% of the local population dependent on wood based energy, and this is a pre-requisite to halt deforestation in the dry topics. The company is taking increased care to preserve natural forests and habitats of conservation value. The company is also looking at options to reduce its fossil fuel consumption.

Finance, Market and Operating Risks

Green Resources operates across multiple markets and is exposed to a range of financial, regulatory, operational and political risks that may adversely affects its business. Risk assessment is an integral part of the company's business functions and the overall consolidated risk is subject to review by the Board. Green Resources has established guidelines and procedures for active monitoring and control of risks within several areas.

EMPLOYEES AND ORGANISATION

Green Resources employed 4,033 people at the end of 2011, a decrease in headcount of 1,250 people from the 2010 total of 5,283. The total number of women was 678, or only 20% of employees (31% at the end of 2010) despite the company's commitment to employ an equal percentage of both genders. The end of 2011 total permanent employees of 1,046 was a small increase from the 2010 total permanent employees of 1,029. The turnover rate of employees remained at an industry low of only 21%, demonstrating the group's attention on retention, working conditions and employees relations and development.

Regrettably, during 2011, Green Resources had two fatalities due to one road traffic accident. There were no major operations-related accidents in the plantations or sawmills and treatment plants, which reflects the company's continued focus on accident prevention, health and safety training, hazard avoidance and providing as safe a working environment as possible.

The company also continued to develop its training programmes, particularly for operations and plantation staff, and a totally revised employee handbook was published.

Hiv/Aids Awareness Day

New company policies were developed and published covering: Human Rights, Quality Management, Health and Safety, Labour Relations, Biodiversity and the Environment.

STRATEGIC REVIEW

During the past year Green Resources undertook a comprehensive review of its long-term strategy. Green Resources' aggressive plantation establishment over the past decade has been capital intensive and has required periodic injections of new capital. However, since the global financial crisis, private equity markets have dried up. In order to address the shortage of potential private equity investment, the board and senior management of Green Resources conducted a strategic review and concluded the Company should focus more closely on generating positive cash flow sooner. To this end, a new long term plan was approved that includes the following elements:

- the current rate of new plantation establishment (approximately 5,000 hectares per year) would remain for the next five years
- the company would focus on its most profitable and promising operations in Mozambique, Tanzania and Uganda
- non-core plantations (coastal Tanzania and South Sudan) would not be expanded in the near term, and non strategic assets would be considered for sale
- additional capital investments in the industrial units would be delayed until the company was closer to cash flow positive
- the company would focus on eucalyptus and pine species and discontinue planting teak
- overhead would be reduced to reflect the scaled back growth

Extensive due diligence processes

During 2011, we underwent due diligence processes for the key parts of the company. The forestry due diligence work a had major impact on our biological asset valuation model, mostly around projected volumes and adjustments to stocking levels for our older plantations. Depending on the location, projected volumes were reduced by 10-20%. We have not always agreed with the consultants, but the burden of proof is typically on our shoulders and we have adjusted the biological assets valuation to reflect these more conservative assumptions. A key recommendation was to expand our planting trials and the documentation of these. This will have wide-ranging benefits as it will better position the company to select the optimal planting material and increase growth rates (MAI) and projected harvest volumes. The main short-term effect is that the forecast harvesting volume for our old plantations is lower than we previously had estimated.

Environmental and social due diligence was completed for all our operating companies, and a separate set of forestry and industrial due diligence was completed.

We also undertook a legal due diligence process involving legal advisors in Mozambique, Norway, Tanzania and Uganda.

As a result of these due diligence processes, we have extensive analysis and recommended improvements for our operations. These reports will constitute the basis for a major improvement program that we will kick-off in Q2 2012.

2011 ACCOUNTS

Income Statement

Green Resources generated group revenues of NOK 87 mn (USD 16 mn) in 2011, down from NOK 224 mn (USD 37 mn) in 2010. The group recorded an operating loss of NOK 26 mn (USD –5 mn) compared with NOK 114 mn (USD 19 mn) in 2010, and a net loss of NOK 44 mn (USD -8 mn) versus NOK 54 mn in 2010.

Sales were NOK 66 mn, down 43% compared to 2010, primarily due to 15% depreciation of the Tanzanian Shilling and the omission of NOK 5 mn of carbon revenues. The industrial operations saw revenues increase by 4% from NOK 63 mn in 2010. In Uganda, industrial revenues almost tripled to NOK 13.4 mn, from NOK 4.9 mn in 2010, driven by strong performance of the electricity poles business. In Tanzania, on the other hand, revenues fell from NOK 53.2 million, from NOK 59.5 million in 2010. Timber sales developed positively, but sales of electricity poles were lower driven by smaller deliveries and unsatisfactory prices.

A major drop in gains from biological asset value from NOK 148 mn in 2010 to NOK 14 mn in 2011 due to a reduction in the average value of the standing forest by 21% to USD 4,251 per ha. This was offset by a 32% increase in the planted area. The reduction in value per ha was caused by a reassessment of our planted forest as part of the external due diligence processes that we conducted in 2011, as well as implementation of more advanced harvesting forecasting systems. Furthermore, there were significant write-downs of the value of the teak plantations in Tanga, where high variability of the soil qualities have resulted in planting in some areas that are poorly suited for teak.

Operating costs were marginally higher than in 2010. Cost of sales decreased to NOK 50 mn (USD 9 mn) in 2011 versus NOK 53 mn (USD 9 mn) in 2010. Administrative costs were NOK 54 mn (of which plantations NOK 42 mn and industrial NOK 12 mn), total of USD 10 mn, up from NOK 46 mn (plantations NOK 33 mn and industry NOK 13 mn), USD 7 mn in total in 2010.

Lower wage costs in local currencies have helped reduce the NOK costs. However, increased focus on costs during 2011 has paid off and the efforts will be intensified in 2012. The direct costs which are charged directly against the BAV, were also unchanged from 2010, despite a 5% increase in the planting, more intensive silviculture operations and extensive certification and due diligence work.

Depreciation is marginally down, due to the fall in the East African currencies, while financial costs are down significantly despite significant shareholder loans for extensive periods of time.

The industrial operations in Uganda recorded a healthy profit. In Tanzania, the operating loss fell from NOK 7.6 mn in 2010 to NOK 1.5 mn in 2011, with a much stronger second half than first half. There was a positive development of the timber business, while the electricity poles generated a loss.

Financial costs were NOK 12 mn (USD 2 mn) in 2011, down from NOK 17 mn (USD 3 mn) in 2010. Currency losses accounts for NOK 1 mn, down from NOK 6 mn in 2010. Interest and other financial costs were NOK 11 mn (USD 2 mn). Tax charge was NOK 6 mn down from NOK 42 mn in 2010.

Net profit of NOK 54 mn in 2010 has been turned into a loss of NOK 44 mn in 2011. The deterioration is entirely due to the lower result from the plantation operations, while the industrial operations experienced a small improvement. Return on equity negative (-9%) versus 10% in 2010.

Eucalyptus seedlings

Uchindile nursery

Pine at Bukaleba

Treated eucalyptus poles at Sao Hill

Balance Sheet

Group shareholder equity decreased from NOK 565 mn in 2010 to NOK 558 mn (USD 93 mn) at the end of 2011. Other equity was NOK 30 mn at the end of 2011.

Borrowings fell to NOK 61 mn at the end of 2011, compared to NOK 66 mn end 2010.

Cash deposits NOK 13 mn down from NOK 51 mn end 2010, implying net debt of NOK 48 mn versus NOK 15 mn end 2010. Net cash used by operating activities was NOK –30 mn versus NOK -47 mn in 2010. Cash flow from operations departs from operating profit because of depreciation (NOK 9 mn) and gains from growth in the biological asset valuation (NOK 14 mn).

The accounting statements are presented using the going concern assumption and the Board confirms that this assumption is valid, though the company needs to obtain external financing on a regular basis to continue plantation operations and investments. For 2012, the company has ensured USD 5mn equity financing and is in the process of finalizing loan agreements which will provide external financing for several years ahead. Until forest growth and harvests results in sufficient positive cash inflows, the company will be dependent upon external financing

GREEN RESOURCES AS

Green Resources AS is incorporated in Norway as a private company with limited liability. Revenues were NOK 8.9 mn in 2011, operating costs were NOK 13.8 mn in 2011. Net financial costs were NOK 29 mn (where the write down of shares in Tanga accounts for NOK 22 mn). This write down is not shown in the consolidated accounts due to eliminations. There was a net loss NOK 34 mn for 2011 compared to NOK 18 mn last year.

The board recommends that the loss for Green Resources, the holding company, of NOK 33,997,150 is covered from other equity. Following this transaction, Green Resources had NOK 467 mn of equity at the end of 2011, of which distributable equity was nil. The group recorded a loss of NOK 44 mn and has NOK 558 mn of equity.

OUTLOOK FOR 2012

Net new planting in 2012 is forecast to 4-5,000 ha. Allocating all non-industrial costs to the new planting, gave a cost of USD 2,200 per ha newly planted forest in 2011, compared to USD 4,200 per ha average value for the forest, leaving a margin of USD 2,000 ha. In reality, this example is a simplification of reality because new forest is worth less than the average, but on the other hand, much of the costs should not be allocated to new planting. Thus, the forest operations should be back to show healthy profits in 2012.

The industrial operation in Tanzania has received a large new electricity pole order from a new, private customer, and the pole business will pick up after a poor first quarter. The sawn timber production has sat new records with the old sawmill ahead of the start-up of the new mill, expected in May. The two largest pallet contracts to date were signed. The industrial operations are set to generate good operating cash flow and earnings, the carbon revenues should once more be meaningful in 2012.

During the second half of 2011, we developed a new long term business plan, focusing on our most attractive and lowest cost plantations. We have raised funding for the investment phase of this business plan at the start of 2012, enabling management and the entire organisation to fully focus on implementing this plan. This financing should take the company through to cash flow positive operations and Green Resources is in the final stages of negotiating this funding. The company should not need additional financing.

1Q 2012 Operating Events

Net new planting during the first three months of 2012 was 2,100 ha. This is slightly lower than budgeted due to poor initial rainfall in Tanzania and operational issues in Mozambique. The Bukaleba plantation received validation as a VCS carbon project during the first quarter and a EUR 2.4 million grant for a farm forest and charcoal project was signed with the EU.

Major Financing in 1Q 2012

Green Resources has successfully raised NOK 97 mn (USD 17 mn) of new equity from its existing shareholders, through the issue of 6 million new shares. The total number of outstanding shares after the share issues is 41.5 mn.

The Extraordinary General Meeting (EGM) on 22 December 2011, decided to increase Green Resources' share capital by raising up to NOK 56 mn (USD 10.1 mn) of new equity through a 10:1 rights issue at NOK 16 per share, creating up to 3.5 mn additional shares. The subscription period ended on 28 February, 2012. The rights issue was fully subscribed to and a total of 3,538,430 new shares will be issued to the respective subscribers based on the allocation approved by the Board of Directors on 26 March, 2012. The rights issue was over-subscribed, but three shareholders voluntarily reduced they subscription such that the number of subscribed shares matched the available number of shares. A total of NOK 22.4 mn of shareholder loans were converted to equity as part of the rights issue.

Furthermore, the EGM also approved the conversion of up to NOK 41.2 mn (USD 6.9 mn) of shareholder loans into a maximum of 2,575,389 shares. These loans, mostly raised during 2Q 2011, included a conversion rights, unlike earlier and later loans. All the lenders converted their loans to equity at the EGM 22 December 2011, leading to an additional 2.5 million of new shares being issued.

In January, 2012 Norfund disbursed the remaining USD 3.5 mn of a USD 7 mn loan. This financing has been used to complete the large investment at Sao Hill Industries and to fund the 2012 planting season.

26 April, 2012

Juha Niemela Chairman	Mads Asprem CEO	Liane Luke
Åge Korsvold	Kristoffer Olsen	Kristen Kleiman
Odd Ivar Løvhaugen	Elvin Mutuma Marangu	Håvard Nesheim

Consolidated income statement

	Notes	NOK millions 1H P* 2012	2011	2010	2009	2008	USD millions 1H P* 2012	2011	2010	2009	2008
Sales		32	66	69	51	54	5	12	11	8	10
Gains from biological asset value	9	47	14	148	103	84	8	2	25	16	15
Gains from carbon offset	10	0	0	3			0	0	0		
Other operating income		3	7	4	1	2	0	1	1	0	0
Total revenues		81	87	224	155	140	14	16	37	25	25
Cost of sales	3,4	-25	-50	-53	-51	-38	-4	-9	-9	-8	-7
Industrial admin and opex	4	-5	-12	-13	-12		-1	-2	-2	-2	
Plantation admin and opex	4	-21	-42	-33	-25	-36	-4	-8	-5	-4	-6
EBITDA		29	-17	125	66	65	5	-3	21	11	12
Depreciation	7	-4	-9	-11	-11	-7	-1	-2	-2	-2	-1
Operating profit	3	25	-26	114	56	58	4	-5	19	9	10
Finance costs	5	-2	-12	-17	-31	-4	0	-2	-3	-5	-1
Profit before tax		23	-38	96	25	53	4	-7	16	4	9
Tax (charge) / credit	6	-15	-6	-42	-22	-21	-2	-1	-7	-3	-4
Net profit		8	-44	54	3	33	1	-8	9	0	6

Consolidated statement of comprehensive income

	Notes	NOK millions 1H P* 2012	2011	2010	2009	2008	USD millions 1H P* 2012	2011	2010	2009	2008
Net profit		8	-44	54	3	33	1	-8	9	1	6
Currency translation differences		0	0	0	0	0	0	0	0	0	0
Other adjustments					-1						
Total comprehensive income for the year		8	-44	54	2	32	1	-8	9	1	5

* Provisional figures based on management accounts, non-audited and not board approved.

Consolidated balance sheet

		NOK millions					USD millions				
	Notes	1H P* 2012	2011	2010	2009	2008	1H P* 2012	2011	2010	2009	2008
Non-current assets											
Property, plant and equipment	7	135	127	109	63	62	22	21	18	11	9
Land acquisition cost	8	48	47	34			8	8	6		
Biological assets	9	608	548	515	385	301	101	91	87	67	43
Carbon offset stock	10	2	2	3			0	0	0		
Other investments	11	6	4	2	24	10	1	1	0	4	1
Loans to group companies		0	0	0	0	0	0	-	-	-	-
		799	729	662	472	374	133	122	112	82	53
Current assets											
Inventories	12	25	24	19	13	17	4	4	3	2	2
Receivables and prepayments	13	20	17	28	24	30	3	3	5	4	4
Cash and cash equivalents	19	21	13	51	34	87	3	2	8.718	6	12
		65	54	99	71	134	11	9	17	12	19
Total assets		864	783	761	543	508	144	131	129	94	73
Capital employed											
Share capital	14	208	177	171	165	141	35	30	29	29	20
Share premium		386	319	256	207	84	64	53	43	36	12
Advance towards share capital	14	0	41	63		0	0	7	11	0	0
Translation reserve		-87	-79	-65	-23	25	-15	-13	-11	-4	4
Revaluation reserve		10	10	10	9	10	2	2	2	2	1
Other equity		24	30	27	29	32	4	5	5	5	5
Retained earnings		68	60	104	50	48	11	10	18	9	7
Shareholders' funds		608	558	565	438	340	101	93	96	76	49
Non current liabilities											
Borrowings	15	96	61	66	20	69	16	10	11	4	10
Deferred tax	16	114	99	97	67	55	19	17	16	12	8
		210	160	162	87	124	35	27	28	15	18
Current liabilities											
Trade and other payables	17	25	32	30	18	43	4	5	5	3	6
Short term loans	15	14	26				2	4			
Bank overdraft	19	7	8	4	0	1	1	1	1	0	0
		46	65	33	18	44	8	11	6	3	6
Total liabilities		256	226	196	105	167	43	38	33	18	24
Total equity and liabilities		864	783	761	543	508	144	131	129	94	73

* Provisional figures based on management accounts, non-audited and not board approved. The Board signatures refers to the 2011 audited accounts.

26 April, 2012

Juha Niemela
Chairman

Mads Asprem
CEO

Liane Luke

Åge Korsvold

Kristoffer Olsen

Kristen Kleiman

Odd Ivar Løvhaugen

Elvin Mutuma Marangu

Håvard Nesheim

Consolidated cash flow

		NOK millions					USD millions				
	Notes	1H P* 2012	2011	2010	2009	2008	1H P* 2012	2011	2010	2009	2008
Profit before taxation		23	-38	97	25	54	4	-7	16	4	9
Adjustment for non-cash income items											
Depreciation	7	4	9	11	11	7	1	2	2	2	1
Disposal adjustment depreciation	7			-9		0	0	0	-1	0	0
Gains arising on changes in fair value							0				
of biological assets	9	-47	-14	-148	-103	-84	-8	-2	-25	-16	-15
Gains arising on changes in fair value							0				
of carbon stock	10	0		-3			0	0	0		
Net cash after adjustments		-20	-42	-52	-67	-23	-3	-7	-9	-11	-4
Change in working capital items											
Change in inventories		0	-5	-6	3	-3	0	-1	-1	1	-1
Change in receivables and prepayments		-2	12	-5	6	-8	0	2	-1	1	-1
Change in payables and accrued expenses		-6	6	16	-25	5	-1	1	3	-4	1
Net change in working capital		-9	12	5	-16	-6	-2	2	1	-3	-1
Net cash used by operating activities		-29	-30	-47	-83	-29	-5	-5	-8	-13	-5
Investment activities											
Purchase of property, plant and equipment	7	-11	-33	-77	-27	-20	-2	-6	-13	-4	-4
Land acquisition investments	8	0	-13	-18			0	-2	-3		
Proceed from disposal	7		1	38	1	3	0	0	6	0	1
Purchase of biological assets	9	-13	-34	-44	-43	-20	-2	-6	-7	-7	-3
Other investments/adjustments		-2	-2	6	-14	-9	0	0	1	-2	-2
Loan to subsidiaries			0	0	0	0	0	0	0	0	0
Net cash outflow from investing activities		-27	-81	-97	-82	-45	-4	-14	-16	-13	-8
Financing activities											
New loans		30	61	84	27	68	5	11	14	4	12
Loan repayments, cash		-2	0	-10	-5	-6	0	0	-2	-1	-1
Issue of shares, cash		34	6	85	76	92	6	1	14	12	16
Cash inflow from financing activities		62	67	159	98	154	10	12	26	16	27
Increase in cash and cash equivalents		7	-44	16	-67	80	1	-7	3	-11	14
Cash and cash equivalents at beginning of year		5	48	34	86	16	1	8	6	13	2
Translation adjustments		1	2	-2	14	-9	0	1	0	4	-5
Cash and cash equivalents at end of year	19	13	5	48	34	86	2	1	8	6	13

* Provisional figures based on management accounts, non-audited and not board approved.

Consolidated changes in equity

NOK millions	Share Capital	Share Premium	Advance towards share capital	Translation Reserve	Revaluation Reserve	Distributable equity	Retained Earnings	Total
At start of year	177	319	41	-79	10	30	60	558
Issue of shares	31	67	-41	0	0	0	0	57
Commission fees	0	0	0	0	0	0	0	0
Advance towards share capital	0	0	0	0	0	0	0	0
Translation gain for the year	0	0	0	-8	0	0	0	-8
Comprehensive income	0	0	0	0	0	0	8	8
Revaluation gain	0	0	0	0	0	0	0	0
Other equity	0	0	0	0	0	-6	0	-6
At end of June 30, 2012P*	208	386	0	-87	10	24	68	608

* Provisional figures based on management accounts, non-audited and not board approved.

NOK millions	Share Capital	Share Premium	Advance towards share capital	Translation Reserve	Revaluation Reserve	Distributable equity	Retained Earnings	Total
At start of year	171	256	63	-65	10	27	104	565
Issue of shares	6	62	-22	0	0	0	0	46
Commission fees	0	0	0	0	0	0	0	0
Advance towards share capital	0	0	0	0	0	0	0	0
Translation gain for the year	0	0	0	-14	0	0	0	-14
Comprehensive income	0	0	0	0	0	0	-44	-44
Revaluation gain	0	0	0	0	0	0	0	0
Other equity	0	0	0	0	0	3	0	3
At end of 2011	177	319	41	-79	10	30	60	558
At start of year	165	207	0	-23	9	29	50	437
Issue of shares	5	49	0	0	0	0	0	54
Commission fees	0	0	0	0	0	0	0	0
Advance towards share capital	0	0	63	0	0	0	0	63
Translation gain for the year	0	0	0	-42	0	0	0	-42
Comprehensive income	0	0	0	0	0	0	54	54
Revaluation gain	0	0	0	0	0	0	0	0
Other equity	0	0	0	0	0	-2	0	-2
At end of 2010	171	256	63	-65	10	27	103	565
At start of year	141	84	0	25	10	32	48	340
Issue of shares	24	123	0	0	0	0	0	147
Commission fees	0	0	0	0	0	0	0	0
Advance towards share capital	0	0	0	0	0	0	0	0
Translation gain for the year	0	0	0	-49	0	0	0	-49
Comprehensive income	0	0	0	0	0	0	2	2
Revaluation gain	0	0	0	0	-1	0	0	-1
Other equity	0	0	0	0	0	-3	0	-3
At end of 2009	165	207	0	-23	9	29	50	437
At start of year	125	9	0	-2	10	26	15	183
Issue of shares	16	75	0	0	0	0	0	91
Commission fees	0	0	0	0	0	0	0	0
Advance towards share capital	0	0	0	0	0	0	0	0
Translation gain for the year	0	0	0	27	0	0	0	27
Comprehensive income	0	0	0	0	0	0	32	32
Revaluation gain	0	0	0	0	0	0	0	0
Other equity	0	0	0	0	0	6	0	6
At end of 2008	141	84	0	25	10	32	48	340

NOTE 1 ACCOUNTING POLICY

(a) Basis of preparation

- The Financial Statements are prepared in compliance with International Financial Reporting Standards (IFRS). The Financial Statements are presented in the functional currency, Norwegian Kroner (NOK), rounded to the nearest million and prepared under the historical cost convention, as modified by the revaluation of certain property, plant and equipment. The preparation of Financial Statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results, ultimately, may differ from those estimates.

i) Adoption of new and revised standards

The Group adopted the following new and amended IFRSs as of January, 2010:

- IFRS 3 (revised), 'Business combinations'. The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.
- IAS 27 (revised), 'Consolidated and separate financial statements'. The revised standard requires the effects of all transactions with non controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss.
- IAS 38 (amendment), 'Intangible Assets'. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in a material impact on the group or company's financial statements.

ii) Future changes in IFRS

The following standards and amendments to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 January, 2011 or later periods, but the group has not early adopted them:

- IFRIC 18, 'Transfers of Assets from Customers' (effective prospectively to transfers of assets from customers received on or after 1 July, 2009, endorsed by EU for annual financial periods beginning on or after 1 November, 2009). IFRIC 18 states that when an entity receives from a customer a transfer of an item of property, plant and equipment, it shall assess whether the transferred item meets the definition of an asset set out in the Framework. If the entity concludes that the definition of an asset is met, it shall recognise the transferred asset as an item of property, plant and equipment and measure its cost on initial recognition at its fair value. It is not expected to have a material impact on the group or company's financial statements.
- IFRS 9, 'Financial Instruments' (effective for annual periods beginning on or after 1 January, 2013) replaces the multiple classification and measurement models for financial assets in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. Classification under IFRS 9 is driven by the entity's business model for managing the financial assets and the contractual characteristics of the financial assets. A financial asset is measured at amortised cost if two criteria are met: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent payments of principal and interest. The group and company are currently evaluating the impact of adoption of IFRS 9.
- IAS 1 (amendment), 'Presentation of financial statements'. The amendment is part of the IASB's annual improvements project published in April, 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time.
- IFRIC 19, 'Extinguishing Financial Liabilities with Equity Instruments' (effective for annual periods beginning on or after 1 July, 2010). IFRIC 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (referred to as a "debt for equity swap"). IFRIC 19 requires a gain or loss to be recognised in profit or loss when a liability is settled through the issuance of the entity's own equity instruments. It is not expected to have a material impact on the group or company's financial statements.
- IFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held-for-sale'. The amendment is part of the IASB's annual improvements project published in April, 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The group and company will apply IFRS 5 (amendment) from 1 January, 2010. It is not expected to have a material impact on the group or company's financial statements.
- IFRS 2 (amendments), 'Group cash-settled and share-based payment transactions'. In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 – Group and treasury share transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation. The new guidance is not expected to have a material impact on the
- IAS 24 (revised), 'Related Party Disclosures' (effective for annual periods beginning on or after 1 January, 2011). The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other

- all resulting exchange differences are recognized as a separate component of equity

The currency of the Group is Norwegian kroner (NOK). The subsidiaries' accounting records are maintained in the legal currency of the country in which they operate (Tanzania Shilling (TZS), Uganda Shilling (UGX), Mozambique Meticals (MZM), British Pounds (GBP) and United States Dollars (USD)). The currency translation rate for the consolidated financial statements are the following:

Table 1i Exchange rates, year end

in NOK	2011	2010	2009	2008	2007
1 TZS	0.0038	0.0040	0.0044	0.0055	0.0048
1 UGX	0.0024	0.0026	0.0031	0.0036	0.0032
1 MZM	0.2217	0.1827	0.2128	0.2793	0.2278
1 SDG	2.2472	2.3697	2.5641	3.1250	
1 GBP	9.2830	9.1300	9.2600	10.2200	10.8100
1 USD	5.9930	5.8970	5.7800	7.0000	5.4100

Table 1ii Exchange rates, average

in NOK	2011	2010	2009	2008	2007
1 TZS	0.0036	0.0042	0.0047	0.0046	0.0047
1 UGX	0.0022	0.0028	0.0031	0.0032	0.0034
1 MZM	0.1931	0.1829	0.2326	0.2294	0.2309
1 SDG	2.0790	2.5907	2.7027	3.0303	
1 GBP	8.9840	9.3360	9.8100	10.3500	11.7100
1 USD	5.6070	6.0440	6.2800	5.6400	5.8500

(c) Biological assets

Biological assets are measured on initial recognition and at each Balance Sheet date at fair value less estimated point-of-sale costs. Any gains arising on initial recognition of biological assets and from subsequent changes in fair value less estimated point-of-sale costs are recognised in the Profit and Loss Account in the year in which they arise.

The fair value of the trees is determined based on the net present values of expected future cash flows, discounted at current market-determined pre-tax rates.

All costs of planting, upkeep and maintenance of biological assets are recognised in the Profit and Loss Accounts.

(d) Carbon offsets

Carbon revenue is recognized in the period to which it relates and comprises the fair value of the Emission Reductions obtained from projects where the CERs (Certified Emission Reductions) or VERs (Verified Emission Reductions) have been sold or where the company is confident that the economic benefits from transactions of CERs/VERs will flow to the entity. The Company recognizes revenue where the amount of CERs/VERs is based on one of the following principles: Issued CERs or VERs verified from a DOE (Designated Operating Entity) or Estimated CERs or VERs according to projections in a validated PDD (Project Design Document) or with a draft validation report issued by a DOE.

(e) Land acquisition

All categories of land acquisition investments are recorded at historical cost. Land acquisition costs include business plan development, government communication, mapping and surveying, compensation and government fees.

(f) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost. Buildings and freehold land are subsequently shown at market value, based on triennial valuations by external independent valuers, less subsequent depreciation for buildings. All other property, plant and equipment are stated at historical cost, less depreciation. Depreciation is calculated on the straight line basis to write-down the cost of each asset or the revalued amount, to its residual value over its estimated useful life as follows:

Table 1iii Depreciation policy

Buildings	25 years
Machinery	15 years
Motor vehicles	4 years
Computer equipment	3 years
Office furniture and equipment	3-8 years

Property, plant and equipment are periodically reviewed for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately, to its recoverable amount. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit.

(g) Revenue recognition

Revenue represents the fair value of the consideration receivable for sales of goods and services, and is stated net of value added tax (VAT), rebates and discounts. Revenue is recognised as follows:

i) Sales of goods are recognised in the period in which the Company delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

ii) Interest income is recognised on a time proportion basis, using the effective interest method. Dividends are recognised as income in the period in which the right to receive payment is established.

(h) Receivables

Receivables are carried at original invoice amount, less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due, according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the present value of expected cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the Profit and Loss Account.

(i) Income tax

Income tax expense is the aggregate of the charge to the Profit and Loss Account in respect of current income tax and deferred income tax.

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the tax regimes that the individual entities in the Group operate. Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the Balance Sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available, against which, the temporary differences can be utilised.

) Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in, first-out (FIFO) method. Net realisable value is the estimate of the selling price in the ordinary course of business, less the cost of completion and selling expenses.

(k) Cash and cash equivalents
For the purpose of the Cashflow Statement (indirect method), cash and cash equivalents comprise cash in hand, deposits held at call with banks, net of bank overdrafts. In the Balance Sheet, bank overdrafts are included in borrowings in current liabilities.

(l) Pension obligations
The Group has defined contribution plans. A defined contribution plan is a pension plan under which the company pays a fixed contribution into a separate entity. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

(m) Government grants
The Group has received government grants, in the form of cash, for dedicated renewable energy pilot projects. The grants are recognised once the grants are received. There are no unfulfilled conditions attached to the grant agreements.

(n) Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, using the effective interest method; any differences between proceeds (net of transaction costs) and the redemption value is recognised in the Profit and Loss Account over the period of the borrowings.

(o) Leasing
The Group leases certain plant and equipment from its sister company Sao Hill Transport Ltd. The lease agreements are classified as operating leases, and Inter-group payments made under these agreements are charged to the income statement on a straight-line basis over the period of the lease.

(p) Consolidation
Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred.

(q) Critical accounting estimates and judgments
Estimates and judgments are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

Biological Assets
Critical assumptions are made by the Directors' in determining the fair values of biological assets. The key assumptions are set out in Note 9.

NOTE 2 RISK FACTORS

(a) Strategic risks
Political risks
Africa is known to be one of the most unstable continents of the world. East Africa is the peaceful part of Africa, with no significant political turmoil for more than two decades. In Tanzania, where most of GR's assets are located, there has been a stable Government since independence in 1961.

Domestic competition
In Tanzania, two competitors started up new sawmills in 2003 and 2004, and one of these companies was acquired by East Africa's largest forest products company in 2006. Initially, the new sawmills led to improved infrastructure in the form of better quality suppliers and more customers focusing on Tanzania's Southern Highlands. Eventually it might lead to increased competition for raw material and product price competition in the local market.

(b) Operational risk
Ability to recruit and retain employees
About half of the top managers during the last four years are new and there has been a rapid expansion of the organisation. This has enabled the company to accelerate growth, but there are also risks associated with a large number of new managers. GR is taking measures to reduce the turn-over by making the Company a preferred employer for both the professional staff and the workers it is employing.

Control procedures
GR operates in far-flung locations where there are at times limited possibilities for financial control. This has at times led to excessive costs, and there has been a problem with theft of diesel, exaggerated use of labour and excessive costs of other input factors. The Company is constantly working to put in place procedures that minimise the risk of financial loss. Because of the diverse locations where the company operates, it might take time to implement new operational procedures, including health and safety regulations.

Health and safety risks
The company is operating in remote areas where implementing the occupational health and safety and safe driving procedures might be difficult. It is relying on local employees, from some of the poorest regions of the world, who might not have sufficient basic training. It is a high priority for the company to minimise accidents through preventative measures, but this is a difficult and time consuming undertaking.

Forest fire
GR had not experienced any major forest fire since 2004, but lost a significant proportion of one of the plantations in Tanzania in 2009. Risk of fires in GR is generally limited due to the diversification of the plantation portfolio into several regions and countries. The company has, after the fire, implemented a new fire management procedure that splits each plantation into blocks that are separated with proper fire breaks. Priorities will be further given to improvement in community relations, increased fire fighting capacity and the reduction of the fire fuel load within the plantations.

Regardless of the preventative measures, there remain risks for future forest fires. While forest fires are a threat to forest plantations all around the world, they most often hit smaller private forest lots and more rarely large commercial forest operations.

Insects and fungal attacks
In common with all agricultural operations, there are threats of insect and fungal attacks on forest plantations. In Uganda, blue gum chalcid has been observed, representing a threat to the eucalyptus plantations but has not made any significant impact so far. In general, weak and poorly planted and maintained trees are typically most exposed to attacks. GR is doing its upmost to improve the quality of its plantations, spreading the risk with planting a variety of species with different seed origins and providing the necessary remedies when problems are identified.

Wood supply costs and land prices
Sao Hill Industries, GR's Tanzanian industrial operations, is buying most of its raw material from Sao Hill Forest Project, a Government plantation where wood prices are set by the Government for one year at a time. The prices were increased 200% in 2007

to a level similar to neighbouring countries and prices eventually compensated for the higher cost but the increase created significant cost pressure and temporary losses for SHI In 2007. The land rent on the 99-year land leases are fixed annually at the discretion of the Tanzanian Government. However, the rental cost for most lease land is set on a national basis for all farmers and other land owners, and large changes are believed to be unlikely.

International timber prices

Global wood products prices have recovered from a trough in 2003 back up to the levels of the late 1990s. While we believe the industry has entered a period with higher prices, prices might once more fall back.

East African business environment

GR has experienced many operational set-backs since it commenced operations, including, but not limited to problems with export authorities, port authorities and at times in relations with the local authorities. However, most problems have been solved in an amicable way. GR believes there has been a significant improvement in the East African business environment since it started operating in the region in 1995.

Working capital requirement

GR has at times been short of cash, leading to the interruption of industrial production. The strengthening of the Company's equity since 2006 has minimised the risk of such a situation in the future. Most of the company's forest is not ready for harvesting, and there will be annual costs associated with maintenance and silviculture before final logging can take place. GR will continue to rely on raising new equity before the company becomes cash flow positive.

Significance of largest customers

The transmission pole business is dominated by large national utility companies, and in 2010 the largest customer accounted for more than one-third of revenues for the industrial operations. GR is broadening the customer base and participating in all regional tenders, but the reliance on a small number of customers for part of the business remains.

(c) Financial risks

The Company and Group activities potentially expose it to a variety of financial risks, including credit risk, interest rate risk and the effects of the changes in foreign currency exchange rates. The Company's and the Group's Management Programme takes account of the unpredictability of foreign exchange rate trends and seeks to minimise potential adverse effects on its financial performance.

Exchange rate risks

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily, with respect to the Tanzania and Uganda shillings. This risk is not hedged. GR has booked large exchange rate losses in the past, mainly caused by the strengthening of the Norwegian kroner against the US dollar and Shilling.

At 31 December, 2011, if the functional currency had strengthened/weakened by 10% against local currencies with all other variables held constant, post-tax profit for the year would have been NOK 2 mn (2010: NOK 2 mn) lower/higher, mainly as a result of foreign exchange gains on translation of Tanzania and Uganda shilling denominated current assets and borrowings.

GR's assets are denominated in Eastern African currencies. Based on the risk of currency changes and the corresponding year end value of the assets, there are arguments for creating a currency hedge for these assets by borrowing in local currencies. However, wood is a global commodity, traded in international currencies, and in the long term, most of the wood produced in GR's plantations will be exported. Furthermore, GR's biological asset valuation model is a USD based model. While the export typically is priced in USD, the costs of the key competitors are based in Brazilian real, Canadian dollar, EUR, New Zealand dollar and South African rand, and it is these currencies that matter most for the long-term competitiveness and pricing of Green Resource' products.

The largest majority of the Company's costs are denominated in East African currencies and many of the revenues are generated in other currencies. Thus, the value of GR is likely to benefit long-term from depreciating East African currencies, irrespective of any short-term balance sheet related currency losses. The underlying value of the assets, and the future cash flow from these assets, will not be significantly affected by the changes in the East African and Norwegian exchange rates. Thus, GR will concentrate the long term borrowing in EUR and USD. The high real interest rate in the East African economies supports this decision.

Interest rate risks

GR's investments have to date only been to a small extent funded by external debt and fluctuating interest rates have only minor direct impact on the P&L. To date, the interest rate level has directly influenced the value of the company through the discount rate used in the Biological Asset Valuation Model. A higher interest rate, and discount rate, will reduce the value of GR's forest land. On the other hand, higher interest rates are often associated with higher inflation, and increased inflation is believed to lead to expectations of higher future wood prices, offsetting the negative effect on the biological asset value of higher interest rates.

It is GR's objective to increase the borrowing in order to provide a more optimal financing of the company and reduce the cost of capital. Interest rate fluctuations will therefore become a more important risk factor. This is generally the case for capital intensive industries like forestry and carbon credit project developments. In order to reduce this risk, GR will aim to fix the interest rate for the maximum period possible, as long as the cost of fixing the interest is moderate. We are currently experiencing historically low interest rates and a relatively flat yield curve.

Credit risks

From 2008, the Group has had no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. GR's industrial operations were hit by late payments from one customer in 2006. The payment was recovered in full.

The amount that best represents the Group's maximum exposure to credit risk at 31 December, 2011 is made up as follows:

Table 2i Credit risk maximum exposure

NOK millions	2011	2010	2009	2008	2007
Cash and cash equivalents	13	51	34	87	17
Trade and other receivables	6	15	15	13	6
Prepayments	6	13	2	6	8
Total	25	79	51	106	32

Liquidity risks

Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the finance department maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the group's liquidity reserve on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the group in accordance with practice and limits set by the group.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio:

Table 2ii Total capital and gearing ratio

NOK millions	2011	2010	2009	2008	2007
Total borrowings (incl overdraft)	96	69	27	82	28
Less cash and cash equivalents	13	51	34	87	17
Net debt	83	18	0	0	11
Equity	558	565	438	340	183
Total Capital	641	583	438	340	194
Gearing ratio	13%	3%	0%	0%	6%
Equity ratio	87%	97%	100%	100%	94%

NOTE 3 OPERATING PROFIT

The following items have been charged in arriving at the operating profit:

Table 3i Operating profit charges

NOK millions	2011	2010	2009	2008	2007
Depreciation of property, plant					
and equipment (note 8)	9	11	11	7	4
Fair value (gain)/loss on					
biological assets	-14	-148	-103	-84	-63
Impairment of financial assets					
Staff costs (see table below)	37	28	29	24	12

Staff costs

The following items are included within staff costs:

Table 3ii Staff costs

NOK millions	2011	2010	2009	2008	2007
Salaries and wages	33	26	27	23	11
Social security	3	2	2	1	1
Pension cost -					
defined contr. plans	1	1	0		
Total	37	28	29	24	12

In 2011 the board of directors and representatives in the parent company received remuneration at a total of NOKs 1,123,665 (2010: NOK 1,132,080), of which Chairman of the board, Juha Niemela, received NOK 775,400 (2010: NOK 784,000) in compensation for his services as Chairman and separate consultancy services. The auditor cost for the year was NOK 421,561. Subsidiaries' fee to auditors related to the financial statement was NOK 1,188,000. The group has no specific post-employment benefit agreements.

NOTE 4 OPERATIONAL COST BY NATURE

Table 4 Operational costs

NOK millions	2011	2010	2009	2008	2007
Cost of raw material and					
other purchased goods	28	25	7	5	10
Salary and wages (note 3)	37	28	27	24	12
Depreciation and					
write offs (note 7)	9	11	11	7	4
Freight	10	15	11	9	10
Repair and maintenance cost	4	4	3	3	2
Marketing costs	-	-	-	-	-
Rent and leasing costs	1	7	5	4	2
Other operational costs	23	20	34	31	23
Total operational cost	113	110	99	83	63

NOTE 5 FINANCE COST

Table 5 Finance Cost

NOK millions	2011	2010	2009	2008	2007
Interest income	1	0	1	0	1
Other financial income		1			
Interest expense	-11	-12	-16	-6	-3
Foreign exchange differences	-1	-6	-15	1	0
Total finance costs	-12	-17	-31	-4	-1

NOTE 6 INCOME TAX EXPENSE

There is no payable tax charge for the year in view of the loss incurred and broughtforward tax losses in the individual entities of the group. Gains arising on changes in fair value of biological assets resulted in a net deferred income tax liability of NOK 12 mn in 2011 (NOK 42 mn in 2010). See note 16 for further specification.

Table 6 Tax charges

NOK millions	2011	2010	2009	2008	2007
Profit before tax	-38	96	25	53	38
Tax calculated at domestic tax rate applicable					
to profit in respective countries	-11	29	8	16	11
Tax losses for which no deferred tax					
assets was recognised	17	13	14	5	3
Tax charge	6	42	22	21	14

NOTE 7 PROPERTY, PLANT AND EQUIPMENT

The Company's buildings were revalued at 31 December, 2006 by an Independent professional qualified valuer, Nyange and Associates Limited. Valuations were based on current prices in an active market for properties.

Table 7 Asset valuation

NOK millions	Buildings	Motor vehicles	Plant & equip.	Fits & office equip.	Work in progress	Total
2011:						
At start of year	25	30	77	12	1	144
Additions	0	2	20	2	8	33
Transfer	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Disposal	0	0	-1	0	0	-1
Exchange differences	0	-1	0	0	-1	-2
Costs at end of 2011	26	30	96	14	8	173
At start of year	4	10	17	4	1	37
Charge for the year	1	3	5	1	0	9
Asset value 31 Dec 2011	21	18	73	9	7	127
2010:						
At start of year	22	21	43	9	3	99
Additions	4	11	43	3	17	77
Transfer	0	3	3	0	-5	0
Revaluation	0	0	0	0	0	0
Disposal	-2	-9	-13	-1	-14	-38
Exchange differences	1	3	2	1	1	8
Costs at end of 2010	25	30	77	12	1	145
At start of year	4	11	16	3	0	34
Charge for the year	0	4	6	1	0	11
Disposal/transfer	0	-5	-5	0	1	-9
Asset value 31 Dec 2010	21	19	60	8	-1	109
2009:						
At start of year	21	17	42	5	2	87
Additions	4	7	8	5	3	27
Transfer	2	0	-4	0	-2	-4
Revaluation	0	0	0	0	0	0
Disposal	0	0	-1	0	0	-1
Exchange differences	-4	-2	-3	-1	0	-10
Depreciation						
At start of year	2	8	13	2	0	25
Charge for the year	1	3	5	1	0	10
Disposal/transfer	1	0	-2	0	0	-1
Asset value 31 Dec 2009	18	10	26	6	3	63

NOTE 8 LAND ACQUISITION

Land acquisition costs include business plan development, government communication, mapping and surveying, compensation and government fees. In other cases the costs are land purchase costs. Most of the costs relate to the land acquisition of the 126,000 ha Lurio project in Mozambique.

NOTE 9 BIOLOGICAL ASSET VALUATION

(a) Summary

According to IAS 41, biological assets are to be valued annually at fair value. The gain or loss in fair value of these biological assets is reported as revenues in the profit and loss statement. The fair value of GR's biological assets at the end of 2011 was assessed to be NOK 548 mn (USD 91 mn), consisting wholly of forest plantations, and resulting from a NOK 33 mn in net gains from changes in the fair value of biological assets. The gains were driven by new planting, annual growth of the trees and increased wood prices. There were deductions due to failed plantings in some of the plantations, implementation of more advanced and accurate harvesting scheduling models as well as a review of the price development assumptions. 6,443 ha of new forest were established in 2011, and at the end of 2011, GR's plantations consisted of 21,438 ha net planted area, covering about 40,000 ha land. The average net value per ha of forest is USD 4,251 per ha, down from USD 5,367 in 2010.

When arriving at the Net Present Value (NPV) of the forest, projected future costs are deducted from the projected future revenues. The future maintenance costs include field maintenance, land leases, fire protection, road maintenance and administration costs. Direct planting costs of NOK 44 mn in 2011 have been expensed against the gross change in the Biological Asset Valuation (BAV). Furthermore, there was a net currency gain of NOK 15 mn on the opening balance of the biological asset value, leading to net gains of NOK 4 mn from changes in fair value of biological asset value. Plantation administration and indirect operating expenses of NOK 34 mn has been directly expensed over the P&L.

The BAV estimates the NPV of GR's plantations in Tanzania, Uganda, Mozambique and Southern Sudan. In Tanzania this includes plantations under the subsidiary companies GR Ltd (Uchindile, Mapanda, Idete, Kitete, Taveta and Sao Hill plantations), Tanga Forest Ltd and Lindi Forest Ltd. In Uganda it consists of the plantations under Busoga Forest Company Ltd and Lango Forest Ltd. In Mozambique it is those under Niassa Green Resources Ltd. and Green Resources Lurio Ltd. In Southern Sudan the plantation is in the subsidiary company Tree Farms Sudan Ltd.

Table 9i Biological asset value

NOK millions	2011	2010	2009	2008	2007
At start of year	515	385	301	156	89
Gross change in fair value of biological assets	93	237	189	123	82
Less direct costs	-45	-45	-43	-20	-9
Exchange difference	-15	-62	-62	42	-6
Carrying amount	548	515	385	301	156
Net change in fair value of biological assets	33	130	84	145	67

The net value of the plantations has increased each year due to new planting. The total value of the new planting of 6,443 ha in 2011 is USD 33.8 mn, but reduced by write-offs of USD 6.6 mn mainly from failed planting of teak and other hardwoods on the coastal plantations in Tanzania. In Mozambique we have for the first time included the planting of 541 ha from 2010-11 in Lurio. The value was reduced by USD 19.5 mn due to implementation of more accurate assumptions for harvesting volumes using a new harvest modelling software, in effect a reduction in the assumed mean annual increment (MAI) per hectare per year. The main reason for this was that through two extensive external forestry assessments, we have realized that the stocking both between and within compartments were more variable than previously assumed, leading to a lower total growth. The value was reduced further by USD 4 mn with implementation of more conservative price development assumptions. For further details on the changes ref section (h).

Table 9ii Biological asset value per ha

Mozambique					
USD	2011	2010	2009	2008	2007
NPV ('000)	7,978	5,431	4,589	1,963	-
Area (in ha)	2,160	1,149	864	475	-
Log price (per m^3)	24.6	24.6	21.0	21.5	-
NPV/planted area	3,693	4,728	5,309	4,136	-
Tanzania					
NPV ('000)	52,472	52,45	40,65	27,86	21,15
Area (in ha)	12,922	9,653	7,517	6,769	5,604
Log price (per m^3)	24.6	24.6	21.0	21.5	24.3
NPV/planted area	4,061	5,434	5,408	4,116	3,775
Uganda					
NPV ('000)	29,614	27,58	17,91	12,32	7,395
Area (in ha)	5,982	5,111	3,840	2,856	1,774
Log price (per m^3)	41.6	36.3	26.8	23.3	23.6
NPV/planted area	4,950	5,398	4,664	4,315	4,168
Sudan					
NPV ('000)	1,061	1,444	1,444		
Area (in ha)	373	283	283		
Log price (per m^3)	54.3	54.3	54.3		
NPV/planted area	2,844	5,099	5,099		

Table 9iii Planted area and net new planting by region

in ha	Accum.	2011	2010	2009	2008
Eucalyptus					
Mozambique	1,105	639	311	132	8
Southern highlands, Tanzania	4,385	1,670	1,006	288	298
Costal region, Tanzania	967	489	330	43	83
Uganda	985	203	179	60	156
Sudan	141	0	59	24	58
Total	7,584	3,000	1,885	548	602
Pine					
Mozambique	1,055	597	288	15	113
Southern highlands, Tanzania	6,618	1,661	1,660	1,339	735
Costal region, Tanzania	0				
Uganda	4,812	865	1,212	982	581
Sudan	25	0	25	0	0
Total	12,510	3,123	3,186	2,335	1,429
Teak, Other hardwoods					
Mozambique	0				
Southern highlands, Tanzania	127	45	68	0	0
Costal region, Tanzania	825	275	340	105	100
Uganda	184	0	12	76	8
Sudan	207	0	47	124	36
Total	1,344	320	467	304	144
Total					
Mozambique	2,160	1,235	600	147	121
Southern highlands, Tanzania	11,130	3,376	2,734	1,627	1,033
Costal region, Tanzania	1,792	763	670	148	182
Uganda	5,982	1,068	1,403	1,118	746
Sudan	373	0	131	148	94
Total	21,438	6,443	5,538	3,188	2,176

(b) Planted area

In 2011 GR continued its increase in annual planting, with a total of 6,443 ha, distributed on 3,123 ha of pine, 3,000 ha eucalyptus and 320 ha of teak and other hardwood species. Planting included in the BAV are verified by our mapping and inventory department through a combination of GPS tracking and high resolution satellite image interpretation. All data are documented in a compartment register and digital maps in a central database hosted by a professional data management company. GR has a total of 21,438 ha verified planting at the end of 2011 in the subsidiaries covered by the consolidated accounts. 76% of the planted areas are already certified according to the FSC®, including plantations in both Mozambique, Tanzania and Uganda, and 70% of the plantations in Tanzania and Uganda have during the past three years been subject to carbon project validation for either CDM or the VCS markets, providing valuable 3rd party confirmation of both the extent and standard of the plantations.

The company has not suffered from any significant wild fires over the past two years, but failed plantings due to insufficient site-species matching and some extent of late seasonal planting combined with excessive drought has through the annual survival assessments led to a net write off 1,201 ha. The biggest loss is due to the failure of 413 ha of teak in Lindi and 376 ha of the plantings in Niassa. In the Southern highlands of Tanzania a total of 385 ha was recognized as a loss due to final assessment of the Uchindile fire in 2009 and low survival on part of the 2010 planting with eucalyptus completed very late in the season. The losses are still high, but improvement in site species matching, land preparation, better planting material and more appropriate weed control has lead to a reduced level of failure compared with the previous years. We expect this trend to continue.

In 2011 a record of 47% (29% in 2010) of the total planting was with different Eucalyptus species, of which 25%, or 775 ha (206 ha in 2010), was with various fast-growing Eucalyptus clones. GR has also increasingly diversified into more site optimum pine species, with 1,760ha planted with faster growing Pinus Carribea (1,750 ha in 2010), 793 ha with Pinus Patula, 501 ha with Pinus Oocarpio and some minor areas with Pinus Taeda and Pinus Elliottii. The steady increase in the proportion of eucalyptus clones, as well as more optimum sub-species, has an important impact on the value of the company, although not yet reflected in the BAV.

(c) Growth and yield assumptions

The volume growth models used for Tanzania and Uganda are based on scientifically developed volume functions for each of the countries' government plantations, including publications from Indufor in consortium with The Institute of Resource Assessment, University of Dar Es Salaam 2007 and Alder, D; Drichi, P; Elungat, D. 2003. For the plantation in Mozambique and South Sudan we have used the same growth models as for Tanzania with similar physical growth characteristics.

For the plantations in Uganda and GR Ltd in Tanzania, we have from 2011 replaced the previous harvesting projections in the BAV model with more accurate projections from our Forest Management System. This is a new and more accurate approach, as the previous model only used average growth assumptions for each species, while we now are able to use the actual information from each compartment (one compartment is normally between 2-20 ha). Calibration of each compartment is done with the most appropriate Site Index and results from survival assessment and/or permanent sample plots (PSP) where this is available. The system also determines the harvesting age based on what is optimum for each compartment, rather than a fixed harvesting age.

Selection of site classes (production index) is based on 2011 measurements of PSP. We assume maturity of pine and eucalyptus on average at 21 and 13 years, respectively. Thinning regimes depend on the actual stocking and site index for each compartment, but normally 30% of standing volume of pine will be harvested as thinning after 10-12 years and again after 14-16 years, while eucalyptus are thinned after 7-8 years.

Volume functions for Teak have been established based on a 2007 report by Indufor in consortium with The Institute of Resource Assessment, University of Dar Es Salaam. Due to the poor performance of teak in Lindi and Tanga we have reduced the growth assumptions to about 50% of what we had previously applied.

Table 9iv Wood volume assumptions

	2011	2010	2009	2008	2007
Mean Annual Increment (m^3/ha/yr)					
Pine					
Mozambique	19.1	19.1	19.1	20.7	
Tanzania	15	19.1	19.1	20.7	20.7
Uganda	22	24.8	24.8	24.8	24.8
Eucalyptus					
Mozambique	24.0	24.0	24.0	22.5	
Tanzania	18.9	24.0	24.0	22.5	22.5
Uganda	22	22.6	22.6	22.6	22.6
Teak					
Tanzania, S.Sudan	7.5	15.0	15.0	15.0	
Average rotation Length (years)					
Pine	21	21	21	21	21
Eucalyptus	13	13	13	13	13
Teak	25	25	25	25	

Mean Annual Increment (MAI) for 2011 has been reduced both for pine and eucalyptus in Tanzania, and also for Eucalyptus in Uganda. This is due to the implementation of the new harvesting projections which are based on more precise information for each compartment. Through both internal and external assessments we have realised that there is considerable variations in the silviculture management of each compartment. The assessments have confirmed that the potential growth is in line with, or exceeds the previous growth assumptions, but the variations in the quality of the current stocking has lead to a reduction in the actual MAI applied.

(d) Wood prices

Current wood prices have been modelled based on current prices of sales to three different markets; the ‘Domestic’ Tanzania, Uganda, Mozambique or S.Sudan, ‘East African’ and ‘World Markets’. Historically, all East African standing wood prices have been dominated by administratively-set prices by the respective Governments. Uganda was the first to end this practice, with the introduction of competitive public bidding in 2004. In 2007, the Tanzanian Government’s tripling of wood prices was a move to close the gap with the market price in the region, and the price was kept unchanged until 2011, when a 22% increase was applied to pine while the eucalyptus price was kept unchanged (including both the changes in royalties and LMDA). In both Tanzania and Uganda, prices are below world market prices, reflecting both local market conditions and the quality of the existing wood on the market. It has been assumed that East African prices will catch up with global prices by 2020.

The Tanzanian prices are based on the latest price list for Government forests published 15 September, 2011 by the Ministry of Natural Resources and Tourism, and diameter tables applied for current harvesting in the Sao Hill forest plantations. The average sales price for standing trees in mature Government forests at Sao Hill including royalties and other fees harvested for saw logs are TSH 29,600 (USD 18.9 using year-end rates) for pine and TSH 34,600 (USD 22.6) for eucalyptus. The main buyer of eucalyptus wood from the Sao Hill Forest Project (SHFP) is Mufindi Paper Mill, which uses it for pulp and energy production. Sao Hill Industries Ltd (SHI) is purchasing some of its transmission pole wood from the SHFP, but then only utilizes the poles whilst leaving the rest for waste and therefore in reality accepting a higher price per m^3 for transmission poles. SHI is also purchasing poles from individual tree farmers in the region. In the future, the wood will supply a broader market, increasing the utilisation of the eucalyptus, with SHI starting a sawmill line suited for eucalyptus timber production in 2012 and most likely a CHP where eucalyptus will be a superior raw material. Thus, for eucalyptus we have chosen to use our most realistic estimate for stumpage considering the total harvested volume to be used to a mix of transmission poles (48%) and energy wood (52%), with an average set price of TSH 47,500 per m^3, the same as applied in 2010.

For teak we have set an export price of USD 200/m^3, based on information from the ITTO Tropical Forest Update 18/2/2008 showing that most teak plantation prices internationally lie between USD 200 and 300 per m^3. The domestic price is based on the Government price list from 2007,with an average price of TSH 146,000 (USD 93) per m^3 for the most relevant dimensions, as the new price list for 2011 did not include any prices for teak.

In Uganda, we have obtained prices from the most recent public auction conducted in March, 2011, with a documented price of pine at UGX 100,900 per m^3 for standing volume in Mafuga district; far south in the country, the only place where pine was auctioned by NFA and one of the few places where there still is mature pine in Uganda.

Table 9v Wood prices

In USD/m^3	2011	2010	2009	2008	2007
Pine solid wood					
Mozambique	18.9	16.6	18.5	19.0	-
Tanzania	18.9	16.6	18.5	19.0	21.5
Uganda	37.8	33.1	31	29.4	29.2
East Africa	27.9	28.8	29.8	29.8	23.3
World markets	40.0	40.1	38.6	36.8	35.0
Eucalyptus solid wood					
Mozambique	30.3	32.5	23.4	24.0	-
Tanzania	30.3	32.5	23.4	24.0	27.1
Uganda	45.3	39.4	22.6	17.1	18.0
East Africa	33.3	30.5	29.8	29.8	27.4
World markets	50.0	35.0	39.7	37.8	36.0
Eucalyptus, pulp/energy wood					
Mozambique	25.0				
World markets	30.0				
Teak solid wood					
Tanzania	99.9	99.9	114.1	114.1	-

As GR's plantations are considerably nearer the main market, and on much better terrain, we have set the pine price for 2011 at UGX 110,900 less a 15% reduction in accordance with the principles for invoicing applied by the NFA, giving a stumpage price of UGX 94,300 (USD 37.8) per m^3. For eucalyptus we have set the price at U113,000 (USD 45.3), up from UGX 90,000 last year. We have arrived at this using a blend of prices paid for transmission poles (32% of volume) from private tree farmers, and prices from sales of energy wood (68%) from BFC to wood industry in Jinja.

For both Tanzania and Uganda the approach used to establish the eucalyptus price should be considered conservative, assuming a high proportion going into energy wood, and not including any volumes supplied as saw logs or fencing poles.

In Mozambique we still don't have any market observations or government price list, so we are, as last year, applying the same prices as for Tanzania. The regional price is a blend of Tanzania and Uganda and Kenya. For Kenya the last issued government price list is from 2010.

Currently, there are very few exports of timber products from East Africa, but this is set to increase over time, and there is a significant import of wood products to the region, including transmission poles, panel boards and paper products. Furthermore, some of GR's plantations are established to serve export markets, and it is reasonable to believe that domestic and regional prices over time will reach an international-price level for wood. To reflect this, GR have, through assessing a wide range of sources, established what we consider being a world-market price level for Pine solid wood at USD 40 (a blend of timber, veneer and energy wood usage), Eucalyptus logs for solid wood products at USD 50 (a blend of transmission poles, timber, energy and/or pulpwood) and Eucalyptus pulp/energy wood at USD 30 (for direct delivery to pulp mills, wood chip export and or pellet factories). Thus, the international price level is also considered when establishing the fair value of the biological assets, with an applied market mix of 40%/30%/30% between Domestic, East Africa and World market prices.

There is a clear historical trend that East African wood prices are catching up with an international world price level. In previous BAV models we have assumed a flat, nominal price growth for the whole period of the modelling. From 2011 we have changed this principle, and applied a more conservative approach assuming the domestic and regional wood prices will reach world market prices in 2020, and then only increase in line with US inflation. As previously we have applied three different scenarios for the future price development, Low, Medium and High, with the Medium trend applied to make the domestic and regional prices to reach World market prices in 2020, and the Low and High scenarios with 1% higher and lower growth respectively.

Table 9vi Estimated annual nominal price increment

	2011-10	2021 ->
Uganda		
Pine solid wood	3.5%	2.9%
Eucalyptus solid wood	4.0%	2.9%
Other	3.8%	2.9%
Tanzania/Mozambique		
Pine solid wood	11.8%	2.9%
Eucalyptus solid wood	8.8%	2.9%
Eucalyptus pulp/energy wood	5.0%	2.9%
Other	10.0%	2.9%

(f) General economic and financial assumptions

Table 9vii Biological asset value scenarios

	<----- Price scenarios	----->		Weighted
USD per ha	Low	Medium	High	average
Pine	2781	4472	6346	4401
Eucalyptus	6237	10243	15296	10367
Teak	6062	10071	15187	10293
Other hardwood	3208	5417	7756	5402
Average/Total	3944	6429	9386	6431
Costs	-1064	-1064	-1064	-1064
Average, net of costs	2880	5365	8323	5367

In previous years' BAV we have applied a flat inflation rate throughout the time span of the model (2050) of 5% (Tanzania/Uganda) and 6% (Mozambique), in line with IMF mid-term projections. This year we have changed this principle and applied a higher domestic inflation rate for costs of maintenance, protection and local administration, using the IMF projection for 2012 and the 2013-2016 projection applied until 2020, thereafter assumed local inflation will equal US inflation. For corporate overhead costs charged to maintenance of the existing crop we have applied the US inflation rate. The US inflation applied is 2.9%, being the average rate over the past 25 years.

The model assumes a discount rate of 11%. This was reduced in 2009 from 12% due to a lower average cost of capital. Expected real returns and cash yield for US timberland has fallen from 9% in 2000 to 4.5% in 2007, according to GMO (2007). However, 'the return premiums for timberland relative to commercial real estate properties and government bonds are at relatively high levels', according to HTRG Research (April 2007). 'Most [US] institutional investors expect their timber investments to outperform inflation by about 800 basis points', according to Merrill Lynch (Sept 2007), but 'experts' suggested that more realistic return expectations will be in the range of CPI +400-500bp. Traditionally, Nordic forestry (and hydropower) investors have expected 4.5% real return, which traditionally has been the discount factor of the valuation of the forests of the Nordic paper companies. In 2004, Europe's largest forest deal, Bergvik, was priced at 6.25% pa nominal return for the equity. In Norway, the discount rate used by the Government for valuation purposes is now 5%, but Hoen, Eid & Okseter claim the actual discount rate for private transactions are 1.5-2%. Nominal returns expectations in emerging markets are 10-12% pa, according to GR's assessment.

The basis for estimation of fair value is according to IAS 41 limited to the current living crop, thus we have included one rotation only for pine and 3 for eucalyptus as this crop can coppice without any replanting. The last year included in the NPV is thus 2033 for pine and 2050 for eucalyptus species.

Development of the exchange rate has a significant impact on the value as most revenues are given in local currencies. The Tanzania shilling versus the USD was listed with an end of year value of 1,567 whilst the Uganda shilling versus the USD was listed at 2,493, and we have kept this value for whole period of the model assuming prices and costs over time will adjust for currency fluctuations.

Table 9viii General economic and financial assumptions	2011	2010	2009	2008	2007
Discount rate	11%	11%	11%	12%	12%
Last year included for NPV of Pine	2032	2031	2030	2029	2028
Last year included for NPV of Eucalyptus	2050	2049	2048	2047	2046
Current Inflation rate for Tanzania	9.4%	5.0%	5.0%	5.0%	5.0%
Current Inflation rate for Uganda	16.9%	5.0%	5.0%	5.0%	5.0%
Current Inflation rate for Mozambique	7.2%	6.0%	6.0%	5.0%	
Current Inflation rate for S.Sudan	9.4%	7.5%	7.5%		
Regional inflation rate applied 2013-2020	5.5%				
US inflation applied (2012-2050)	2.9%				
Exchange rate TSH/USD					
Exchange rate USH/USD					
Exchange rate MZN/USD	27.13	32.2	27.14		

(g) Management of biological risks

Forest plantations are subject to different types of risks, the most important being wild fires, pest and diseases and windfall. Since 2007 we have continued investing in fire protection equipment and improved management practices. Fire towers and forest patrols with radio communications, as well as 24-hour stand-by fire fighting crews with necessary equipment during the dry season have been established. During 2009-10 we have procured 20 pick-up based fast response units with water tanks, pumps and fire guns, as well as over 200 manual back pumps. Fire breaks to stop fires from outside and compartment fire breaks to reduce the scale of any fires have been established. Due to these measures GR only experienced minor losses to fires from 2004-08, but in 2009 the worst ever fire at Uchindile plantation, Tanzania destroyed more than 2000 ha. The 2009 fire highlighted the need for GR to adopt a new strategy to fire prevention, and according to an external expert the company developed an Integrated Fire Management strategy. This involves prescribed burning and grazing in buffer zones and underneath the canopy prior to the fire season to reduce the fuel load, as well as zoning of the plantations into blocks with wider fire breaks, using more fire resistant species in the most exposed areas, and further investment in training, fire fighting equipment and management capacity. Instrumental to reduce the fire risk is also strengthening relationships with the local community including the establishment of village brigades. In 2010 and 2011 there were no major losses due to wild fires, and GR believe the risk and impact of future fires can be reduced accordingly. Based on historical data and knowledge from other forest regions with similar characteristic GR has for the NPV calculations reduced the area for harvesting according to a matrix outlined in table ix depending of number of years each species are prone to fire and the frequencies and extent of expected losses. As an example we expect pine to be exposed to fire the first 15 years of the rotation with an expected loss of 5% every 5th year. The NPV model is assuming these losses are permanent, while in reality it will be replanted and thus reducing the loss to the cost of re-planting plus the delay in harvesting thus making our fire risk assumptions conservative.

Table 9ix Effects of incidents (fire, pests, draughts etc.)

Years prone to incidents	*Pine*	*Eucalyptus*
Mozambique	15	4
S. Sudan	15	4
Tanzania	15	4
Uganda	14	3

Table 9x Frequency of losses

	Every x year	% of area
Mozambique	5	5
S. Sudan	3	5
Tanzania, highlands	5	5
Tanzania, coast	3	5
Uganda	5	5

(h) Changes in fair value

The fair value of GR's plantations increased with USD 4.2 mn, from USD 86.9 mn in 2010 to USD 91.1 mn in 2011. Planted area adjustments contributed negatively USD 6.6 mn, considerably less than in the previous three years. The planting of 6,443 ha in 2011 adds USD 33.8 mn and is a record high contribution where GRL contribute USD 21.5 mn and the Uganda plantations USD 5.7 mn. From 2011 we have also included the established plantation in Lurio Mozambique with USD 1.4 mn for the 541ha planted in 2010-11.

Volume growth, or getting one year closer to harvesting for the 2010 and older plantings adds USD 4.3 mn, but due to the implementation of a new compartment-based harvesting scheduling module which more accurately takes into account variation in the stocking, the net negative impact is USD 19.5 mn. By far the biggest reduction is in GRL, Tanzania, where the impact of the new approach taken is a reduction of USD 15.6 mn. The reduction of growth rates for teak at the coastal plantation also have a negate impact with USD 6.2 mn. In Uganda though the new approach gives a net positive impact of USD 2 mn, mainly due to reduced rotation age for pine and inclusion of mature eucalyptus previously not included. All-in-all, we are confident these changes better reflect the actual stocking, and it is in line with external recommendations.

Changes in current wood prices and the price projections add a total of USD 1.2 mn, while the strengthening of local currency versus the dollar have a negative impact of USD 3.0 mn.

Table 9xi Changes in biological asset value

USD mn	Tanzania	Uganda	Mozambique	S. Sudan	Total
NPV 31.12.2008	27.9	12.3	2.0		42.1
Planted area adjustments	-10.7	-0.9	0.7		-10.9
Planting in 2009	13.2	3.2	1.0	1.1	18.6
Volume growth	2.0	0.7	0.3		3.0
Wood price adjustments	-	0.4	-		0.4
Input costs	0.4	-0.6	-0.1		-0.2
Reduced discount rate 1%	6.6	2.4	0.8	0.3	10.1
Other assumptions	1.3	0.4	-0.1		1.6
NPV 31.12.2009	40.7	17.9	4.6	1.4	64.6
Planted area adjustments	-13.5	-1.5	-1.4	-	-16.4
Planting in 2010	21.6	7.3	2.1	-	30.9
Volume growth	2.6	0.5	0.3	-	3.3
Wood price adjustments	4.6	5.5	0.6	-	10.6
Input costs	-0.6	0.7	-0.4	-	-0.4
Exchange rate	-2.7	-2.8	-0.3	-	-5.8
NPV 31.12.2010	52.5	27.6	5.4	1.4	86.9
Planted area adjustments	-3.1	-1.1	-2.4	-	-6.6
Planting in 2011	24.3	5.7	3.7	-	33.8
Volume growth	-21.8	2.0	.3	-	-19.5
Wood price adjustments	2.4	-2.5	1.2	-	1.2
Input costs	.8	-.8	-.2	-	-.3
Exchange rate	-1.6	-1.2	-.2	-	-3.0
Other assumptions	-1.0	-.1	.1	--	-1.4
NPV 31.12.2011	52.5	29.6	8.0	1.1	91.1

NOTE 10 ACCRUED CARBON REVENUE

In 2011, GR's carbon credit business made key advancements with its current project portfolio; including the registration of its first A/R CDM project, as well as several new sales contracts, demonstrating the demand for the company's high quality carbon credits. Carbon credit projections have been revised down at several projects due to additional inventory data providing more reliable estimations of current standing carbon stocks, as well as the revision of default data used in previous projections due to new CDM guidelines on conservative choice and application of default data.

In Uganda, the Kachung Forest Project (Lango Forestry Company Ltd) achieved registration by the UNFCCC in June, 2011, becoming the company's first registered CDM project. Following this, GR executed a long-term Emission Reduction Purchase Agreement (ERPA) with the Swedish Energy Agency (SEA) for carbon credits from the project covering the period from 2012–32; likely to be the world's longest carbon sales contract. The project is expected to deliver 30,000 temporary Certified Emission Reductions (tCERs – each tCER is equivalent to 1 tCO_2e for 5 years) in 2012, with 15,000 estimated to have been generated in 2011.

Bukaleba Forest Project (Busoga Forestry Company Ltd) entered validation and verification under the Verified Carbon Standard (VCS) in August, 2011 and the process was completed in March, 2012. The project is expected to issue 25,000 Verified Carbon Units (VCUs – each VCU is equivalent to 1 tCO_2e and the VCU credits are permanent, in contrast to the tCERs which are valid for five years) from the monitoring period 2004–11 in the next month. GR expects to agree on an ERPA during the first half of 2012. A carbon price of USD 4.0/tCO_2e has been assumed for the credits based on the volume-weighted average price of VCS credits from the 'State of the Forest Carbon Markets 2011'.

In Tanzania, the Uchindile and Mapanda Forest Project (Green Resources Ltd) sold its second volume of carbon credits to The CarbonNeutral Company. The ERPA covers carbon credits being delivered in 2012 and 2013. The 2011 volume is estimated at 25,000 VCUs. The next verification of the carbon stocks is planned in Q2 2012, with expected delivery of 35,000 VCUs before the end of the year.

The Idete Forest Project (Green Resources Ltd) is still pending host country approval and the setting of the national forest definition before it can conclude the validation process and become a registered A/R CDM project. The ERPA with the Norwegian Government is in place for the carbon credits generated from the 2012 verification, with an option agreement for future verifications beyond 2012. The 2012 stock of carbon credits is estimated at 50,000 tCERs and the 2011 carbon stock at 36,000 tCERs.

Based on the carbon stocks of Uchindile and Mapanda, Idete, Kachung, and Bukaleba, GR has accrued USD 588,980 as revenue for 2011.

Table 10 Carbon stock

'000 tCO2e	2011	2012	2013
Uchindile and Mapanda	25	35	65
Idete	36	50	76
Kachung	15	30	70
Bukaleba	25	25	25

NOTE 11 OTHER INVESTMENTS

Table 11 Other investments

NOK millions	2011	2010	2009	2008	2007
Pre-project costs	3	1	21	9	1
Concessions, patents and licenses			1	1	1
Deferred tax assets	1	1	1	0	
Shares	0	0	1	0	
Total	4	2	24	10	2

NOTE 12 INVENTORY

Table 12 Inventory

NOK millions	2011	2010	2009	2008	2007
Raw material	6	4			
Work in progress	0	3			
Finished goods	8	8	7	14	7
Consumables	10	4	5	3	5
Goods in transit	0	0	0	0	1
Total	24	19	13	17	14

NOTE 13 RECEIVABLES AND PREPAYMENTS

Table 13 Receivables and prepayments

NOK millions	2011	2010	2009	2008	2007
Trade receivables	6	15	9	12	7
Prepayments and other receivables	6	13	14	16	12
Receivables from related parties (note 15(ii))	0	0	0	1	1
VAT/Withholding tax refundable	4	0	0	2	1
Total	17	28	24	30	22

NOTE 14 SHARE CAPITAL

The movement in share capital was as follows:

Table 14i Movement in share capital

NOK millions	2011	2010	2009
Balance at 1 January	171	165	141
Issue of shares	19	12	24
Less shares issued but not registered per Dec 31st	-13	-6	
Capital reduction			0
Balance at 31 December	177	171	165

The authorised number of ordinary shares is 35,384,299 (2010: 34,101,363) with a par value of NOK 5 per share with a total book value of NOK 177 mn. All issued shares are fully paid.

The movement in the number of issued shares is as follows:

Table 14ii Movement in issued shares

No. of shares	New shares issued	Avg. share price (NOK)	Issued shares at 31/12	Avg. no of shares
2011	2,677,389	17		
2010	2,204,314	53		
2009	4,941,807	30		
2008	3,134,198	29		
2007	262,674			

Shares issued in 2011 but not registered per Dec 31st were 2,525,389.

NOTE 15 BORROWINGS

The borrowings are made up of the following:

Table 15 Borrowings

NOK millions	2011	2010	2009	2008
Non-current				
Norfund	30	30		-
IFC	30	30		
Phaunos Norge AS			20	68
Shareholder loans		5		1
Total non-current	60	66	20	69
Current				
Norfund loan – current portion				9
IFC loan - current portion			1	
Short term loans, external	2			
Shareholder loans	26		6	-
Total current	28	0	7	12
Total Borrowing	87	66	27	81

IFC signed two loans agreement in May, 2009 (A loan and C Loan) with GRAS and SHI,SHT,SHE and GRL as obligors. The size of the A loan is USD 10 mn of which USD 5 mn (TZS 6.6 bn) was disbursed in 2010. The loan is denominated in USD and is secured against: assignment of lease and mortgage over the land comprising of GRL plantations; SHI sawmill and Sao Hill Transport; a first ranking fixed and floating charge over the assets of GRL, SHT and SHI; and pledges of all shares and assignment of Concessions. The loan carries an interest rate equal to LIBOR + 4.5% pa. The principal shall be repaid Semi annually but equal instalments over a period of 8 years starting 15 July, 2010. The size of the C loan is USD 8 mn (none of this has been disbursed). The loan is aimed at financing the building of a CHP in Tanzania. The loan is denominated in USD and is secured against; assignment of land leases and/or mortgages over CHP plant, pledges of all shares and assignment of the PPA. The loan carries an Interest rate of LIBOR + 2.5% pa. The principal shall be repaid semi annually by equal instalments over a period of 3 years starting in 2017. GRAS and SHI, SHT, GRL and GRL also signed a loan agreement with Norfund in 2010. The size of the loan is USD 7 mn out of which USD 3.5 mn (TZS 5.3 bn) was disbursed in 2010. The loan is also denominated in USD, and have the same terms and conditions as the IFC A loan. A second disbursement of USD 3.5 mn was made from Norfund in January 2012. Shareholder loans worth NOK 20.3 mn have been converted into equity in Green Resources AS as per 28 February, 2012.

NOTE 16 DEFERRED TAXES

Deferred Income tax is calculated using the actual tax rate of 30% in Mozambique, Tanzania and Uganda. In Norway, the corporate tax rate is 28%. In Mozambique (to date agreed for Lurio, but a similar agreement is imminent for Niassa), the processing operations are tax exempt for the first five years of operations, benefit from a 50% discount of the income tax for the 6th through the 10th year and 25% discount thereafter, according to article 48 in Law no. 4/2009 Code of Fiscal Benefits. For Lurio Green Resources the benefits are starting in 2017 and 2023 depending on the type of operations, resulting in long term tax rate of 22.5%.

Deferred income tax assets and liabilities and deferred income tax credit in the profit and loss account are attributable to the following items:

Table 16i Deferred taxes

NOK millions	2011	2010	2009	2008	2007
At start of the year	97	66	55	26	13
Charge to profit and loss account	6	42	22	21	13
Exchange differences	-3	-12	-10	7	0
At end of the year	99	97	66	55	26
Charge to profit & loss by country					
NOK millions	2011	2010	2009	2008	2007
Tanzania	0	18	13	9	11
Uganda	6	23	4	9	3
Mozambique	0	1	4	3	-
Sudan	0	0	0		
	6	42	22	21	14

Table 16ii Deferred tax assets and liabilities

NOK millions	31-2011	Charged/ to and	31-2010	Charged/ to and	31-Dec 2009	Charged/ to and	31-Dec 2008
Deferred income tax liabilities							
Fair Value gains	157	7	150	41	109	34	75
Accelerated tax depreciation	3	0	3	-6	9	4	5
	160	7	154	36	118	39	79
Deferred income tax assets							
Other timing differences	-6	-2	-4	4	-8	-4	-4
Losses	-50	-4	-46	-14	-32	-5	-27
Exchange differences	-6	2	-8	-8	-11	-8	7
Tax losses brought forward	-57	-28	-29	-2	-28	-8	-20
Tax losses, not recognised	57	28	29	2	28	8	20
	-61	-5	-57	-17	-51	-17	-25
Deferred income tax liability	99	2	97	18	67	22	55

The group does not expect to utilise its deferred tax assets within the next 12 months.

NOTE 17 TRADE AND OTHER PAYABLES

Table 17 Trade and other payables

NOK millions	2011	2010	2009	2008	2007
Trade payables	14	15	8	14	12
Amounts due to related parties (note 14 (i))	0	0	0	0	0
Accrued expenses	7	3	1	2	-
Other payables	8	11	3	13	4
Current portion - borrowings	3	0	6	14	21
Total	32	30	18	43	37
Net of current portion	29	29	11	30	16
Change	0	18	-18	13	7

NOTE 18 RELATED PARTY TRANSACTIONS

A total of NOK 2,221,300 was paid to Mads Asprem for services as CEO in 2011 (2010: NOK 2,437,000), of which NOK 700,000 was booked as service fees to Asprem Analytics Ltd, where Mads Asprem is the ultimate beneficiary. Chairman of the Board, Juha Niemela, received NOK 775,400 in compensation for his services as Chairman and separate consultancy services. Loans worth NOK 53.6 mn were provided by board members in 2011, of which NOK 40.4 mn including accrued interest was converted to shares as per end 2011. There were no other transactions with related parties during the year. The following are the balances with related parties.

Table 18i Balances due to related parties

NOK millions	2011	2010	2009	2008	2007
Phaunos Norge AS	12				
Kristoffer Olsen (Sognefjell AS					
TV Rygh (Retiro AS)		5			5
& Jotunfjell Partners AS) director	3			-	1
New Africa Ltd			6	-	0

NOTE 19 CASH AND CASH EQUIVALENTS

For the purpose of cash flow statement, the year-end bank and cash equivalents comprise the following:

Table 19 Cash equivalents

NOK millions	2011	2010	2009	2008	2007
Bank and cash balances	13	51	34	87	17
Bank overdraft	-8	-3	0	-1	-1
Total	5	48	34	86	16

NOTE 20 INCORPORATION

Green Resources AS is incorporated in Norway as a private Company with limited liability. The list of subsidiaries owned by Green Resources AS is shown on Table 23.

NOTE 21 OWNERS

The company had issued 37,959,688 shares at the balance sheet date, distributed among 80 shareholders.

NOTE 22 GRANTS

Table 21 Green Resources' shareholders

31st Dec 2011	Beneficial owner	Shares	%
Phaunos Timber Fund	Luke	10,349,868	27%
NewAfrica, etc.	Asprem	9,140,034	24%
Steinerud	Rygh	2,970,448	8%
Macama Invest	Bohler	2,455,555	6%
Storebrand		2,536,934	7%
Verbena	Marangu	2,181,952	6%
TRG		1,600,114	4%
Rybo		1,308,180	3%
Wilhelmsen		1,072,378	3%
Jotunfjell	Olsen	628,569	2%
Høgseth/Høgseth Holding		789,990	2%
Allinvest Unternehmensbet		583,984	2%
6 owners 100,000 -350,000	Lovhaugen, Niemela	1,324,112	3%
23 owners 20,000-99,999		836,396	2%
30 owners < 20,000		181,174	0%
Total		37,959,688	100%

The Group has received governments grants of NOK 3.8 mn (NOK 2.5 mn in 2010) for dedicated renewable energy pilot projects in addition to our involvement in the Peace Corps exchange program. The grants are recognized once the grants are received. There are no unfulfilled conditions attached to the grant agreement.

NOTE 23 EVENTS AFTER THE REPORTING PERIOD

GR has successfully raised NOK 97 mn (USD 17 mn) of new equity from its existing shareholders, through the issue of 6 million new shares. The total number of outstanding shares after the share issues is 41.5 million.

The Extraordinary General Meeting (EGM) on 22 December 2011, decided to increase GR's share capital by raising up to NOK 56 mn (USD 10.1 mn) of new equity through a 10:1 rights issue at NOK 16 per share, creating up to 3.5 million additional shares. The subscription period ended on 28 February 2012. The rights issue was fully subscribed to and a total of 3,538,430 new shares will be issued to the respective subscribers based on the allocation approved by the Board of Directors on 26 March. The rights issue was over-subscribed, but three shareholders voluntarily reduced they subscription such that the number of subscribed shares matched the available number of shares. A total of NOK 22.4 mn of shareholder loans were converted to equity as part of the rights issue.

Furthermore, the EGM also approved the conversion of up to NOK 41.2 mn (USD 6.9 mn) of shareholder loans into a maximum of 2,575,389 shares. These loans, mostly raised during 2Q 2011, included a conversion rights, unlike earlier and later loans. All the lenders converted their loans to equity at the EGM 22 December 2011, leading to an additional 2.5 million of new shares being issued.

Table 22 Green Resources' shareholders

31 August 2012	Beneficial owner	Shares	%
Phaunos Timber Fund Ltd	LSE listed	11,127,645	27%
NewAfrica Ltd	Asprem	8,007,121	19%
Steinerud AS	Rygh	3,343,885	8%
Macama AS	Bohler	2,755,146	7%
SBL Direct Investments Ltd	Storebrand	2,653,485	6%
Verbena Ltd	Marangu	2,224,158	5%
TRG AS	Røkke	2,090,935	5%
Rybo AS	Bohler/Rygh	1,433,180	3%
PP Wilhelmsen		1,172,378	3%
Høgseth Holding AS		850,000	2%
Jotunfjell AS etc,	Olsen	790,590	2%
Gluteus Medius AS	Bergesen	700,684	2%
Allinvest Unternehmensbet.	Groller	633,569	2%
Juha Niemela		565,971	1%
Mads Asprem		326,027	1%
10 owners 100,000 -299,999	Lovhaugen	1,775,821	4%
23 owners 20,000-99,999		1,000,122	2%
30 owners < 20,000		195,424	0%
Total		41,646,141	100%

Holding Accounts Table i: Income Statement

NOK millions	Notes	1H 2012P*	2011	2010	2009	2008
Sales				15		0
Other operating income	8	1	9	7	4	1
Total operating Income		1	9	21	4	1
Raw materials and consumables used				15		0
Staff costs	2	4	10	8	6	4
Other operating expenses	2	3	4	8	5	7
Total operating expenses		8	14	31	12	11
Results of operations		-7	-5	-10	-7	-10
Income from investments in subsidiaries and associates						0
Interest received from group companies						0
Other financial income		0	0	1	1	0
Write down on investment in subsidiary		-1	-23			
Other financial expense		0	-7	-9	-13	-7
Operating results before tax		-8	-34	-18	-19	-16
Operating results		-8	-34	-18	-19	-16
Results for the year		-8	-34	-18	-19	-16
Transfers						
Other equity	5	-8	-34	-18	-19	-16
Total	1	-8	-34	-18	-19	-16

*Provisional figures based on management accounts, non-audited and not board approved.

Holding Accounts Table ii: Cashflow Statement

Cash flow Statement

NOK millions	Notes	1H 2012P*	2011	2010	2009	2008
Profit before taxation		-8	-34	-18	-19	-16
Movement in working capital:						
Change in short term receivables		0	-1	0	9	-9
Change in payables and accrued exp		0	0	-2	1	1
Net cash used by operating activities		-8	-35	-20	-10	-24
Investment activities						
Purchases of shares in subsidiaries		0	-62	-114	-133	-75
Purchase of property, plant and equipment					-14	
Dsiposal of property, plant and equipment		0	0	14		
Loan to subsidiaries, net		-32	2	22	11	14
Net cash outflow		-32	-60	-78	-136	-61
Financing activities						
Issue of shares, incl advance towards share capital		34	47	118	147	91
Loans proceeds, net		7	21	-17	-50	61
Net cash inflow		42	67	101	98	152
Increase in cash and cash equivalents		2	-28	2	-48	66
Cash/cash equivalents start of year		2	29	27	75	9
Cash/cash equivalents at end of year		4	2	29	27	75

* Provisional figures based on management accounts, non-audited and not board approved.

Holding Accounts Table iii: Balance Sheet

Balance Sheet

NOK millions	Notes	1H 2012P*	2011	2010	2009	2008
Non-current assets						
Fixed assets		0	0	0	14	0
Investment in shares	10	450	450	388	274	141
Total Fixed assets		450	450	388	288	141
Current assets						0
Receivables		1	1	0	0	0
Loans to group companies	9	77	45	47	69	80
Other debtors		1	1	1	1	10
Subscribed capital called but not paid		0	0	0	0	0
Total receivables		79	47	48	70	90
Bank deposits, cash in hand, etc	3	4	2	29	27	75
Total current assets		82	49	77	97	165
Total assets	1	533	499	465	385	306
Equity and liabilities						
Share capital		207	177	171	165	141
Share premium		386	319	256	207	84
Advance towards share capital		0	41	63		
Other equity		-77	-69	-35	-17	2
Total equity	5	516	467	455	355	227
Other long-term liabilities		0	0	5	21	0
		0	0	5	21	0
Current liabilities						
Convertible loans			0	0	0	68
Short term loans		11	21			
Trade and other payables		0	0	0	2	2
Public duties payable		0	0	0	1	0
Other short-term liabilities		5	10	5	6	8
Total current liabilities	7	16	31	5	9	79
Total liabilities		16	31	10	30	79
Total equity and liabilities		533	499	465	385	306

* Provisional figures based on management accounts, non-audited and not board approved. The Board signatures refers to the 2011 audited accounts.

26 April, 2012

Juha Niemela
Chairman

Mads Asprem
CEO

Liane Luke

Åge Korsvold

Kristoffer Olsen

Kristen Kleiman

Odd Ivar Løvhaugen

Elvin Mutuma Marangu

Håvard Nesheim

NOTE 1 ACCOUNTING PRINCIPALS

The annual report is set up in accordance to the laws of accounting and in accordance with good accounting practices and terms. Consolidated accounts are established, based on IFRS standards.

NOTE 2 EMPLOYEES REMUNERATION

Table 2 Holding Accounts

NOK millions	2011	2010	2009	2008
Salaries and wages	4.0	4.8	4.4	2.7
Social security	0.9	0.7	0.7	0.4
Board fees	0.3	0.3	0.3	0.4
Other salary expenses	4.3	2.1	0.9	-
Pension cost -				
defined contribution plan	0.4	0.2	0.2	0.1
	9.9	8.1	6.3	3.6
Number of employees	7	10	10	6

NOK 348,265 has been charged as compensation to the board members. A total of NOK 700,000 was booked as service fees to Asprem Analytics Ltd, where Mads Asprem is the ultimate beneficiary. Chairman of the board, Juha Niemela, received NOK 775,400 for his services as Chairman and consultant. There were no other transactions with related parties during the year.

The auditor has been paid the amount of NOK 365,990 for statutory audits, and NOK 56,572 for other attestation services. The company has established the obligatory pension security systems. The company operates a defined contribution plan which includes 7 permanent employees. See Consolidated Notes, section 1 (j).

NOTE 3 BOUND ASSETS

Of the company's bank deposits, NOK 176,585 are bound for tax purposes.

NOTE 4 SHAREHOLDERS' AND DIRECTORS' SHARE OWNERSHIP 31.12.2011

Refer to Note 21 of the Consolidated accounts. The total number of shares registered by VPS on 31.12.2011 was 35,384,299 shares, while the total number of issued (and paid-in) shares was 37,959,688.

As of 31 December, 2011, the Chairman of the Board Juha Niemela holds 109,758 shares. The Managing Director, Mads Asprem, holds 8,425,191 through the company New Africa Ltd etc. Board member Mutuma Marangu holds 2,181,952 shares through Verbena Investment Holdings Ltd. Board member Kristoffer Olsen holds 628,569 shares, including 300,000 shares through the company Jotunfjell AS and 176,569 shares through the company Jotunfjell Partners AS. Board member Odd Ivar Løvhaugen holds 226,760 shares. Board member Erik Bøhler holds 2,182,117 through Macama Invest AS and holds 654,090 through Rybø AS (50% ownership). Board member Liane Luke is representing Phaunos Norge AS which holds 10,349,868 shares.

NOTE 5 EQUITY

Table 5 Holding Accounts

Equity NOK millions	Share equity	Share pre-mium Re-serve	Other equity	Paid, not regis-tered equity	Sum equity
Equity 01/01/2009	141	85	2	-	227
Equity increase 2009	25	122	-	-	147
This years result	-	-	-19	-	-19
Equity 31/12/2009	165	207	-17	-	355
Equity 01/01/2010	165	207	-17	-	355
Equity increase 2010	5	49	-	63	118
This years result	-	-	-18	-	-18
Equity 31/12/2010	171	256	-35	63	455
Equity 01/01/2011	171	256	-35	63	455
Equity increase 2011	6	62	-	-22	47
This years result	-	-	-34	-	-34
Equity 31/12/2011	177	319	-69	41	467

NOTE 6 INCOME TAXES

The company has a taxable deficit of NOK 91,260,064 giving a tax credit of NOK 25,552,818 which is not reflected in the current balance account.

Table 6i Income tax expense result for the year

NOK millions	2011	2010	2009	2008
Taxes payable	0	0	0	0
Changes in deferred tax liability/ tax	0	0	0	0
Income tax expense	0	0	0	0

Table 6ii Calculation of deferred tax/deferred tax asset

Temporary differences

NOK millions	2011	2010	2009	2008	2007
Net temporary differences				-	-
Tax losses carried forward	91	80	62	43	27
Total	91	80	62	43	27
28 % deferred tax	26	22	17	12	7
Deferred tax assets not recognised	-26	-22	-17	-12	-7
Deferred tax in the balance sheet	-	-	-	-	-

Table 6iii Basis for income tax expense, changes in deferred tax & tax payable

NOK millions	2011	2010	2009	2008	2007
Profit/loss before income tax	-34	-18	-19	-16	-7
Permanent differences	23	-	-	-	-
Basis for the tax					
expense of the year	-11	-18	-19	-16	-7
Changes in temporary differences	-	-	-	-	-
Basis for tax payable					
in the profit and loss statement	-11	-18	-19	-16	-7
'+/- Group contributions					
paid/received	-	-	-	-	-
Basis for tax payable liability	-11	-18	-19	-16	-7

NOTE 7 BORROWINGS

The company had NOK 31 mn of borrowings at the end of 2011, up from NOK 5 mn in 2010. A total of NOK 21 mn of shareholder loans was converted into shares as per 28 February, 2012.

NOTE 8 GRANTS

The Group has received governments' grants of NOK 3.8 mn (NOK 2.5 mn in 2010) for dedicated renewable energy pilot projects in addition to our involvement in the Fredkorpset Peace Corps exchange programme. The grants are recognized once the grants are received. There are no unfulfilled conditions attached to the grant agreements.

NOTE 9 INTERCOMPANY TRANSACTIONS AND BALANCES

As per 31 December, 2011 the Company had the following balances with subsidiaries:

NOK millions	2011	2010	2009
Busoga Forestry Co Ltd	1.3	3.0	3.0
Lango Forestry Co Ltd	0.5	0.6	1.2
Sao Hill Industries Ltd	1.7	4.4	3.1
Green Resources Ltd	3.3	4.2	3.9
Sao Hill Transport Ltd	-2.5	-2.6	0.7
Sao Hill Energy Ltd	0.5	2.2	0.3
Tanga Forest Company Ltd		0.8	13.6
Lindi Forest Company Ltd	0.2	1.0	6.8
Green Resources Mozambique	0.6	4.0	12.0
F Del Cabo Delgado	0.9	0.9	0.9
Lurio Green Resources	2.8	3.0	1.9
Niassa Green Resources	16.0	7.1	5.1
TreeFarms (S)	10.5	8.7	5.3
TreeFarms Zambia	0.8	0.8	0.6
Green Resources UK	6.6	7.1	9.2
Nortan AS	1.2	1.2	1.2
African Green Power Ltd	0.5	0.5	0.4
	45.0	46.9	69.1

NOTE 10 SUBSIDIARIES

Green Resources AS has, through the accounting year, been the major shareholder in the companies in the Consolidated accounts. (See note table 23 under Notes to Consolidated Accounts). In 2011, the company made a write down of NOK 22.6 mn on its investments in Tanga Forest Co. Ltd. due to the lowered valuation of Tanga's teak plantations.

To the Annual Shareholders' Meeting of Green Resources AS

Independent auditor's report

Report on the Financial Statements

We have audited the accompanying financial statements of Green Resources AS, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company comprise the balance sheet as at 31 December 2011, and the income statement and cash flow statement, for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the group comprise the balance sheet at 31 December 2011, income statement, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the financial statements of the parent company in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by EU and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

PricewaterhouseCoopers AS, Postboks 748 Sentrum, NO-0106 Oslo
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Org.no.: 987 009 713 MVA, Medlem av Den norske Revisorforening

pwc

Opinion on the financial statements of the parent company

In our opinion, the financial statements of the parent company are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position for Green Resources AS as at 31 December 2011, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the group

In our opinion, the financial statements of the group present fairly, in all material respects, the financial position of the group Green Resources AS as at 31 December 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report concerning the financial statements and the going concern assumption, and the proposal for coverage of the loss is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 26 April 2012
PricewaterhouseCoopers AS

Bjørn Leiknes
State Authorised Public Accountant (Norway)

(2)

Green Resources AS is a Limited Company established on 26 August, 1995 and registered on 23 November, 1995 in Norway with organisation number 975 879 968.

Share capital and registration

The Company has issued 41,646,141 freely transferable shares of NOK 5 face value each, all of which are fully paid and issued according to Norwegian law. The shares are registered under VPS, the Norwegian electronic share register, under the International Securities Identification Number (ISIN) NO 000 3100208. The registrar for the shares is DnB NOR ASA.

Authorisation to issue shares

The 2011 AGM and EGM gave the Board the right to issue up to 3,538,430 new shares with a nominal value of NOK 5 per share up until the next AGM.

Shareholder policy

Tree planting is a long term undertaking and the Company's strategy has been to provide maximum long-term return for the shareholders. The Company has not encouraged liquidity in its shares. However, it is a long-term objective to become a publicly listed company.

Green Resources' shareholders

31 August 2012	Beneficial owner	Shares	%
Phaunos Timber Fund		11,127,645	27%
NewAfrica	Asprem	8,007,121	19%
Steinerud	Rygh	3,343,885	8%
Macama	Bohler	2,755,146	7%
SBL Direct Investments Ltd	Storebrand	2,653,485	6%
Verbena	Marangu	2,224,158	5%
TRG	Røkke	2,090,935	5%
Rybo	Bohler/Rygh	1,433,180	3%
Wilhelmsen		1,172,378	3%
Høgseth Holding		850,000	2%
Jotunfjell etc,	Olsen	790,590	2%
Gluteus Medius AS	Bergesen	700,684	2%
Allinvest Unternehmensbet.	Groller	633,569	2%
Juha Niemela		565,971	1%
Mads Asprem		326,027	1%
10 owners 100,000 -299,999		1,775,821	4%
23 owners 20,000-99,999		1,000,122	2%
30 owners < 20,000		195,424	0%
Total		41,646,141	100%

Green Resources share issues 2007 - 2012

Type of issue	Issue date	Proceeds NOK mn	NOK/ Share	No of shares
Shares as at 1/1/2007				*22,375,239*
Employee shares	Feb 2007	5.1	11	449,400
Market issue	June 2007	70.0	30	2,333,340
Market issue	Dec 2008	89.3	30	2,978,198
Employee issue	Apr 2009	1.5	30	49,000
Market issue	Oct 2010	30.0	30	1,000,000
Market issue	Nov 2010	45.0	30	1,500,000
Market issue	Oct 2009	79.0	33	2,392,807
Employee shares	Oct 2010	2.1	33	64,328
Market issue	Oct 2010	122.3	54	2,264,987
Employee shares	Dec 2011	0.8	16	50,000
Rights issue	Dec 2011/Feb 2012	97.0	16	6,063,818
Employee shares	July 2012	2.0	16	125,024
Shares as at 31/8/2012		544.1	28.23	41,646,141

Dividend policy

Green Resources has not yet paid a dividend. It has significant investment opportunities, which are believed to generate high returns and the Company does not expect to pay a dividend for a further five years.

General meeting of the shareholders

The Annual General Meeting (AGM) is held annually before the end of June. The General Meeting of Shareholders' is the Company's supreme decision making body. The following items, among others, are decided by the AGM:

i) amendments to the Articles of Association
ii) elections of the Board of Directors
iii) issue of new shares and acquisitions of own shares
iv) adoption of the Accounts
v) payment of dividend
vi) election of the Company's auditors and their fees

The right to attend a General Meeting of the Shareholders shall apply to any shareholder who is registered as a shareholder of the Company at the day of the AGM.

Board Committees

Green Resources has three Board Committees. The Audit Committee consists of Liane Luke, Kristoffer Olsen and Odd Ivar Løvhaugen and Hårvard Nesheim, the Remuneration Committee consists of Juha Niemela, Age Korsvold and Liane Luke and the Nomination Committee consists of Liane Luke and Mads Asprem.

Company signature and Prokura

The Company is signed by the Chairman and one Director. Prokura is held by the Chairman.

Company By-laws

1. The name of the Company is Green Resources AS.
2. The Company's business address is in Baerum.
3. The purpose of the Company is to invest in financial and productive assets and to carry out production and consulting activities.
4. The Company's share capital is NOK 208,230,705 divided in 41,641,141 freely transferable shares of NOK 5 each.
5. The board of directors is to consist of from 5 to 10 members. The board is elected for one year at time. The board members may be reelected. Any shareholder representing at least 20% of the shares can appoint a Director to the Board. At least half the members of the Board must be elected by the shareholders' meeting. There may be appointed or elected one personal substitute for a Director of the Board. In case of a tie during votes among the members of the board of directors, the chairman is to have a double vote. The board of directors is to meet at least once per quarter. A board meeting is to be summoned with a minimum of 5 days written notice.
6. The Chairman of the Board and one member of the board jointly will sign for the Company. The Board may issue a limited power to sign, 'prokura'.
7. The Company's shares are to be registered in VPS (Verdipapirsentralen).
8. The Ordinary General Meeting is to be held each year within the end of the month of June. Summons is to be sent in writing with two weeks' notice. The summons is to specify the matters which are to be dealt with. The General Meeting is to be chaired by the Chairman of the Board, unless another leader of the meeting is elected. At the General Meeting each share has one vote. Shareholders may be represented by written Power of Attorney.
9. At the Ordinary General Meeting the following matters shall be dealt with:
   i) The Annual Report of the Board of Directors.
   ii) Adoption of Profit and Loss Account and Balance Sheet.
   iii) Decision concerning fees for Members of the Board and the Auditor.
   iv) Use of profits or covering of deficits according to the Balance Sheet and payment of dividends.
   v) Election of Board and Auditor if applicable
   vi) Other matters, which according to law or by-laws are to be dealt with by the General Meeting.
10. An Extraordinary General Meeting is to be held when the Board finds this necessary or one shareholder, who represents at least 10% of the share capital, demands it. Summons of an Extraordinary General Meeting must be done with at least eight days' notice. At an Extraordinary General Meeting only the matters specified in the Agenda included in the summons may be dealt with.
11. Green Resources AS' Board of Directors has the right to raise debt from development finance institutions, working capital loans and loans with a duration of less than one year. Issuance of any other debt requires unanimous approval by the Board of Directors. Green Resources AS shall invest in countries in Southern Africa (SADC) and the East African Community (EAC). Any investment that represents more than 5% of the Company's invested capital in any one country outside of this region requires unanimous approval of the Board of Directors.
12. Green Resources will manage its operations in accordance with the Forest Stewardship Council's standards.

Board of Directors

The Board of Directors is responsible for the governance of the Company and for the proper organisation of its activities in accordance with the legislation and the Articles of Association. The Board of Directors establish the strategy, organisation, accounting and control of the Company and appoint the Managing Director and CEO, who acts in accordance with the orders of the Board of Directors and is responsible for the day-to-day management of the Company's affairs. The Board of Directors held five full board meetings and one telephone meeting in 2011.

The subsidiary companies have in-house boards consisting of Green Resources' employees. The company has advisory boards with external members in all key countries of operations.

Juha Niemelä, Chairman

Joined the Board in 2008 as Vice Chairman. Born 1946. Finnish MSc in Economics and Business Admin., Turku School of Economics, Finland. Dr (Econ) h.c. 2000 and Dr (Tech) h.c. 2004. 1996-04 CEO of UPM-Kymmene, 1993-1995 Executive Vice President, Yhtyneet Paperitehtaat Oy (UPM), 1983-93 Vice President, UPM. Chairman of European Paper Industry Federation (CEPI) 2000-01. Board Member in Merita-Nordbanken (Nordea) 1998-00. Presently Chairman of Veikkaus Oy, the national lottery company of Finland, Board Member in M-real Oyj and Powerflute Oyj, paper and board companies.

Mads Asprem

Member since 1995, Chairman 2004-06, Vice Chairman 2006-08. Born 1961, Norwegian. BSc in Economics Wharton School, USA, 1983, MBA, Univ. of Chicago, USA, 1987. First VP, equity analyst and head of the global forest products and paper research team at Merrill Lynch 2000-05. Managing Director and head of forest products and paper global research team of Morgan Stanley 1991-00. Equity analyst CSFB 1990-91. Consultant Monitor Company 1987-89. Portfolio manager Storebrand 1984-85. Met as substitute member to the Norwegian Parliament. Established Green Resources in 1995 and took over as Managing Director in 2006.

Kristen Kleiman

Member since 2011. Born 1966, United States. Director of Acquisitions and Investments, FourWinds Capital Management since 2007. Manager of Acquisitions, Hancock Timber Resource Group, 1996-01, Peace Corps Volunteer, Botswana, 1992-93. Financial Analyst, CDC Inc., 1989-92. MS in Forest Ecology University of Michigan, BS in Finance Babson College.

Age Korsvold

Member since 2011. Born 1946, Norwegian. Independent Advisor. MBA Wharton, University of Pennsylvania, Philadelphia, USA 1971. CEO of Kistefos AS 2001-11. CEO of Storebrand ASA 1994-00. Previously, ten years as partner of Fondsfinans AS, six years with Orkla ASA as Investment Director, in addition to other positions. Currently Vice Chairman of Orkla ASA, Chairman Scandinavian Insurance Group, Chairman of Atex Ltd and Member of the Board of Aweco Invest.

Liane Gaumont Luke

Member since 2008. Born 1951, United States. MBA in Finance, School of Management, Yale University. Managing Director Timber group, FourWinds Capital Management, since 2006. Member, Board of Directors, Phaunos Timber Fund Limited (LSE:PTF) 2006-12. Principal, Greenway Investments, since 2005. Principal and Managing Director, RMS Forest, 1998-05. Vice President, Hancock Timber Resource Group, 1996-98.

Odd Ivar Lovhaugen

Member since 1998. Born 1955, Norwegian. MSc in Forestry, Norwegian University of Agriculture Managing Director of Namsos Trafikklag since 2001. Managing Director of Green Resources 1998-00. Chief Operating Officer of Statskog 1992-98. Senior Forest District Officer 1985-92. Junior District Forest Officer 1981-84. Chairman Statskog Borregaard skogsdrift 1996-98.

Mutuma Marangu

Member since 2003. Born 1961, Kenyan/American. BA in Economics, Vassar College, USA, 1984; MPh in Econ & Politics, Cambridge, UK, 1987, MBA, Wharton School, USA, 1989. Market analyst and commodity trader, Glencore 1991-2003, commodity trader trainee, Phillip Brothers, 1989-1990, financial analyst, Morgan Stanley, 1984-86. Investor and Director in numerous renewable and non renewable energy and real estate companies in sub–Sahara Africa.

Havard Nesheim

Member since 2011. Born 1960. Norwegian. Independent investor. Norwegian. MSc in Business Administration, Norwegian School of Economics and Business Administration. Head of Research at Handelsbanken 2008-10. Chief Investment Officer at Orkla Finans AS 2000-07, and held positions as Executive Vice President and Portfolio Manager of Storebrand and Head of Business Development Asset Management at Kredittkassen. Board Member of Conceptor AS and held Board memberships in Industrikapital AS, Carl Kierulf AS, Norfond AS, NOM and NFF.

Kristoffer Olsen

Member since 1998. Chairman 1999-04. Born 1962 BSc in Economics, Wharton School, USA. MBA, INSEAD, France Chairman of Jotunfjell Parterns, a private equity and advisory company. Senior Partner Innovation Consulting 2001-03. Managing Director Scandinavian Retail Group 1996-98, Managing Director/Finance Director Voice of Europe, 1992-96. Project Manager/Associate McKinsey & Co, 1985-92.

Mads Asprem – CEO/Managing Director

Norwegian, born 1961. (See Board of Directors)

Olav Bjella - Plantation Operations

Norwegian, born 1963. MSc Forest Economy and Planning, Agricultural University of Norway, 1990. Executive Director National Forest Authority, Uganda 2004-06. Director of Consultancy, Prevista 2001-04. Managing Director Ressurdata and positions at Statskog 1993-01.

Arlito Cuco - MD Mozambique Plantations

Mozambican, born 1960. MSc Forestry from University of Helsinki, Finland, 1991 and BSc in Forestry Engineering from Eduardo Mondalane University (EMU), Mozambique. Joined 2008. National Director of Forestry and Wildlife1998-06, National Director Lands, Forests and Wildlife 2006-07, Chairman African Forestry and Wildlife Commission 2006-07. Previously worked with IFLOMA, Mozambique's largest forest, and as a Lecturer at EMU.

Isaac Kapalaga - MD Uganda Plantations

Ugandan, born 1958. MSc in Forest Business Management, Aberdeen University, UK, 1991, BSc Forestry, Makerere University, Uganda. Joined 2009. 2007-08 Operations Manager, USAID Rural Financial Services Project, 2004-06 Technical Services Director, National Forestry Authority, 2001–03 Operations Manager, USAID Enterprise Project, 1988 – to date, Board Chair, Mawotto Plantations, 1992-94 Forest Park Manager and 1981-91 Forest Officer, Uganda Forest Department.

Jannicke Koch-Hagen - Finance Director

Norwegian, born 1968. MBA, Henley Management College, 1996. Auditor, Handelshoyskolen BI, 1990. Financial advisor, Oakfield ANS, 2004-06. Held a number of positions in Alpharma AS 1990-03, including Director of Business Development, HPI, Director Finance Supply Chain and Controller Supply Chain

Roselyne Mariki - Executive Director, Tanzania

Joined 1997. Born 1967. BSc Engineering in Chemical and Process, University of Dar es Salaam, Tanzania. 2005-09 Founder of Managing for Impact Ltd, a management consultancy. 2002-09 established and managed Great African Safari, a specialised tour operator. 1999-02 Managing Director of newafrica.com website while also developing Green Resources' carbon business. 1997-98 Analyst with Green Resources. 1995-97 Tutoring Assistant.

Aadu Polli - Industrial Director

Estonian, born 1977. Bachelor of International Economics, Tartu University, Estonia. Joined 2009. 2007-09 established Construction Equipment Rental Company, Bulgaria. 2005-07 Mill Manager of Alytus sawmill, Lithuanian Stora Enso. 2003-05 Mill Manager of Sauga sawmill, Sylvester and Stora Enso. 2000-02 Finance Manager of Sauga sawmill, Sylvester, Estonia .

Susan Pring - Human Resources Director

British, born 1960. Joined 2009. Prior to joining, owner of Spanish real estate management and services company, 2003-09. Previously Vice President, Operations Officer for Equity Research Division, Morgan Stanley 1994-03.

GREEN IMPACT, GREEN PROFITS

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