

TIMBERLAND SECURITIES INVESTMENT PLC

ANNUAL REPORT

For the year ended 31 December 2020

TIMBERLAND SECURITIES INVESTMENT PLC

Company Information

Directors : Mr Dirk Koester
Mr Thomas Kraemer
Mr Anthony J Paris

Secretary : Ganado Services Limited

Company number : C 68856

Registered office : 171,
Old Bakery Street,
Valletta

Auditors : 6, KSi Malta
Villa Gauci
Mdina Road
Balzan BZN 9031

TIMBERLAND SECURITIES INVESTMENT PLC

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Report of the Directors

For the year ended 31 December 2020

The directors present their report and the audited financial statements of Timberland Securities Investment plc (the Company) for the year ended 31 December 2020.

Principal activities

The company's principal activities, which are substantially unchanged since last year comprises acting as arranger in respect of issuance of limited recourse notes by related parties and others. The Company is also involved in the issue of Notes and Bonds to the general public to raise funds for general corporate purposes and the Issuer is free to use the proceeds as it wishes. The Company has invested into inter alia related entities that operate in the sphere of residential, industrial and automotive energy storage systems.

Financial performance

During the financial year under review, the Company registered a loss after tax amounting to €1,392,182 (2019: loss €3,063,494). The loss for the year was incurred as revenue for the year was not sufficient to cover for the expenses incurred by the company. The directors expect that the present level of activity will be enhanced for the foreseeable future and that operating results will improve gradually.

Dividends

The directors do not recommend the payment of a dividend as the Company did not have any distributable reserves as at 31 December 2020.

Financial risk management

The Company's activities potentially expose it to a variety of financial risks: credit risk and liquidity risk. The company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the company's financial performance. The board provides principles for overall risk management, as well as policies covering risks referred to above and specific areas such as investment of excess liquidity. The company did not make use of derivative financial instruments to hedge certain risk exposures during the current and preceding financial years.

(a) Liquidity risk

The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise interest-bearing borrowings and payables.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from related companies, financial assets and the cash held at bank.

Report of the Directors (continued)

For the year ended 31 December 2020

Post balance sheet events

There are no events or transactions that affect the company since the end of the accounting period.

Future developments

Given the widespread of the pandemic and given that it is an unprecedented event, the impact on the economy, the Company's business activities and its net assets, financial position and results of operations in the short, medium or long term is difficult to predict. Possible outcomes range from successful virus containment and minor short-term impact to a prolonged global contagion resulting in possible recession. At the same time, there are a number of policies and fiscal responses emerging locally to mitigate potential negative impacts.

Directors

The following have served as directors of the company during the year under review:

Mr Thomas Kraemer

Mr Anthony J. Paris

Mr Dirk Koester

In accordance with the company's Articles of Association the present directors remain in office.

Auditors

KSİ Malta have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the forthcoming annual general meeting.

BY ORDER OF THE BOARD



Thomas Kraemer
Director



Anthony J Paris
Director

26 March 2021

Directors' Responsibilities

For the year ended 31 December 2020

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- Adopt the going concern basis unless it is inappropriate to presume that the Company will continue in business;
- Select suitable accounting policies and apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- Account for income and charges relating to the accounting period on the accrual basis;
- Value separately the components of assets and liabilities items; and
- Report comparative figures corresponding to those of the preceding accounting period.

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

TIMBERLAND SECURITIES INVESTMENT PLC

Independent Auditors' Report

To the shareholders of Timberland Securities Investment plc

Report to the Financial Statements

We have audited the financial statements of Timberland Securities Investment plc (the Company), set out on pages 7 to 23, which comprise the balance sheet as at 31 December 2020, and the income statement, and cash flows statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of those Regulations (GAPSME), and have been prepared in accordance with the Requirements of the Companies Act (Cap. 386).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 12 in the financial statements, which indicates that the Company incurred a net loss of €1,392,182 during the year ended 31 December 2020 and, as of that date, the Company's liabilities exceeded its total assets by €3,384,800. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Nevertheless, as disclosed in note 12, the directors are confident that future profitability of the company will enable it to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the Report of the Directors. Our opinion on the financial statements does not cover this information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

TIMBERLAND SECURITIES INVESTMENT PLC

Independent Auditors' Report (continued)

Other Information (continued)

With respect to the Report of the Directors, we also considered whether the Report of the Directors includes the disclosures required by Article 177 of the Maltese Companies Act (Cap. 386). Based on the work we have performed, in our opinion:

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with the Maltese Companies Act (Cap. 386).

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Report of the Directors. We have nothing to report in this regard.

Responsibilities of the Directors

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with GAPSME, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

TIMBERLAND SECURITIES INVESTMENT PLC

Independent Auditors' Report (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.


We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

We have responsibilities under the Companies Act, 1995 enacted in Malta to report to you if, in our opinion:

- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.
- We have not received all the information and explanations we require for our audit.
- Certain disclosures of directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.

We have nothing to report to you in respect of these responsibilities.



Joseph Gauci (Director) for and on behalf of

KSi Malta
Certified Public Accountants

26 March 2021

TIMBERLAND SECURITIES INVESTMENT PLC

Income Statement

For the year ended 31 December 2020

	Notes	2020 €	2019 €
Revenue		21,085	975,750
Other income		122	-
Administration expenses		(927,008)	(1,241,286)
		<hr/>	<hr/>
Operating loss		(905,801)	(265,536)
Other gains and losses		(40,234)	(2,829,988)
Investment income		2,256	39,917
Finance costs		(585,914)	(594,672)
		<hr/>	<hr/>
Loss before tax	3	(1,529,693)	(3,650,279)
Income tax expense		137,511	586,785
		<hr/>	<hr/>
Loss for the year		(1,392,182)	(3,063,494)
		<hr/>	<hr/>

TIMBERLAND SECURITIES INVESTMENT PLC

Balance Sheet

As at 31 December 2020

	Notes	2020 €	2019 €
Assets			
Non-current assets			
Property, plant and equipment	4	15,608	16,154
Investment in subsidiaries	5	2,686	52,686
Other investment	5	5,000	5,000
Trade and other receivables	6	2,968,579	4,387,766
Deferred tax assets		724,296	586,785
		<u>3,716,169</u>	<u>5,048,391</u>
Current assets			
Trade and other receivables	6	1,900,273	1,802,349
Cash and cash equivalents	7	9,237	2,663
		<u>1,909,510</u>	<u>1,805,012</u>
Total assets		<u>5,625,679</u>	<u>6,853,403</u>
Equity and Liabilities			
Equity			
Share capital		50,000	50,000
Accumulated losses		(3,434,800)	(2,042,618)
		<u>(3,384,800)</u>	<u>(1,992,618)</u>
Liabilities			
Non-current liabilities			
Borrowings	8	6,890,528	6,789,711
Trade and other payables	9	244	-
		<u>6,890,772</u>	<u>6,789,711</u>
Current liabilities			
Trade and other payables	9	1,570,295	1,506,898
Current tax liabilities		549,412	549,412
		<u>2,119,707</u>	<u>2,056,310</u>
Total equity and liabilities		<u>5,625,679</u>	<u>6,853,403</u>

The financial statements on pages 7 to 23 were approved and authorised for issue by the board of directors on 26 March 2021 and were signed on its behalf by:



Thomas Kraemer
Director



Anthony J Paris
Director

TIMBERLAND SECURITIES INVESTMENT PLC

Statement of Cash Flows

For the year ended 31 December 2020

	Notes	2020 €	2019 €
Cash flows from operating activities			
Loss before tax		(1,529,693)	(3,650,279)
Adjustments for:			
Depreciation		5,794	4,663
Amortisation of bond costs & notes discount		100,572	77,993
Impairment of related party balances		128,234	5,274,988
Impairment of notes		908,000	(2,445,000)
Profit on disposal of notes		(996,000)	-
Interest expense		478,791	450,933
		<hr/>	<hr/>
Operating loss before working capital changes:		(904,302)	(268,702)
Movement in trade and other receivables		48,138	(2,962,835)
Movement in trade and other payables		24,692	7,429
		<hr/>	<hr/>
Cash used in operating expenses		(831,472)	(3,242,108)
Interest paid		(478,827)	(428,004)
		<hr/>	<hr/>
Net cash outflow in operating activities		(1,310,299)	(3,670,112)
		<hr/>	<hr/>
Cash flows from investing activities			
Acquisition of property, plant, and equipment		(5,248)	(4,372)
Acquisition of subsidiaries		-	(132,447)
		<hr/>	<hr/>
Net cash outflow in investing activities		(5,248)	(136,819)
		<hr/>	<hr/>
Cash flows from financing activities			
Proceeds from borrowings		88,245	2,819,572
Advances from related party		1,233,876	954,456
		<hr/>	<hr/>
Net cash inflow from financing activities		1,322,121	3,774,028
		<hr/>	<hr/>
Net movement in cash and cash equivalents		6,574	(32,903)
Cash and cash equivalents at beginning of year		2,663	35,566
		<hr/>	<hr/>
Cash and cash equivalents at end of year	7	9,237	2,663
		<hr/>	<hr/>

Notes to the Financial Statements

For the year ended 31 December 2020

1 BASIS OF PREPARATION

1.1 Basis of measurement and statement of compliance

The financial statements of Timberland Securities Investment plc (the Company) have been prepared in accordance with the Accounting Profession (General Accounting Principles for Small and Medium-Sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of those Regulations ('GAPSME'). The financial statements have been prepared on the historical cost basis except for certain financial instruments which are stated at their fair values, as disclosed in the accounting policies below.

The company is not required to draw up consolidated financial statements since it has taken advantage of the exemption from doing so conferred to it by Article 174 of the Companies Act (Cap. 386) on the grounds that it is included in the accounts of a larger group. Accordingly, these financial statements present information about the Company as an individual undertaking and not about its group.

1.2 Functional and presentation currency

The financial statements are presented in Euro, which is the Company's functional currency.

1.3 Reporting entity

Timberland Securities Investment plc is a limited liability company domiciled and incorporated in Malta.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Property, plant and equipment

Recognition and measurement

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that the future economic benefits that are associated with the asset will flow to the entity and the cost can be measured reliably. Property, plant and equipment are initially measured at cost comprising the purchase price, any costs directly attributable to bringing the assets to a working condition for their intended use, and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Subsequent expenditure is capitalised as part of the cost of property, plant and equipment only if it enhances the economic benefits of an asset in excess of the previously assessed standard of performance, or it replaces or restores a component that has been separately depreciated over its useful life.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Property, plant and equipment (continued)

Recognition and measurement (continued)

After initial recognition, property, plant and equipment may be carried under the cost model, that is at cost less any accumulated depreciation and any accumulated impairment losses, or under the revaluation model, that is at their fair value at the date of the revaluation less any accumulated depreciation and any accumulated impairment losses.

Depreciation

Depreciation is calculated to write down the carrying amount of the asset on a systematic basis over its expected useful life. Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) or the date that the asset is derecognised. The depreciation charge for each period is recognised in profit or loss.

	%
Furniture & Fittings	10
Computer Equipment	25

Depreciation method, useful life and residual value

The depreciation method applied, the residual value and the useful life are reviewed on a regular basis and when necessary, revised with the effect of any changes in estimate being accounted for prospectively.

Derecognition of property, plant and equipment

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains and losses arising from derecognition represent the difference between the net proceeds (if any) and the carrying amount and are included in profit or loss in the period of derecognition.

2.2 Financial assets, financial liabilities and equity

A financial asset or a financial liability is recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially recognised at their fair value plus in the case of financial assets and financial liabilities not classified as held for trading and subsequently measured at fair value, transaction costs attributable to the acquisition or issue of the financial assets and financial liabilities.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Financial assets, financial liabilities and equity (continued)

Financial assets and financial liabilities are derecognised if and to the extent that, it is no longer probable that any future economic benefits associated with the item will flow to or from the entity.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

A financial instrument, or its component parts, is classified as a financial liability, financial asset or an equity instrument in accordance with the substance of the contractual arrangement rather than its legal form.

i. Trade and other receivables (excluding non-financial assets included in this line item)

Trade and other receivables are stated at their nominal value unless the effect of discounting is material in which case trade and other receivables are measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence of impairment;

ii. Investments

The company classifies investments in the following categories:

Loans and receivables

Loans and receivables (the L&Rs) are non-derivative financial assets with fixed or determinable payments and a fixed maturity that are not quoted in an active market, other than those that the Company classified as held for trading or designated on initial recognition as available for sale.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the financial asset is derecognised or impaired and through the amortization process. When applying the effective interest rate method, the annual amortization of any discount or premium is included with investment income over the term of the instrument, if any, so that the revenue recognised in each period represent a constant yield on the investment.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Financial assets, financial liabilities and equity (continued)

iii. Trade and other payables (excluding non-financial liabilities included in this line item)

Trade and other payables are stated at their nominal value unless the effect of discounting is material, in which case trade and other payables are measured at amortised cost using the effective interest method.

iv. Financial liabilities

The company recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The company's financial liabilities are classified as financial liabilities which are not at fair value through profit or loss. Financial liabilities not at fair value through profit or loss are recognised initially at fair value, being the value of consideration received, net of transaction costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities are subsequently measured at cost. The company derecognizes a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

v. Share capital issued by the Company

Ordinary shares issued by the Company are classified as equity. Dividends to ordinary shareholders are debited directly to equity and are recognised as liabilities in the period in which they are declared.

2.3 Impairment

The Company's property, plant and equipment, financial assets and financial liabilities are tested for impairment.

i. Property, plant and equipment

The carrying amounts of the Company's property, plant and equipment, intangible assets and investment in subsidiaries are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised and the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised immediately in profit or loss, unless they relate to an asset which is carried at revalued amount, in which case they are treated as a revaluation decrease to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that asset.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Impairment (continued)

i. Property, plant and equipment (continued)

The carrying amounts of Company's assets are also reviewed at each balance sheet date to determine whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss previously recognised is reversed only if there has been a change in estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Impairment reversals are recognised immediately in profit or loss, unless they relate to an asset which is carried at revalued amount, in which case they are treated as a revaluation increase unless an impairment loss on the same asset was previously recognised in profit or loss.

ii. Financial assets and liabilities

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost or cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of the loss is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost/cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

2.4 Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term investments that are held to meet short-term cash commitments rather than for investment or other purposes.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that the tax arises from a transaction or event which is recognised directly in equity, in which case it is recognised in equity. Current tax is based on the taxable profit for the year, as determined in accordance with tax laws, and measured using tax rates, which have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. The Company recognises a deferred tax liability in respect of all taxable temporary differences and a deferred tax asset in respect of all deductible temporary differences except to the extent that such deferred tax liability arises from the initial recognition of goodwill or the deferred tax asset/liability arises from the initial recognition of an asset or liability which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (loss). Recognition of a deferred tax asset is however limited to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

The Company re-assesses any unrecognised deferred tax asset at each balance sheet date to determine whether future taxable profit has become probable that allows the deferred tax asset to be recovered.

2.6 Income

Rendering of services

Revenue from rendering of services is recognised when the outcome of a transaction involving the rendering of services can be estimated reliably.

Interest income

Interest income is recognised when the inflow of economic benefits associated with the transaction is probable and the amount of income can be measured reliably. Interest income is recognised on an accrual or time proportion basis.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Government grants

Government grants are assistance by government, inter-governmental agencies and similar bodies whether local, national or international, in the form of cash or transfers of assets to the Company in return for past or future compliance with certain conditions relating to operating activities of the Company. Government grants are recognised when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in the income statement so as to match them with the expenditure towards which they are intended to contribute. Any grants relating to future periods are recognised as deferred income.

Government grants related to assets are presented in the statement of financial position as deferred income, which is recognised as income on a systematic basis over the useful life of the asset.

2.8 Foreign currencies

Transactions denominated in foreign currencies are converted to the functional currency at the rates of exchange ruling on the dates on which the transactions first qualify for recognition. Monetary assets and monetary liabilities denominated in foreign currencies at balance sheet date are translated at year end closing rates of exchange. Any exchange differences arising on the settlement of monetary assets and monetary liabilities, or on translating foreign denominated monetary assets and liabilities at the balance sheet date at rates different from those at which they were previously translated, are recognised in profit or loss.

2.9 Borrowing costs

Borrowing costs, are recognised as an expense in profit or loss in the period in which they are incurred.

3 LOSS BEFORE TAX

3.1 Total remuneration paid to the Company's auditors during the year amounts to:

	2020	2019
	€	€
Audit fee	9,300	9,300
	<hr/>	<hr/>

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

3 LOSS BEFORE TAX (continued)

3.2 The average number of persons employed by the Company during the year was as follows:

	2020	2019
	€	€
Average number of employees	4	3

4 PROPERTY, PLANT AND EQUIPMENT

	Furniture & fittings €	Computer equipment €	Total €
<u>Cost</u>			
At 1 January 2020	16,546	13,184	29,730
Additions	1,449	3,799	5,248
	<hr/>	<hr/>	<hr/>
At 31 December 2020	17,995	16,983	34,978
<u>Depreciation</u>			
At 1 January 2020	4,251	9,325	13,576
Charge for the year	1,800	3,994	5,794
	<hr/>	<hr/>	<hr/>
At 31 December 2020	6,051	13,319	19,370
<u>Carrying amounts</u>			
At 31 December 2020	11,944	3,664	15,608
	<hr/>	<hr/>	<hr/>
At 31 December 2019	12,295	3,859	16,154

5 INVESTMENTS**5.1 Investment in subsidiaries**

	2020	2019
	€	€
Opening net carrying amount	52,686	238
Acquisitions	-	52,448
Disposals	(50,000)	-
	<hr/>	<hr/>
	2,686	52,686

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

5 INVESTMENTS (continued)

5.2 Other investments

	2020	2019
	€	€
Opening/Closing net carrying amount	5,000	5,000

6 TRADE AND OTHER RECEIVABLES

	2020	2019
	€	€
Amounts falling due after one year:		
Amounts owed by related companies	2,968,579	4,387,766
Amounts falling due within one year:		
Other receivables	35,596	76,990
Amounts owed by related companies (note)	1,784,348	1,638,286
Prepayments	80,329	87,073
	1,900,273	1,802,349

Note:

Amounts owed by related companies are unsecured, interest free and repayable on demand.

7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cashflows comprise the following:

	2020	2019
	€	€
Cash at bank	9,237	2,663

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

8 BORROWINGS

	2020	2019
	€	€
Borrowings due after one year:		
Notes and bonds in issue	6,890,528	6,789,711

By virtue of the relevant Final Terms, the Company issued various Bonds and Notes, of which €8,865,000 were subscribed until 31 December 2020 (2019: €9,773,000). The Bonds and Notes are unsecured and bear a fixed interest ranging 2.25% to 6.95% per annum. Certain Notes have been admitted to trading on 'Boerse Muenchen' (Exchange Munich), 'Boerse Frankfurt' (Exchange Frankfurt/Main) - stock exchanges based in Germany and Vienna MTF, a multilateral trading facility ("MTF") operated by Vienna Stock Exchange, which are unregulated markets in terms of MiFID II (MTF).

By virtue of the relevant Final Terms dated 22 August 2016 and dated 23 July 2017, the Company issued two bonds with a duration of 10 years of which €4,376,000 were subscribed. The bonds are unsecured and bear a fixed interest of 5.1% per annum. The bonds are redeemable at par and are redeemable on 30 June 2026.

By virtue of the relevant Final Terms dated 30 November 2018, the Company issued two Bonds with a duration of 5 years and 10 years of which €156,000 were subscribed of the 5-year Bond 2018/2023 and of which €2,764,000 were subscribed until 31 December 2020 of the 10-year 2018/2028 Bond. The Bonds are unsecured and bear a fixed interest ranging 3.75% to 4.6% per annum. The bonds are redeemable at par and are redeemable on 15 November 2023 and 15 November 2028. These bonds were successfully admitted to trading on the Vienna MTF, a multilateral trading facility ("MTF") operated by Vienna Stock Exchange and on the Open Market of the Frankfurt Stock Exchange.

The bonds constitute obligations of the Company ranking pari passu without any preference among themselves and pari passu with all other, present and future, unsecured and unsubordinated obligations of the Company, unless such obligations are given priority under mandatory provisions of statutory law.

Furthermore the company issued 5 Notes with interest rates ranging from 6.75% to 6.95% per annum maturing in the years 2021, 2022 and 2023. The bonds constitute obligations of the Company ranking pari passu without any preference among themselves and are unsecured and qualified subordinated obligations of the Company including a write-down/write-up. Those bonds are according to their relevant Final Terms loss absorbing in case the Company would be in a loss position in any relevant business year.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

8 BORROWINGS (continued)

Value of notes at 31 December amounted to €1,569,000. Included with borrowings, an amount of €1,537,000 represents a write-down of the value of the notes in issue. Movement in write-off during the year is shown with other gains and losses in the income statement.

This write-down was a consequence of the significant losses suffered by the company which resulted in the net liability of the company as noted in the balance sheet. This is in line with the terms of the notes which state that if the Issuer (Timberland Securities Investment plc) incurs an annual balance sheet loss as calculated in accordance with an accepted accounting framework, as applicable, in any year, the noteholders share in such loss in the proportion which their current principal amount bears in relation to the aggregate book value of all company's liable capital. In such a case the current principal amount shall be written down accordingly.

Similarly if in future years, the company will benefit from profits, the value of such notes will be positively revalued in line with the terms as described above.

As stated in the Company's base prospectuses dated 4 July 2016, 10 July 2017 and 23 November 2018, the net proceeds from each Tranche of the Notes and Bonds in issue will be used for general corporate purposes of the Issuer and the Issuer is free to use the proceeds as it wishes. As also stated in the Base prospectuses referred to above, the note holders assume the credit risk of the Issuer and in the case of insolvency of the Issuer, the Bond holders and Note holders may lose part or all of their claims to repayment of their invested capital.

9 TRADE AND OTHER PAYABLES

	2020	2019
	€	€
Amounts falling due after one year:		
Other payables	244	-
Amounts falling due within one year:		
Trade payables	142,444	116,190
Other payables	7,483	-
Amounts due to related companies (note)	1,266,174	1,227,189
Accruals	154,194	163,519
	1,570,295	1,506,898

Note –

Amount due to related companies is unsecured, interest free and repayable on demand.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

10 RELATED PARTIES

10.1 Parent company

The immediate parent of the Company is Timberland Holding II Ltd, a limited liability company incorporated in Malta, with its registered address at 171, Old Bakery Street, Valletta, VLT 1455 Malta.

10.2 Key management personnel and director transactions

Directors of the company do not control any of the issued share capital of the company. Key management personnel have control over the financial and operating policies of the company.

Transactions with related parties are included in the statement of cash flows.

10.3 Related party transactions and balances

	2020	2019
	€	€
Income from services		
Arranger fees	-	213,500
Administrative advisory	21,085	750,000
IT services	-	12,250
Interest receivables	-	39,750
	<hr/>	<hr/>
Expenditure for services		
Other fees	284,000	284,000
Interest payable	-	1,680
	<hr/>	<hr/>

Year end balances owed by or to related parties, arising principally from cash advances, are disclosed in notes 6 and 9 to these financial statements.

11 CONTINGENT LIABILITIES

Timberland Securities Investments plc entered into an agreement with a company, whereas the Company is acting as a guarantor for a bond issue of up to €8,000,000 by this company.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

12 OTHER MATTERS

The Company's principal activity is to act as arranger in respect of the issuance of limited recourse notes by several related entities within the Timberland Brand and others. The Company is also involved in the issue of Notes and Bonds to the general public to raise funds for general corporate purposes and the Issuer is free to use the proceeds as it wishes. The Company has invested into inter alia related entities that operate in the sphere of residential, industrial and automotive energy storage systems. In this context, the Company's prospects of collecting amounts advanced to counterparties are dependent on the performance of the companies to which amounts have been advanced by the Company by way of loan or current balance.

The business activities of the companies to which such amounts have been advanced are all outside of the Maltese market. While the business activities of such companies are diversified, they are mostly aimed at technical research and development. The companies are thus exposed to risks of negative economic trends that may from time to time impact foreign territories where such companies are incorporated and are also dependent on the successful breakthrough of such technology.

In preparing these financial statements the directors of the Company have made reference to the fact that the revenue generated from the company falls short of interest payable relating to bonds and notes in issue, that the company incurred losses after tax of €1,392,182 and is at a net liability position of €3,384,800. The directors however assume that the Company will continue to generate the required cash flows from the provision of services, including but not limited to arranger fees from related parties and others, until the relative parties realise their investments at a gain to be in a position to repay the Company. Nevertheless, the risk is contained within the group and moreover, the terms and conditions of the bonds and notes as included in each respective prospectus made available to investors, include all the risks involved that the investors are aware of. Such risks include the relative short history of the company and therefore the fact that it is difficult to analyse performance.

One of the Company's related parties has undertaken to provide the necessary financing to ensure that the Company is able to meet its liabilities as and when these fall due. Unaudited management accounts as at 31 December 2020 indicates that net assets are sufficient and significantly larger than the level of borrowings of the Company. This level of equity is available to support Timberland Securities Investment plc should the need arises.

Additionally, the Company entered into an agreement with another company, whereas the Company is to act as a Guarantor of a bond issue of €8,000,000 by the other company. With proceeds from this bond, the company settled the amounts due to the Company, and is helping to finance the Company further.

Based on the foregoing assumptions, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

13 PRIOR YEAR ADJUSTMENT

Reference is being made to notes 5 and 6, whereby €79,999 representing investment in subsidiaries were restated to amounts due from related company. This adjustment was necessary as the signed share transfer agreements accounted for in the accounts were not executed during 2020 and consequently the necessary adjustments were made in the year 2019 with the result that comparative figures for the year 2019 differ from the actual accounts signed.

**The Schedules and Appendices on the pages that follow do not
form part of the financial statements**

TIMBERLAND SECURITIES INVESTMENT PLC

Income Statement – Schedule

For the year ended 31 December 2020

	Page	2020 €	2019 €
Revenue		21,085	975,750
Administrative expenses	25	(927,008)	(1,241,286)
Other income	26	122	-
Other gains and losses	26	(40,234)	(2,829,988)
Finance income	26	2,256	39,917
Finance costs	26	(585,914)	(594,672)
		<hr/>	<hr/>
Loss before tax		(1,529,693)	(3,650,279)
		<hr/>	<hr/>

TIMBERLAND SECURITIES INVESTMENT PLC

Income Statement - Schedule

For the year ended 31 December 2020

	2020 €	2019 €
Administrative expenses		
Advertising	151,743	352,829
Donations	100	2,600
Staff costs	172,104	135,975
Employer NI	9,643	6,512
Staff training	458	655
Commission paid	16,837	102,347
Insurance	2,147	930
Office utilities	29,285	28,655
IT expenses	25,254	9,679
Legal fees	7,534	13,267
Professional fees	57,899	70,464
Audit fees	9,300	9,300
Listing fees	-	3,000
Brokerage fees	53,387	55,465
Other fees	23,035	15,533
Translation fees	-	839
Consultancy fees	140,000	159,439
Subscriptions	9,354	-
Company registration fees	350	350
Property rent	124,027	109,935
Telecommunications	13,449	14,480
Water & electricity	5,670	5,751
Banking services	-	15,125
Custodian fees	46,076	72,156
Realised loss on exchange	104	493
Depreciation	5,793	4,663
Director's fee	6,000	6,000
General expenses	1,662	347
Cleaning expenses	1,459	1,351
Travelling	12,117	13,523
Disbursement fees	799	648
Courier fees	1,387	2,231
Freight charges	-	8,400
Fines and penalties	35	254
Vat element	-	19,266
Other income	-	(1,176)
	<hr/>	<hr/>
to page 24	927,008	1,241,286
	<hr/>	<hr/>

TIMBERLAND SECURITIES INVESTMENT PLC

Income Statement - Schedule

For the year ended 31 December 2020

	2020	2019
	€	€
Other gains and losses		
Impairment of related company balances	128,234	5,274,988
Impairment of notes	908,000	(2,445,000)
Profit on notes redeemed	(996,000)	-
	<hr/>	<hr/>
- to page 24	40,234	2,829,988
	<hr/>	<hr/>
Finance income		
Interest from related party	-	39,750
Amortisation of premium on notes	2,256	167
	<hr/>	<hr/>
- to page 24	2,256	39,917
	<hr/>	<hr/>
Finance cost		
Interest on bond and notes	478,791	450,933
Amortisation of bond issue cost	101,474	76,104
Amortisation of discount on notes	1,326	2,056
Bank charges	4,323	9,361
Interest payable to related parties	-	1,680
Other finance cost	-	54,538
	<hr/>	<hr/>
- to page 24	585,914	594,672
	<hr/>	<hr/>
Other income		
Government grant – to page 24	122	-
	<hr/>	<hr/>