



Forestry Innovation Investment Ltd.

REQUEST FOR PROPOSAL (RFP)

FII-23-05 ANNUAL YEAR-END AUDIT SERVICES

| | |
|----------------------|--|
| ISSUE DATE: | July 11, 2022 |
| SUBMISSION DATE: | August 8, 2022 16:00 Pacific Standard Time |
| EMAIL SUBMISSION TO: | <u>RFP@BCFII.CA</u> |
| DIRECT QUESTIONS TO: | Laura Bobadilla Manager, Finance & Contracts <u>RFP@BCFII.CA</u> |

*FII acknowledges that it is situated on the traditional territories of the
xʷməθkʷəy̍əm (Musqueam), Skwxwú7mesh (Squamish) and səliil̓wətaʔ (Tsleil-Waututh) Nations.*

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1. Summary

1.1 Overview of RFP Requirement

Proponents are invited to put forward submission for FII Annual Year End Audit Services according to the specifications set out in this RFP. Any interested proponent may make a submission to this RFP.

Proponents are advised to pay careful attention to the wording used throughout this RFP. Failure to satisfy any term or condition noted may result in a rejected submission.

Key sections to consider when responding to this RFP include:

| | |
|---|---|
| Section 2.2 RFP Service Description | A summary of the services FII requires. Proponents should review this section to understand the RFP requirements and how their expertise matches the type(s) of services FII is looking for. Submissions should address these service requirements. |
| Section 4.5 Mandatory Evaluation Criteria | Proponents must meet the required criteria to be considered for further evaluation process. Proponents are encouraged to use the checklist provided as guidance to ensure submissions are complete. |
| Sections 4.6 Desirable Evaluation Criteria | Proponents should include evidence to support each of the desirable criteria requirements in their submission. This includes: <ul style="list-style-type: none"> • Outlining Experience and Qualifications; • Providing Availability of Resources; • Providing References; and • Listing detailed Pricing. |

If proponents have any questions with regards to the criteria, they are encouraged to reach out to FII for clarification at RFP@bcfii.ca.

FII reserves the right to update, change or modify this RFP (including the scope of services described) at any time, and notice of any such amendments shall be posted to the FII website and BC Bid as an update. Further, FII reserves the right to cancel this RFP at any time without notice and without liability to FII.

If the contract provisions are amended by FII during the term of this RFP, notice of such amendments shall be posted to the FII website and BC Bid as an update to this RFP. Proponents are responsible for monitoring the FII website and BC Bid for any such updates.

FII does not represent that any contract will be issued pursuant to this RFP, nor does this RFP obligate FII in any way to award a contract to any proponent that tenders a submission. Contract awards, if any, shall only be determined after evaluations of available proponents' resources on a project-by-project basis as needs are identified by FII. For more information, see Section 5.1 below.

1.2 RFP Schedule

The table below outlines the anticipated schedule and timing for this RFP. The timing and sequence of events may vary and shall ultimately be determined by FII.

| Event | Anticipated Date |
|--------------------------------------|--|
| RFP issued | July 11, 2022 |
| Submission time | August 8, 2022 16:00 Pacific Standard Time |
| Evaluation of submissions | August 8, 2022 – August 12, 2022 |
| Proponents advised of results | August 12, 2022 |

2. Background & Services Information

2.1 Forestry Innovation Investment Ltd.

Forestry Innovation Investment (FII) is British Columbia's market development agency for forest products. As a Crown corporation, we help maintain, create, and diversify markets for B.C. forest products to ensure the forest sector continues to be a key contributor to the provincial economy.

FII works in collaboration with the forest industry, research institutions, the federal government, B.C. government, Indigenous organizations, and other stakeholders to deliver innovative, forward-looking programming that responds to today's market dynamics as well as tomorrow's challenges and opportunities. We do this by delivering and co-funding a mix of research and capacity building, as well as market development and promotional activities.

As directed by the Province, FII works with industry and other levels of government with the goal:

- Positioning B.C. as a global supplier of world-class environmentally friendly forest products
- Actively maintaining, creating and diversifying demand for B.C. forest products in Canada and in key world markets
- Helping break down non-tariff trade and market barriers to ensure opportunities for B.C. forest products
- Working with the forest industry to promote B.C.'s forest products and forest management to the global marketplace
- Helping ensure the forest sector, through innovation and market development, continues to be a leading contributor to the B.C. economy

Program Areas and Organization Structure

Two business divisions deliver FII programs: Operations and Corporate Services. The following table summarizes the activities of each of these divisions and their respective program areas.

| Operations |
|--|
| Market Initiatives <ul style="list-style-type: none"> • Research opportunities in new and emerging markets, and initiate early market exploration activities • Support industry trade associations in developing and/or expanding markets and market segments for B.C. forest products • Support industry efforts to mitigate market access and plant health issues • On behalf of the forest sector, manage outreach and relationship building with Chinese authorities and central government agencies • Undertake early-stage market development in India and Vietnam |
| Wood First <ul style="list-style-type: none"> • Champion the Province's Wood Innovation priorities and encourage expanded wood use in B.C. • Raise awareness of the Province as a world leader in innovative, next generation wood construction and design • Advance the use of wood building systems and technologies in public and private construction • Encourage a robust valued-added sector in B.C., through enhanced capacity and competitiveness |
| Market Outreach <ul style="list-style-type: none"> • Promote the benefits of wood as a green building material • Develop factual and science-based materials to position wood's environmental benefits and climate change mitigation potential • Promote B.C. as a world leading supplier of environmentally friendly forest products • Ensure markets are aware of B.C.'s sustainable forest practices and high environmental standards |

Corporate Services

Finance & Administration

- Ensure financial reporting meets or exceeds government standards
- Provide human resources, IT, and office services to meet organizational needs
- Oversee budget and planning, internal controls, and cash management

Corporate Relations

- Provide analytical services to meet internal and external needs
- Support government and industry trade missions and related initiatives
- Provide Corporate Secretary services
- Compile and share export data and analysis of market trends

Location of Operations

| Offices | Address |
|--|---|
| FII Corporate Office | #1200 – 1130 West Pender Street Vancouver, B.C., V6E 4A4 |
| China subsidiary: FII Consulting (Shanghai) Co, Ltd., | 425 Hong Feng Road, Jinqiao, Pudong New Area Shanghai, P.R. China 201206 |
| India subsidiary: Forestry Innovation Consulting India Private Ltd. | Unit No. 1202, A-Wing, Naman Midtown near Indiabulls Financial Centre, Senapati Bapat Marg, Elphinstone Road, Mumbai - 400 013, India |
| Vietnam subsidiary: Forestry Innovation Consulting (Vietnam) Ltd. | Suite 1705, 17th Floor – Becamex Tower 230 Binh Duong Blvd, Phu Hoa Ward Thu Dau Mot City, Binh Duong Province Vietnam |

More information on FII is available at bcfii.ca. Information on B.C.'s forest products, sustainably managed forests, expertise, wood design resources and events is available at naturallywood.com.

2.2 RFP Service Description

2.2.1 Background

Forestry Innovation Investment Ltd. (FII) manages approximately \$22 million on behalf of the Government of British Columbia to support programs and initiatives integral to achieving objectives on behalf of the Forest Industry and the Province's Strategic Plan. FII is committed to ensuring that investments optimize BC's ability to improve international competitiveness and increase the level of benefit derived from the Crown's forest resource.

In order to ensure full coverage of the audit, FII is seeking to select a professional audit firm to provide optimal value in carrying out the year-end audit assignments for our head office in Vancouver and using its affiliated companies, auditing its subsidiaries in China, Vietnam and India. FII is looking for experience in conducting year-end audit including financial and operational compliance with policy and in accordance with PSAB accounting standards on the consolidated financials in Vancouver.

Interested parties are being asked to provide a detailed description of their qualifications and experience in similar projects of this kind, their availability for the required time period and willingness to provide services. A quotation of the annual fee proposed for this audit work is also required. The fee should be proposed in local currency for each of its four audit locations.

FII will negotiate and enter into a contract with the proponent who best meets the needs of the audit and provides the best value.

Proponents should identify an audit manager in their submission who would work closely with FII management to complete audit planning, assign auditors to the project, oversee the quality and comprehensiveness of audit activities, review the audit report to ensure completeness and consistency, and assist with challenging audit situations or contentious audit issues.

More information and copies of FII's previous Consolidated Annual Reports can be found at www.bcfii.ca. Copies of the subsidiary year end audited financials are included with this request for proposals in Appendix D.

2.2.2 Year End Audit Process

Develop an Overall Audit Strategy and Audit Plan

- Assign an audit team with the appropriate experience and skills
- Perform preliminary risk assessment procedures
- Determine materiality
- Summarize and present the audit plan to the Audit Committee
- Confirm expectations with Audit Committee and management and obtain engagement letter

Understanding the Entity

- Understand the entity and its environment
- Evaluate the design of entity-level controls
- Evaluate the design and implementation of selected controls, including IT general controls
- Identify risks of material misstatement

Develop Risk Responses

- Assess risks of material misstatement and determine the audit response
- Develop responsive audit procedures to address significant accounts, such as tests of controls, analytical review, or detailed testing

Audit Completion and Reporting

- Perform audit procedures
- Evaluate audit evidence and findings
- Perform overall evaluation of the financial statements and disclosures in accordance with PSAB
- Communicate audit results with the Audit Committee
- Obtain management representations
- Perform subsequent events review
- Prepare and issue audit opinion

2.2.3 Year End Audit Service & Deliverables

Responsibilities

The objective is to audit the consolidated financial statements of Forestry Innovation Investment Ltd. for the year ending March 31st and provide an opinion on those statements. In order to achieve this result an audit is also performed on FII's India subsidiary as well as its China subsidiary. It is important to know that an audit of the financial statements does not relieve management of its responsibilities, who, along with those charged with governance, are responsible for the preparation and fair presentation of the financial statements of Forestry Innovation Investment Ltd. in accordance with Canadian public sector accounting standards.

It should be noted that FII's China subsidiary has a Dec 31st year end due to PRC rules. Stub period work must be undertaken by the affiliate to cover off the period Jan 1 – Mar 31.

Services

In conjunction with our audit of Forestry Innovation Investment Ltd., we will provide the following services:

| | |
|---------------------------|--|
| To Management | <p>Anticipate and respond to management's concerns.</p> <p>Consult with management regarding new developments in accounting and financial reporting issues that affect Forestry Innovation Investment Ltd.</p> <p>Prepare recommendations, if needed, to improve internal accounting controls and enhance administrative efficiency, and communicate them to management and the Audit Committee.</p> |
| To the Audit Committee | Assist the Audit Committee, as requested, in executing their responsibilities. |
| To the Board of Directors | Provide the Board with an independent audit opinion on the Consolidated Financial Statements of Forestry Innovation Investment Ltd. for the fiscal year ending March 31 st . |

Deliverables

| Deliverables | Expected Dates | Purpose |
|-------------------------------|----------------------|--|
| Audit opinion | May 24 th | Independent audit opinion on the consolidated financial statements of Forestry Innovation Investment Ltd. for the year ended March 31. |
| Audit Committee planning memo | November | Outlines the planned scope and timing of our audit including specific risks identified (and our response to those risks). |
| Management letter | May 24 th | Provides the Audit Committee with any control weaknesses identified during our audit including management's response to those weaknesses. |
| Independence letter | November | Confirms auditor independence with the Audit Committee. |
| Audit Committee report | May 24 th | Final report to the Audit Committee on the audit including: <ul style="list-style-type: none"> • any difficulties encountered • all errors, both corrected and uncorrected • a summary of significant issues • any concerns regarding internal controls • a summary of all audit findings and their resolution • the results of the audit and expected audit opinion to be provided. |

2.2.4 Contract Term

The initial term of the Contract will be for a period of three (3) years.

Forestry Innovation Investment Ltd. (FII) shall have the option to extend the term of the Contract by an additional One (1) year, on the same terms and conditions, by providing written notice to the Consultant at least thirty (30) days prior to the expiration of the Contract.

2.2.5 Fixed Price Contract

A fixed price must be submitted in each home country currency for of FII Vancouver, FII China, FII India and FII Vietnam for the three (3) years of this RFP. The total all-inclusive maximum price proposed is to contain all direct and indirect costs including all out-of-pocket expenses. Please note all travel expenses will be reimbursed at FII's travel policy located in Appendix B, Schedule C of this RFP.

3. Submission Instructions

3.1 Submission Deadline & Receipt Location

Submissions must be in English and must be submitted using the method below. Submissions received after the closing date will not be assessed.

Email Submissions:

Proponents must submit an electronic submission by email no later than **August 8, 2022 16:00 Pacific Standard Time**. Email submissions must be submitted to RFP@bcfii.ca in accordance with the instructions in Section 3.2 of this RFP.

3.2 Submittal

- Submissions must be submitted before closing time to the closing location as set out in Section 3.1 of this RFP. Submissions must not be sent by fax. The proponent is solely responsible for ensuring that, regardless of submission method selected, FII receives a complete submission, including all attachments or enclosures, before the closing time.
- The proponent acknowledges that email transmissions are inherently unreliable. The proponent is solely responsible for ensuring that its complete email submission and all attachments have been received before Closing Time. If FII's system rejects an email submission for any reason, and the proponent does not resubmit by the same or other permitted submission method before closing time, the proponent will not be permitted to resubmit after closing time. The proponent is strongly advised to contact FII immediately should this arise.
- For electronic submissions the following applies:
 - The maximum size of each attachment must be 50 MB or less (proponents are solely responsible for ensuring that email submissions comply with any size restrictions imposed by the proponent's internet service provider).
 - Proponents should submit email submission in a single email and avoid sending multiple email submissions for the same opportunity. If the file size of an electronic submission exceeds the applicable maximum size, the proponent may make multiple submissions to reduce attachment file size to be within the maximum applicable size; proponents should identify the order and number of emails making up the email submission (e.g. email 1 of 3, email 2 of 3...).
 - For email submissions sent through multiple emails, FII reserves the right to seek clarification or reject the submission if FII is unable to determine what documents constitute the complete submission.
 - Attachments must not be compressed, must not contain a virus or malware, must not be corrupted and must be able to be opened. Proponents submitting by electronic submission are solely responsible for ensuring that any emails or attachments are not corrupted. FII may reject submissions that are compressed, cannot be opened or that contain viruses, malware or corrupted attachments.

- The subject line of the email and any attachment should be clearly marked with the name of the proponent, the RFP number and the project or program title.
- FII strongly encourages proponents using electronic submissions to submit submissions with sufficient time to complete the upload and transmission of the complete submission and any attachments before closing time.
- The proponent bears all risk associated with delivering its submission electronically, including but not limited to delays in transmission between the proponent's computer and FII's electronic mail system.

3.3 Late Submissions

Submissions will be marked with their receipt time at the closing location described in Section 3.1 above. Late submissions will not be accepted and will be returned to the proponent. In the event of a dispute, the submission receipt time as recorded at the closing location will prevail, whether accurate or not.

3.4 Changes to Submissions

By submission of a clear and detailed written notice, a proponent may amend or withdraw its submission prior to the submission time. A proponent cannot change the wording of its submission after the submission time, and no words or comments will be added to the submission after the submission time unless requested by FII for purposes of clarification, or to correct minor defects pursuant to Section 3.5 below.

3.5 Correction of Minor Defects

FII reserves the right, in its sole discretion, to invite a proponent to correct minor defects in a submission.

3.6 Mandatory Requirements

Each submission must comply with the mandatory requirements listed in Section 4.5 below, to be considered by the evaluation team in respect of the evaluation criteria.

3.7 Submission Format

Written submissions should be organized in the following format and sequence listed below:

- Submission Letter (see Section 3.8 below)
- Table of Contents
- Proponent Profile (see Section 4.2 below)
- RFP Requirements (see Sections 4.3 to 4.10 below)
- Appendices

3.8 Submission Letter

The submission letter in Appendix C

of this RFP, or a similar representation of the same information, **must** be completed, signed by an authorized representative of the proponent, and included in the submission.

3.9 Enquiries

All enquiries regarding this RFP must be directed to FII in writing. No verbal enquiries will be accepted. FII reserves the right to not respond to enquiries and to communicate the enquiry and the answer to all proponents. FII is not responsible for any error that could occur from submission or communication of an enquiry by a proponent.

4. Submission Content

4.1 General Information

The requirements described with a must in this RFP are required to be provided in the submission. Failure to provide a response to a mandatory requirement(s) will result in a rejection of the submission. It is recommended that submissions also respond to should requirements in this RFP. The submission response to all mandatory and desirable requirements in this RFP will be considered by the evaluation team.

4.2 Vendor Profile

The submission should include the following:

- The full legal name and address of the proponent
- A description of the proponent's type of business (sole proprietorship, partnership, corporation, etc.)
- Details of any subcontracting or consortium arrangements proposed by the proponent (see Section 4.7 and 4.8 below)
- The full legal name of any proposed subcontractors or consortium members

4.3 Resource Requirements

For each submission, the proponent should include:

- A list of key staff members with short biographies detailing their education, experience and areas of expertise
- Relevant past work examples

4.4 Financial/Pricing

The submission must clearly identify each key staff member by role and include their hourly and/or daily rates for each year of this RFP. These rates must remain unchanged during the term of the RFP.

Prices quoted shall be in Canadian dollars and exclusive of the Provincial Sales Tax (PST) & Goods and Services Tax (GST).

4.5 Mandatory Evaluation Criteria

The following are mandatory evaluation criteria for all submissions. Submissions that do not clearly demonstrate that they meet the mandatory evaluation criteria will receive no further consideration during the evaluation process.

| ✓ | Mandatory Requirements Checklist |
|--------------------------|---|
| <input type="checkbox"/> | Submission must be delivered to FII by email no later than August 8, 2022 16:00 Pacific Standard Time (see Section 3.1. above) |
| <input type="checkbox"/> | The submission letter in Appendix C of this RFP, or a similar representation of the same information, must be completed, signed by an authorized representative of the proponent, and included in the submission (see Section 3.8 above). |
| <input type="checkbox"/> | The submission must clearly identify a fixed price in each home country currency for FII Vancouver, FII China, FII India and FII Vietnam for the three (3) years of this RFP. The total all-inclusive maximum price proposed is to contain all direct and indirect costs including all out-of-pocket expenses. Please note all travel expenses will be reimbursed at FII's travel policy located in Appendix B, Schedule C of this RFP. |

4.6 Desirable Evaluation Criteria

Responses meeting the mandatory evaluation criteria will be further assessed against the following desirable criteria. Submissions should describe the proponent's experience regarding the following desirable evaluation criteria. Responses not achieving a passing percentage score of **60%** will receive no further consideration during the qualifications review.

| Desirable Evaluation Requirements | Percentage Score |
|---|-------------------|
| <p>1. <u>Experience & Qualifications:</u> Proponents should list their proven knowledge and skills and identify their relevance to the project. This includes:</p> <ul style="list-style-type: none"> • All staff and other resources (i.e. specialists, associates) to be used, with their respective curricula vitae • Clearly note the Audit Manager and their experience. • List all staff to work on the project including their relevant experience and curricula vitae. • Full details of their prior experience in the areas of financial auditing as it pertains to this specific assignment, with particular emphasis on forest sector and government crown corporations, including: • Up to five examples of work similar to this project that have been successfully completed; <p>For larger audit firms that apply, it must be clearly explained in your proposal the role that individuals in your team will play in the delivery of work. You should note which auditors will be assigned to complete the actual on-site audit work, and which auditors will be managing the contract / supporting the on-site auditors as they complete the audit work.</p> | <p>45%</p> |
| <p>2. <u>Availability:</u> Proponents should indicate the availability of resources to complete the work within any timeframes identified.</p> | <p>15%</p> |
| <p>3. <u>References:</u> Proponents should provide a list of client references. The submission should include not more than five client references that are best suited to validate items in all areas of their submission, but specific to the examples of work indicated as being most relevant to this assignment. Include contact information for each reference.</p> | <p>10%</p> |
| <p>4. <u>Price:</u> A fixed price in each home country currency for FII Vancouver, FII China, FII India and FII Vietnam for the three (3) years of this RFP. The total all-inclusive maximum price proposed is to contain all direct and indirect costs including all out-of-pocket expenses. Please note all travel expenses will be reimbursed at FII's travel policy located in Appendix B, Schedule C of this RFP.</p> | <p>30%</p> |

The evaluation team may ask to contact the references provided by the proponent, or other references that are familiar with the proponent's work. Where in the opinion of FII a proponent's resource receives an unsatisfactory reference, FII reserves the right to reject the submission.

4.7 Consortiums

If the submission is provided by a consortium of two or more individuals or entities then the submission must identify one of the members of the consortium as the proponent, and the others as subcontractors to the proponent. The proponent so identified shall be responsible for all terms and conditions of any contracts that may be awarded and will be the only party to whom FII shall be obligated under any such contract (if awarded). The proponent so identified will be responsible for ensuring that the other members of the consortium, as subcontractors, are able to provide the services to be provided by them under any such contract.

4.8 Subcontractors

Proponents should identify all subcontractors that they intend to use in providing any services, and their submission should provide the same information on the subcontractors that is provided on the proponent (as required in Section 4.3 above).

A competitive process is not required for the proponent to enter into any subcontracts under \$25,000; however, the proponent will retain evidence to demonstrate that the price charged and rates used are reasonable. Reasonable means that they are within the normal expected range for similar services.

The proponent must obtain the approval of FII before entering into any subcontracts between \$25,000 - \$100,000 not included and specifically identified in the original approved submission. FII may, at its discretion, request that such subcontracting be carried out using a competitive tendering process. If a competitive process is not required, the proponent will detail and maintain a rationale for the selection of the subcontractor with reference to how the reasonableness of the rate charged has been ascertained.

Unless otherwise agreed to in writing by FII, all subcontracts exceeding \$100,000, including cumulative awards to the same subcontractor, will be awarded using a competitive tendering process. If a competitive process is not possible, for any reason, then FII reserves the right to request that the proposed subcontractor submit a separate submission to FII for consideration and evaluation in accordance with FII's request for submission process.

4.9 Conflict of Interest

In their submissions, proponents should indicate any real or potential conflict of interest of which they are aware regarding performing work under this RFP.

FII may reject a submission if, in the opinion of FII, the proponent or its submission would create a conflict of interest in connection with the services requested under this RFP.

4.10 Submission Acceptance/Rejection

FII is not required to accept the lowest cost submission and may reject any or all submissions.

5. RFP Terms and Conditions

4.1 No Contract

This RFP does not constitute an offer to enter into a contract with FII and no contract of any kind is formed under, or arises from, this RFP. This RFP will not prohibit or restrict FII from direct awarding a contract where FII deems it necessary to do so.

4.2 Freedom of Information and Protection of Privacy Act

All documents and other records (including the submissions) in the custody of or under the control of FII may be subject to the Freedom of Information and Protection of Privacy Act (British Columbia) (FOIPPA), and may be required, by law, to be disclosed under FOIPPA.

Except as expressly stated in this RFP and subject to FOIPPA, all documents and other records included in a submission (and the submission) to this RFP will be considered confidential by FII.

4.3 Confidentiality

Information pertaining to FII obtained by a proponent as a result of participation in this RFP is confidential and must not be disclosed without prior written consent from FII.

4.4 Incurred Costs

Proponents are solely responsible for their own expenses in preparing their submissions and for subsequent contract negotiations with FII, if any. If FII elects to reject all submissions received, FII will not be liable to any proponent for any claims, whether for costs or damages incurred by a proponent in preparing its submission, or any other matter whatsoever, and proponents waive any and all claims for any such costs or damages.

4.5 Reservation of Rights

FII reserves the right, in its sole discretion, to:

- Amend the scope of the Services, modify, cancel or suspend this RFP or any or all stages of the RFP, at any time for any reason
- Accept or reject any submission based upon the evaluation criteria described in this RFP as determined in the sole discretion of the evaluation team
- Not accept any or all submission
- Reject or disqualify any or all submissions without any obligations, compensation or reimbursement to any proponent
- Re-advertise for new or additional submissions after the submission date
- Make any changes to the terms of the opportunity described in the RFP
- Extend, from time to time, any date, time period or deadline provided in this RFP
- Cancel the RFP at any time without evaluating any submissions or without entering into any contracts

4.6 No Obligation to Contract

FII is not obligated to award any contracts under this RFP to any proponents, and no proponent is entitled, as a matter of right, to an award of contract.

4.7 Form of Contract

It is expected that any proponent who is awarded a contract will enter into a contract with FII in substantially similar form and on substantially similar terms and conditions as the contract attached as Appendix B.

4.8 Ownership of Submissions

All submissions to this RFP and accompanying documentation will become the property of and will be retained by FII. Returns of any subsequent documentation or materials will be at the sole discretion of FII.

4.9 Agreement on International Trade

This RFP is subject to Chapter 5 of the Agreement on International Trade, and its successor the Trade, Investment and Mobility Agreement, effective April 1, 2009.

4.10 Notification

When the review process is completed and a contract is awarded, FII will notify proponents of the results.

4.11 Vendor Debriefing

FII will offer a debriefing to proponents who did not receive an award of a contract, on request, at a mutually agreeable time.

6. Appendices

- Appendix A – Defined Terms
- Appendix B – FII Professional Service Agreement Template
- Appendix C – Submission Letter
- Appendix D – FII Consolidated Annual Report and Subsidiary Year End Financials

Appendix A – Defined Terms

When used in this RFP the following terms will have the meanings given to them below. Any terms defined elsewhere in this RFP will have the meanings so given to them.

Consortium: two or more individuals and/or organizations that together submit a response to this RFP

Contract: the written agreement resulting from this RFP executed by FII, and a successful proponent

Evaluation criteria: the criteria described in Section 4.5 and 4.6 below

Evaluation team: the committee established by FII to evaluate submissions under this RFP

FII: Forestry Innovation Investment Ltd.

Must, or mandatory: a requirement that has to be met in order for a submission to receive consideration under this RFP, as described in Sections 3.1, 3.3, 3.4 and 4.5 below, unless specifically stated otherwise in this RFP

Pacific Time: Pacific Standard Time or Pacific Daylight time as provided for in the Daylight Savings Time Act of British Columbia

Proponent: an individual, partnership, firm or company that submits, or intends to submit, a submission in response to this RFP

RFP: this document and any Schedules or Appendices attached to this document, as they may be amended by FII

Services: the functions, duties, tasks and responsibilities to be provided by the proponent as described in the contract awarded to a proponent

Should or desirable: a requirement having a significant degree of importance to the objectives of the RFP and which will be considered in the evaluation of the submission

Subcontractor: a person, firm, corporation or other legal entity contracting with the proponent to perform a part of the services

Submission: a formal response submitted by a proponent to this RFP and is the statement of information that substantially complies with the form and content requirements of this RFP

Submission time: the time and date indicated as such under Section 1.2, being the time and date after which the evaluation of submissions will take place by the evaluation team.

Appendix B – FII Professional Service Agreement Template

PROFESSIONAL SERVICES AGREEMENT (PSA)

S22-XXX-XX

This Agreement is made and entered into this XX day of XXXX, 2021.

BY AND BETWEEN:

FORESTRY INNOVATION INVESTMENT LTD. ("FII")

having an address at:

#1200 – 1130 West Pender Street
Vancouver, British Columbia, V6E 4A4
Phone Number: 604.685.7507

AND

VENDOR NAME ("VENDOR")

having an address at:

XXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXXXXXXXX
Phone Number: XXX-XXX-XXXX

WHEREAS FII wishes to receive XXXXX Services and has issued a Request for Qualifications FII-XX-XX dated MMMM DD, YYYY.

WHEREAS the Vendor has provided FII with a Project Proposal dated XXXX XX, 2021 attached as Schedule G. For valuable consideration the parties agree to the provisions of the attached terms and conditions and schedules, which schedules are incorporated into and form part of this agreement.

Schedule **A** – Services and Deliverables
Schedule **B** – Costs and Payments
Schedule **C** – Travel Policy and Expense Claims
Schedule **D** – Invoicing Requirements
Schedule **E** – Insurance Coverage
Schedule **F** – Confidentiality & Non-Disclosure
Schedule **G** – Vendor Project Proposal
Schedule **H** – Photograph/Video License
Schedule **I** – Standards of Conduct Policy

| | |
|--|--|
| <p>SIGNED AND DELIVERED by Forestry Innovation Investment Ltd.</p> <p>Signature: _____</p> <p> Signing Authority</p> <p> Title</p> <p>Date: _____</p> | <p>SIGNED AND DELIVERED by [insert vendor name]</p> <p>Signature: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p> |
|--|--|

Terms and Conditions

1. Services. Vendor will provide the services described in Schedule A (*Services and Deliverables*) (the “**Services**”) in accordance with the provisions of this Agreement. Vendor will provide the Services during the Term (as defined in Schedule A) regardless of the date of execution or delivery of this Agreement.

2. Labour and Materials. Unless the parties otherwise agree in writing, Vendor will supply and pay for all labour, materials, facilities, and approvals necessary or otherwise required for Vendor to perform the Services under this Agreement.

3. Standard of Care. Unless otherwise specified in this Agreement, Vendor will perform the Services to a standard of care, skill and diligence of a prudent person providing services (on a commercial basis) that are similar to the Services.

4. Competency. Vendor will ensure that all persons Vendor employs or retains to perform the Services are competent to do so and are properly trained, instructed, and supervised.

5. FII’s Instructions. FII may from time to time give Vendor reasonable instructions (in writing or otherwise) as to the performance of the Services. Vendor will comply with those instructions and, unless otherwise specified in this Agreement or by FII, Vendor may determine the manner in which the instructions are to be carried out.

6. Status Reports. Upon FII’s request, Vendor will fully inform FII of all work done by Vendor or a subcontractor in connection with providing the Services.

7. Records. Vendor will maintain time records and books of account, invoices, receipts, and vouchers of all expenses incurred in performing the Services, in form and content and for a period satisfactory to FII, as may be notified by FII to Vendor.

8. Inspections. Vendor will permit FII at all reasonable times to inspect and copy all material that has been produced or received by Vendor or any subcontractor in connection with providing the Services under this Agreement (collectively the “**Material**”) including, without limitation, all accounting records, findings, software, data, specifications, drawings, reports, and documents, whether complete or not.

9. Confidential Material. Vendor and Vendor’s employees, agents and permitted subcontractors (and if Vendor is a company, its directors, and officers) (the “**Vendor Group**”) will treat all Material as confidential in accordance with, and subject to, the terms and conditions of confidentiality and non-disclosure set forth in Schedule F (*Confidentiality & Non-Disclosure*).

10. FII’s Ownership. The Material and any property FII provide to Vendor or a subcontractor in connection with this Agreement or the Services is FII’s exclusive property. Vendor will deliver the Material to FII immediately upon FII’s request.

11. Copyright. The copyright in any Material created under this Agreement by Vendor (or any member of the Vendor Group) belongs exclusively to FII. Upon FII’s request, Vendor will deliver to

FII duly signed documents, in a form satisfactory to FII, waiving in FII’s favour any moral rights which Vendor (or any member of the Vendor Group) may have in the Material, and confirming the vesting of all such copyright in FII.

12. Insurance Coverage. Except as provided below, Vendor will maintain and pay for the insurance outlined in Schedule E (*Insurance Coverage*). If the Vendor does not have insurance coverage, then the Vendor will notify FII in writing at the time of signing this Agreement, in which case FII may, in its discretion, waive (or reduce) the insurance requirements in Schedule E (*Insurance Coverage*). FII will notify Vendor in writing of any such waiver or reduction of the insurance requirements in Schedule E (*Insurance Coverage*).

13. Taxes. Vendor will apply for and, immediately on receipt, remit to FII any refund or remission of federal or provincial tax or duty available with respect to any items which FII has paid for or agreed to pay for under this Agreement.

14. Compliance with Laws. In performing the Services under this Agreement, Vendor will comply with all applicable laws, including the provisions of the *Freedom of Information and Protection of Privacy Act* (British Columbia), and its provisions regarding the protection and privacy of personal information.

15. Indemnity. Vendor agrees to indemnify and save harmless FII and its directors, officers, employees and agents (the “**FII Group**”) from any losses, claims, damages, actions, causes of action, costs (including legal costs on a solicitor-client basis) and expenses that FII or any of the FII Group may sustain, incur, suffer or be put to at any time, either before or after this Agreement ends, which are based upon, arise out of or occur as a result of any negligence or malfeasance of the Vendor (or and member of the Vendor Group) in providing the Services.

16. Assignment. Vendor will not assign any of Vendor’s rights under this Agreement without FII’s prior written consent.

17. Subcontracts. Vendor will not subcontract any of Vendor’s obligations under this Agreement (other than to persons listed in Schedule A (*Services and Deliverables*)) without FII’s prior written consent. No subcontract, whether consented to or not, relieves Vendor from any obligations under this Agreement. Vendor will be fully responsible for remunerating its subcontractors for all Services performed by Vendor’s subcontractors. Vendor will ensure that any subcontractor retained by Vendor fully complies with this Agreement in performing the subcontracted obligations.

18. Conflicts of Interest. Vendor will not provide any services to any person which, in FII’s reasonable opinion, could give rise to a conflict of interest between Vendor’s duties to that person and Vendor’s duties to FII under this Agreement.

19. Fees. If Vendor complies with this Agreement, FII will pay Vendor: (a) the fees described in Schedule B (*Costs and Payments*); and (b) the expenses, if any, described in Schedule B (*Costs and Payments*) if they are supported, where applicable, by proper and original receipts and, in FII’s opinion, are necessarily incurred by

PSA S22-XXX-XX

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Vendor in providing the Services. FII is not obliged to pay Vendor more than the “Maximum Amount” specified in Schedule B (*Costs and Payments*) on account of fees and expenses.

20. Invoices. In order to obtain payment of any fees and expenses under this Agreement, Vendor will submit to FII a detailed invoice breakdown (as described in Schedule D (*Sample Invoice*)) upon completion of the Services, or at such other intervals as agreed to by FII. Unless otherwise specified by FII, Vendor will submit invoices by the 15th of each month, for hours worked and expenses incurred in performing the Services in the prior month. In any event, Vendor will submit all invoices to FII within 30 days of the expiry or earlier termination of this Agreement, or upon the earlier written request of FII.

21. Payment. FII will pay Vendor’s invoices that are properly rendered for Services performed, and approved by FII in accordance with this Agreement, within 30 days of receipt of the invoice at FII’s Vancouver office. Invoices not completed according to Schedule D (*Sample Invoice*) will be delayed until corrected by the Vendor, unless otherwise approved in writing by FII. If the Vendor chooses payment by wire/direct bank transfer, FII is not responsible for any bank fees incurred by the Vendor.

22. Liens. FII may withhold from any payment due to Vendor an amount sufficient to indemnify FII against any lien or other third-party claim that could arise in connection with the provision of the Services (such as a lien for unpaid subcontractors).

23. Appropriations. FII’s obligation to pay money to Vendor is subject to the *Financial Administration Act* (British Columbia) which makes that obligation subject to an appropriation being available in the fiscal year of the Province of British Columbia for which such payment becomes due.

24. Currency. Unless otherwise specified in this Agreement, all references to money are to Canadian dollars.

25. Non-Residents. If Vendor is not a resident in Canada, FII will withhold any applicable taxes from the fees described in Schedule B (*Costs and Payments*) and remit the taxes to Canada Revenue Agency as required by applicable law.

26. Termination. FII may terminate this Agreement for: (a) Vendor’s failure to comply with this Agreement, immediately on giving written notice of termination to Vendor; and (b) any other reason, on giving at least 10 days’ prior written notice of termination to Vendor. If FII terminates this Agreement under paragraph (b), then FII will pay Vendor that portion of the fees and expenses described in Schedule B (*Costs and Payments*) applicable to the Services that were completed to FII’s satisfaction before termination. That payment discharges FII from all liability to Vendor under this Agreement.

27. Independent Contractor. Vendor will not do anything that would result in personnel hired by Vendor (or any member of the Vendor Group) being considered an FII employee. Vendor and the members of Vendor Group are independent contractors and are not FII’s employees, agents, or partners. Vendor will not commit or purport to commit FII to pay any money to any person.

28. Authorized Signatories. If Vendor is not an individual, Vendor represents and warrants to FII that Vendor has authorized the signatory or signatories who have signed this Agreement to enter into and execute this Agreement on Vendor’s behalf without affixing Vendor’s common seal (where Vendor is a corporation).

29. Availability of Information. FII will make available to Vendor all information in FII’s possession which FII considers pertinent to Vendor’s performance of the Services.

30. On-Site Policies. When providing Services on FII’s premises, Vendor will comply with all of FII’s security, privacy and other location-based rules and guidelines, notified by FII to Vendor.

31. Miscellaneous. (a) This Agreement is governed and construed in accordance with the laws of the Province of British Columbia and any applicable laws of Canada. (b) Time is of the essence in this Agreement. (c) A waiver of any term of this Agreement or of any breach by Vendor of this Agreement is effective only if it is in writing and signed by FII and is not a waiver of any other term or any other breach. (d) No modification of this Agreement is effective unless it is in writing and signed by the parties, other than a modification made by FII pursuant to Section 12 (*Insurance Coverage*) above, or an amendment by FII pursuant to paragraph (e) of this Section. (e) FII may increase the total amount of fees and expenses payable to the Vendor under Schedule A (*Services and Deliverables*), or extend the Term of this Agreement, upon written notice to Vendor. (f) This Agreement and any modification of this Agreement constitute the entire agreement between the parties as to performance of the Services. (g) This Agreement may be entered into by each party signing a separate copy of this Agreement (including a photocopy or faxed copy) and delivering it to the other party by fax or other electronic means (including as a PDF attachment to an email received by the other party).

32. Notice. (a) Any notice contemplated by this Agreement, to be effective, will be in writing and either personally delivered or sent by courier; and in each case, to the recipient’s address as specified in this Agreement. (b) Either of the parties may give notice to the other of a substitute address from time to time. (c) Any notice delivered or sent in accordance with paragraph (a) is deemed to be given and received at the time of delivery.

33. Arbitration. All disputes arising out of or in connection with this Agreement or in respect of any defined legal relationship associated with or derived from this Agreement will, unless the parties otherwise agree, be referred to and finally resolved by a single arbitrator in an arbitration administered by the British Columbia International Commercial Arbitration Centre under its rules.

34. Survival. Sections 6 to 11, 13 to 15, 20, 21, 24 to 25, and 32 to 34 continue in force, even after this Agreement ends.

35. Document Conflicts. If there is a conflict between a provision in a Schedule to this Agreement and any other provision of this Agreement, then the provision in the Schedule is inoperative to the extent of the conflict.

Schedule A

Services and Deliverables

1. Term.

The term of the Agreement and the period during which Vendor will provide and complete all of the Services will be from XXXXX to XXXXX (the "Term"), unless extended by FII in its sole discretion pursuant to Section 31(e) of the Agreement.

2. Service Description

During the Term of this Agreement, the Vendor will perform and deliver the Services (and all related functions and duties incidental to the performance of the Services) in accordance with and as described in this Schedule A and in Schedule G (Vendor Project Proposal).

- Insert service description here

3. Deliverables

At the end of this Agreement or earlier, the Vendor shall supply FII with the following: (Include a delivery schedule, formats, quantity and specific or technical requirements.)

- Image Names
Images submitted should have a unique file name that represents both the file contents and a searcher's interest. This helps both Google and users. Where possible, please use all lower case and replace spaces with hyphens. Avoid the underscore character (_) and punctuation other than the dash/hyphen "-".
- Examples
 - Species
 - douglas-fir-trees.jpg
 - douglas-fir-bark.jpg
 - Buildings
 - earth-sciences-building-exterior.jpg
 - projectname-rendering-architecture-firm.jpg
 - Products
 - nail-laminated-timber-detail.jpg
 - oriented-strand-board-profile.jpg

For instances where there are lots of images in bulk situations where custom image names may not be possible, it's also acceptable to number the images. Preferably without brackets:

- douglas-fir-trees-1
- douglas-fir-trees-2

Or use the original camera generated numbers with the pertinent information to assist with search and photo id.

- P105095-earth-sciences-building-exterior.jpg
- earth-sciences-building-P105096.jpg

- Metadata
As much information as possible
 - Copyright/credit information
 - Photographer name
 - Date of photo
 - Location

4. Conflict Among Schedules

In the case of a conflict or inconsistency among the provisions of this Schedule A and the provisions of Schedule G (Vendor Project Proposal), the provisions of this Schedule A will govern.

5. Individuals

Vendor will cause the following individuals to perform the Services during the Term of this Agreement. Vendor will not substitute any other person for the following individuals without the prior written consent of FII.

- insert names of personnel who will provide the Services
- Others as pre-approved by FII prior to engagement.

6. Subcontractors

Vendor is permitted to use the following subcontractors in performing the Services under this Agreement. Vendor will not use any other subcontractors without the prior written consent of FII.

- insert names of subcontractors, including the names of the individuals who will provide the subcontracted Services – or – if none permitted, insert “No subcontractors”

FII will reimburse the Vendor for actual costs incurred by the Vendor when using subcontractors to perform Services under this Agreement. Vendor will also ensure that any subcontractor retained by the Vendor fully complies with this agreement including Schedule C (Travel Policy and Expense Claims) in performing subcontracted obligations.

Schedule B

Costs and Payments

1. Total Fees and Expenses

The total amount payable to the Vendor by FII for all fees and all expenses under this Agreement will not exceed \$XXX (prior to applicable taxes), unless increased by FII in its sole discretion pursuant to Section 31(e) of the Agreement. FII will be entitled to reject any expenses that are not properly incurred in accordance with the terms of this Agreement. Vendor may seek prior written approval from FII before incurring any expenses under this Agreement.

2. Rates

FII will pay the Vendor at the rate of \$XXX per hour as set out in Schedule G (Vendor Project Proposal), to a maximum of XX hours, for Services satisfactorily provided by Vendor pursuant to this Agreement.

Payment for Services will not exceed a total of \$XXX.

3. Travel Expenses

FII will pay traveling allowances in accordance with Schedule C (Travel Policy and Expense Claims). FII will only pay the actual cost of travel related expenses where the Vendor is required to travel in the course of performing the Services under this Agreement.

Payment for Travel Expenses will not exceed a total of \$XXX.

4. Other Expenses

FII will pay pre-approved disbursements and out-of-pocket expenses. Vendors will only be reimbursed for actual costs of disbursements or out-of-pocket expenses.

Payment for Other Expenses will not exceed a total of \$XXX.

5. Special Expenses

In addition to the expenses referred to in Section 3 above, FII will pay Vendor for the actual costs of the following special expenses incurred by the Vendor in performing the Services under this Agreement:

- Describe nature of special expenses – e.g., cost of purchasing lumber, proofs, publication materials, etc or insert “N/A” if not applicable.]

Payment for Special Expenses will not exceed a total of \$XXX.

6. Invoices

The Vendor will ensure that every invoice submitted to FII for Services performed under this Agreement contains the required detailed invoice breakdown as described in Section 20 (Invoices) & Schedule D (Sample Invoice). All reimbursable expenses included in an invoice will be claimed in accordance with Schedule C (Travel Policy and Expense Claims), or Section 5 (Special Expenses) above, as applicable, and must be supported with proper and original receipts as contemplated in Section 19 (Fees) of the Agreement. For any travel related expenses, City, British Columbia will be specified as the home base in all cases.

7. Sales Tax

The Vendor shall invoice FII for relevant Goods and Services Tax (GST) and Provincial Sales Tax (PST), net of any tax rebate to which the Vendor is entitled.

Schedule C

Travel Policy and Expense Claims

Approved Travel Rates – (Group II Rates)

The following travel policies apply on travel associated with FII funded activities. FII will only reimburse costs within the policies described below. Any exceptions to the policies described below must be approved in advance and in writing by the CEO of FII (or the CEO's designate).

A Vendor claiming travel expenses must maintain detailed, comprehensive travel records for review by FII. All travel must summarize the dates, locations and expenses claimed for each day on travel status. All original receipts for the travel expenses claimed must be attached to the associated travel record. Only expenses where a receipt is attached will be eligible for reimbursement by FII.

1. **Sales Tax.** Vendor is required to include GST & PST, net of any tax rebate to which the Vendor is entitled, for all expenses prior to submitting financial summary information to FII.
2. **Gratuities.** Tips and gratuities are at the discretion of the Vendor and are a personal expense (i.e., not an expense reimbursable by FII). Travel per diem allowances is provided for payment of miscellaneous out-of-pocket expenses.
3. **Extraordinary Costs.** Where a Vendor on FII business incurs a loss of (or damage) to personal property that is pertinent to the performance of the Vendor's duties, that is not otherwise covered by government policy or insurance, the Vendor may claim for reimbursement for the lesser of the loss, the cost of repairs or the deductible portion of the Vendor's insurance policy, as applicable, up to a maximum of \$500.00 CDN.
4. **Hotel Cancellation Charges.** Vendor is responsible for cancelling hotel reservations in time to avoid "no show" charges. "No show" hotel costs will not be reimbursed by FII.
5. **Vehicle Travel.** For all types of vehicles, actual transportation toll charges may be claimed at cost for travel on approved project business. The vehicle operator is individually responsible for paying parking fines, traffic violation fines (including photo radar), and impoundment/towing fees when driving a vehicle (whether a company, leased, rented or personal vehicle) on approved project business.
6. **Private Vehicle Allowance.** The private vehicle allowance is intended to cover the gas and maintenance costs associated with operating a personal vehicle while traveling on approved project business. The private vehicle allowance does not apply when using a rental, leased or company vehicle. A Vendor who is authorized to use its own vehicles in the performance of its duties will be reimbursed as follows:
Effective April 1, 2019 - \$0.55 per km

Vendor may claim the vehicle allowance where they are driven to the departure location (i.e., airport, bus, ferry, or train terminal) and picked up upon return.
When daily travel distance exceeds 150 km (about the cost of a daily vehicle rental), the Vendor should travel by a rental vehicle unless otherwise previously authorized.
7. **Parking.** Where privately owned vehicles are used for approved project business, receipted parking charges only will be reimbursed at cost.
8. **Insurance Requirements.** Vendor is responsible for obtaining adequate insurance coverage for using their private vehicle for business purposes. Adequate coverage shall be determined before the use of a privately owned vehicle is authorized.
9. **Vehicle Rentals.** Vendor is required to use rental vehicles for travel over 150km or where they represent a lower cost alternative to the use of private vehicles.
A Vendor renting vehicles must purchase the Personal Accident Insurance option, as well as the Collision Damage Waiver option.

Vendor must obtain a competitive rate for vehicle rentals (only compact or midsize rates will be permitted, depending upon usage requirements).

10. **Public Transportation.** Claims for public transportation while travelling on approved project business will be reimbursed at cost. Receipts are required.

Please note that airport shuttle buses offer a convenient and economical means of transportation, as compared to taxis or rental vehicles.

11. **Taxi Charges.** Claims for taxi costs while travelling on approved project business will be reimbursed at cost when other more economical means of transportation are either unavailable or unsuitable.
12. **Foreign Miscellaneous Expenses.** Reimbursement may be claimed for reasonable expenses incurred that relate directly to foreign travel as follows:

- Visas
- Car rental insurance when vehicle is used solely for business purposes
- Premiums for additional medical insurance to provide coverage equivalent to that available under the British Columbia Medical Services Plan

13. **Foreign Exchange on Expenses.** Current monetary exchange rates apply to all acceptable business expenses when travelling outside of Canada. Each receipt and/or allowance is to be converted to Canadian funds and must have supporting documentation to indicate exchange rate charged (i.e. Credit card statements, currency exchange slips). Where the exchange rate is not documented, FII will only accept current or historical exchange rates as listed on the Bank of Canada web site: <http://www.bankofcanada.ca/rates/exchange/currency-converter>

14. NORTH AMERICAN TRAVEL

- 14.1 **Air Travel.** FII will only reimburse air travel costs to a maximum of the advanced purchase discounted economy rate. On Air Canada the acceptable fare is Tango or Flex. Change fees will be reimbursed should they apply because of a change in travel plans initiated by FII, provided that the change has been approved in advance and in writing.

Full fare (flexible) economy class (includes Air Canada Latitude) or business class will not be reimbursed without approval in advance and in writing by the CEO of FII (or the CEO's designate).

FII will not reimburse the Vendor for any costs incurred in flying charter, private or personally rented aircraft.

- 14.2 **Accommodations.** For project business conducted within North America, costs for accommodation will be reimbursed for single occupancy at commercial standard room rates based on the following criteria:

- In all cases, hotels that provide special government rates should be explored first. These hotels and their rates can be found on the following website: <http://csa.pss.gov.bc.ca/businesstravel/>
- When exploring alternate arrangements, Vendor should always attempt to secure the most competitive single occupancy commercial standard room rates available. Hotel location and security should also be factors when making a choice based on competitive rates. Four star rated hotels are the FII standard, provided the competitive room rate before taxes is less than the equivalent \$175.00 CDN per night. If circumstances dictate a requirement for room rates above the equivalent \$175.00 CDN, this request must be presented along with written justification to the VP Finance of FII for approval.
- Vendor may use private accommodation instead of commercial accommodation and claim the private accommodation allowance to the equivalent of \$30.00 CDN per night.
- Where FII employees are traveling on the same business as Vendor (e.g., trade shows, etc.), FII will make hotel bookings for FII employees and will advise the Vendor of the project the name of the hotel and the applicable room rates to be reimbursed. Vendor should then make arrangements with the hotel to book rooms for itself at these same rates. Should the Vendor choose to stay at a different hotel, FII will only reimburse the Vendor to the level of the base room rate plus applicable taxes previously advised to the Vendor.

14.3 Ferry Travel. Claims for the cost of ferry travel will be reimbursed at cost and original receipts for vehicles are required. The cost of a ferry stateroom will be reimbursed only if the ferry is used for overnight travel.

14.4 BC Ferries. Reserved Boarding BC Ferries Reserved Boarding service allows travelers to reserve a space on a particular ferry sailing. Please note that as the reservation service costs more than a regular fare, a reservation is only to be made during peak travel periods. Vendor must have a valid business reason for requiring a reservation. Under these circumstances, BC Ferry reservation costs will be reimbursed at cost.

Each one-way reservation is charged a non-refundable reservation fee as follows:

- \$10.00 if made 7 or more days in advance of the sailing's scheduled departure date, or
- \$17.00 if made less than 7 days up to the day before travel, or
- \$21.00 if made for same day travel.

BC Ferries allows reservations to be changed for a service charge. This service charge can be claimed as an expense only with prior written approval by FII.

14.5 Per Diem Reimbursement Rates. Meal and Incidental Travel Allowance (effective April 1, 2018).

- Breakfast only \$8.00
- Lunch only \$9.00
- Dinner only \$18.00
- Incidental* \$14.00

*The incidental allowance is to cover out-of-pocket travel expenses such as gratuities, portage, dry cleaning, and personal telephone calls (and is in addition to meal allowances). The incidental is only eligible when the individual is on travel status for the full day.

Where travel is for a partial day or the Vendor is off travel status over a meal period(s), or is provided a meal by another source, the allowance (as outlined above) must be reduced appropriately from the daily amount claimed.

When on travel status, the Vendor cannot claim a meal allowance when the airline carrier has provided a free meal en route. A Vendor whose religious or personal beliefs or medical requirements prohibit the Vendor from consuming certain foods should be aware that "special meals," such as a vegetarian meal can normally be obtained from air carriers, provided that adequate advance notice is given (usually 24 hours prior to the flight). Vendor is responsible for arranging for any special catering requirements prior to travel.

For travel in the United States, the allowance is deemed to be in US currency.

14.6 Part Day Travel Status. The following guidance is provided on partial day status:

- On the day of departure if the Vendor's travel status begins:
 - after 7:00 a.m., breakfast cannot be claimed;
 - after 12:00 noon, breakfast and lunch cannot be claimed; and
 - after 6:00 p.m., no meals can be claimed.
- On the day of return if the Vendor's travel status terminates:
 - prior to 7:00 a.m., no meals can be claimed;
 - prior to 12:00 noon, breakfast can be claimed;
 - prior to 6:00 p.m., breakfast and lunch can be claimed; and
 - after 6:00 p.m., all meals can be claimed.

Travel status begins and ends at the designated departure and return locations. The departure and return locations may be the Vendor's headquarters, personal residence or other points of assembly as designated by FII.

On the day of departure, unless the Vendor has scheduled travel status to commence before the meal period ends, Vendor is on personal time during their meal period and are not entitled to the allowance for that meal.

On the day of return, unless travel status ends after the meal period begins, Vendor is on personal time during their meal period and are not entitled to the allowance for that.

15. OVERSEAS TRAVEL

15.2 Air Travel. FII will reimburse air travel costs up to the full fare (flexible) economy class rate (this includes Air Canada Latitude fare). This rate is usually fully refundable and change fees do not apply or are minimal. FII will not reimburse the cost of change fees should they apply if the full fare (flexible) economy class of travel is chosen.

Business class will not be reimbursed without approval in advance and in writing by the CEO of FII (or the CEO's designate).

FII will not reimburse Vendor for any costs incurred in flying charter, private or personally rented aircraft on project business.

15.3 Accommodations. For project business conducted overseas, costs for accommodation will be reimbursed for single occupancy at commercial standard room rates based on the following criteria:

- In all cases, hotels that provide special government rates should be explored first. These hotels and their rates can be found on the following website: <http://rehelv-acrd.tpsgc-pwgsc.gc.ca/acrds/hebergement-accommodation-eng.aspx>
- When exploring alternate arrangements, Vendor should always attempt to secure the most competitive single occupancy commercial standard room rates available. Hotel location and security should also be factors when making a choice based on competitive rates. Four star rated hotels are the FII standard, provided the competitive room rate before taxes is less than the equivalent of \$250.00 CDN per night. If circumstances dictate a requirement for room rates above the equivalent of \$250.00 CDN, this request must be presented along with written justification to the VP Finance of FII for approval.
- Vendor may use private accommodation instead of commercial accommodation and claim the private accommodation allowance to the equivalent of \$30.00 CDN per night.
- Where FII employees are traveling on the same business as Vendor (e.g., trade shows, etc.), FII will make hotel bookings for FII employees and will advise the Vendor of the project the name of the hotel and the applicable room rates to be reimbursed. Vendor should then make arrangements with the hotel to book rooms for itself at these same rates. Should the Vendor choose to stay at a different hotel, FII will only reimburse the Vendor to the level of the base room rate plus applicable taxes previously advised to the Vendor.

15.4 Meal/Per Diem Allowances. Meal rates, including an amount for incidentals, in all other foreign destinations and cities are as published by Treasury Board of Canada Secretariat. These rates can be viewed on the Internet at https://www.nic-cnm.gc.ca/directive/app_d.php?lang=eng (click on Appendix D – Allowances Module 4)

Note that these rates are updated each quarter (April, July, October, and January).

For part day travel status, the times for departure and arrival as noted in section 14.6 (Part Day travel Status) above apply, and the appropriate meal claim should be made. The amount for incidentals is only eligible for reimbursement when the Vendor is on travel status for a full day.



Schedule D

Invoicing Requirements

In order to obtain payment of any fees and expenses under this Agreement, the invoice MUST contain the following information.

1. Vendor name
2. Professional Services Agreement (PSA) number
3. Dates worked itemized by day
4. Description of deliverables completed
5. Rate charged
6. Itemized summary of any expenses with original receipts (including sales tax)
7. Vendor's GST/HST number (if applicable)
8. Total hours / days worked
9. Electronic invoices should be sent to: accounting@bcfii.ca

Invoices not completed according to Schedule D will not be processed by FII until corrected by the Vendor, unless otherwise approved in writing by FII.

Sample Invoice:

| Company Invoice | |
|---|---------------------------|
| Company Name | Invoice Date: Jan 1, 2021 |
| Street address | Invoice Number: _____ |
| City, Province | |
| Tel: (888) 888-8888 | |
| Email: name@company.com | |

BILL TO: Forestry Innovation Investment
#1200 – 1130 West Pender Street
Vancouver, BC, V6E 4A4

Reference: PSA# S20-XXX-XX

| Date(s) | Description of Services | Hours | Rate | Amount |
|---------|-------------------------|-------|----------------|--------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | Total Services | |

| Date(s) | Description of Expense | Quant. | \$/per | Amount |
|---------|------------------------|--------|----------------|--------|
| | | | | |
| | | | | |
| | | | | |
| | | | Total Expenses | |

| | |
|----------------------|--|
| Subtotal | |
| GST # | |
| INVOICE TOTAL | |

If the Vendor chooses payment by wire/direct bank transfer, FII is not responsible for any bank fees incurred by the Vendor.

Schedule E

Insurance Coverage

1. General Insurance Coverage

The Vendor will, during the term of the Agreement and at all times while providing the Services to FII, and without limiting its obligations under the Agreement and at its own expense, provide and maintain, or cause its subcontractors to provide and maintain the following insurance with insurers licensed in British Columbia:

- **Comprehensive General Liability** in an amount not less than \$1,000,000 inclusive per occurrence, insuring against bodily injury, personal injury and property damage and including liability assumed under the Agreement; and
- **Automobile Insurance** in an amount not less than \$2,000,000 inclusive per occurrence, insuring against theft, accidents, bodily injury, personal injury, and property damage, where vehicles will be used in providing the Services.

The Vendor must provide FII with a certificate of insurance as evidence of all required insurance prior to the commencement of the Services. Such evidence will be in the form of a Certificate of Insurance as issued by the Vendor's Insurance Agent. The Vendor will notify FII before cancelling or modifying any insurance required under this Agreement.

In cases where the Vendor does not have insurance coverage, the Vendor must notify FII in writing, as contemplated in Section 12 (Insurance Coverage) of the Agreement, in which case, the requirements set forth above will only be waived or reduced if approved in writing by FII pursuant to Section 12 (Insurance Coverage) of the Agreement.

2. WorkSafe BC

The Vendor must provide FII with a WorkSafe BC Clearance Letter. In cases where the Vendor is not registered with WorkSafe BC, the Vendor must notify FII in writing, as contemplated in Section 12 (Insurance Coverage) of the Agreement, in which case, the requirements set forth above will only be waived or reduced if approved in writing by FII pursuant to Section 12 (Insurance Coverage) of the Agreement.

Schedule F

Confidentiality and Non-Disclosure

1. Confidential Information

“Confidential Information” means:

- a) all information or material that has been received by Vendor or any subcontractors (“Subcontractors”) in connection with the Agreement including, without limitation, all accounting records, findings, software, data, specifications, drawings, reports, documents, and agreements (as well as the Agreement), whether complete or not, and in any form whatsoever; and
- b) all resulting information from the performance of the Services including, without limitation, all reports, advice, presentations, completed or otherwise produced by Vendor or its Subcontractors.

2. Proprietary Rights

The Confidential Information will at all times remain the sole and exclusive property of FII, and FII may, without restriction or limitation of any kind, use, disclose or otherwise distribute all or any portion of the Confidential Information in any manner whatsoever as FII may determine in its sole and unfettered discretion. Vendor will not acquire any right, title or interest in, to or associated with any Confidential Information other than the limited right to use the Confidential Information solely to provide the Services under the Agreement.

3. Confidentiality Obligation

Vendor will:

- a) use the Confidential Information only as necessary to provide the Services or to otherwise perform Vendor’s obligations under the Agreement;
- b) disclose the Confidential Information only to such persons and only to the extent that such disclosure is necessary to provide the Services or to otherwise perform Vendor’s obligations under the Agreement; and
- c) maintain the strict confidentiality of the Confidential Information using the same degree of care as Vendor affords to Vendor’s own confidential information of a similar nature which Vendor desires not to be published or disseminated, and in no event less than reasonable care, to prevent the unauthorized use or disclosure of the Confidential Information.

4. Exception

Vendor’s obligations under Section 3 above will not apply to any of the Confidential Information that:

- a) is expressly excluded from the application of the confidentiality provisions of this Agreement in a written consent signed by FII, but subject to any terms or conditions that may be stated in such consent;
- b) is or becomes generally available to the public other than as a result of disclosure by Vendor or any of Vendor’s representatives;
- c) is lawfully and in good faith obtained by Vendor on a non-confidential basis from an independent third party without breach of any applicable confidentiality obligation, as shown by evidence sufficient to establish the third party as the source of the Confidential Information, and that was not obtained by the third party from FII; or
- d) Vendor can show, by written records or other tangible evidence, was in Vendor’s possession prior to (i) the disclosure of the Confidential Information by or on behalf of FII to Vendor, or (ii) the creation of such Confidential Information by Vendor for FII under the Personal Services Agreement, as the case may be.

5. Disclosure Required by Law

Vendor will not be in breach of Vendor's obligation under this Agreement not to disclose any of the Confidential Information if that disclosure is required by law or a court order, provided that Vendor gives FII as much notice as is reasonably possible in the circumstances prior to disclosing any of the Confidential Information, and Vendor co-operates with FII in any application, proceeding or other action FII may undertake to obtain a protective order or other means of protecting the confidentiality of the Confidential Information that is required to be disclosed.

6. Return and Destruction of Confidential Information

At any time upon request by FII and immediately upon termination of the Agreement, Vendor will promptly:

- a) deliver, or cause to deliver, to FII all originals and copies of Confidential Information and all documents, records, data, and materials containing Confidential Information in Vendor's or Subcontractors' possession, power or control; and
- b) delete, or cause to delete, all Confidential Information from any and all of Vendor's or Subcontractors' computer systems, emails and databases.

7. Agents and Employees

Vendor will cause any Subcontractors and any person in its organization or employ to whom the Confidential Information is disclosed to comply with this Schedule.

8. Survival

The obligations of Vendor under this Schedule will survive termination of the Agreement and will continue in force indefinitely.

9. Remedies for Breach

Vendor acknowledges that any breach of this Schedule shall cause irreparable harm to FII that cannot reasonably or adequately be compensated in damages. Vendor agrees that, upon any actual or impending violation of this Schedule, FII is entitled to specific performance, injunctive and other equitable relief to prevent a breach of this Schedule and that resort to equitable relief shall not be construed as a waiver of any rights or remedies that FII may have for damages or otherwise.



Schedule G

Vendor Project Proposal

<insert vendor proposal here>

Schedule H

Photograph/Video License

1. License Grant

Vendor hereby irrevocably and unconditionally:

- a) grants to FII and its successors, assigns and licensees (collectively, the “FII Licensed Group”) a non-exclusive, perpetual, royalty-free, irrevocable, fully sub-licensable, fully transferable, and worldwide right and license to Use each of the photographs and video recordings created by Vendor and provided to FII as part of the Services (collectively, the “Works”); and
- b) waives in favour of the FII Licensed Group all moral rights and creator’s rights Vendor has throughout the world in, to, or associated with each of the Works.

2. “Use”

means any and all forms of commercial and non-commercial use and publication of any nature and kind whatsoever (including, without limitation, to alter, change, modify and combine with or incorporate into other works and create derivative works from), by means of any and all forms, media and technologies now known or later developed, and whether or not such uses are by the user alone or in conjunction with other persons or bear the marks and branding of the user or other persons.

3. Representations/Warranties

Vendor represents, warrants and covenants as follows:

- a) Vendor is (or will be) the sole creator and owner of each of the Works, and has all requisite powers, rights and authorities to grant the licenses set forth in this Schedule;
- b) the Use of the Works by the FII Licensed Group will not infringe the rights (including copyright, personality rights, privacy rights or any other intellectual property rights) of any other person; and
- c) Each image in the Works will be listed by name or identifier and thumbnail image in Appendix H.1. as well as each individual that is depicted in one or more of the Works will be listed by name in Appendix H.1 as a “Model” (which completed Appendix H.1 will be provided by Vendor to FII upon delivery to FII of the Works) and has duly signed a Model Release Form (attached as Appendix H.2) which has not been and will not be amended.

4. No Compensation or Credit

The FII Licensed Group is not obligated to Use the Works. The FII Licensed Group will not provide any remuneration, royalties, fees, or other compensation to Vendor for or in connection with the Use of the Works by the FII Licensed Group. The FII Licensed Group is not obligated to give any credit or attribution to Vendor as the creator of the Works but may do so in its discretion.

5. Indemnity

Vendor will defend, indemnify, and save harmless the FII Licensed Group and their Representatives from and against all Claims and Proceedings directly or indirectly arising from, connected with or relating to the Works (including, without limitation, the Use of the Works) or any breach of this Schedule by Vendor. The FII Licensed Group and their Representatives will have sole control over the defence of and settlement negotiations relating to all Claims and Proceedings. Vendor will assist and co-operate as fully as reasonably required by the FII Licensed Group and their Representatives in the defence of all Claims and Proceedings. For purposes of this provision:



- a) “Claims” means first party and third-party claims, counterclaims, complaints, demands, causes of action, liabilities, obligations, damages, losses, legal fees, costs, expenses and disbursements (including, without limitation, reasonable attorneys’ fees and court costs) of any nature or kind, whatsoever and howsoever arising;
- b) “Proceedings” means third party actions, suits, proceedings and hearings of any nature and kind in any court of law or equity or before any arbitrator or other body, board, or tribunal; and
- c) “Representatives” means past, present and future directors, officers, employees, volunteers, agents, representatives, subcontractors, successors, assigns, licensees, and related persons and each of them.

6. Limited Remedies

Notwithstanding any other provision of the Agreement:

- a) this Schedule is not subject to termination, revocation or rescission by Vendor for any reason whatsoever, and this Schedule will survive the termination of the Agreement indefinitely;
- b) Vendor’s sole remedy for breach of this Schedule by the FII Licensed Group is a claim for damages and other remedies (not including termination, revocation, or rescission); and
- c) Vendor hereby waives any right to seek, obtain or enforce any injunctive or other remedy or relief that would in any way enjoin, restrain, or interfere with the Use of the Works by the FII Licensed Group.

Schedule H – Appendix H.1

Models, Names and Thumbnails

At the completion of the project, Vendor must complete the below Models, Names and Thumbnails Form and provide FII with the following information:

1. Thumbnails of all images included in the Work
2. Name of the Work
3. Location of the Work
4. Name of each image (see image naming requirement in Schedule A – Section 3 – Deliverables)

For Models (if applicable)

5. Role of each individual person
6. Name of person
7. List of images in which person appears
8. Completed Model Release Form (Appendix H.2) for each model

<insert thumbnails here>

Project Name: _____

Project Location(s): _____

This Appendix H.1 (Models & Names and Thumbprints) is being delivered to Forestry Innovation Investment Ltd. (“FII”) together with the Works referred to above as part of Professional Services Agreement PSA-X-21-XXX and is incorporated into such Professional Services Agreement by reference.



Schedule H – Appendix H.2

Model Release Form

| | | | |
|--|--|-----------|--|
| Model name | | Birthdate | |
| Address | | | |
| Telephone | | Email: | |
| Photographer name: | | | |
| Photo/Video shoot name and description | | | |
| Date of photo/video shoot | | | |
| Location of photo/video shoot | | | |
| Forestry Innovation Investment (FII) contact | | | |

IN CONSIDERATION OF being allowed to participate in the Photo/Video Shoot referenced above and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), I HEREBY COVENANT AND AGREE with the Photographer referenced above as follows:

1. Certification and Acknowledgement:

I hereby represent and warrant that I am the above-named Model and that the information set forth above is true and correct. I acknowledge that I wish to participate as a model in a photo/video shoot conducted by the Photographer on the date and at the location(s) referenced above (the "Photo/Video Shoot") during which the Photographer and his/her employees and other representatives will take photographs or video and sound recordings of me (the "Recordings") for use by the Photographer and Forestry Innovation Investment Ltd. (FII) and its respective successors, assigns and licensees (the "Client Group").

2. Consent, Authorization and Grant:

I hereby unconditionally and irrevocably consent to the Photographer and his/her employees and other representatives creating the Recordings (which will contain my image, likeness, voice, performance, and movements). I hereby unconditionally consent, authorize, and grant to the Photographer and the Client Group all requisite and necessary authority, permission, right, license, title and interest of every nature and kind, in perpetuity and throughout the world, to directly and indirectly (through their respective employees, contractors and other persons) Use, assign, sell and license others to Use the Recordings as they see fit in their discretion. In this Agreement, "Use" means all forms of commercial and non-commercial use and publication of any nature and kind whatsoever (including without limitation to alter, change, modify and combine with or incorporate into other works and create derivative works from, including whether or not I am recognizable), by means of all forms, media and technologies now known or hereafter developed whatsoever, and whether or not such uses are by the user alone or in conjunction with other persons or bear the marks and branding of the user or other persons.

3. Waiver of Rights:

I hereby unconditionally and irrevocably waive all rights (including moral rights or performers rights) that I may have in the Recordings and in my image, likeness, voice, performance, and movements as recorded in the Recordings. I have no right to review or approve the Recordings or their Use.



4. Ownership:

I hereby unconditionally and irrevocably acknowledge and agree that all right, title and interest in, to and associated with the Recordings (including my image, likeness, voice, performance, and movements as recorded in the Recordings) are solely owned by the Photographer and the Client Group.

5. No Compensation or Credit:

The Photographer and the Client Group are not obligated to Use the Recordings. The Photographer and the Client Group will not provide any remuneration, royalties, fees, or other compensation to me for or in connection with their Use of the Recordings. The Photographer and the Client Group are not obligated to disclose my name or otherwise identify me by name or otherwise as a model in the Recordings, but they may do so in their sole discretion.

6. Release:

I hereby release, remise and forever discharge the Photographer and the Client Group and their respective successors, assigns, licensees, employees, agents, representatives, and related persons and each of them, from all claims, counterclaims, complaints, demands, causes of action, liabilities, and obligations of any nature or kind, whatsoever and howsoever arising, (including for libel, defamation, invasion of privacy or right of publicity, and infringement of copyright), which now or hereafter exist by reason of any events, acts or omissions that are in any way connected with, or which arise directly or indirectly from or relate to this Agreement, the Photo/Video Shoot, the creation of the Recordings or the Use of the Recordings.

7. General:

This Agreement is irrevocable and perpetual, and is not subject to termination, revocation, or rescission by me for any reason whatsoever. This Agreement is the entire agreement between me and the Photographer regarding the Photo/Video Shoot and the Recordings and may be modified only by a written instrument signed by me and the Photographer. This Agreement is for the benefit of the Photographer and the Client Group and their respective successors, assigns, licensees, employees, agents, representatives, and related persons. This Agreement is binding on me and my heirs, executors, administrators, successors, and personal representatives. The Photographer may assign this Agreement. This Agreement and all related matters will be governed by and construed in accordance with the laws of British Columbia, Canada and the courts of British Columbia, Canada sitting in Vancouver will have original and exclusive jurisdiction over any dispute arising from, connected with, or relating to this Agreement or any related matter.

Model's Signature

Witness Signature

Date

Witness Name and Address

This Appendix H.2 (Model Release Form) is being delivered to Forestry Innovation Investment Ltd. ("FII") together with the Works referred to above as part of Professional Services Agreement PSA-X-21-XXX and is incorporated into such Professional Services Agreement by reference.

Schedule I

Notification of Standards of Conduct Policy

1. Compliance with the Standards of Conduct

This Schedule is notification of Section 30 (On-Site Policies) to which the Vendor agrees to adhere in providing Services to FII. Failure to comply with the Standards of Conduct described in this Schedule will constitute failure to comply with this Agreement, such that FII may terminate it without any compensation otherwise provided for in this Agreement.

2. Personal Conduct

The Vendor will not, through personal conduct while providing Services, bring FII into disrepute.

3. Impartiality

In any situation where the Vendor represents FII, the Vendor will not invoke any bias against other individuals or legal entities unless preferentiality is inherently a feature of the Services provided.

The Vendor will not promote political interests while providing Services.

4. Workplace Behaviour

The Vendor will behave in a manner that meets acceptable social standards, treating others in the workplace with respect and dignity, and refraining from exploiting a work relationship for private advantage or benefit.

The Vendor will not engage in sexual harassment or other forms of personal harassment, which behaviour includes:

- Verbal abuse or threats
- Unwelcome remarks, jokes, innuendo, or taunting about a person's body attire, age, marital status, ethnic or religious origins
- Displaying offensive or derogatory pictures
- Practical jokes which cause awkwardness or embarrassment
- Unwelcome invitations or requests
- Leering or other gestures
- Condescension or paternalism which undermine self-respect
- Unnecessary physical contact
- Deliberate or repeated unsolicited comments, questions, representations and or physical contact which are of a sexual nature
- Other conduct of a sexual nature that is known or should have been known to be offensive

5. Dealing with Inappropriate Workplace Behaviour

If the Vendor perceives that he or she is being subjected to inappropriate workplace behaviour by an FII employee or another FII Vendor, the Vendor should raise the issue with the FII signatory to this Agreement.

Appendix C – Submission Letter

(Proponent's Letterhead)

(Date)

Laura Bobadilla
Forestry Innovation Investment Ltd.
#1200 – 1130 West Pender Street
Vancouver, B.C.
V6E 4A4

RE: Request for Proposal for FII-23-05 Annual Year End Audit Services

Enclosed is our submission in response to this Request for Proposal (RFP).

(Name of Proponent) confirms the terms and conditions of this RFP have been read, understood, and agreed to in its entirety and are willing to enter into the contract attached as Appendix B.

Authorized Signature

Print Name

Title

Appendix D – FII Consolidated Financial Statement and Subsidiary Year End Financial Statements

(see following pages)



**Forestry Innovation
Investment[®]**

Consolidated Financial Statements

Forestry Innovation Investment Ltd.

March 31, 2022

Contents

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| Consolidated Statement of Changes in Net Financial Assets | 6 |
| Consolidated Statement of Cash Flows | 7 |
| Notes to the Consolidated Financial Statements | 8 - 22 |

Statement of Management Responsibility

Scope of Responsibility

Management has supervised preparation of the accompanying consolidated financial statements and related note disclosures and is responsible for their integrity and objectivity. The consolidated financial statements of Forestry Innovation Investment Ltd. (FII) have been prepared by management in accordance with the financial reporting provisions prescribed by the Province of British Columbia pursuant to Section 23.1 of the Budget Transparency and Accountability Act (see Note 2(a)).

We believe that these consolidated financial statements present fairly FII's financial position as at March 31, 2022 and the consolidated statement of operations, change in net assets, and cash flow for the year ending March 31, 2022 and that the other information contained in the Company's annual report is consistent with the consolidated financial statements as presented.

Internal Controls

Management is responsible for the integrity of the financial statements and has established systems of internal controls to provide reasonable assurance that transactions are properly authorized, assets are safeguarded, and financial records are properly maintained to facilitate the preparation of the financial statements in a timely manner. We continually monitor these internal accounting controls, modifying and improving them as business conditions and operations change. We believe our system of internal accounting controls provide reasonable assurance that errors or irregularities that would be material to the consolidated financial statements are prevented or detected in the normal course of business.

Board of Directors and Audit Committee


The Board of Directors is responsible for reviewing and approving the consolidated financial statements and overseeing management's discharge of its financial reporting responsibilities. An Audit Committee is appointed by the Board. The Audit Committee reviews the consolidated financial statements, adequacy of internal controls, audit process and financial reporting with management and with the external auditors. The Audit Committee has reviewed these consolidated statements prior to recommending approval by the Board of Directors. The Board of Directors has reviewed and approved the financial statements.

Independent Auditors

Grant Thornton has performed an independent audit of the consolidated financial statements of Forestry Innovation Investment Ltd. The Auditor's Report, as attached, outlines the scope of this independent audit and expresses an opinion on the financial statements of Forestry Innovation Investment Ltd.



Michael Loseth
Chief Executive Officer



Douglas Greig
Vice President & CFO

Vancouver, British Columbia
June 1, 2022

Independent Auditor's Report

Grant Thornton LLP
Suite 1600
333 Seymour Street
Vancouver, BC
V6B 0A4
T +1 604 687 2711
F +1 604 685 6569

To the Board of Directors of [Forestry Innovation Investment Ltd.](#)

To the Minister of Jobs, Economic Recovery and Innovation, [Province of British Columbia](#)

Opinion

We have audited the consolidated financial statements of Forestry Innovation Investment Ltd. (the "Company"), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements are prepared, in all material respects, in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – basis of accounting

We draw attention to Note 2 to the consolidated financial statements, which describes the basis of accounting and the significant differences between such basis of accounting and Canadian public sector accounting standards.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation of these consolidated financial statements in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 Canadian generally accepted auditing standards 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 consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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.
- 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 management.

- Conclude on the appropriateness of management's 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 auditor's report to the related disclosures in the consolidated 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and the organizations it controls to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

Vancouver, Canada
June 1, 2022



Chartered Professional Accountants

Forestry Innovation Investment Ltd.

Consolidated Statement of Financial Position


(in thousands of dollars)

March 31

| | | 2022 | 2021 |
|--|------|----------|----------|
| | Note | | |
| Financial assets | | | |
| Cash and cash equivalents | | \$ 5,154 | \$ 5,231 |
| Short term investments | | 1,009 | - |
| Accounts receivable | | 161 | 160 |
| Recipient advances | 4 | 81 | 44 |
| Due from Province of British Columbia | | 13 | 17 |
| Due from other governments | | 556 | 1,275 |
| Total financial assets | | 6,974 | 6,727 |
| Liabilities | | | |
| Accounts payable and accrued liabilities | 3 | 1,257 | 1,655 |
| Due to Province of British Columbia | | 54 | 16 |
| Due to other governments | | 146 | 132 |
| Recipient payables | 4 | 151 | 234 |
| Deferred contributions | 6 | 603 | 593 |
| Total liabilities | | 2,211 | 2,630 |
| Net financial assets | | 4,763 | 4,097 |
| Non-financial assets | | | |
| Tangible capital assets | 7 | 470 | 447 |
| Prepaid expenses | | 551 | 497 |
| Total non-financial assets | | 1,021 | 944 |
| Accumulated surplus | | \$ 5,784 | \$ 5,041 |

Commitments (Note 8)

Approved by the Board



Director

Rick Manwaring, Deputy Minister
Ministry of Forests



Director

Neilane Mayhew, Deputy Minister
Ministry of Tourism, Arts, Culture and
Sport

Forestry Innovation Investment Ltd.

Consolidated Statement of Operations and Accumulated Surplus

(in thousands of dollars)
Year ended March 31

| | | Budget | 2022 | 2021 |
|--|-------------|-----------------|-----------------|-----------------|
| | <u>Note</u> | | | |
| Revenue | 10 | | | |
| Government contributions | | | | |
| Provincial | | \$ 21,550 | \$ 21,595 | \$ 22,559 |
| Federal | | 1,978 | 1,941 | 2,418 |
| Other revenue | | 280 | 19 | 381 |
| Investment income | | - | 57 | 65 |
| | | <u>23,808</u> | <u>23,612</u> | <u>25,423</u> |
| Expenses | 10 | | | |
| Funding recipient initiatives | | 8,756 | 11,419 | 12,158 |
| Market initiatives and outreach | | | | |
| FII Vancouver | | 6,681 | 4,172 | 5,427 |
| FII China | | 2,400 | 2,130 | 2,269 |
| FII India | | 3,400 | 2,760 | 2,966 |
| FII Vietnam | | 1,077 | 869 | - |
| Corporate services | | 1,494 | 1,519 | 1,557 |
| | | <u>23,808</u> | <u>22,869</u> | <u>24,377</u> |
| Annual surplus | | - | 743 | 1,046 |
| Accumulated surplus, beginning of year | | 5,041 | 5,041 | 3,995 |
| Accumulated surplus, end of year | | <u>\$ 5,041</u> | <u>\$ 5,784</u> | <u>\$ 5,041</u> |

Forestry Innovation Investment Ltd.

Consolidated Statement of Changes in Net Financial Assets

(in thousands of dollars)

| Year ended March 31 | Budget | 2022 | 2021 |
|---|----------|----------|----------|
| Annual surplus | \$ - | \$ 743 | \$ 1,046 |
| Acquisition of tangible capital assets | (100) | (198) | (242) |
| Amortization of tangible capital assets | 180 | 175 | 139 |
| Acquisition of prepaid expenses | (20) | (54) | (11) |
| Increase in net financial assets | 60 | 666 | 932 |
| Net financial assets, beginning of year | 4,097 | 4,097 | 3,165 |
| Net financial assets, end of year | \$ 4,157 | \$ 4,763 | \$ 4,097 |

Forestry Innovation Investment Ltd.

Consolidated Statement of Cash Flows

(in thousands of dollars)

Year ended March 31

2022

2021

Cash provided by (used in):

Operating

| | | | | |
|--|----|------------|----|------------|
| Annual surplus | \$ | 743 | \$ | 1,046 |
| Items not involving cash | | | | |
| Amortization of tangible capital assets | | 175 | | 139 |
| Amortization of deferred contributions | | (195) | | (169) |
| Change in accounts receivable | | (1) | | 47 |
| Change in recipient advances | | (37) | | (1) |
| Change in due from Province of British Columbia | | 4 | | (1) |
| Change in due from other governments | | 719 | | (173) |
| Change in accounts payable and accrued liabilities | | (398) | | (20) |
| Change in due to Province of British Columbia | | 38 | | (5) |
| Change in due to other governments | | 14 | | (42) |
| Change in recipient payables | | (83) | | 37 |
| Change in prepaid expenses | | (54) | | (11) |
| | | <u>925</u> | | <u>847</u> |

Investing

| | | | | |
|--|--|----------------|--|--------------|
| Acquisition of tangible capital assets | | (198) | | (242) |
| Acquisition of short-term investments | | (1,009) | | - |
| | | <u>(1,207)</u> | | <u>(242)</u> |

Financing

| | | | | |
|-----------------------------------|----|--------------|----|--------------|
| Receipt of deferred contributions | | <u>205</u> | | <u>241</u> |
| (Decrease) increase in cash | | (77) | | 846 |
| Cash, beginning of year | | <u>5,231</u> | | <u>4,385</u> |
| Cash, end of year | \$ | <u>5,154</u> | \$ | <u>5,231</u> |

Forestry Innovation Investment Ltd.

Notes to the Consolidated Financial Statements

(in thousands of dollars)
March 31, 2022

1. General

Forestry Innovation Investment Ltd. (the “Company” or “FII Vancouver”) was incorporated on March 31, 2003 under the laws of the Province of British Columbia (the “Province”). The Company has authorized capital of 100 common shares without par value of which 10 shares are issued and outstanding. Her Majesty the Queen in Right of the Province of British Columbia, as represented by the Minister of Jobs, Economic Recovery and Innovation, holds the shares issued. A board of directors governs the Company, and all directors are appointed by the Province. The Company’s principal activities are to fund forest industry associations and research institutions and to deliver market development and market initiatives and outreach programs.

2. Summary of significant accounting policies

(a) Basis of presentation

These consolidated financial statements have been prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia which requires accounting policies which are consistent with Canadian public sector accounting standards except in regard to the accounting for restricted capital contributions.

Under Section 23.1 of the Budget Transparency and Accountability Act and its related regulations, the Company is required to recognize restricted capital contributions as a liability and recognize them into revenue on the same basis as the related amortization expense.

Under Canadian public sector accounting standards, those transfers with stipulations that have been met or that do not contain stipulations that create a liability, are fully recognized into revenue.

The impact of this difference on the consolidated financial statements of the Company would be a decrease in deferred capital contributions as at March 31, 2022, and increases in revenues and annual surplus for the year then ended.

(b) Reporting Company and basis of consolidation

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting Company. The reporting Company is comprised of the Company consolidated with FII Consulting (Shanghai) Co., Ltd. (“FII China”), a wholly-owned subsidiary registered under the laws of the People’s Republic of China; 0939031 B.C. Ltd., a wholly-owned subsidiary registered under the laws of British Columbia; Forestry Innovation Consulting India Pvt. Ltd. (“FII India”), a wholly-owned subsidiary of the Company and 0939031 B.C. Ltd., registered under the laws of the Republic of India; and Forestry Innovation Consulting (Vietnam) Ltd., a wholly-owned subsidiary registered under the laws of Vietnam.

FII China is based in Shanghai, China, FII India is based in Mumbai, India, and FII Vietnam is based in Thu Dau Mot City, Vietnam with all subsidiaries delivering market development programs on behalf of the Company. The subsidiaries are consolidated on a line-by-line basis after inter-organizational transactions and balances between these entities have been eliminated.

Forestry Innovation Investment Ltd.

Notes to the Consolidated Financial Statements

(in thousands of dollars)
March 31, 2022

2. Summary of significant accounting policies (continued)

(c) Revenue recognition

Unrestricted contributions, donations and grants are recorded as revenue when receivable if the amounts can be reasonably estimated and collection is reasonably assured.

Restricted contributions include amounts received from the Province and the Canadian Federal Government for specific purposes. Restricted contributions are recorded as deferred contributions when received or receivable. The deferred contribution and associated revenue are recognized based upon the nature of the restriction, as follows:

(i) Restricted capital contributions

Capital contributions for the purpose of acquiring or developing a depreciable tangible capital asset are recorded and referred to as deferred capital contributions. Deferred capital contributions are reduced and the associated revenue recognized at the same rate and in the same fiscal period that amortization is recognized in respect of acquired depreciable tangible capital asset used to provide services.

(ii) Other restricted contributions

Deferred contributions are reduced and the associated revenue recognized in the period during which the stipulation or restriction on the contribution have been met.

Investment income includes interest recorded on an accrual basis.

(d) Program expenses

Program expenses include amounts transferred to recipient organizations based on recipient funding contracts to carry out specific program activities. Amounts transferred are recognized as expenses in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met by the recipient, and reasonable estimates of the amounts can be made.

(e) Pension plans

The Company and its employees contribute to the Public Service Pension Plan, which is a multi-employer jointly trustee plan. The plan is a defined benefit plan, providing pension on retirement based on the member's age at retirement, length of service and highest earnings averaged over five years. As the assets and liabilities of the plan are not segregated by employer, the plan is accounted for as a defined contribution plan and any Company contributions to the plan are expensed as incurred.

(f) Financial instruments

Financial instruments consist of cash and cash equivalents, accounts receivable, recipient advances, short term investments, amounts due from the Province, amounts due from other governments, accounts payable and accrued liabilities, amounts due to the Province, amounts due to other governments, and recipient payables.

The Company measures its financial instruments at cost or amortized cost.

Forestry Innovation Investment Ltd.

Notes to the Consolidated Financial Statements

(in thousands of dollars)
March 31, 2022

2. Summary of significant accounting policies (continued)

(f) Financial instruments (continued)

For financial instruments measured at cost or amortized cost, transaction costs are added to the cost of the financial instruments.

Interest and dividends attributable to financial instruments are reported in the consolidated statement of operations.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the consolidated statement of operations.

There are no financial instruments measured at fair value; therefore, the consolidated financial statements do not include a consolidated statement of remeasurement gains and losses.

(g) Non-financial assets

(i) *Tangible capital assets*

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

| <u>Asset</u> | <u>Useful life</u> |
|-------------------------|---|
| Computer equipment | 3 years |
| Computer software | 2 years |
| Furniture and equipment | 5 years |
| Leasehold improvements | lesser of the lease term and its useful life |
| Tradeshow booths | 3 years |

Assets under construction are not amortized until the asset is available for productive use.

(ii) *Contributions of tangible capital assets*

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt.

(iii) *Interest capitalization*

The Company does not capitalize interest costs associated with the acquisition or construction of tangible capital assets.

(iv) *Intangible assets*

Intangible assets are not recognized in these consolidated financial statements.

Forestry Innovation Investment Ltd.

Notes to the Consolidated Financial Statements

(in thousands of dollars)
March 31, 2022

2. Summary of significant accounting policies (continued)

(h) Foreign currency translation

These consolidated financial statements are stated in Canadian dollars. The Company's foreign operations, conducted through FII China, FII India, and FII Vietnam are considered financially interdependent with the Company, and are translated from Chinese renminbi ("RMB"), Indian rupee ("INR"), and Vietnamese dong ("VND") using the temporal method of translation. Accordingly, monetary assets and liabilities are translated at the spot exchange rates in effect at the date of the statement of financial position; non-monetary items are translated at historical exchange rates in effect on the dates of the transactions. Revenue and expense items are translated at monthly average exchange rates in effect during the month in which the transaction occurred, except for amortization which is translated at the historical exchange rate of the corresponding non-monetary item. Realized exchange gains and losses are included in the consolidated statement of operations.

(i) Budget

Budget data presented in these consolidated financial statements are based on the Company's Service Plans. The budget was approved by the Board of Directors on January 27, 2021.

(j) Use of estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the useful lives of tangible capital assets. Actual results could differ from those estimates.

(k) Segment disclosures

A segment is defined as a distinguishable activity or group of activities of an Company for which it is appropriate to separately report financial information. The Company has provided definitions of segments used by the Company as well as presented financial information of the segments in Note 10.

(l) Financial assets

(i) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and deposits with financial institutions.

(ii) Short term investments

Short term investments include term deposits measured at cost.

Forestry Innovation Investment Ltd.

Notes to the Consolidated Financial Statements

(in thousands of dollars)

March 31, 2022

| 3. Accounts payable and accrued liabilities | 2022 | 2021 |
|--|-----------------|-----------------|
| Trade payables | \$ 306 | \$ 883 |
| Accrued liabilities | 951 | 772 |
| | \$ 1,257 | \$ 1,655 |

4. Recipient advances and payables

The Company's policy on recipient funding contracts stipulates that unspent advances are repaid to the Company. Historically, unspent advances have been repaid to the Company prior to the end of the first quarter of the new fiscal year after final reconciliation reports have been submitted.

In addition, the Company withholds a percentage of earnable administration costs from their interim advances. Recipients would qualify for this final funding amount withheld based on meeting eligible reporting criteria in the recipient reporting process.

As at March 31, 2022, the Company has identified \$151 (2021 - \$234) as payable to the recipient organizations and \$81 (2021 - \$44) as receivable from the recipient organizations.

5. Pension plans

The Company and its employees contribute to the Public Service Pension Plan, which is a multi-employer jointly trustee plan. The plan is a defined benefit plan, providing pension on retirement based on the member's age of retirement, length of service and highest earnings averaged over five years. The board of trustees of the plan represents plan members and employers and is responsible for the management of the plan including investment of the assets and administration of the plan.

The most recent actuarial valuation for the Public Service Pension Plan as at March 31, 2020 indicated a \$2,667 funding surplus for basic pension benefits on a going concern basis.

As described in Note 2(e), the plan is accounted for as a defined contribution plan. During the year ended March 31, 2022, the Company paid \$261 (2021 - \$255) for employer contributions to the plan.

Forestry Innovation Investment Ltd.

Notes to the Consolidated Financial Statements

(in thousands of dollars)

March 31, 2022

6. Deferred contributions

Deferred contributions consist of contributions received from the Province for tangible capital assets and other capital and operating contributions for which goods and services remain outstanding. Deferred contributions are comprised of the following:

| | Provincial | Other | 2022 | 2021 |
|--|------------|-------|--------|--------|
| Balance, beginning of year | \$ 563 | \$ 30 | \$ 593 | \$ 521 |
| Contributions received during the year | 205 | - | 205 | 241 |
| Amounts amortized to revenue | (183) | (12) | (195) | (169) |
| Balance, end of year | \$ 585 | \$ 18 | \$ 603 | \$ 593 |

Included in Provincial deferred contributions is \$7 (2021 - \$Nil) that is unspent.

Forestry Innovation Investment Ltd.

Notes to the Consolidated Financial Statements

(in thousands of dollars)
March 31, 2022

7. Tangible capital assets

(a) Assets in use

Cost

| | 2021 | Additions | Disposals | 2022 |
|-------------------------|-----------------|---------------|----------------|-----------------|
| Computer equipment | \$ 648 | \$ 37 | \$ (47) | \$ 638 |
| Computer software | 12 | - | - | 12 |
| Furniture and equipment | 463 | 67 | (4) | 526 |
| Leasehold improvements | 1,228 | 68 | (2) | 1,294 |
| Tradeshow booths | 325 | 26 | (10) | 341 |
| | <u>\$ 2,676</u> | <u>\$ 198</u> | <u>\$ (63)</u> | <u>\$ 2,811</u> |

Accumulated amortization

| | 2021 | Amortization | Disposals | 2022 |
|-------------------------|-----------------|---------------|----------------|-----------------|
| Computer equipment | \$ 509 | \$ 71 | \$ (47) | \$ 533 |
| Computer software | 12 | - | - | 12 |
| Furniture and equipment | 356 | 27 | (4) | 379 |
| Leasehold improvements | 1,061 | 54 | (2) | 1,113 |
| Tradeshow booths | 291 | 23 | (10) | 304 |
| | <u>\$ 2,229</u> | <u>\$ 175</u> | <u>\$ (63)</u> | <u>\$ 2,341</u> |

Net book value

| | 2021 | 2022 |
|-------------------------|---------------|---------------|
| Computer equipment | \$ 139 | \$ 105 |
| Computer software | - | - |
| Furniture and equipment | 107 | 147 |
| Leasehold improvements | 167 | 181 |
| Tradeshow booths | 34 | 37 |
| | <u>\$ 447</u> | <u>\$ 470</u> |

(b) Assets disclosed at nominal values

The cost of tangible capital assets includes the fair market value of certain assets transferred to the Company from the Province effective April 1, 2003 for one dollar. These assets are now fully amortized.

Forestry Innovation Investment Ltd.

Notes to the Consolidated Financial Statements

(in thousands of dollars)
March 31, 2022

8. Commitments

(a) The Company has lease commitments for its premises it occupies.

| | | |
|------------|----|--------------|
| 2023 | \$ | 1,161 |
| 2024 | | 552 |
| 2025 | | 321 |
| 2026 | | 11 |
| 2027 | | - |
| Thereafter | | - |
| | \$ | <u>2,045</u> |

(b) The Company also has an obligation to pay \$378 (2021 - \$626) for contracts entered into and not yet completed at March 31, 2022.

(c) The Company has an operating line of credit with HSBC Bank of Canada with maximum available credit of \$2,000 which incurs interest at prime plus 1.5% per annum. As of March 31, 2022, no amounts have been withdrawn through the utilization of the credit line.

9. Financial instruments risk management

The Company has exposure to the following risks from its use of financial instruments:

Credit risk

Credit risk is the risk that the Company's counterparties default or become insolvent.

The Company is potentially exposed to credit risk through cash and cash equivalents, accounts receivable, short term investments, recipient advances, amounts due from the Province, and amounts due from other governments. Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand. Accounts receivable consist mainly of cost share agreements which are monitored on a regular basis. Amounts due from the Province and amounts due from other governments consist of reimbursement claims. It is the Company's opinion that its exposure to credit risk is subject to normal industry risks and is considered minimal.

As at March 31, 2022, accounts receivable, recipient advances, amounts due from the Province, and amounts due from other governments are comprised of:

| | <u>Under 90 days</u> | <u>Over 90 days</u> | <u>Total</u> |
|---------------------------------------|----------------------|---------------------|---------------|
| Accounts receivable | \$ 161 | \$ - | \$ 161 |
| Recipient advances | 81 | - | 81 |
| Due from Province of British Columbia | 13 | - | 13 |
| Due from other governments | <u>556</u> | <u>-</u> | <u>556</u> |
| | <u>\$ 811</u> | <u>\$ -</u> | <u>\$ 811</u> |

Forestry Innovation Investment Ltd.

Notes to the Consolidated Financial Statements

(in thousands of dollars)

March 31, 2022

9. Financial instruments risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due.

The Company manages its exposure to liquidity risk by maintaining sufficient cash balances throughout the year to meet its short-term obligations. It is the Company's opinion that its exposure to liquidity risk is subject to normal industry risks and is considered minimal.

Market risk

Market risk is the risk that fluctuations in market prices will affect the Company's net financial assets. Market risk comprises two types of risk:

Currency risk and foreign denominated cash

Currency risk is the risk that fluctuations in foreign currencies will affect the Company's net financial assets denominated in foreign currencies.

The Company is subject to foreign exchange risk through its program payables and program advances and a portion of the Company's program and tradeshow costs, which are denominated in Chinese renminbi, Indian rupee, Vietnamese dong and United States dollars. The Company manages its exposure to currency risk by monitoring its assets and liabilities denominated in foreign currencies and purchasing foreign denominated currency to pay upcoming commitments when the market conditions are favourable. The Company does not use derivatives instruments to reduce its exposure to foreign currency risk. Included in office costs is \$13 (2021 – \$126) of foreign exchange gains.

Forestry Innovation Investment Ltd.

Notes to the Consolidated Financial Statements

(in thousands of dollars)

March 31, 2022

9. Financial instruments risk management (continued)

Market risk (continued)

Currency risk and foreign denominated cash (continued)

The amounts shown are translated to Canadian dollars at the closing rate:

| | 2022 | | | | |
|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|--------------|
| | USD denominated amounts in CAD | RMB denominated amounts in CAD | INR denominated amounts in CAD | VND denominated amounts in CAD | CAD Total |
| Cash | \$ 774 | \$ 536 | \$ 1,746 | \$ 57 | \$ 3,113 |
| Accounts receivable and due from other governments | - | - | 552 | - | 552 |
| Accounts payable | - | 172 | 520 | 15 | 707 |

| | 2021 | | | | |
|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|--------------|
| | USD denominated amounts in CAD | RMB denominated amounts in CAD | INR denominated amounts in CAD | VND denominated amounts in CAD | CAD Total |
| Cash | \$ 660 | \$ 511 | \$ 1,439 | \$ - | \$ 2,610 |
| Accounts receivable and due from other governments | - | 1 | 826 | - | 827 |
| Accounts payable | - | 195 | 448 | - | 643 |

Interest rate risk

Interest rate risk is the risk that fluctuations in interest rates will affect the Company's net financial assets that bear interest at variable rates. The Company manages its exposure to interest rate risk by investing in interest bearing cash accounts and short-term investments.

Forestry Innovation Investment Ltd.

Notes to the Consolidated Financial Statements

(in thousands of dollars)
March 31, 2022

10. Segmented information

Segmented information has been identified based upon programs provided by the Company. Company programs and their activities are reported by functional area in the body of the consolidated financial statements. Programs that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

(a) Funding Recipient Initiatives

Uses project funding delivered through an annual “Call for Proposals” in partnership with the Government of Canada to fund non-profit organizations, universities, forest industry associations and research institutions to:

- Maintain and create opportunities for B.C. wood products in existing and emerging markets;
- Ensure that customers, consumers, designers, builders, developers and architects know about BC wood products and the many positive features they bring to wood construction and interior finishing;
- Support the development of innovative new forest products and building systems; and
- Provide interested parties around the world with information on the properties and qualities of BC’s forest products and the BC companies that supply them.

(b) Market Initiatives and Outreach Program

(i) FII Vancouver Initiatives

Internally directs delivered programs that:

- Promote the benefits of wood as a green building material;
- Position B.C. as a global supplier of world-class environmentally friendly forest products;
- Research opportunities in new and emerging markets, and initiate early market exploration activities;
- Support industry efforts to mitigate non-tariff trade and market barriers for B.C. forest products;
- Champion the Province’s wood innovation priorities and advance the use of wood building systems and technologies in public and private construction;
- Raise awareness of the Province as a world leader in innovative, next generation wood construction and design; and
- Encourage a robust valued-added sector in BC through enhanced capacity and competitiveness.

(ii) FII China Initiatives

FII China has a mandate to optimize the value of B.C. lumber exports to China by expanding the share of wood construction in China’s building sector. FII China focuses on the following activities:

Forestry Innovation Investment Ltd.

Notes to the Consolidated Financial Statements

(in thousands of dollars)
March 31, 2022

10. Segmented information (continued)

(b) Market Initiatives and Outreach Program (continued)

(ii) FII China Initiatives (continued)

- Expand and strengthen relationships with Chinese national, regional and local government entities (including state-owned developers) to position the environmental benefits of wood construction in response to new policies of the Chinese government to encourage low-carbon, energy-efficient and prefabricated construction in China;
- Promote wood construction in high priority segments such as cultural buildings, tourism, wellness and elderly care facilities, hybrid construction (wood mixed with concrete/steel) and mid-rise and taller wood construction; and
- Work closely with Canadian forest industry trade association staff to expand China's technical capacity to deploy wood construction.

(iii) FII India Initiatives

FII India has a mandate to establish a local presence in India for B.C. and Canadian forest products; develop working relationships with manufacturers, importers, architects, developers and the wood-user community; and grow demand for B.C. lumber in the wood in manufacturing sector. The operation focuses on early market development activities including:

- Positioning B.C.'s sustainable softwoods to take advantage of India's growing fibre needs;
- Undertaking promotional and educational activities targeting potential end users;
- Conducting product trials and providing technical support to allow local manufacturers to gain experience working with B.C. species in specific applications; and
- Building a stockist (importer/distributor) network in India to carry and supply B.C. wood species in the market.

(iv) FII Vietnam Initiatives

FII Vietnam has a mandate to identify opportunities for B.C. species in Vietnam's wood manufacturing sector; identify key players in the supply chain to introduce them to B.C. species; and build the demand for, and awareness of, Canadian wood products in the market. The operation focuses on early (pre-commercial) market development activities, including:

- Positioning B.C.'s sustainable softwoods as an alternative to hardwood for furniture manufacturing;
- Introducing B.C. species and suppliers to Vietnamese importers, traders and furniture manufacturers;
- Conducting product trials and providing technical support to allow local manufacturers to gain experience working with B.C. species in specific applications; and
- Identifying opportunities in the marketplace and any barriers to entry.

Forestry Innovation Investment Ltd.

Notes to the Consolidated Financial Statements

(in thousands of dollars)

March 31, 2022

10. Segmented information (continued)

(c) Corporate services

Corporate services performs the following activities:

- Ensures financial reporting to government standards;
- Provides Human Resource, IT and office services to meet organizational needs;
- Oversees budget and planning, internal controls and cash management;
- Support government and industry trade missions and related initiatives;
- Provide corporate secretary services; and
- Provides corporate communication, market data and analytical services to meet internal and external needs.

Forestry Innovation Investment Ltd.

Notes to the Consolidated Financial Statements

(in thousands of dollars)

March 31, 2022

10. Segmented information (continued)

| | Funding Recipient Initiatives | Market Initiatives and Outreach | | | | Corporate services | 2022 Total | 2021 Total |
|------------------------------|-------------------------------|---------------------------------|-----------|-----------|-------------|--------------------|------------|------------|
| | | FII Vancouver | FII China | FII India | FII Vietnam | | | |
| Revenues | | | | | | | | |
| Government contributions | | | | | | | | |
| Provincial | \$ 10,691 | \$ 4,681 | \$ 2,356 | \$ 1,899 | \$ 563 | \$ 1,405 | \$ 21,595 | \$ 22,559 |
| Federal | 229 | 50 | 43 | 1,161 | 458 | - | 1,941 | 2,418 |
| Other revenue | - | 5 | - | 8 | 1 | 5 | 19 | 381 |
| Investment income | - | - | 2 | 42 | - | 13 | 57 | 65 |
| Total revenues | 10,920 | 4,736 | 2,401 | 3,110 | 1,022 | 1,423 | 23,612 | 25,423 |
| Expenses | | | | | | | | |
| Amortization | - | - | 12 | 42 | 20 | 101 | 175 | 139 |
| Auditing | 281 | - | 44 | 46 | 18 | 48 | 437 | 380 |
| Grants | 3,563 | - | - | - | - | - | 3,563 | 4,613 |
| Office costs | 55 | 306 | 398 | 633 | 83 | 170 | 1,645 | 1,560 |
| Professional services | 241 | 1,405 | 347 | 1,004 | 268 | 137 | 3,402 | 4,256 |
| Program costs | 6,912 | 411 | - | - | - | - | 7,323 | 7,285 |
| Salaries, wages and benefits | 367 | 2,006 | 1,221 | 949 | 398 | 1,014 | 5,955 | 5,798 |
| Trade missions | - | 5 | - | - | - | - | 5 | 45 |
| Travel and business costs | - | 39 | 108 | 86 | 82 | 49 | 364 | 301 |
| Total expenses | 11,419 | 4,172 | 2,130 | 2,760 | 869 | 1,519 | 22,869 | 24,377 |
| Annual surplus (deficit) | \$ (499) | \$ 564 | \$ 271 | \$ 350 | \$ 153 | \$ (96) | \$ 743 | \$ 1,046 |

Forestry Innovation Investment Ltd.

Notes to the Consolidated Financial Statements

(in thousands of dollars)

March 31, 2022

11. Impact of COVID-19

On March 11, 2020 the COVID-19 outbreak was declared a pandemic by the World Health Organization. While the pandemic impacted in-market travel, tradeshow attendance and in-person seminars, FII staff have moved to virtual events to replace these delivery mechanisms. Over the past year FII staff have been able to work from home during the multiple government shutdowns in Canada and their other foreign markets and have continued to deliver alternate versions of their programs as planned.

The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and our operations are not known at this time. These impacts could include potential future decreases in revenue and potential delayed spending on market initiative and outreach programs in any one of the countries that the Company operates in due to ongoing restrictions in each respective country. Management is closely monitoring the evolving situation and taking measures to mitigate potential negative impacts to the Company.

FII CONSULTING (SHANGHAI) CO., LTD.
FINANCIAL STATEMENTS AND AUDITORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The auditors' report and the accompanying financial statements are English translations of the Chinese auditors' report and statutory financial statements prepared under accounting principles generally accepted in the People's Republic of China. The financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.

GRANT THORNTON

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AUDITORS' REPORT

GTCNSZ(2022)No.310C019529

To FII Consulting (Shanghai) Co., Ltd.**Opinion**

We have audited the financial statements of FII Consulting (Shanghai) Co., Ltd. (the "Company"), which comprise the balance sheet as at 31 December 2021, and the income statement, cash flow statement and statement of changes in equity for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the <Accounting System for Business Enterprises>.

Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Code of Ethics for Chinese Certified Public Accountant ("Ethics Code") together with the ethical requirements that are relevant to our audit of the financial statements, and we fulfilled our other ethical responsibilities in accordance with these requirements and the Ethics Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with the <Accounting System for Business Enterprises>, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of Management and Those Charged with Governance for the Financial Statements (Continued)

In preparing the financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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 China Standards on Auditing 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 China Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (1) 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.
- (2) 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.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

(4) Conclude on the appropriateness of management's 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 auditor's 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.

(5) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

Grant Thornton
(For identification purpose only)

Certified Public Accountant Wu Ying

Certified Public Accountant Yan Guanliang

Address: Shanghai, China

15 May 2022

BALANCE SHEET

[English Translation for Reference Only]

Company: FII Consulting (Shanghai) Co., Ltd.

Currency: RMB

| Items | Notes V | 2021.12.31 | 2020.12.31 |
|---|---------|----------------------|----------------------|
| CURRENT ASSETS: | | | |
| Cash and cash equivalents | 1 | 2,994,817.63 | 2,704,739.32 |
| Held-for-trading financial assets | | | |
| Notes receivable | | | |
| Accounts receivable | 2 | 13,407,413.10 | 13,938,444.31 |
| Prepayments | | | 5,946.00 |
| Interest receivable | | | |
| Dividends receivable | | | |
| Other receivables | 3 | 909,448.64 | 903,303.16 |
| Inventories | | | |
| Including: Raw materials | | | |
| Finished goods | | | |
| Non-current assets due within one year | | | |
| Other current assets | | | |
| TOTAL CURRENT ASSETS | | 17,311,679.37 | 17,552,432.79 |
| NON-CURRENT ASSETS: | | | |
| Available-for-sale financial assets | | | |
| Held-to-maturity investments | | | |
| Long-term receivables | | | |
| Long-term equity investments | | | |
| Investment property | | | |
| Fixed assets - Cost | 4 | 1,163,260.11 | 1,498,798.49 |
| Less: Accumulated depreciation | 4 | 1,127,682.90 | 1,431,069.17 |
| Fixed assets - Net book value | 4 | 35,577.21 | 67,729.32 |
| Less: Impairment | 4 | | |
| Fixed assets - Net carrying value | 4 | 35,577.21 | 67,729.32 |
| Construction in progress | | | |
| Materials held for construction of fixed assets | | | |
| Fixed assets pending for disposal | | | |
| Productive biological assets | | | |
| Oil and gas assets | | | |
| Intangible assets | 5 | | |
| Development costs | | | |
| Goodwill | | | |
| Long-term deferred expenses | | | |
| Deferred tax assets | | | |
| Other non-current assets | | | |
| Including: Assets specifically reserved | | | |
| TOTAL NON-CURRENT ASSETS | | 35,577.21 | 67,729.32 |
| TOTAL ASSETS | | 17,347,256.58 | 17,620,162.11 |

BALANCE SHEET (CONTINUED)

[English Translation for Reference Only]

Company: FII Consulting (Shanghai) Co., Ltd.

Currency: RMB

| Items | Notes V | 2021.12.31 | 2020.12.31 |
|---|---------|----------------------|----------------------|
| CURRENT LIABILITIES: | | | |
| Short-term loans | | | |
| Held-for-trading financial liabilities | | | |
| Notes payable | | | |
| Accounts payable | | | |
| Advance from customers | | | |
| Salaries and employee benefits payable | 6 | 481,172.64 | 565,128.02 |
| Including: Salaries payable | | 481,172.64 | 565,128.02 |
| Employee welfare payable | | | |
| Including: Special reserve for employee and welfare | | | |
| Taxes and other fees payable | 7 | 52,776.96 | 101,879.08 |
| Including: Tax payable | | 52,776.96 | 101,879.08 |
| Interest payable | | | |
| Dividends payable | | | |
| Other payables | | 246,213.58 | 347,361.79 |
| Non-current liabilities due within one year | 8 | 76,508.40 | 78,298.80 |
| Other current liabilities | | | |
| TOTAL CURRENT LIABILITIES | | 856,671.58 | 1,092,667.69 |
| NON-CURRENT LIABILITIES: | | | |
| Long-term loans | 9 | 2,792,556.60 | 2,936,205.00 |
| Bonds payable | | | |
| Long-term payables | | | |
| Specific accounts payable | | | |
| Provisions | | | |
| Deferred tax liabilities | | | |
| Other non-current liabilities | | | |
| Including: Fund specifically reserved | | | |
| TOTAL NON-CURRENT LIABILITIES | | 2,792,556.60 | 2,936,205.00 |
| TOTAL LIABILITIES | | 3,649,228.18 | 4,028,872.69 |
| OWNERS' EQUITY: | | | |
| Paid-in capital | 10 | 9,932,520.00 | 9,932,520.00 |
| Capital by State | | | |
| Including: Capital by state legal representative | | | |
| Capital by collective individuals | | | |
| Capital by private capital | | | |
| Including: Capital by individuals | | | |
| Capital by foreign investors | | 9,932,520.00 | 9,932,520.00 |
| Less: Redemption of capital | | | |
| Net paid-in capital | | 9,932,520.00 | 9,932,520.00 |
| Capital reserves | | | |
| Less: Treasury stocks | | | |
| Specific reserves | | | |
| Surplus reserves | 11 | 375,731.94 | 365,058.04 |
| Including: Statutory reserves | | | |
| Discretionary reserves | | | |
| Reserved funds | | 375,731.94 | 365,058.04 |
| Enterprise development funds | | | |
| Profit to be returned to investors | | | |
| Retained earnings ("-" for accumulated losses) | 12 | 3,389,776.46 | 3,293,711.38 |
| TOTAL OWNERS' EQUITY | | 13,698,028.40 | 13,591,289.42 |
| TOTAL LIABILITIES AND OWNERS' EQUITY | | 17,347,256.58 | 17,620,162.11 |

Legal representative: Nansiang Lim Person in charge of accounting function: Ada Shi Person in charge of accounting department: Ada Shi

INCOME STATEMENT

[English Translation for Reference Only]

Company: FII Consulting (Shanghai) Co., Ltd.

Currency: RMB

| Items | Notes V | 2021 | 2020 |
|--|---------|----------------------|----------------------|
| Total revenue | | 11,941,111.15 | 11,260,268.94 |
| Including: Revenue from operations | 13 | 11,941,111.15 | 11,260,268.94 |
| Including: Revenue from main operations | | 11,941,111.15 | 11,260,268.94 |
| Revenue from other operations | | | |
| Total cost of sales | | 11,888,773.42 | 11,122,323.62 |
| Including: Operating costs | | | |
| Including: Operating cost from main operations | | | |
| Operating cost from other operations | | | |
| Sales tax and surcharges | | 28,447.84 | 21,950.47 |
| Selling expenses | | 1,636,939.38 | 1,417,608.84 |
| General and administrative expenses | | 10,297,026.70 | 9,897,445.67 |
| Including: Research and development costs | | | |
| Finance expenses ("-" for income) | 14 | -73,640.50 | -214,681.36 |
| Including: Interest expenses | | | |
| Interest income | | 9,369.69 | 10,386.98 |
| Net foreign exchange losses ("-" for gains) | | -67,952.43 | -209,371.40 |
| Impairment losses | | | |
| Others | | | |
| Add: Gains from the changes in fair value ("-" for losses) | | | |
| Investment income ("-" for losses) | | | |
| Including: Share of profits in associates and joint ventures | | | |
| PROFIT FROM OPERATIONS ("-" FOR LOSSES) | | 52,337.73 | 137,945.32 |
| Add: Non-operating income | 15 | 56,350.07 | 28,161.36 |
| Including: Gains from disposal of non-current assets | | | |
| Gains from exchange of non-monetary assets | | | |
| Government grant | | | |
| Gains from debt restructuring | | | |
| Less: Non-operating expenses | 16 | 332.60 | |
| Including: Losses from disposal of non-current assets | | 332.60 | |
| Losses from exchange of non-monetary assets | | | |
| Losses from debt restructuring | | | |
| PROFIT BEFORE TAX ("-" FOR LOSSES) | | 108,355.20 | 166,106.68 |
| Less: Income tax expenses | 17 | 1,616.22 | 8,796.26 |
| NET PROFIT FOR THE YEAR ("-" FOR LOSSES) | | 106,738.98 | 157,310.42 |
| OTHER COMPREHENSIVE INCOME | | | |
| TOTAL COMPREHENSIVE INCOME | | 106,738.98 | 157,310.42 |

Legal representative: Nansiang Lim Person in charge of accounting function: Ada Shi Person in charge of accounting department: Ada Shi

CASH FLOW STATEMENT

[English Translation for Reference Only]

Company: FII Consulting (Shanghai) Co., Ltd.

Currency: RMB

| Items | Notes | 2021 | 2020 |
|---|-------|----------------------|----------------------|
| Cash Flows from Operating Activities: | | | |
| Cash received from sales of goods or rendering of services | | 13,188,609.03 | 11,786,864.73 |
| Refunds of taxes | | | |
| Other cash received relating to operating activities | | 34,717.91 | 38,742.22 |
| Sub-total of cash inflows from operating activities | | 13,223,326.94 | 11,825,606.95 |
| Cash paid for goods and services | | 327,447.56 | 289,720.95 |
| Cash paid to and on behalf of employees | | 5,885,274.99 | 6,256,091.14 |
| Tax payments | | 440,607.13 | 398,985.57 |
| Other cash paid relating to operating activities | | 6,191,813.11 | 4,873,475.71 |
| Sub-total of cash outflows from operating activities | | 12,845,142.79 | 11,818,273.37 |
| Net Cash Flows from Operating Activities | | 378,184.15 | 7,333.58 |
| Cash Flows from Investing Activities: | | | |
| Cash received from disposal of investments | | | |
| Cash received from return on investments | | | |
| Cash received from disposal of fixed assets, intangible assets and other long-term assets | | | |
| Other cash receipts relating to investing activities | | | |
| Sub-total of cash inflows from investing activities | | | |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets | | 10,619.47 | 49,640.70 |
| Cash paid to acquire investment | | | |
| Other cash paid relating to investing activities | | | |
| Sub-total of cash outflows from investing activities | | 10,619.47 | 49,640.70 |
| Net Cash Flows used in Investing Activities | | -10,619.47 | -49,640.70 |
| Cash Flows from Financing Activities: | | | |
| Cash received from capital contributions | | | |
| Cash received from borrowings | | | |
| Cash received from bondings | | | |
| Other cash receipts relating to financing activities | | | |
| Sub-total of cash inflows from financing activities | | | |
| Repayments of borrowings | | 77,486.37 | 82,843.60 |
| Dividends paid, profit distributed or interest paid | | | |
| Other cash payments relating to financing activities | | | |
| Sub-total of cash outflows from financing activities | | 77,486.37 | 82,843.60 |
| Net Cash Flows used in Financing Activities | | -77,486.37 | -82,843.60 |
| Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents | | | |
| Net Increase in Cash and Cash Equivalents | | 290,078.31 | -125,150.72 |
| Add: Cash and cash equivalents at the beginning of the period | | 2,704,739.32 | 2,829,890.04 |
| Cash and cash equivalents at the end of the period | | 2,994,817.63 | 2,704,739.32 |

Legal representative: Nansiang Lim Person in charge of accounting function: Ada Shi Person in charge of accounting department: Ada Shi

STATEMENT OF CHANGES IN EQUITY

[English Translation for Reference Only]

Company: FII Consulting (Shanghai) Co., Ltd.

Currency: RMB

| Items | 2021 | | | | | | |
|---|---------------------|------------------|-----------------------|-------------------|-------------------|---------------------|----------------------|
| | Paid-in capital | Capital reserves | Less: Treasury stocks | Specific reserves | Surplus reserves | Retained earnings | Total Owners' Equity |
| 1. Balance as at the end of last year | 9,932,520.00 | | | | 365,058.04 | 3,293,711.38 | 13,591,289.42 |
| Add: Changes in accounting policies | | | | | | | |
| Corrections of errors in prior periods | | | | | | | |
| Others | | | | | | | |
| 2. Balance at the beginning of the year | 9,932,520.00 | | | | 365,058.04 | 3,293,711.38 | 13,591,289.42 |
| 3. Movement during the year ("-" for decrease) | | | | | 10,673.90 | 96,065.08 | 106,738.98 |
| 3.1. Net profits for the year | | | | | | 106,738.98 | 106,738.98 |
| 3.2. Other comprehensive income | | | | | | | |
| Subtotal of 3.1 and 3.2 | | | | | | 106,738.98 | 106,738.98 |
| 3.3. Paid-in capital injected by or returned to investors | | | | | | | |
| a. Paid-in capital injected by investors | | | | | | | |
| b. Share-based payments charged to equity | | | | | | | |
| c. Others | | | | | | | |
| 3.4. Specific reserves | | | | | | | |
| a. Provision in the current period | | | | | | | |
| b. Utilised in the current period | | | | | | | |
| 3.5. Appropriations of profits | | | | | 10,673.90 | -10,673.90 | |
| a. Appropriations to surplus reserves | | | | | 10,673.90 | -10,673.90 | |
| Including: Statutory reserves | | | | | | | |
| Discretionary reserves | | | | | | | |
| Reserved funds | | | | | 10,673.90 | -10,673.90 | |
| Enterprise development funds | | | | | | | |
| Profit to be returned to investors | | | | | | | |
| b. Appropriations to investors | | | | | | | |
| c. Others | | | | | | | |
| 3.6. Equity transfer among equity accounts ("-" for decrease) | | | | | | | |
| a. Capital reserves transferred to paid-in capital | | | | | | | |
| b. Surplus reserves transferred to paid-in capital | | | | | | | |
| c. Surplus reserves used to offset losses | | | | | | | |
| d. Others | | | | | | | |
| 4. Balance at the end of the year | 9,932,520.00 | | | | 375,731.94 | 3,389,776.46 | 13,698,028.40 |

Legal representative: Nansiang Lim

Person in charge of accounting function: Ada Shi

Person in charge of accounting department: Ada Shi

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

[English Translation for Reference Only]

Company: FII Consulting (Shanghai) Co., Ltd.

Currency: RMB

| Items | 2020 | | | | | | |
|---|---------------------|------------------|-----------------------|-------------------|-------------------|---------------------|----------------------|
| | Paid-in capital | Capital reserves | Less: Treasury stocks | Specific reserves | Surplus reserves | Retained earnings | Total Owners' |
| 1. Balance as at the end of last year | 9,932,520.00 | | | | 349,327.00 | 3,152,132.00 | 13,433,979.00 |
| Add: Changes in accounting policies | | | | | | | |
| Corrections of errors in prior periods | | | | | | | |
| Others | | | | | | | |
| 2. Balance at the beginning of the year | 9,932,520.00 | | | | 349,327.00 | 3,152,132.00 | 13,433,979.00 |
| 3. Movement during the year ("-" for decrease) | | | | | 15,731.04 | 141,579.38 | 157,310.42 |
| 3.1. Net profits for the year | | | | | | 157,310.42 | 157,310.42 |
| 3.2. Other comprehensive income | | | | | | | |
| Subtotal of 3.1 and 3.2 | | | | | | 157,310.42 | 157,310.42 |
| 3.3. Paid-in capital injected by or returned to investors | | | | | | | |
| a. Paid-in capital injected by investors | | | | | | | |
| b. Share-based payments charged to equity | | | | | | | |
| c. Others | | | | | | | |
| 3.4. Specific reserves | | | | | | | |
| a. Provision in the current period | | | | | | | |
| b. Utilised in the current period | | | | | | | |
| 3.5. Appropriations of profits | | | | | 15,731.04 | -15,731.04 | |
| a. Appropriations to surplus reserves | | | | | 15,731.04 | -15,731.04 | |
| Including: Statutory reserves | | | | | | | |
| Discretionary reserves | | | | | | | |
| Reserved funds | | | | | 15,731.04 | -15,731.04 | |
| Enterprise development funds | | | | | | | |
| Profit to be returned to investors | | | | | | | |
| b. Appropriations to investors | | | | | | | |
| c. Others | | | | | | | |
| 3.6. Equity transfer among equity accounts ("-" for decrease) | | | | | | | |
| a. Capital reserves transferred to paid-in capital | | | | | | | |
| b. Surplus reserves transferred to paid-in capital | | | | | | | |
| c. Surplus reserves used to offset losses | | | | | | | |
| d. Others | | | | | | | |
| 4. Balance at the end of the year | 9,932,520.00 | | | | 365,058.04 | 3,293,711.38 | 13,591,289.42 |

Legal representative: Nansiang Lim

Person in charge of accounting function: Ada Shi

Person in charge of accounting department: Ada Shi

I. COMPANY BACKGROUND

FII Consulting (Shanghai) Co., Ltd. ("the Company") is a wholly foreign owned investment enterprise incorporated in Shanghai of the People's Republic of China ("the PRC") on 23 February 2004, and approved by the People's Government of Shanghai with Certificate of Approval SWZHPDZZ (2004) No.0479. The Company obtained its Business License QDHZZ No.318318 (Pu Dong) on February 2004.

The Company's unified social credit code is 91310000759017094D and the operation period is 30 years. As at 31 December 2021, the registered capital was USD 1,200,000, and the percentage of investment by the investor is as follows:

| Investors | Investment |
|-------------------------------------|------------|
| Forestry Innovation Investment Ltd. | 100% |

The main business scope of the Company is: marketing strategy and promotion consulting, technical consulting and investment consulting of forest products.

II. BASIS OF PREPARATION

The financial statements are prepared under the <Accounting System for Business Enterprises> and the relevant supplementary regulations issued by the Ministry of Finance and are prepared on the going concern basis.

The presentation of the financial statements of the Company was in accordance with the notification issued by the Ministry of Finance <CaiQi No. [2013]323 - presentation of 2013 financial statements by enterprise>.

III. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES

1. Accounting system and accounting standards

The accounting policies adopted by the Company are in accordance with <Accounting System for Business Enterprises> and the relevant supplementary regulations issued by the Ministry of Finance.

2. Accounting period

The Company's accounting year starts on 1 January and ends on 31 December.

3. Recording currency

The recording currency of the Company is Renminbi Yuan ("RMB").

4. Basis of accounting and measurement bases

The Company follows the accrual basis of accounting. Assets are initially recorded at actual cost on acquisition and subsequently adjusted for impairment, if any.

III. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES (CONTINUED)

5. Foreign currency translation

The foreign currency business of the Company in a year shall be converted into standard currency according to the benchmark exchange rate published by the People's Bank of China at the date of the transaction when the business occurs. At the end of the period, adjustments shall be made according to the benchmark exchange rate. If the difference is related to the purchase and construction of fixed assets and before the fixed assets reach the preset state for use, it shall be included in the purchase and construction cost of relevant fixed assets; If the difference is not related to the purchase and construction of fixed assets during the preparation period, it shall be included in long-term deferred expenses; if the difference is related to the production and operation period, it shall be included in the current financial expenses.

6. Cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash and which are held by the Company and subject to limited risk on changes in value.

7. Bad debt provision

The Company uses provision method to account for its potential bad debts identified by management. The Company makes specific bad debts provision on an individual basis for receivables that are distinctively different from any other receivable in recoverability.

According to the previous experience, the actual financial status and cash flow of the debtor and other relevant information, the receivables whose recoverability is significantly different from that of other funds shall adopt the individual identification method to draw up bad debt provisions.

Criteria for recognition of bad debts:

- (1) Due to bankruptcy or death of the debtors, the balance becomes irrecoverable despite pursuing statutory recovery procedures or offsetting against the estate of the administrators;
- (2) The debtors do not perform their liabilities of the overdue debts, and there is strong evidence indicating that these amounts cannot be recovered.

Where evidence exists that balances cannot be recovered, bad debts are recognized after appropriate approval by management and the corresponding provision for bad debts is written off.

8. Fixed assets and depreciation

Fixed assets are tangible assets stated at cost upon acquisition with useful economic lives exceeding one year and relatively high unit price. These include computers and office facilities held by the Company that are used in rendering of services or held for management purposes. Fixed assets are recorded at the cost when acquired.

Subsequent expenditures for major reconstruction, expansion, improvement and renovation are capitalized when it is probable that the future economic benefits exceeds the originally assessment of the existing asset, or the useful life of fixed assets is prolonged or the quality of products is substantively improved or the cost of products is substantively reduced as a result of such expenditure. However, the amount capitalized should not exceed the increase of recoverable amount. All other subsequent expenditures are expensed when incurred.

III. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES (CONTINUED)

8. Fixed assets and depreciation (Continued)

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives. According to the estimated useful lives and estimated residual values, the annual depreciation rates are as follows:

| Category of fixed assets | Estimated useful life | Estimated residual value | Annual rate of depreciation |
|---------------------------------|-----------------------|--------------------------|-----------------------------|
| Computers and office facilities | 3-5 years | - | 20.00-33.33% |

The Company reviews its fixed assets on an individual basis at each period end and provides for impairment losses when the recoverable value of the fixed assets falls below the carrying value due to continuing slump of market value, technical obsolescence, damages or long period idleness.

9. Intangible assets and amortization

Intangible assets are stated at actual cost upon acquisition. Intangible assets are amortized on the straight-line basis over period of the estimated tenure of use.

| Category of intangible assets | Year of Amortization | Annual rate of amortization |
|-------------------------------|----------------------|-----------------------------|
| Software | 3 years | 33.33% |

The Company reviews the intangible assets on an item-by-item basis at the period end and impairment is provided for when any of the following exists:

- (1) An intangible asset is obsolete and being replaced by another new technology which causes adverse affect in its ability to generate future economic benefits;
- (2) The market value of an intangible asset has dropped significantly in the current period, and is not expected to recover in its remaining useful economic life;
- (3) The legal protection period of an intangible asset expires, but the asset still has residual values;
- (4) Other arising circumstances have proven that an intangible asset is impaired in substance.

When the recoverable amount of any intangible assets is lower than its carrying amount, an impairment loss is recognized for this difference.

When an intangible asset can no longer bring future economic benefits to the Company, its book value is written off against general and administration expenses.

10. Revenue recognition

Revenue from rendering of services

For service started and completed within the same fiscal year, revenue is recognized when service is completed. For service started and completed in different fiscal years, revenue is recognized using the percentage of completion method when the economic benefits associated with the transaction can be measured reliably.

III. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES (CONTINUED)

11. Operating leases

A lease that transfers substantially all the risks and rewards incidental to ownership of an asset is a finance lease. An operating lease is a lease other than a finance lease.

(1) Lessee in operating leases

Rental payments for operating leases are recognized as expenses on a straight-line basis over the period of the leases.

12. Income taxes

The Company accounts for enterprise income taxes using the tax payable method.

IV. TAXATION

1. Main taxes and rates

| Category of Taxes | Basis of taxes | Tax rates |
|----------------------|-----------------|-----------|
| Value added tax | Taxable revenue | 6% |
| Corporate income tax | Taxable profit | Note1 |

Note1: According to the relevant provisions of notice of Taxation Bureau of The Ministry of Finance on the implementation of Preferential Tax Reduction and Exemption Policies for Small and Micro Enterprises (No.13 [2019]) and Notice of Taxation Bureau of the Ministry of Finance on The implementation of Preferential Tax Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (No.12 [2021]), the taxable income of the Company in 2021 is not exceeding RMB 1 million, so that a reduction of 12.5% will be included in taxable income and with the corporate income tax rate of 20%. Thus, the applicable corporate income tax rate for the Company in 2021 is 2.5%.

V. DETAILED NOTES ON MAIN FINANCIAL STATEMENTS ITEMS

1. Cash and cash equivalents

| Category | 2021.12.31 | 2020.12.31 |
|--------------|---------------------|---------------------|
| Cash in hand | 17,811.87 | 14,164.97 |
| Cash at bank | 2,977,005.76 | 2,690,574.35 |
| Total | 2,994,817.63 | 2,704,739.32 |

V. DETAILED NOTES ON MAIN FINANCIAL STATEMENTS ITEMS (CONTINUED)

1. Cash and cash equivalents (Continued)

The above includes foreign currency as follows:

| Currency | 2021.12.31 | | | 2020.12.31 | | |
|----------|-------------------|---------------|-------------------|-------------------|---------------|-------------------|
| | Original currency | Exchange rate | Equivalent to RMB | Original currency | Exchange rate | Equivalent to RMB |
| USD | 1,681.67 | 6.3166 | 10,622.43 | 1,681.21 | 6.3166 | 10,619.47 |

Note: At the end of the period, the Company has no amount of any pledged or potential non recoverable cash.

2. Accounts receivable

(1) The ageing of accounts receivable and related percentages are analyzed below:

| Ageing | 2021.12.31 | | 2020.12.31 | |
|-----------------|----------------------|--------------------|----------------------|--------------------|
| | Amount | % of total balance | Amount | % of total balance |
| Within 1 year | 1,240,683.56 | 9.25 | 1,771,714.77 | 12.71 |
| Over 3 years | 12,166,729.54 | 90.75 | 12,166,729.54 | 87.29 |
| Subtotal | 13,407,413.10 | 100.00 | 13,938,444.31 | 100.00 |
| Less: Provision | - | | - | |
| Total | 13,407,413.10 | 100.00 | 13,938,444.31 | 100.00 |

(2) Provision

Note: At the end of the period, the Company checked the accounts receivable, and there was no sign of impairment of accounts receivable, so there was no provision for bad debt.

3. Other receivables

(1) The ageing of other receivables and related percentages are analyzed below:

| Ageing | 2021.12.31 | | 2020.12.31 | |
|-----------------|-------------------|--------------------|-------------------|--------------------|
| | Amount | % of total balance | Amount | % of total balance |
| Within 1 year | 109,020.64 | 11.99 | 102,875.16 | 11.39 |
| 2~3 years | 44,604.00 | 4.90 | 44,604.00 | 4.94 |
| Over 3 years | 755,824.00 | 83.11 | 755,824.00 | 83.67 |
| Subtotal | 909,448.64 | 100.00 | 903,303.16 | 100.00 |
| Less: Provision | - | | - | |
| Total | 909,448.64 | 100.00 | 903,303.16 | 100.00 |

V. DETAILED NOTES ON MAIN FINANCIAL STATEMENTS ITEMS (CONTINUED)

3. Other receivables (Continued)

(2) Provision

Note: At the end of the period, the Company checked the other receivables, and there was no sign of impairment of other receivables, so there was no provision for bad debt.

4. Fixed assets and accumulated depreciation

(1) Cost

| Category | 2021.01.01 | Increase | Decrease | 2021.12.31 |
|---------------------------------|--------------|-----------|------------|--------------|
| Computers and office facilities | 1,498,798.49 | 10,619.47 | 346,157.85 | 1,163,260.11 |

(2) Accumulated depreciation

| Category | 2021.01.01 | Increase | Decrease | 2021.12.31 |
|---------------------------------|--------------|-----------|------------|--------------|
| Computers and office facilities | 1,431,069.17 | 42,438.98 | 345,825.25 | 1,127,682.90 |

(3) Net carrying value

| Category | 2021.01.01 | 2021.12.31 |
|---------------------------------|------------|------------|
| Computers and office facilities | 67,729.32 | 35,577.21 |

Note: At the end of the period, the Company checked the fixed assets, and there was no sign of impairment of fixed assets, so there was no provision for impairment of fixed assets.

5. Intangible assets

(1) The intangible assets by project is as follows:

| Category | Cost | 2021.01.01 | Increase | Decrease | Amortization | 2021.12.31 |
|----------|-----------|------------|----------|----------|--------------|------------|
| Software | 55,269.85 | - | - | - | - | - |

6. Salaries and employee benefits payable

| Category | 2021.12.31 | 2020.12.31 |
|--|-------------------|-------------------|
| Wages, bonuses, allowances and subsidies | 297,225.20 | 313,851.67 |
| Staff welfare | 183,947.44 | 251,276.35 |
| Total | 481,172.64 | 565,128.02 |

V. DETAILED NOTES ON MAIN FINANCIAL STATEMENTS ITEMS (CONTINUED)

7. Taxes and other fees payable

| Category | 2021.12.31 | 2020.12.31 |
|-----------------------|------------------|-------------------|
| Value added tax | 47,399.73 | 89,083.59 |
| Individual income tax | 1,536.00 | 5,529.96 |
| Other taxes | 3,841.23 | 7,265.53 |
| Total | 52,776.96 | 101,879.08 |

8. Non-current liabilities due within one year

| Category | 2021.12.31 | 2020.12.31 |
|-------------------------------------|------------|------------|
| Long-term loans due within one year | 76,508.40 | 78,298.80 |

9. Long-term loans

| Category | Annual Interest rate% | 2021.12.31 | 2020.12.31 |
|---|-----------------------|---------------------|---------------------|
| Related party loans | - | 2,869,065.00 | 3,014,503.80 |
| Less: Long-term loans due within one year | | 76,508.40 | 78,298.80 |
| Total | | 2,792,556.60 | 2,936,205.00 |

Note: The related party loan of \$474,000 with zero interest rate was from the investor Forestry Innovation Investment Ltd., with the loan period from February 29, 2005 to February 28, 2025. As of December 31, 2021, the principal balance of the loan is \$450,000.

10. Paid-in capital

| Category | 2021.01.01 | Increase | Decrease | 2021.12.31 |
|-------------------------------------|--------------|----------|----------|--------------|
| Forestry Innovation Investment Ltd. | 9,932,520.00 | - | - | 9,932,520.00 |

11. Surplus reserves

| Category | 2021.01.01 | Increase | Decrease | 2021.12.31 |
|----------------|------------|-----------|----------|------------|
| Reserved funds | 365,058.04 | 10,673.90 | - | 375,731.94 |

Note: Pursuant to the regulations of foreign invested enterprise of The People's Republic of China and regulations of the Company, after making up for losses carry forward from previous years, the profits should be first allocated to reserved funds, employees' rewards and welfare funds, then it can be distributed to investors. The proportion of allocation for reserved fund should not be less than 10% and if the amount of reserved fund was more than 50% of the registered capital, the Company can opt to cease contributing to the reserve funds. The proportion of allocation for reserved funds, employees' rewards and welfare funds are determined by the board of directors. As the Company is profitable this year, it has opted to contribute 10% of profit after tax to the reserved fund.

V. DETAILED NOTES ON MAIN FINANCIAL STATEMENTS ITEMS (CONTINUED)

12. Retained earnings

| Category | 2021 | 2020 |
|---|---------------------|---------------------|
| Retained earnings at the beginning of the year | 3,293,711.38 | 3,152,132.00 |
| Add: Net profits | 106,738.98 | 157,310.42 |
| Less: Appropriations to reserved funds | 10,673.90 | 15,731.04 |
| Retained earnings at the end of the year | 3,389,776.46 | 3,293,711.38 |

13. Revenue from operations

| Category | 2021 | 2020 |
|-----------------------------------|---------------|---------------|
| Revenue from rendering of service | 11,941,111.15 | 11,260,268.94 |

14. Finance expenses

| Category | 2021 | 2020 |
|---|-------------------|--------------------|
| Interest income ("-" for income) | -9,369.69 | -10,386.98 |
| Net foreign exchange gains / losses ("-" for gains) | -67,952.43 | -209,371.40 |
| Others | 3,681.62 | 5,077.02 |
| Total | -73,640.50 | -214,681.36 |

15. Non-operating income

| Category | 2021 | 2020 |
|------------------------------------|------------------|------------------|
| Additional deduction for input tax | 30,387.95 | 28,161.36 |
| Others | 25,962.12 | - |
| Total | 56,350.07 | 28,161.36 |

16. Non-operating expenses

| Category | 2021 | 2020 |
|------------------------------------|--------|------|
| Losses on disposal of fixed assets | 332.60 | - |

17. Income tax expenses

| Category | 2021 | 2020 |
|----------------------------------|----------|----------|
| Income tax expenses for the year | 1,616.22 | 8,796.26 |

VI. CASH FLOWS

1. Cash flow statement supplementary information

| Category | 2021 | 2020 |
|---|--------------|--------------|
| (1) Adjustments to reconcile net income to net cash from operating activities: | | |
| Net profits | 106,738.98 | 157,310.42 |
| Add: Depreciation of fixed assets | 42,438.98 | 83,722.14 |
| Losses on disposal of fixed assets | 332.60 | - |
| Financial expenses ("-" for gains) | -67,952.43 | -209,371.40 |
| Decrease in operating receivables ("-" for increase) | 530,831.73 | -128,772.47 |
| Increase in operating payables ("-" for decrease) | -234,205.71 | 104,444.89 |
| Net cash flows from operating activities | 378,184.15 | 7,333.58 |
| (2) Cash and cash equivalents movement | | |
| Cash at the end of the period | 2,994,817.63 | 2,704,739.32 |
| Less: Cash at the beginning of the period | 2,704,739.32 | 2,829,890.04 |
| Net increase/(decrease) in cash and cash equivalents | 290,078.31 | -125,150.72 |

2. Cash and cash equivalents

| Category | 2021.12.31 | 2020.12.31 |
|--|---------------------|---------------------|
| Cash | 2,994,817.63 | 2,704,739.32 |
| Including: Cash in hand | 17,811.87 | 14,164.97 |
| Cash at bank available for payment | 2,977,005.76 | 2,690,574.35 |
| Ending balance of cash and cash equivalents | 2,994,817.63 | 2,704,739.32 |

VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Related parties

(1) The following are related parties where a control relationship exists

A、Name of related parties and relationship with the Company

| Name | Relationship |
|-------------------------------------|--------------|
| Forestry Innovation Investment Ltd. | Investor |

VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(1) The following are related parties where a control relationship exists (continued)

B、Capitals invested and changes of capital of the related parties

| Name | 2021.12.31 | | 2020.12.31 | |
|-------------------------------------|-----------------|--------|-----------------|--------|
| | Share or equity | % | Share or equity | % |
| Forestry Innovation Investment Ltd. | 9,932,520.00 | 100.00 | 9,932,520.00 | 100.00 |

2、Related parties transactions

(1) Rendering of services

| Name | 2021 | 2020 |
|-------------------------------------|---------------|---------------|
| Forestry Innovation Investment Ltd. | 11,941,111.15 | 11,260,268.94 |

(2) Repayment of loans

| Name | 2021 | 2020 |
|-------------------------------------|-----------|-----------|
| Forestry Innovation Investment Ltd. | 77,486.37 | 82,843.60 |

3、Receivables from and payables to related parties

(1) Accounts receivable

| Name | 2021.12.31 | 2020.12.31 |
|-------------------------------------|---------------|---------------|
| Forestry Innovation Investment Ltd. | 13,407,413.10 | 13,938,444.31 |

(2) Other receivables

| Name | 2021.12.31 | 2020.12.31 |
|-------------------------------------|------------|------------|
| Forestry Innovation Investment Ltd. | 95,223.40 | 97,862.69 |

(3) Other payables

| Name | 2021.12.31 | 2020.12.31 |
|-------------------------------------|------------|------------|
| Forestry Innovation Investment Ltd. | 2,058.93 | 2,982.97 |

(4) Non-current liabilities due within one year

| Name | 2021.12.31 | 2020.12.31 |
|-------------------------------------|------------|------------|
| Forestry Innovation Investment Ltd. | 76,508.40 | 78,298.80 |

VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

3、Receivables from and payables to related parties (Continued)

(5) Long-term loans

| Name | 2021.12.31 | 2020.12.31 |
|-------------------------------------|--------------|--------------|
| Forestry Innovation Investment Ltd. | 2,792,556.60 | 2,936,205.00 |

VIII. CONTINGENT LIABILITIES

As at 31 December 2021, the Company has no contingent liabilities that needs to be disclosed.

IX. SIGNIFICANT COMMITMENTS

1. Operating lease commitments

As of 31 the December 2021, the Company has committed to non-cancellable operating lease and the future minimum payments are as follows:

| Operating lease commitments | 2021.12.31 | 2020.12.31 |
|-----------------------------|--------------|--------------|
| Less than 1 year | 3,197,076.00 | 3,044,918.29 |

2. Other commitments

As at 31 December 2021, the Company has no significant commitments that needs to be disclosed except for the above.

X. POST BALANCE SHEET EVENTS

As at 15 May 2022, the Company has no post balance sheet event that needs to be disclosed.

XI. APPROVAL OF FINANCIAL STATEMENTS

These financial statements and the accompanying notes to the financial statements have been approved by the Company's executive director on 15 May 2022.

FII Consulting (Shanghai) Co., Ltd.

15 May 2022

TAXABLE INCOME RECONCILIATION

2021

[English Translation for Reference Only]

Company: FII Consulting (Shanghai) Co., Ltd.

Currency: RMB

| Items | 2021 |
|---|-------------------|
| Profit before tax | 108,355.20 |
| Add: Sub total of adjustment for increase tax | 207,569.66 |
| Including: The extra spending on business entertainment | 23,622.22 |
| Accrued annual leave salaries (ending balance) | 183,947.44 |
| Less: Sub total of adjustment for decrease tax | 251,276.35 |
| Including Accrued annual leave salaries (beginning balance) | 251,276.35 |
| Taxable income | 64,648.51 |

Legal representative: Person in charge of accounting function: Person in charge of accounting department:
Nansiang Lim Ada Shi Ada Shi

Note: The adjustments of taxable income referred to above are to be determined by the tax bureau.

Walker ChandioK & Co LLP

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Independent Auditor's Report

To the Members of Forestry Innovation Consulting India Private Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of **Forestry Innovation Consulting India Private Limited** ('the Company'), which comprise the Balance Sheet as at **31 March 2022**, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view, in conformity with the Accounting Standards specified under section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014 (amended) and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, its profit and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Forestry Innovation Consulting India Private Limited
Independent Auditor's Report on the Audit of the Financial Statements

Information other than the Financial Statements and Auditor's Report thereon

4. The Company's Board of Directors are responsible for the other information. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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.

The Board Report is not made available to us at the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

5. The accompanying financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards specified under section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014 (amended) and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
6. In preparing the financial statements, the Board of 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 Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

7. 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 Standards on Auditing 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.



Forestry Innovation Consulting India Private Limited
Independent Auditor's Report on the Audit of the Financial Statements

8. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act, we exercise professional judgment and maintain professional skepticism 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;
 - 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 whether the Company has in place adequate internal financial controls system with reference to financial statements and the operating effectiveness of such controls;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of management's 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 auditor's 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; and
 - 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.
9. We communicate with those charged with governance 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

10. Based on our audit, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to the Company since the Company is not a public company as defined under section 2(71) of the Act. Accordingly, reporting under section 197(16) is not applicable.
11. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.



Forestry Innovation Consulting India Private Limited
Independent Auditor's Report on the Audit of the Financial Statements

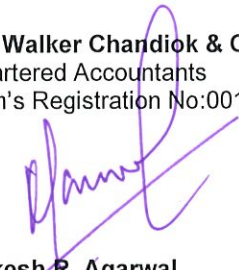
12. Further to our comments in Annexure I, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying financial statements;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The financial statements dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act read with rule 7 of Companies (Accounts) Rules, 2014 (amended);
 - e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of section 164(2) of the Act;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the provisions of section 143(3)(i) for reporting on the adequacy of internal financial controls with reference to financial statements and the operating effectiveness of such controls of the Company, are not applicable; and
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company does not have any pending litigation which would impact its financial position as at 31 March 2022;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2022;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2022;
 - iv.
 - a. The management has represented that, to the best of its knowledge and belief, as disclosed in note 31(v) no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;



Forestry Innovation Consulting India Private Limited
Independent Auditor's Report on the Audit of the Financial Statements

- b. The management has represented that, to the best of its knowledge and belief, as disclosed in note 31(vi) no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c. Based on such audit procedures performed, as considered reasonable and appropriate in the circumstances, nothing has come to our attention that causes us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. The Company has not declared or paid any dividend during the year ended 31 March 2022.

For **Walker Chandio & Co LLP**
Chartered Accountants
Firm's Registration No:001076N/N500013


Rakesh R. Agarwal
Partner
Membership No:109632

UDIN:22109632AIUEWN4258

Place: Jaipur
Date: 11 May 2022

Forestry Innovation Consulting India Private Limited
Independent Auditor's Report on the Audit of the Financial Statements

Annexure I referred to in Paragraph 11 of the Independent Auditor's Report of even date to the members of Forestry Innovation Consulting India Private Limited on the financial statements for the year ended 31 March 2022

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The property, plant and equipment have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification program adopted by the Company, is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The Company does not own any immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee). Accordingly, reporting under clause 3(i)(c) of the Order is not applicable to the Company.
- (d) The Company has not revalued its Property, Plant and Equipment or intangible assets during the year.
- (e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, reporting under clause 3(i)(e) of the Order is not applicable to the Company.
- (ii) (a) The Company does not hold any inventory. Accordingly, reporting under clause 3(ii)(a) of the Order is not applicable to the Company.
- (b) The Company has not been sanctioned working capital limits by banks or financial institutions on the basis of security of current assets during any point of time of the year. Accordingly, reporting under clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) The Company has not made any investment in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or any other parties during the year. Accordingly, reporting under clause 3(iii) of the Order is not applicable to the Company.
- (iv) The Company has not entered into any transaction covered under sections 185 and 186 of the Act. Accordingly, reporting under clause 3(iv) of the Order is not applicable to the Company.



Forestry Innovation Consulting India Private Limited
Independent Auditor's Report on the Audit of the Financial Statements

Annexure I (Contd)

- (v) In our opinion, and according to information and explanations given to us, the Company has not accepted any deposits or there is no amount which has been considered as deemed deposit within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of section 148 of the Act, in respect of Company's products/business activity. Accordingly, reporting under clause 3(vi) of the Order is not applicable.
- (vii)(a) In our opinion, and according to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no statutory dues referred to in subclause (a) above that have not been deposited with the appropriate authorities on account of any dispute.
- (viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been recorded in the books of accounts.
- (ix) (a) According to the information and explanations given to us, the Company does not have any loans or other borrowings from any lender. Accordingly, reporting under clause 3(ix) (a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us including confirmations received from banks and other lenders and representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or other lender.
- (c) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of term loans during the year and there has been no utilisation during the current year of the term loans obtained by the Company during any previous years. Accordingly, reporting under clause 3(ix)(c) of the Order is not applicable to the Company.
- (d) In our opinion and according to the information and explanations given to us, the Company has not raised any funds on short term basis during the year or in any previous year. Accordingly, reporting under clause 3(ix) (d) of the Order is not applicable to the Company.
- (e) According to the information and explanations given to us, the Company does not have any subsidiaries, associates or joint ventures. Accordingly, reporting under clause 3(ix)(e) and clause 3(ix)(f) of the Order is not applicable to the Company.



Forestry Innovation Consulting India Private Limited
Independent Auditor's Report on the Audit of the Financial Statements

Annexure I (Contd)

- (x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the period covered by our audit.
- (b) No report under section 143(12) of the Act has been filed with the Central Government for the period covered by our audit.
- (c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company, with the related parties are in compliance with section 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified in Rule 7 of Companies (Accounts) Rules, 2014 (amended) under section 133 of the Act. Further, according to the information and explanations given to us, the Company is not required to constitute an audit committee under section 177 of the Act.
- (xiv) According to the information and explanations given to us, the Company is not required to have an internal audit system under section 138 of the Act and consequently, does not have an internal audit system. Accordingly, reporting under clause 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them and accordingly, provisions of section 192 of the Act are not applicable to the Company.
- (xvi) a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clauses 3(xvi) (a)(b)(c) of the Order is not applicable to the Company.
- b) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies ('CIC') (Reserve Bank) Directions, 2016) does not have any CIC.



Forestry Innovation Consulting India Private Limited
Independent Auditor's Report on the Audit of the Financial Statements

Annexure I (Contd)

- (xvii) The Company has not incurred any cash loss in the current as well as the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the plans of the Board of Directors and management, we are of the opinion that no material uncertainty exists as on the date of the audit report that Company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) According to the information and explanations given to us, The Company does not fulfill the criteria as specified under section 135(1) of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 and according, reporting under clause (xx) of the Order is not applicable to the Company.
- (xxi) The reporting under clause (xxi) is not applicable in respect of audit of financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For **Walker Chandiook & Co LLP**
Chartered Accountants
Firm's Registration No:001076N/N500013


Rakesh R. Agarwal
Partner
Membership No:109632

UDIN:22109632AIUEWN4258

Place: Jaipur
Date: 11 May 2022

Forestry Innovation Consulting India Private Limited
Balance Sheet as at 31 March 2022

| | Note No. | As at 31 March 2022 Rupees | As at 31 March 2021 Rupees |
|--|----------|----------------------------------|----------------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share capital | 4 | 1,00,000 | 1,00,000 |
| Reserves and surplus | 5 | 15,74,23,444 | 13,40,06,367 |
| | | 15,75,23,444 | 13,41,06,367 |
| Non-current liabilities | | | |
| Long-term provisions | 6 | 21,82,157 | 17,39,627 |
| | | 21,82,157 | 17,39,627 |
| Current liabilities | | | |
| Trade payables | 7 | | |
| - Total outstanding dues of micro and small enterprises | | 4,27,141 | 16,64,952 |
| - Total outstanding dues of creditors other than micro and small enterprises | | 63,63,176 | 77,14,213 |
| Other current liabilities | 8 | 31,11,499 | 31,40,454 |
| Short-term provisions | 9 | 19,16,316 | 22,75,138 |
| | | 1,18,18,132 | 1,47,94,757 |
| TOTAL | | 17,15,23,733 | 15,06,40,751 |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 10 | | |
| Tangible assets | | 81,38,480 | 69,38,499 |
| Intangible assets | | 3,190 | 43,188 |
| Deferred tax assets | 11 | 52,18,657 | 54,83,624 |
| Long-term loans and advances | 12 | 48,60,965 | 58,94,566 |
| Total non-current assets | | 1,82,21,292 | 1,83,59,877 |
| Current assets | | | |
| Trade receivables | 13 | 3,43,29,182 | 2,28,02,241 |
| Cash and bank balances | 14 | 10,38,33,685 | 8,22,99,581 |
| Short-term loans and advances | 15 | 1,49,25,053 | 2,71,79,052 |
| Other current assets | 16 | 2,14,521 | - |
| Total current assets | | 15,33,02,441 | 13,22,80,874 |
| TOTAL | | 17,15,23,733 | 15,06,40,751 |

Notes 1 to 32 form an integral part of these financial statements

This is the Balance Sheet referred to in our report of even date

For Walker Chandio & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Rakesh R. Agarwal
Partner
Membership No.: 109632

Place : Jaipur
Date : 11 May 2022



For and on behalf of Board of Directors

Douglas Michael Greig
Director
DIN : 05259429

Place : Vancouver
Date : 11 May 2022

Michael Raymond Loseth
Director
DIN : 05259451

Place : Vancouver
Date : 11 May 2022



Forestry Innovation Consulting India Private Limited
Statement of profit and loss for the year ended 31 March 2022

| | Note | Year ended 31 March 2022 Rupees | Year ended 31 March 2021 Rupees |
|---|------|---------------------------------------|---------------------------------------|
| Revenue | | | |
| Revenue from operations | 17 | 15,90,37,736 | 16,70,91,839 |
| Other income | 18 | 41,22,235 | 37,00,072 |
| Total revenue | | 16,31,59,971 | 17,07,91,911 |
| Expenses | | | |
| Employee benefits expense | 19 | 4,21,07,303 | 4,99,25,984 |
| Depreciation and amortization expense | 10 | 23,06,724 | 16,45,473 |
| Other expenses | 20 | 8,73,64,383 | 8,13,54,679 |
| Total expenses | | 13,17,78,410 | 13,29,26,136 |
| Profit before tax | | 3,13,81,561 | 3,78,65,775 |
| Tax expense | | | |
| - Current tax | | 63,07,320 | 92,15,530 |
| - Short/ (excess) provision for earlier years (Refer note 30) | | 13,92,197 | (10,17,327) |
| - Deferred tax expense | | 2,64,967 | 3,94,667 |
| | | 79,64,484 | 85,92,870 |
| Net profit for the year | | 2,34,17,077 | 2,92,72,905 |
| Basic earnings per equity share of face value of Rs. 10 each | 21 | 2,341.71 | 2,927.29 |

Notes 1 to 32 form an Integral part of these financial statements

This is the Statement of Profit and Loss referred to in our report of even date

For Walker Chandio & Co LLP
Chartered Accountants
Firm's Registration No. 001076M/N500013

Rakesh R. Agarwal
Partner
Membership No.: 109632

Place : Jaipur
Date : 11 May 2022



For and on behalf of Board of Directors

Douglas Michael Greig
Director
DIN : 05259429

Place : Vancouver
Date : 11 May 2022

Michael Raymond Loseth
Director
DIN : 05259451

Place : Vancouver
Date : 11 May 2022

Forestry Innovation Consulting India Private Limited
Cash Flow Statement for the year ended 31 March 2022

| | Year ended 31 March 2022 Rupees | Year ended 31 March 2021 Rupees |
|--|---------------------------------------|---------------------------------------|
| A) Cash flow from operating activities: | | |
| Profit before tax | 3,13,81,561 | 3,78,65,775 |
| Adjustments for : | | |
| Depreciation and amortization expense | 23,06,724 | 16,45,473 |
| Liabilities no longer required, written back | (55,940) | (1,31,738) |
| Provision for gratuity | 3,75,183 | 2,04,048 |
| Interest on fixed deposit with bank | (25,59,174) | (22,15,836) |
| Foreign exchange gain (net) | (10,49,856) | (12,94,905) |
| Loss on sale of property, plant and equipment (net) | 68,317 | 74,149 |
| Operating profit before working capital changes | 3,04,66,815 | 3,61,46,966 |
| (Increase)/ decrease in trade receivables | (1,04,77,085) | 1,24,49,187 |
| Decrease/(increase) in loans and advances | 1,25,93,992 | (8,58,952) |
| (Decrease)/increase in trade and other payables | (28,53,331) | 32,91,085 |
| Cash generated from operating activities | 2,97,30,391 | 5,10,28,286 |
| Income taxes paid | (70,05,916) | (1,03,37,606) |
| Net cash generated from operating activities (A) | 2,27,24,475 | 4,06,90,680 |
| B) Cash flow from investing activities: | | |
| Purchase of property, plant and equipment | (35,35,024) | (47,69,487) |
| Proceeds from sale of property, plant and equipment | - | 19,001 |
| Interest received on fixed deposits | 23,44,653 | 22,15,836 |
| Net cash used in from investing activities (B) | (11,90,371) | (25,34,650) |
| Net increase in cash and cash equivalents (A + B) | 2,15,34,104 | 3,81,56,030 |
| Cash and cash equivalents at beginning of the year | 8,22,99,581 | 4,41,43,551 |
| Cash and cash equivalents at end of the year (Refer note 14) | 10,38,33,685 | 8,22,99,581 |

Notes 1 to 32 form an integral part of these financial statements

This is the cash flow statement referred to in our report of even date.

For Walker Chandio & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Rakesh R. Agarwal
Partner
Membership No.: 109632

Place : Jaipur
Date : 11 May 2022



For and on behalf of Board of Directors

Douglas Michael Greig
Director
DIN : 05259429

Place : Vancouver
Date : 11 May 2022



Michael Raymond Loseth
Director
DIN : 05259451

Place : Vancouver
Date : 11 May 2022

1 Background

Forestry Innovation Consulting India Private Limited ('the Company') is a private company domiciled in India and incorporated on 5 July 2012 under the provisions of the erstwhile Companies Act, 1956 having registered office at Unit No. 1202, A-Wing, 12th Floor, Naman Midtown, Senapati Bapat Marg, Elphinstone Road, Mumbai 400013. The Company is engaged in market development for soft wood and wood products made with the use of British Columbian wood in India. The market development is done through participation in wood shows, wood fairs, advertisement in magazines, conducting seminars for architects and wood dealers etc.

2 Basis of accounting and preparation of financial statements

The financial statements of Forestry Innovation Consulting India Private Limited ('the Company') have been prepared to comply in all material respects with the accounting standards notified by the Companies (Accounting Standard) Rules, read with Rule 7 to the Companies (Accounts) Rules 2014 (as amended in respect of Section 133 of the Companies Act, 2013 ("the Act"). The financial statements are prepared on an accrual basis adopting accounting policies which are consistent with those used in the previous year.

All the assets and liabilities have been classified as Current or Non-Current, wherever applicable, as per the operating cycle of the Company as per guidance as set out in the Schedule III to the Act.

The Company is a Small and Medium Sized Company ('SMC') as defined in the General Instructions in respect of Accounting Standards notified under the Act. Accordingly, the Company has complied with the Accounting Standards as applicable to a SMC.

3 Significant accounting policies

a) Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles, requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the financial statements and result of operation during reporting period. Although these estimates are based on the management's best knowledge of current events and actions, actual results could differ from these estimates which are recognized in the period in which they are determined.

b) Property, plant and equipment

Tangible assets

Tangible assets are stated at cost less accumulated depreciation and impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and any directly attributable cost of bringing the asset to its working condition for its intended use.

Subsequent expenditure related to an item of tangible asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

Intangible assets

These assets are stated at cost less accumulated amortization and accumulated impairment losses, if any.

c) Depreciation and amortization

Depreciation on tangible fixed assets except for certain category of furniture and fixtures, is calculated on a straight-line basis using the rates arrived at based on the useful lives as prescribed under the Schedule II to the Act.

In respect of certain furniture and fixtures comprising of exhibit displays, depreciation is calculated on the straight line basis considering the useful life ranging from 3 to 5 years based on the management experience of use of the assets or useful life as Schedule II to the Act, whichever is lower.

Leasehold improvements are depreciated over the lease term or useful life as per Schedule II to the Act, whichever is lower.

These intangible assets are amortized on straight-line basis, based on the useful life of 3 years, which in management's estimate represents the period during which economic benefits will be derived from their use.

d) Impairment of assets

The carrying amounts of both tangible and intangible assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised in the Statement of Profit and Loss whenever the carrying amount of an asset or a cash generating unit exceeds its recoverable amount. The recoverable amount of the assets (or where applicable, that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

e) Leases

A lease is classified at the inception date as a finance lease or an operating lease. Finance leases are capitalised at the commencement of the lease at the inception where substantially all risks and rewards of ownership of an assets are acquired by the Company. A leased asset is depreciated over the useful life of the asset. Assets acquired under leases other than finance leases are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.



f) Revenue recognition

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company.

Other Operating Revenue

Export benefits under Service Export from India Scheme (SEIS) are accounted as revenue on cash basis as and when scripts are received from government as its highly uncertain.

Interest and other income

Interest and other income are accounted for on accrual basis except where the receipt of income is uncertain in which case it is accounted for on receipt basis.

g) Foreign currency transactions

Initial recognition: Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Translation: Foreign currency monetary items are reported using the closing rate. Non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

Treatment of Exchange differences: Exchange differences arising on the settlement/restatement of short term foreign currency monetary assets and liabilities of the Company are recognized as income or expense in the statement of profit and loss.

h) Employee benefits

i) Short term employee benefits are recognized as expenses at the undiscounted amounts in the statement of profit and loss of the year in which the related service is rendered. Provision for compensated absences is done as per actual calculation.

ii) Defined benefit plans: The Company also provides for retirement/long-term benefits in the form of an unfunded gratuity plan. The Company's liability towards such defined benefit plan is determined based on valuation, as at the balance sheet date, made by independent actuary using the projected unit credit method.

Actuarial gain and losses in respect of the defined benefit plan are recognized in the statement of profit and loss in the period in which they arise. The classification of the Company's obligation into current and non current is as per the actuarial valuation report.

i) Tax expenses

i) Current Tax:

Provision for current tax is recognised based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Income Tax Act, 1961.

ii) Deferred tax:

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to timing differences between the financial statements' carrying amount of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted tax rates or tax rates that are substantively enacted at the balance sheet dates. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the period that includes the enactment date. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. Where there is no unabsorbed depreciation/carry forward loss, deferred tax assets are recognised only to the extent there is a reasonable certainty of realisation in future. Such assets are reviewed at each balance sheet date to reassess realisation.

j) Earnings Per Share

Basic and diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year, by the weighted average number of equity shares outstanding during the year.

k) Provisions and Contingent Liabilities

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on management's estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimate.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events non wholly within the control of the Company. A contingent Liability also arises, in rare cases, where a liability cannot be recognized because it cannot be measured reliably.

Contingent assets are neither recognized nor disclosed in financial statements.

l) Cash and cash equivalents

Cash and cash equivalents comprise cash in bank accounts and cash on hand.



DG



Forestry Innovation Consulting India Private Limited

Summary of significant accounting policies and other explanatory information to the financial statements as at and for the year ended 31 March 2022

| | As at 31 March 2022 Rupees | As at 31 March 2021 Rupees |
|---|----------------------------------|----------------------------------|
| 4 Share Capital | | |
| Authorised share capital | 5,00,000 | 5,00,000 |
| 50,000 (31 March 2021: 50,000) equity shares of Rs. 10 each | 5,00,000 | 5,00,000 |
| Issued, subscribed and fully paid up | 1,00,000 | 1,00,000 |
| 10,000 (31 March 2021: 10,000) equity shares of Rs. 10 each | 1,00,000 | 1,00,000 |

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

| Particulars | As at 31 March 2022 | | As at 31 March 2021 | |
|--------------------------------------|------------------------|----------|------------------------|----------|
| | No. of Shares | Amount | No. of Shares | Amount |
| Balance at the beginning of the year | 10,000 | 1,00,000 | 10,000 | 1,00,000 |
| Add: Issued during the year | - | - | - | - |
| Balance at the end of the year | 10,000 | 1,00,000 | 10,000 | 1,00,000 |

b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity share is entitled to 1 vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting, except Interim Dividend.

In the event of liquidation of the Company, the Shareholders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Details of Shareholders holding more than 5% shares in the company

| Name of Shareholder | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---------------------|--------------|---------------------|--------------|
| | No. of shares held | % of holding | No. of shares held | % of holding |
| Equity shares of Rs. 10 each, fully paid up - Forestry Innovation Investment Limited | 9,999 | 99.99% | 9,999 | 99.99% |

d) Shareholding of promoters i.e. (Shares held by holding company and subsidiary of holding company):

As at 31 March 2021 and 31 March 2022

| Shares held by Promoters at the end of the year | | | | % Changed during the year |
|---|--|--------------|-------------------|---------------------------|
| S.No | Promoter Name | No of Shares | % of total shares | |
| 1 | Forestry Innovation Investment Limited | 9,999 | 99.99% | 0% |
| 2 | B.C. Limited | 1 | 0% | 0% |
| | Total | 10,000 | 100.00% | |

e) Aggregate number of bonus shares issued, share issued for consideration other than cash and shares bought back during the period of 5 years immediately preceding the reporting date

The Company has not issued any bonus shares, shares for consideration other than cash or bought back any shares during the period of 5 years immediately preceding the reporting date.

| | As at 31 March 2022 Rupees | As at 31 March 2021 Rupees |
|--|----------------------------------|----------------------------------|
| 5 Reserves and surplus | | |
| Surplus in the statement of profit and loss | 13,40,06,367 | 10,47,33,462 |
| Balance at the beginning of the year | 2,34,17,077 | 2,92,72,905 |
| Add: Transferred from statement of profit and loss | 15,74,23,444 | 13,40,06,367 |
| Balance at the end of the year | | |



| | As at 31 March 2022 Rupees | As at 31 March 2021 Rupees |
|--|----------------------------------|----------------------------------|
| 6 Long-term provisions | | |
| Provision for gratuity | 21,82,157 | 17,39,627 |
| | <u>21,82,157</u> | <u>17,39,627</u> |
| 7 Trade payables | | |
| - Total outstanding dues of micro and small enterprises | 4,27,141 | 16,64,952 |
| - Total outstanding dues of creditors other than micro and small enterprises | 63,63,176 | 77,14,213 |
| | <u>67,90,317</u> | <u>93,79,165</u> |

Note: 7.1

Dues to micro and small enterprises pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

| | | |
|---|-----------------|------------------|
| i) Principal amount remaining unpaid to any supplier | 4,27,141 | 16,64,952 |
| ii) Interest due on principal amount remaining unpaid to any supplier | - | - |
| iii) Interest paid by the Company in terms of Section 16 of MSMED, along with the amount of the payment made to the suppliers beyond the appointed day during the year | - | - |
| iv) Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED | - | - |
| v) Interest accrued and remaining unpaid as at balance sheet date | - | - |
| vi) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED. | - | - |
| | <u>4,27,141</u> | <u>16,64,952</u> |

The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under MSMED. Accordingly, the disclosure in respect of the amounts payable to such enterprises has been made in the financial statements based on information received and available with the Company. There is no interest paid or payable during the year.

Note 7.2: Trade payable ageing schedule

As at 31 March 2022

| Particulars | Outstanding from following period from the transaction date | | | | | | Total |
|---|---|----------|------------------|-----------|-----------|-------------------|------------------|
| | Unbilled | Not due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Undisputed trade payables | | | | | | | |
| Micro enterprises and small enterprises | - | - | 4,27,141 | - | - | - | 4,27,141 |
| Others | 23,40,718 | - | 40,22,458 | - | - | - | 63,63,176 |
| Disputed trade payables | | | | | | | |
| Micro enterprises and small enterprises | - | - | - | - | - | - | - |
| Others | - | - | - | - | - | - | - |
| Total | <u>23,40,718</u> | <u>-</u> | <u>44,49,599</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>67,90,317</u> |

As at 31 March 2021

| Particulars | Outstanding from following period from the transaction date | | | | | | Total |
|---|---|------------------|------------------|-----------|-----------|-------------------|------------------|
| | Unbilled | Not due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Undisputed trade payables | | | | | | | |
| Micro enterprises and small enterprises | - | 16,06,584 | 58,368 | - | - | - | 16,64,952 |
| Others | 17,84,967 | 40,91,796 | 18,37,450 | - | - | - | 77,14,213 |
| Disputed trade payables | | | | | | | |
| Micro enterprises and small enterprises | - | - | - | - | - | - | - |
| Others | - | - | - | - | - | - | - |
| Total | <u>17,84,967</u> | <u>56,98,380</u> | <u>18,95,818</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>93,79,165</u> |

| | As at 31 March 2022 Rupees | As at 31 March 2021 Rupees |
|--|----------------------------------|----------------------------------|
| 8 Other current liabilities | | |
| Statutory dues payable | 31,11,499 | 31,40,454 |
| | <u>31,11,499</u> | <u>31,40,454</u> |
| 9 Short-term provisions | | |
| Leave entitlement and compensated absences | 16,72,815 | 19,64,290 |
| Provision for gratuity | 2,43,501 | 3,10,848 |
| | <u>19,16,316</u> | <u>22,75,138</u> |



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Forestry Innovation Consulting India Private Limited
Summary of significant accounting policies and other explanatory information to the financial statements as at and for the year ended 31 March 2022

Rupees

10 Property, plant and equipment

| Assets description | Tangible assets | | | | Intangible assets | |
|--|------------------------|------------------|------------------------|------------------------------------|-------------------|-------------------|
| | Leasehold improvements | Office equipment | Furniture and fixtures | Computer and data processing units | Total | Computer Software |
| Gross block | | | | | | |
| Balance as at 31 March 2020 | 2,63,89,594 | 26,99,470 | 1,07,94,100 | 70,14,323 | 4,68,97,487 | 11,94,262 |
| Additions | 13,45,200 | 15,69,171 | 13,85,911 | 4,69,205 | 47,69,487 | - |
| Disposal | - | 6,61,591 | 51,11,951 | 15,11,386 | 72,84,928 | - |
| Balance as at 31 March 2021 | 2,77,34,794 | 36,07,050 | 70,68,060 | 59,72,142 | 4,43,82,046 | 11,94,262 |
| Additions | - | 4,72,000 | 30,22,078 | 40,946 | 35,35,024 | - |
| Disposal | 1,29,960 | 37,898 | 21,79,636 | 14,87,496 | 38,34,990 | - |
| Balance as at 31 March 2022 | 2,76,04,834 | 40,41,152 | 79,10,502 | 45,25,592 | 4,40,82,080 | 11,94,262 |
| Accumulated depreciation/amortization | | | | | | |
| Balance as at 31 March 2020 | 2,63,39,983 | 19,58,208 | 97,22,835 | 50,08,824 | 4,30,29,850 | 11,11,076 |
| Charge for the year | 26,076 | 4,70,809 | 3,40,691 | 7,67,899 | 16,05,475 | 39,998 |
| Disposal | - | 5,91,842 | 50,88,679 | 15,11,257 | 71,91,778 | - |
| Balance as at 31 March 2021 | 2,63,66,059 | 18,37,175 | 49,74,847 | 42,65,466 | 3,74,43,547 | 11,51,074 |
| Charge for the year | 5,07,642 | 6,62,582 | 4,18,755 | 6,77,747 | 22,66,726 | 39,998 |
| Disposal | 1,29,960 | 37,898 | 21,11,290 | 14,87,525 | 37,66,673 | - |
| Balance as at 31 March 2022 | 2,67,43,741 | 24,61,859 | 32,82,312 | 34,55,688 | 3,59,43,600 | 11,91,072 |
| Net block | | | | | | |
| Balance as at 31 March 2021 | 13,68,735 | 17,69,875 | 20,93,213 | 17,06,676 | 69,38,499 | 43,188 |
| Balance as at 31 March 2022 | 8,61,093 | 15,79,293 | 46,28,190 | 10,69,904 | 81,38,480 | 3,190 |



Forestry Innovation Consulting India Private Limited

Summary of significant accounting policies and other explanatory information to the financial statements as at and for the year ended 31 March 2022

| | As at 31 March 2022 Rupees | As at 31 March 2021 Rupees |
|---|----------------------------------|----------------------------------|
| 11 Deferred tax assets | | |
| Deferred tax assets on | | |
| Provision for employee benefits | 10,31,504 | 10,10,436 |
| Timing difference between tax and book depreciation and amortisation as per Income Tax Act, 1961 | 41,87,153 | 44,73,188 |
| | <u>52,18,657</u> | <u>54,83,624</u> |
| 12 Long term loans and advances (unsecured, considered good) | | |
| Security deposits | 42,97,260 | 45,37,260 |
| Prepaid expenses | 6,650 | 1,06,650 |
| Advance tax [net of provision for tax - Rs. 16,915,047 (31 March 2021: Rs. 9,215,530)] | 5,57,055 | 12,50,856 |
| | <u>48,60,965</u> | <u>58,94,566</u> |
| 13 Trade receivables (unsecured, considered good) (Unsecured, considered good unless otherwise stated) Outstanding for a period less than 6 months from the date they are due for payment - Considered good | <u>3,43,29,182</u> | <u>2,28,02,241</u> |
| | <u>3,43,29,182</u> | <u>2,28,02,241</u> |

Note 14.2: Trade receivables ageing schedule

As at 31 March 2022

| Particulars | Outstanding for following periods from the transaction date | | | | | Total |
|--|---|-------------------|-----------|-----------|-------------------|--------------------|
| | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Undisputed Trade receivables | | | | | | |
| considered good | 3,43,29,182 | - | - | - | - | 3,43,29,182 |
| which have significant increase in credit risk | - | - | - | - | - | - |
| credit impaired | - | - | - | - | - | - |
| Disputed Trade receivables | | | | | | |
| considered good | - | - | - | - | - | - |
| which have significant increase in credit risk | - | - | - | - | - | - |
| credit impaired | - | - | - | - | - | - |
| Total | <u>3,43,29,182</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,43,29,182</u> |

As at 31 March 2021

| Particulars | Outstanding for following periods from the transaction date | | | | | Total |
|--|---|-------------------|-----------|-----------|-------------------|--------------------|
| | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Undisputed Trade receivables | | | | | | |
| considered good | 2,28,02,241 | - | - | - | - | 2,28,02,241 |
| which have significant increase in credit risk | - | - | - | - | - | - |
| credit impaired | - | - | - | - | - | - |
| Disputed Trade receivables | | | | | | |
| considered good | - | - | - | - | - | - |
| which have significant increase in credit risk | - | - | - | - | - | - |
| credit impaired | - | - | - | - | - | - |
| Total | <u>2,28,02,241</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,28,02,241</u> |

| | As at 31 March 2022 Rupees | As at 31 March 2021 Rupees |
|--|----------------------------------|----------------------------------|
| 14 Cash and bank balances | | |
| Cash on hand | 56,992 | 49,914 |
| Balances with bank - in current account | 4,37,76,693 | 8,22,49,667 |
| | <u>4,38,33,685</u> | <u>8,22,99,581</u> |
| Other bank balances | | |
| Deposits with original maturity of less than 3 months | 6,00,00,000 | - |
| | <u>10,38,33,685</u> | <u>8,22,99,581</u> |
| 15 Short term loans and advances (unsecured, considered good) | | |
| Advances to vendors | 12,437 | 1,41,417 |
| Security deposits | 22,92,370 | 20,77,370 |
| Prepaid expenses | 18,49,126 | 14,57,370 |
| Goods and service tax receivable ('GST Receivable') | 1,07,71,120 | 2,35,02,895 |
| | <u>1,49,25,053</u> | <u>2,71,79,052</u> |
| 16 Other current assets | | |
| Accrued interest on fixed deposit with bank | 2,14,521 | - |
| | <u>2,14,521</u> | <u>-</u> |



Forestry Innovation Consulting India Private Limited

Summary of significant accounting policies and other explanatory information to the financial statements as at and for the year ended 31 March 2022

| | Year ended 31 March 2022 Rupees | Year ended 31 March 2021 Rupees |
|--|---------------------------------------|---------------------------------------|
| 17 Revenue | | |
| Revenue from operations | 15,90,37,736 | 14,94,87,782 |
| Sale of services - export (Refer note 30) | - | 1,76,04,057 |
| Other operating revenue | - | - |
| Export benefits on account of SEIS scheme | 15,90,37,736 | 16,70,91,839 |
| 18 Other income | | |
| Interest on fixed deposits with bank | 25,59,174 | 22,15,836 |
| Liabilities no longer required, written back | 55,940 | 1,31,738 |
| Foreign exchange gain (net) | 10,49,856 | 12,94,905 |
| Miscellaneous income | 4,57,265 | 57,593 |
| | 41,22,235 | 37,00,072 |
| 19 Employee benefits expense | | |
| Salaries, wages and bonus | 3,72,25,813 | 4,51,30,231 |
| Contribution to provident fund (Refer note 25(b)) | 27,23,545 | 29,56,905 |
| Gratuity | 3,75,183 | 2,04,048 |
| Staff welfare expenses | 17,82,762 | 16,34,800 |
| | 4,21,07,303 | 4,99,25,984 |
| 20 Other expenses | | |
| Meetings, conferences and exhibition | 29,86,886 | 9,24,106 |
| Advertising and sales promotion | 2,75,78,790 | 2,54,23,527 |
| Travelling and conveyance | 36,49,373 | 28,70,993 |
| Meals and accommodations | 13,82,587 | 9,67,090 |
| Payment to auditors (Refer note below) | 16,77,448 | 14,53,442 |
| Legal and professional fees | 2,37,73,796 | 2,30,86,182 |
| Rent (Refer note 24) | 2,15,29,581 | 2,16,49,167 |
| Electricity | 7,43,995 | 9,75,319 |
| Office maintenance | 25,75,845 | 26,42,996 |
| Communication | 7,73,176 | 7,23,185 |
| Postage and courier | 29,403 | 27,033 |
| Printing and stationery | 12,103 | 11,134 |
| Insurance | 3,17,107 | 3,12,375 |
| Loss on sale of property, plant and equipment (net) | 68,317 | 74,149 |
| Miscellaneous | 2,65,976 | 2,13,981 |
| | 8,73,64,383 | 8,13,54,679 |
| Note: Payment to auditor (excluding indirect taxes) | | |
| As auditor: | | |
| Statutory audit | 11,00,000 | 11,00,000 |
| Tax audit | 2,25,000 | 2,25,000 |
| In other capacity: | | |
| Taxation matters | 2,91,500 | 1,00,000 |
| Reimbursement of expenses | 60,948 | 28,442 |
| | 16,77,448 | 14,53,442 |



Forestry Innovation Consulting India Private Limited

Summary of significant accounting policies and other explanatory information to the financial statements as at and for the year ended 31 March 2022

| | Year ended 31 March 2022 Rupees | Year ended 31 March 2021 Rupees |
|---|---------------------------------------|---------------------------------------|
| 21 Earnings per equity share (EPS) | | |
| Net profit after tax attributable to equity shareholders | 2,34,17,077 | 2,92,72,905 |
| Number of weighted average equity shares outstanding during the year | 10,000 | 10,000 |
| Face value per share | 10 | 10 |
| Earning per share - Basic | 2,341.71 | 2,927.29 |
| 22 Earnings in foreign currency (on accrual basis) | | |
| From sale of services | 15,90,37,736 | 14,94,87,782 |
| | <u>15,90,37,736</u> | <u>14,94,87,782</u> |
| 23 Expenditure in foreign currency (on accrual basis) | | |
| Legal and professional fees | - | 36,67,046 |
| Advertising and sales promotion | 2,51,904 | 5,41,721 |
| | <u>2,51,904</u> | <u>42,08,767</u> |
| 24 Leases | | |
| The future lease payments in respect of non-cancellable operating leases are summarized below : | | |
| Within one year | 1,57,21,938 | 1,61,55,292 |
| After one year but not more than five years | 82,94,032 | 2,02,33,969 |
| More than five years | - | - |
| | <u>2,40,15,969</u> | <u>3,63,89,261</u> |

Lease expenses recognised in the statement of profit and loss in respect of cancellable and non-cancellable leases.

2,15,29,581 2,16,49,167

25 Employee benefits

a) Defined Benefit Plan (unfunded)

The Company has gratuity as defined benefit retirement plan for its employees. Disclosures as required by Accounting Standard - 15 (Revised) are as under :

| | As at 31 March 2022 Rupees | As at 31 March 2021 Rupees |
|---------------------------|----------------------------------|----------------------------------|
| Assumptions used : | | |
| Discount Rate | 7.06% | 6.17% |
| Future Salary Increase | 5.00% | 6.00% |
| Retirement Age (in years) | 60 | 60 |
| Attrition Rate | 9% | 24% |

The estimates of future salary increase considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such supply and demand in employment market

b) Defined contribution plan

The amount of contribution to provident and other funds recognised as expenses during the year is Rs. 2,723,545 (31 March 2021 - Rs. 2,956,905).

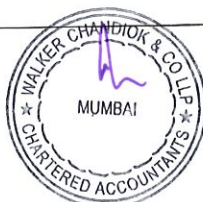
26 Related Party Disclosures

a) Names of related parties and related party relationship

| | |
|---------------------------------|--|
| Holding company | Forestry Innovation Investment Limited |
| Fellow subsidiaries | FII Consulting (Shanghai) Co. Ltd. 0939031 B.C Ltd. |
| Key Management Personnel | Michael Raymond Loseth - Director Douglas Michael Greig - Director Jim Bruce Messer - Director (Appointed w.e.f. 8 January 2021) Pranesh Chhibber - Country Director Nirmala Thomas - Director - India Market Development Ajay Pimple - Director - Business Development (resigned w.e.f 31 December 2020) |

b) Transactions with related parties

| Particulars | Year ended 31 March 2022 Rupees | Year ended 31 March 2021 Rupees |
|---|---------------------------------------|---------------------------------------|
| Income | | |
| Revenue from Forestry Innovation Investment Limited | 15,90,37,736 | 14,94,87,782 |
| Remuneration to Key Management Personnel | | |
| Pranesh Chhibber | 1,22,27,186 | 1,25,04,416 |
| Nirmala Thomas | 47,04,130 | 46,35,074 |
| Ajay Pimple | - | 59,83,520 |
| Reimbursement of expenses incurred | | |
| Pranesh Chhibber | 2,94,862 | 90,638 |
| Nirmala Thomas | 1,00,832 | 69,286 |
| Ajay Pimple | - | 14,099 |



DG

Forestry Innovation Consulting India Private Limited
Summary of significant accounting policies and other explanatory information to the financial statements as at and for the year ended 31 March 2022

| c) Balances at the year end | | |
|---|----------------------------------|----------------------------------|
| Particulars | As at 31 March 2022 Rupees | As at 31 March 2021 Rupees |
| Trade receivables Forestry Innovation Investment Limited | 3,43,29,182 | 2,28,02,241 |

27 Unhedged foreign currency exposure
Details of foreign currency exposures that are not hedged by a derivative instrument or otherwise are as follows:

| Particulars | As at March 2022 | | As at March 2021 | |
|-------------------|------------------|-------------|------------------|-------------|
| | Canadian Dollar | Rupees | Canadian Dollar | Rupees |
| Trade receivables | 5,68,231 | 3,43,29,182 | 3,93,595 | 2,28,02,241 |

28 Disclosure for Financial Ratios

| Ratio | Numerator | Denominator | Measure (in times/ percentage) | Current Period | Previous Period | % Variance |
|------------------------------------|---|------------------------------|--------------------------------------|----------------|-----------------|------------|
| a Current Ratio | Current assets | Current liabilities | Times | 12.97 | 8.94 | 45.08% |
| b Debt-Equity Ratio | Total debt | Shareholder's equity | Times | N.A. | N.A. | N.A. |
| c Debt Service coverage ratio | Earnings available for debt service | Debt service | Times | N.A. | N.A. | N.A. |
| d Return on equity ratio | Net Profit after taxes - Preference Dividend (if any) | Average Shareholder's equity | Percentage | 16% | 25% | -34.46% |
| e Inventory turnover Ratio | Sales | Average inventory | Times | N.A. | N.A. | N.A. |
| f Trade receivables turnover ratio | Net credit sales | Average trade receivable | Times | 5.57 | 5.27 | 5.69% |
| g Trade payables turnover ratio | Credit expenses | Average trade payables | Times | 10.80 | 10.06 | 7.35% |
| h Net Capital turnover ratio | Net sales | Average working capital | Times | 1.23 | 1.61 | -23.68% |
| i Net profit ratio | Net profit | Net sales | Percentage | 15% | 18% | -15.95% |
| j Return on capital employed | Earning before interest and taxes | Capital employed | Percentage | 20% | 28% | -29.44% |
| k Return on investment | Not applicable | Not applicable | Percentage | N.A. | N.A. | N.A. |

Notes:

- 1 Net worth = Paid-up share capital + Reserves created out of profit - Accumulated losses
- 2 EBITDA = Earnings before finance costs, depreciation expense and tax and exceptional items
- 3 Working Capital = Current assets - Current liabilities
- 4 EBIT = Earnings before interest and tax and exceptional items
- 5 Capital employed = Total equity + Non-current borrowings
- 6 Revenue from operations = Sales of services + Other operating Income

Disclosure of change in ratio by more than 25%

| Particulars | % Variance in ratio between | Reason for Variance in excess of 25% |
|-------------------------------------|-----------------------------|---|
| a Current ratio | 45.08% | The Company has generated cash and that has been invested in fixed deposits |
| b Debt equity ratio | N.A. | N.A. |
| c Debt service coverage ratio | N.A. | N.A. |
| d Return on equity | -34.46% | In the previous year, there was one time income from SEIS scheme |
| e Inventory turnover ratio | N.A. | N.A. |
| f Trade receivable turnover ratio | 5.69% | Refer note below |
| g Trade payable turnover ratio | 7.35% | Refer note below |
| h Net capital turnover ratio | -23.68% | Refer note below |
| i Net profit ratio | -15.95% | Refer note below |
| j Return on capital employed (ROCE) | -29.44% | In the previous year, there was one time income from SEIS scheme |
| k Return on Investment (ROI) | N.A. | N.A. |

Note: Since the change in ratio is less than 25%, no explanation is required to be disclosed.



[Signature] DG

Forestry Innovation Consulting India Private Limited

Summary of significant accounting policies and other explanatory information to the financial statements as at and for the year ended 31 March 2022

29 The Company continues to consider the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of the assets and liabilities. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information and cash flow forecasts for the next year. The impact if any, of COVID-19 on the Company's financial statements is estimated to be not material.

30 Revenue is recognized on rendering of services to the Holding Company on cost plus mark-up basis.

On 21 March 2022, the Company has renewed its Unilateral Advance Pricing Agreement (APA) under Section 92CC of the Income Tax Act, 1961 for the 5 year commencing from the previous year 2020-21 till year 2024-25. As per the agreement the Arm's length price shall be the operating profit margin of not less than 16.50% for each of the APA years.

Accordingly, the Company has recognised the revenue on a minimum operating margin of 16.50%. Further, as per the APA, the Company has recognised the differential revenue of Rs. 5,450,000 for the previous year ended 31 March 2021 on account of the rate change from 12% to 16.5% and also the tax impact of Rs. 1,392,197 on the same.

31 Other Statutory Information

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(ii) The Company does not have any transactions with companies struck off.

(iii) The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period.

(v) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the intermediary shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries); or

b. provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(vi) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries); or

b. provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(vii) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

(viii) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(ix) The Company has complied with the number of layers prescribed under the Companies Act, 2013.

(x) The Company has not entered into any scheme of arrangement which has an accounting impact on the current or previous financial year.

For Walker Chandlok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076/N/500013

Rakesh R. Agarwal
Partner
Membership No.: 109632

Place : Jaipur
Date : 11 May 2022



For and on behalf of Board of Directors

Douglas Michael Greig
Director
DIN : 05259429

Place : Vancouver
Date : 11 May 2022

Michael Raymond Loseth
Director
DIN : 05259451

Place : Vancouver
Date : 11 May 2022



Financial statements and Independent Auditors' Report

Forestry Innovation Consulting (Vietnam) Ltd

For the period from 1 December 2021 (date of incorporation)
to 31 March 2022

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| Statement of income | 6 |
| Statement of cash flows | 7 |
| Notes to financial statements | 8 |



Report of the Board of Director

The Board of Director submits its report together with the audited financial statements of Forestry Innovation Consulting (Vietnam) Ltd ("the Company") as at 31 March 2022 and for the period from 1 December 2021 (date of incorporation) to 31 March 2022 ("the period").

Results of operations

The results of the Company's operations for the period are presented in the statement of income.

Auditors

The Company's financial statements for the period have been audited by Grant Thornton (Vietnam) Limited.

Boards of Member's Council and Director

The member of the Boards of Member's Council and Director during the period and to the date of this report was:

| Board of Member | Position | Appointed on |
|---------------------------|------------------|-----------------|
| Mr Michael Raymond Loseth | Chairman | 1 December 2021 |
| Board of Director | Position | Appointed on |
| Mr David Robert Turnbull | General Director | 1 December 2021 |

Board of Director's responsibility in respect of the financial statements

The Board of Director is responsible for ensuring the financial statements are properly drawn up to give a true and fair view of the financial position of the Company as at 31 March 2022 and of the results of its operations and its cash flows for the period from 1 December 2021 (date of incorporation) to 31 March 2022. In preparing the financial statements, the Board of Director is required to:

- adopt appropriate accounting policies which are supported by reasonable and prudent judgements and estimates and then apply them consistently;
- comply with the disclosure requirements of Vietnamese Accounting Standards and System and comply with relevant statutory requirements on preparation and presentation of the financial statements;
- maintain adequate accounting records and an effective system of internal control;
- prepare the financial statements on a going-concern basis unless it is inappropriate to assume that the Company will continue its operations in the foreseeable future; and
- control and direct effectively the Company in all material decisions affecting its operations and performance and ascertain that such decisions and/or instructions have been properly reflected in the financial statements.

The Board of Director is 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.

The Board of Director confirms that the Company has complied with the above requirements in preparing the financial statements.

Forestry Innovation Consulting (Vietnam) Ltd
For the period from 1 December 2021 (date of incorporation) to 31 March 2022

Statement by the Board of Director

In the opinion of the Board of Director, the accompanying Balance Sheet, Statement of Income and Statement of Cash Flows, together with the notes thereto, have been properly drawn up and give a true and fair view of the financial position of the Company as at 31 March 2022 and the results of its operations and cash flows for the period from 1 December 2021 (date of incorporation) to 31 March 2022 in accordance with Vietnamese Accounting Standards and System and in compliance with relevant statutory requirements on preparation and presentation of the financial statements in Socialist Republic Vietnam.



DAVID ROBERT TURNBULL
General Director

Binh Duong Province, Vietnam
20 May 2022



Grant Thornton

Independent Auditors' Report

on the financial statements of Forestry Innovation Consulting (Vietnam) Ltd
for the period from 1 December 2021 (date of incorporation) to 31 March 2022

Grant Thornton (Vietnam) Limited
14th Floor, Pearl Plaza
561A Dien Bien Phu Street
Binh Thanh District, Ho Chi Minh City
Vietnam

T +84 (28) 3910 9100
F +84 (28) 3910 9101
www.grantthornton.com.vn

No 21-21-252

To the investor of Forestry Innovation Consulting (Vietnam) Ltd

We have audited the accompanying financial statements of Forestry Innovation Consulting (Vietnam) Ltd, prepared on 20 May 2022, which comprise the balance sheet as at 31 March 2022 and the statement of income, statement of cash flows for the period from 1 December 2021 (date of incorporation) to 31 March 2022, and a summary of significant accounting policies and other explanatory information, as set out on pages from 5 to 14.

Board of Director's Responsibility for the Financial Statements

The Board of Director is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards and System and in compliance with the relevant statutory requirements on preparation and presentation of the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Vietnamese 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditors' Opinion

In our opinion, the financial statements give a true and fair view, in all material aspects, of the financial position of Forestry Innovation Consulting (Vietnam) Ltd as at 31 March 2022, and of its financial performance and its cash flows for the period from 1 December 2021 (date of incorporation) to 31 March 2022 in accordance with Vietnamese Accounting Standards and System and relevant statutory requirements on preparation and presentation of the financial statements.



GRANT THORNTON (VIETNAM) LIMITED

NGUYEN MANH TUAN

Auditor Practicing Certificate
No 0817-2018-068-1
Deputy General Director

Ho Chi Minh City, Vietnam
20 May 2022



DANG NGO SAN TUNG

Auditor's Practicing Certificate
No 3151-2020-068-1
Auditor

Balance sheet

as at 31 March 2022

| | Notes | Code | 31 March 2022 VND |
|-----------------------------------|-------|------|----------------------|
| ASSETS | | | |
| Current assets | | 100 | 3,527,071,979 |
| Cash | 5 | 110 | 3,401,984,600 |
| Cash | | 111 | 3,401,984,600 |
| Other current assets | | 150 | 125,087,379 |
| Value added tax to be reclaimed | | 152 | 125,087,379 |
| Non-current assets | | 200 | 1,991,603,423 |
| Fixed assets | | 220 | 836,266,592 |
| Tangible fixed assets | 6 | 221 | 709,251,220 |
| - Historical cost | | 222 | 714,082,907 |
| - Accumulated depreciation | | 223 | (4,831,687) |
| Intangible fixed assets | 7 | 227 | 127,015,372 |
| - Historical cost | | 228 | 127,925,213 |
| - Accumulated amortisation | | 229 | (909,841) |
| Other non-current assets | | | |
| Long-term prepaid expenses | 8 | 261 | 1,155,336,831 |
| TOTAL ASSETS | | 270 | 5,518,675,402 |
| RESOURCES | | | |
| Liabilities | | 300 | 2,449,675,348 |
| Current liabilities | | 310 | 2,449,675,348 |
| Short-term trade account payables | | 311 | 86,583,600 |
| Short-term accrued payables | 9 | 315 | 182,218,000 |
| Other short-term payables | 10 | 319 | 2,180,873,748 |
| Owner's equity | 11 | 400 | 3,069,000,054 |
| Capital sources | | 410 | 3,069,000,054 |
| Paid-in capital | 12 | 411 | 3,382,500,000 |
| Accumulated losses | | 421 | (313,499,946) |
| - Loss of the current period | | 421b | (313,499,946) |
| TOTAL RESOURCES | | 440 | 5,518,675,402 |



DAVID ROBERT TURNBULL
General Director

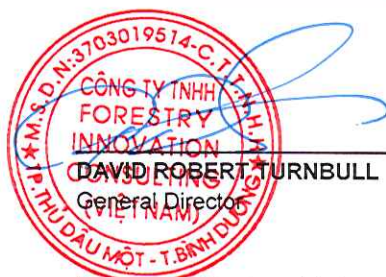
DAO THI THU MINH
Preparer

Binh Duong Province, Vietnam
20 May 2022

Statement of income

for the period from 1 December 2021 (date of incorporation)
to 31 March 2022

| | Notes | Code | Period from 1 December 2021 to 31 March 2022 VND |
|---------------------------------------|-------|------|--|
| Income from financial activities | 14 | 21 | 24,571,252 |
| Expense from financial activities | | 22 | (2,009,542) |
| <i>Including: interest expense</i> | | 23 | - |
| General and administration expenses | 15 | 26 | (336,061,656) |
| Operating loss | | 30 | (313,499,946) |
| Net accounting loss before tax | | 50 | (313,499,946) |
| Current corporate income tax expense | 16 | 51 | - |
| Deferred corporate income tax expense | 16 | 52 | - |
| Net loss after tax | | 60 | (313,499,946) |



DAVID ROBERT TURNBULL
General Director

Binh Duong Province, Vietnam
20 May 2022

DAO THI THU MINH
Preparer

Statement of cash flows (indirect method)

for the period from 1 December 2021 (date of incorporation)
to 31 March 2022

| | Notes | Code | Period from 1 December 2021 to 31 March 2022 VND |
|---|-------|------|--|
| Cash flows from operating activities | | | |
| Loss before tax | | 01 | (313,499,946) |
| Adjustments for: | | | |
| Depreciation and amortisation | | 02 | 5,741,528 |
| Unrealised gain from foreign exchange | | 03 | (23,371,252) |
| Operating loss before adjustments to working capital | | 08 | (331,129,670) |
| Changes in accounts receivable | | 09 | (125,087,379) |
| Changes in accounts payable | | 11 | 2,450,546,600 |
| Changes in prepaid expenses | | 12 | (1,155,336,831) |
| Net cash flows generated from operating activities | | 20 | 838,992,720 |
| Cash flows from investing activities | | | |
| Acquisitions of fixed assets | | 21 | (842,008,120) |
| Net cash flows used in investing activities | | 30 | (842,008,120) |
| Cash flows from financing activities | | | |
| Proceeds from capital contributions | | 31 | 3,382,500,000 |
| Net cash flows generated from financing activities | | 40 | 3,382,500,000 |
| Net increase in cash | | 50 | 3,379,484,600 |
| Effects of changes in foreign exchange rates | | 61 | 22,500,000 |
| Cash at end of the period | 5 | 70 | 3,401,984,600 |


DAVID ROBERT TURNBULL
 General Director

Binh Duong Province, Vietnam
20 May 2022


DAO THI THU MINH
 Preparer

Notes to the financial statements

for the period from 1 December 2021 (date of incorporation)
to 31 March 2022

1. Nature of operations

Forestry Innovation Consulting (Vietnam) Ltd ("the Company"), a one-member limited liability company, was incorporated in Vietnam in accordance with the Investment Certificate No 6526403278 dated 22 October 2021 and the Enterprise Registration Certificate No 3703019514 dated 1 December 2021 issued by the Planning and Investment Department of Binh Duong Province.

The Company's Investment Certificate is valid for 50 years from 22 October 2021.

The Company's authorised investment and charter capitals as stipulated in the Investment Certificate are VND17,325,000,000 and VND3,465,000,000, equivalent to USD750,000 and USD150,000 respectively.

The Company's principal activity is trade various kinds of woods products.

The head office is currently located at Room 17-05, 17-06, 17th Floor, Becamex Tower, No 230 Binh Duong Boulevard, Phu Hoa Ward, Thu Dau Mot City, Vietnam.

As at 31 March 2022, the Company had nil employees.

2. Fiscal year and currency

2.1 Fiscal year

The first fiscal period of the Company is from 1 December 2021 (date of incorporation) to 31 March 2022. The subsequent fiscal years will be from 1 January to 31 December.

2.2 Accounting currency

The financial statements are presented in Vietnamese Dong ("VND").

3. Basis of preparation of financial statements

The financial statements have been prepared in accordance with Vietnamese Accounting Standards and System, and relevant statutory requirements on preparation and presentation of the financial statements.

The financial statements are not intended to present the financial position and results of operations and cash flows in accordance with generally accepted accounting principles and practices in countries or jurisdictions other than the Socialist Republic of Vietnam. Furthermore, their use is not designed for those who are not informed about Vietnam's accounting principles, procedures and practices.

4. Accounting policies

4.1. Foreign exchange

Transactions arising in currencies other than the reporting currency of VND are translated at the prevailing exchange rates at transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are respectively translated at foreign currency buying rate and selling rate at the balance sheet date as quoted by commercial banks where the Company regularly trades. The foreign currency cash in banks at the balance sheet date are translated at buying rate of the bank where the Company opens the foreign currency account. Foreign exchange differences arising on translation are recognised as income or expense in the statement of income.

4.2. Estimates

The preparation of financial statements in conformity with Vietnamese Accounting Standards and System and prevailing accounting regulations in Vietnam requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

4.3. Cash

Cash comprises cash at banks.

4.4. Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of income.

Cost

The initial cost of a tangible fixed asset comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. The initial cost of tangible fixed assets with attached equipment and spare parts for replacement is the total directly attributable costs of bringing the asset to its working condition for its intended use less the value of equipment and spare parts for replacement. Expenditures incurred after the tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to the statement of income in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of a tangible fixed asset beyond its originally assessed standard of performance, the expenditures are capitalised as an additional cost of tangible fixed assets. The initial cost of tangible fixed assets transferred from construction in progress includes installation and trial operation costs less the value of products from trial production.

Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

| | Years |
|------------------|-------|
| Office equipment | 3 |

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of tangible fixed assets.

4.5. Intangible fixed assets

Software

The cost of software which is not an integral part of the related hardware is amortised on a straight-line basis over three years.

4.6. Prepaid expenses

Leasehold improvement

Leasehold improvement included renovation cost for office, are deferred on the balance sheet and then amortised to the statement of income on a straight-line basis over three years.

Office furniture

Office furniture included assets held for use by the Company in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under Circular 45/2013/TT-BTC dated 25 April 2013 of the Ministry of Finance which provides guidance on management, use and depreciation of fixed assets. Cost of office furniture are amortised on a straight-line basis of three years.

4.7. Payables and accrued expenses

Payables and accruals are recognised as amounts to be paid in the future for goods and services received, whether or not billed to the Company.

4.8. Equity

Paid-in capital

Capital contributed by the owner reflects capital investment by the owner and the increase, decrease of owner's capital.

Accumulated losses

Accumulated losses represents the Company's accumulated results of operations after corporate income tax at the balance sheet date.

4.9. Current and deferred income tax

Current income tax liabilities and/or assets comprise those obligations to, or claims from, fiscal authorities relating to the current or other reporting periods, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate based on the taxable profit for the period. All changes to current tax assets or liabilities are recognised as a component of tax expense in the statement of income.

Deferred income tax is calculated using the balance sheet liability method. This involves the comparison of the carrying amounts of assets and liabilities in the financial statements with their respective tax bases. In addition, tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that they can be applied against future taxable income.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date. Most changes in deferred tax assets or liabilities are recognised as a component of tax expense in the statement of income. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged directly to equity are charged or credited directly to equity.

4.10. Related parties

Related companies include the investor.

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

4.11. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result from a past event and it is probable that the Company will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the balance sheet date. Where the effect of the time value of money is material, the amount of a provision shall be the present value of the expenditures expected to be required to settle the obligation.

4.12. Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

4.13. Subsequent events

Post-period-end events that provide additional information about a company's position at the balance sheet dated (adjusting events) are reflected in the financial statements. Post-period-end events that are not adjusting events are disclosed in the notes when material.

4.14. Off-balance sheet items

Amounts which are defined as off-balance sheet items under the Vietnam Accounting System are disclosed in the relevant notes to these financial statements.

5. Cash

| | 31 March 2022 |
|---------------|---------------|
| | VND |
| Cash at banks | 3,401,984,600 |

6. Tangible fixed assets

| | Office equipment |
|---------------------------------|------------------|
| | VND |
| Historical cost | |
| 1 December 2021 | - |
| Additions | 714,082,907 |
| 31 March 2022 | 714,082,907 |
| Accumulated depreciation | |
| 1 December 2021 | - |
| Charge for the year | (4,831,687) |
| 31 March 2022 | (4,831,687) |
| Net book value | |
| 1 December 2021 | - |
| 31 March 2022 | 709,251,220 |

7. Intangible fixed assets

| | Computer software VND |
|---------------------------------|--------------------------|
| Historical cost | |
| 1 December 2021 | - |
| Additions | 127,925,213 |
| 31 March 2022 | 127,925,213 |
| Accumulated depreciation | |
| 1 December 2021 | - |
| Charge for the year | (909,841) |
| 31 March 2022 | (909,841) |
| Net book value | |
| 1 December 2021 | - |
| 31 March 2022 | 127,015,372 |

8. Long-term prepaid expenses

| | 31 March 2022 VND |
|-----------------------|----------------------|
| Leasehold improvement | 917,320,361 |
| Office furniture | 238,016,470 |
| | 1,155,336,831 |

9. Short-term accrued expenses

Short-term accrued expenses as at 31 March 2022 represented accrual for professional fees.

10. Other short-term payables

| | 31 March 2022 VND |
|---|----------------------|
| Related party (Note 17) | |
| Payment office renovation cost on behalf of the Company | 2,180,873,748 |

11. Owner's equity

The changes in equity of the Company during the period are as follows:

| | Paid-in capital VND | Accumulated losses VND | Total VND |
|-------------------------------|------------------------|---------------------------|----------------------|
| 1 December 2021 | - | - | - |
| Capital contribution | 3,382,500,000 | - | 3,382,500,000 |
| Net loss for the period | - | (313,499,946) | (313,499,946) |
| Balance, 31 March 2022 | 3,382,500,000 | (313,499,946) | 3,069,000,054 |

12. Paid-in capital

The details of capital contributions to date are as follow:

| Investors | Form of contribution | Per Investment Certificate | | Contributed as at 31 March 2022 | |
|--|----------------------|----------------------------|-------------------|---------------------------------|-------------------|
| | | USD | Equivalent to VND | USD | Equivalent to VND |
| Forestry Innovation Investment Limited | Cash | 150,000 | 3,465,000,000 | 150,000 | 3,382,500,000 |

The Company's authorised charter capital has been fully contributed by Forestry Innovation Investment Ltd, the investor, which is incorporated in Canada.

13. Off-balance sheet items

Cash at 31 March 2022 included foreign currencies other than VND, as follows:

| | 31 March 2022 |
|---------------------------------|---------------|
| In original foreign currencies: | |
| - United States Dollars (USD) | 100,000 |

14. Income from financial activities

| | Period from 1 December 2021 to 31 March 2022 |
|--------------------------------------|---|
| | VND |
| Unrealised gains on foreign exchange | 23,371,252 |
| Realised gains on foreign exchange | 1,200,000 |
| | 24,571,252 |

15. General and administration expenses

| | Period from 1 December 2021 to 31 March 2022 |
|--|---|
| | VND |
| Outside services | 262,388,000 |
| Sample products expenses | 55,579,920 |
| Depreciation and amortisation expenses | 14,079,736 |
| Others | 4,014,000 |
| | 336,061,656 |

16. Corporate income tax

Under the terms of its Investment Certificate, the Company has an obligation to pay the government corporate income tax ("CIT") at the standard CIT rate on taxable profits. Under the prevailing tax regulations, the standard CIT rate is 20%.

No provision for corporate income tax has been made for the period as the Company incurred losses. The calculation of CIT expenses is subject to review and approval of the local tax authorities.

Reconciliation of effective tax rate is as follows:

| | Period from 1 December 2021 to 31 March 2022 |
|---|---|
| | VND |
| Loss before tax | (313,499,946) |
| Tax at the Company's tax rate (20%) | (62,699,989) |
| Effects of: | |
| Non-deductible expenses | 11,115,984 |
| Unrecognised deferred tax asset on tax loss | 51,584,005 |
| Total tax expenses | - |

Tax losses can be carried forward to offset future years' taxable income of up to five years from the following year of the year in which they were incurred. The actual amount of accumulated losses that can be carried forward is subject to the result of a tax review which will be carried out by the local tax authorities. Tax losses available for offset against future taxable income are as follows:

| Period incurred | Status of tax review | Taxable loss VND | Tax loss carried forward VND | Year of expiration |
|--|----------------------|------------------|------------------------------|--------------------|
| Period from 1 December 2021 to 31 March 2022 | Outstanding | 257,920,025 | 257,920,025 | 2026 |

No deferred tax asset is recorded in the accompanying financial statements for the above tax losses as the amount of deferred tax asset is immaterial.

17. Related party transactions and balances

During the period, the following transactions with related party were recorded:

| Related party | Relationship | Nature of transactions | VND |
|---------------------|--------------|---|---------------|
| Forestry Innovation | Investor | Capital contribution (Note 12) | 3,382,500,000 |
| Investment Ltd | | Payment office renovation cost on behalf of the Company | 2,180,873,748 |

At as 31 March 2022, the following balances were outstanding with related party:

| Related party | Relationship | Nature of balances | VND |
|---------------------|--------------|------------------------------------|---------------|
| Forestry Innovation | Investor | Other short-term payable (Note 10) | 2,180,873,748 |
| Investment Ltd | | | |

18. Director's remuneration

During the period, the Board of Director did not receive any remuneration from the Company.

19. Comparative figures

There are no corresponding figures as this is the first set of financial statements prepared by the Company since its incorporation.


20. Subsequent events

No significant events have occurred since the reporting date which would impact on the financial position of the Company as disclosed in the balance sheet as at 31 March 2022 or on the result of its operations and its cash flows for the period from 1 December 2021 (date of incorporation) to 31 March 2022.

21. Authorisation of financial statements

The financial statements were approved by the Board of Director and authorised for issuance.


DAVID ROBERT TURNBULL
General Director
Binh Duong Province, Vietnam
20 May 2022


DAO THI THU MINH
Preparer