

**GROWN ENERGY ZAMBEZE,
LIMITADA**

Financial Statements
For the year ended 31 March 2015



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STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

The directors are responsible for the preparation integrity and fair presentation of the financial statements of Grown Energy Zambeze, Limitada.

The financial statements have been audited by the independent accounting firm Deloitte & Touche (Moçambique), Lda which were given unrestricted access to all financial records and related data including minutes of meetings of shareholders the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. The independent auditor's report is presented on page 2 and 3.

The financial statements for the year ended 31 March 2015 presented on pages 4 to 19 have been prepared in accordance with the Mozambique Reporting Standards ("PGC-NIRF"). They are based on appropriate accounting policies which have been consistently applied and which are supported by reasonable and prudent judgments and estimates. The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the company will not be a going concern in the foreseeable future based on forecasts and available cash resources.

The directors are also responsible for the company's system of internal controls. These are designed to provide reasonable but not absolute assurance as to the reliability of the financial statements and to adequately safeguard verify and maintain accountability of assets. These controls are monitored throughout the company by management and employees with the necessary segregation of authority and duties. Processes are in place to monitor internal controls to identify material breakdowns and implement timely corrective action.

The financial statements were approved by the board of directors and are signed on its behalf on 10 June 2015:

Signature:

Name:

Director

Signature:

Name:

Director

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Grown Energy Zambeze, Limitada

We have audited the accompanying financial statements of **Grown Energy Zambeze, Limitada**, which comprise the balance sheet as at 31 March 2015, income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 19. The financial statements have been prepared by the Directors of Grown Energy Zambeze, Limitada to assist the company in providing financial statements to the shareholders, potential investors, banking and funding institutions.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Mozambique Reporting Standards ("PGC-NIRF"). This responsibility includes: designing implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

1. Included in assets under construction is the amount of MZN 150 204 398. We were not provided with any evidence on which assets are ready for use in the manner intended by management. As a result, we were unable to ensure whether accumulated depreciation relating to these assets amounting to MZN 75,893,034 is reasonable and complete.

2. We noted that the share capital of the entity is not in line with the indicated in the Company's Certificate. The entity has recorded the amount of MZN 1 923 200, which differs with the amount of MZN 1 350 000, stated in the company's certificate.
3. We noted unreconciled differences between suppliers confirmation and the accounting records amounting to MZN 31 273 960, higher in the accounting records. As a result, the trade payables is overstated and the current year's results understated in the same amount.
4. We noted services provided by a non-resident entity for which there is no evidence that the payment of the withholding tax, VAT and other custom duties was undertaken. Consequently the tax liability is potentially understated in the amount of MZN 3 227 528.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements of Grown Energy Zambeze, Limitada for the year ended 31 March 2015 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the financial statements.

Basis of Accounting

Without further modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the company in providing financial statements to the shareholders, potential investors, banking and funding institutions. As a result, the financial statements may only be suitable for these purposes and not for statutory purposes.

Emphasis of matter

The company incurred a loss of MZN 146,413,111, accumulated losses amounting to MZN 361,411,955 and the company's liabilities exceed its assets by MZN 359,488,755. The company is dependent on the continued financial support of its shareholders and other sources to continue as a going concern. The financial statements have been prepared on the going concern basis. Accordingly, these financial statements do not include any adjustments relating to the recoverability and classification of assets, and to the amounts and classification of liabilities that would be necessary if the company is unable to continue as a going concern.

Deloitte & Touche

Deloitte & Touche (Moçambique), Limitada

Represented by:

Aneliya Nikolova

Partner

Maputo

Maputo, 15 June 2015

Grown Energy Zambeze, Limitada
BALANCE SHEET
For the year ended 31 March 2015
(Amounts expressed in Meticals)

	Notes	2015	2014
ASSETS			
Non-current assets		156,295,454	179,903,196
Tangible assets	7	156,295,454	179,903,196
Current assets		11,102,228	9,241,738
Other financial assets	8	265,100	275,064
Other current assets	9	8,210,207	7,754,254
Cash and bank	10	2,626,921	1,212,420
Total assets		167,397,682	189,144,934
EQUITY AND LIABILITIES			
Equity		(359,488,755)	(213,075,644)
Share capital	11	1,923,200	1,923,200
Retained loss		(214,998,844)	(146,504,190)
Net loss for the period		(146,413,111)	(68,494,654)
Current liabilities		526,886,437	402,220,578
Provisions	12	1,533,890	1,101,560
Trade payables	13	9,940,930	4,876,347
Other financial liabilities	14	514,928,211	395,274,546
Other payables	15	483,406	968,125
Total equity and liabilities		167,397,682	189,144,934

Grown Energy Zambeze, Limitada
INCOME STATEMENT
As at 31 March 2015
(Amounts expressed in Meticals)

	Notes	<u>2015</u>	<u>2014</u>
Sales of goods and services		219,824	-
Staff expenses	16	(11,070,573)	(9,425,036)
Purchased supplies and services	17	(8,949,830)	(13,070,409)
Depreciation and amortisation for the period	7	(31,156,020)	(29,496,091)
Other operating gains and losses for the period	18	(9,219,480)	(195,694)
Loss from operations		<u>(60,176,079)</u>	<u>(52,187,230)</u>
Financial income	19	11,917,020	4,344,373
Financial expense	20	(98,154,052)	(20,651,797)
Loss before tax		<u>(146,413,111)</u>	<u>(68,494,654)</u>
Taxation	21	-	-
Loss for the period		<u><u>(146,413,111)</u></u>	<u><u>(68,494,654)</u></u>

Grown Energy Zambeze, Limitada
CASH FLOW STATEMENT
For the year ended 31 March 2015
(Amounts expressed in Meticals)

	Notes	2015	2014
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(146,413,111)	(68,494,654)
Depreciation and amortisation	7	31,156,020	29,496,091
Provisions		432,330	828,224
Loss on disposals	7	4,374,517	
Cash utilised before working capital changes		(110,450,244)	(38,170,339)
Decreases / (increase) in other financial assets		9,964	(259,564)
Increase in other current assets		(455,953)	(939,865)
Increase in trade payables		5,064,583	3,773,231
Increase in other financial liabilities		119,653,665	294,228
Decrease in other payables		(484,719)	(328,930)
Net cash inflow from operating activities		13,337,296	(35,631,239)
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to Tangible Assets	7	(11,922,795)	(23,149,167)
Net cash outflow from investing activities		(11,922,795)	(23,149,167)
CASH FLOW FROM FINANCING ACTIVITIES			
Increase in shareholders' loans		-	56,222,675
Net cash inflow from financing activities		-	56,222,675
Net increase/(decrease) in bank and cash balances		1,414,501	(2,557,731)
Bank and cash balances at the beginning of the year		1,212,420	3,770,151
BANK AND CASH BALANCES AT THE END OF THE YEAR	10	2,626,921	1,212,420

Grown Energy Zambeze, Limitada
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2015
(Amounts expressed in Meticals)

	Share capital	Retained Loss	Total
Balance as at 1 April 2014	1,923,200	(146,504,190)	(144,580,990)
Net loss for the year	-	(68,494,654)	(68,494,654)
Balance as at 31 March 2014	1,923,200	(214,998,844)	(213,075,644)
Net loss for the year	-	(146,413,111)	(146,413,111)
Balance as at 31 March 2015	1,923,200	(361,411,955)	(359,488,755)

IDENTIFICATION

Name of the entity:	Grown Energy Zambeze Limitada
Company address:	Praça do Município Prédio Associação Comercial da Beira, 5ºAndar, Porta 1. Cidade da Beira
Nature of the activity:	The company's main subject is production processing transportation sale and export of renewable energies including bio-diesel, biogas, ethanol, solar and wind power.
Date of incorporation	13 October 2010
Company registration number	43172
Name of the parent company:	Tata Chemical Limited
Parent company address:	Bombay House , 24 Homi Mody Street Fort, Mumbai 400 001 India
Name of ultimate holding company	Tata Chemical Limited
Directors	Rademan Janse Van Rensburg

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Mozambique Chart of Accounts for Large and Medium Sized Companies based on International Financial Reporting Standards ("PGC-NIRF") and have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value or at amortised cost. The financial statements have been presented in Mozambican Meticals (MZN), which is the currency of the primary economic environment in which Grown Energy Zambeze, Limitada operates. The financial statements have also been presented in English to assist the company in providing financial statements to the shareholders, potential investors, banking and funding institutions. The financial statements can be used for statutory purposes, if they are in the official language of Mozambique which is Portuguese. As a result, the financial statements may only be suitable for these purposes and not for statutory purposes.

The principal accounting policies are consistent in all material respects with those applied in the previous period, except where disclosed elsewhere.

The following are the principal accounting policies adopted by the Company in the preparation of these financial statements:

2. PRIMARY ACCOUNTING POLICIES

The main accounting policies are consistent in all material respects with those applied in the previous period except where disclosed elsewhere.

A. Tangible assets

Tangible assets represent tangible items that are held for use in the production or supply of goods or services for rental to others or for administrative purposes and are expected to be used during more than one period.

Items of tangible assets are stated at cost less accumulated depreciation and impairment losses.

Depreciation is charged so as to write off the depreciable amount of the assets over their estimated useful lives to estimated residual values using a method that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity.

The methods of depreciation useful lives and residual values are reviewed annually.

Assets held under finance leases are depreciated over their expected useful lives or the term of the relevant lease where shorter.

The gain or loss arising on the disposal or scrapping of tangible assets is recognised in profit or loss.

B. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. It includes patents trademarks capitalised development cost and certain costs of purchase and installation of major information systems (including packaged software).

Intangible assets are initially recognised at cost if acquired separately or at fair value if acquired as part of a business combination. Intangible assets having a finite useful life are amortised over their useful lives (generally three to seven years) using a straight-line basis.

Research costs are recognised in profit or loss when incurred.

Development costs are capitalised only when and if it results in an asset that can be identified it is probable that the asset will generate future economic benefits and the development cost can be reliably measured. Otherwise it is recognised in profit or loss.

Intangible assets are tested for impairment if there is an indication that they may be impaired.

C. Deferred taxation assets and liabilities

Deferred taxation is recognised using the financial position liability method for all temporary differences unless specifically exempt at the tax rates that have been enacted or substantially enacted at the reporting date.

A deferred taxation asset represents the amount of income taxes recoverable in future periods in respect of deductible temporary differences the carry forward of unused tax losses and the carry forward of unused tax credits. Deferred taxation assets are only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

A deferred taxation liability represents the amount of income taxes payable in future periods in respect of taxable temporary differences. Deferred taxation liabilities are recognised for taxable temporary differences unless specifically exempt.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to offset current taxation assets against current taxation liabilities and it is the intention to settle these on a net basis.

D. Inventories

Inventories are assets held for sale in the ordinary course of business in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are stated at the lower of cost and net realisable value. Cost includes all costs of purchase costs of conversion and other costs incurred in bringing the inventories to their present location and condition net of discount and rebates received. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion distribution and selling.

The specific identification basis is used to arrive at the cost of items that are not interchangeable. Otherwise the first-in-first-out method or weighted average method for certain classes of inventory is used to arrive at the cost of items that are interchangeable.

E. Financial instruments

Financial assets

The company's principal financial assets are bank balances and cash trade receivables and other financial assets.

Bank balances and cash comprise cash on hand and demand deposits and other short term liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade receivables and other financial assets are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Financial liabilities

The company's principal financial liabilities are trade payables and other financial liabilities.

Trade payables and other financial liabilities are stated at their nominal value.

Equity instruments

Equity instruments comprise share capital which is recorded at the proceeds received.

F. Provisions

Provisions represent liabilities of uncertain timing or amount.

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.

Provisions are measured at the expenditure required to settle the present obligation.

G. Revenue

Revenue is measured at the fair value of the consideration of the amount received or receivable. Cash and settlement discounts rebates VAT and other indirect taxes are excluded from revenue.

Revenue from the rendering of services is recognised when the amount of the revenue the related costs and the stage of completion can be measured reliably.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred when delivery has been made and title has passed when the amount of the revenue and the related costs can be reliably measured and the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

H. Employee benefit costs

The cost of providing employee benefits is accounted for in the period in which the benefits are earned by employees.

The cost of short-term employee benefits is recognised in the period in which the service is rendered and is not discounted. The expected cost of short-term accumulating compensated absences is recognised as an expense as the employees render service that increases their entitlement or in the case of non-accumulating absences when the absences occur.

I. Borrowing costs

Borrowing costs (net of investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets) directly attributable to the acquisition construction or production of assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

J. Taxation

The charge for current taxation is based on the results for the year as adjusted for income that is exempt and expenses that are not deductible using tax rates that are applicable to the taxable income.

Deferred taxation is recognised in profit or loss except when it relates to items credited or charged to equity in which case it is also recognised in equity.

K. Impairment of assets

At each balance sheet date the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss if any and the carrying amount of the asset is reduced to its recoverable amount.

L. Leases

Leases are classified as finance leases or operating leases at the inception of the lease.

Assets held under finance leases are capitalised at their fair value at the date of acquisition. The corresponding liability to the lessor net of finance charges is included in the balance sheet as a finance lease liability. Finance costs which represent the differences between the total leasing commitments and the fair value of the assets acquired are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Rentals payable under operating leases are charged to income on a straight-line basis over term of the lease.

M. Foreign currency transactions and balances

Foreign currency transactions are translated on initial recognition at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate ruling at the settlement date or balance sheet date whichever occurs first. Exchange differences on the settlement or translation of monetary assets or liabilities are included in the profit or loss of the period in which they arise.

3. MAIN JUDGEMENTS ESTIMATES AND ACCOUNTING ASSUMPTIONS

Preparing financial statements in accordance with PGC-NIRF requires estimates and assumptions that affect reported amounts and related disclosures. Certain accounting policies have been identified as involving complex or subjective judgements or assessments. The items for consideration have been identified as follows:

3.1. Deferred taxation assets

Deferred tax assets are recognised to the extent it is probable that taxable income will be available in future against which they can be utilised.

3.2. Assets lives and residual values

Tangible assets are depreciated over their useful life and taking into account residual values. The actual lives of the assets and residual values are assessed annually and are influenced by factors such as technological innovation product life cycles and maintenance programs. Residual value assessments consider issues such as market conditions the remaining life of the asset and projected disposal values.

4. CHANGES IN ACCOUNTING POLICIES AND ESTIMATES AND ERRORS

There were no changes in accounting policies that have an effect on the comparatives. Furthermore there were no significant changes in accounting estimates.

There was no prior year errors that require the restatement of previously issued financial statements.

5. NEW STANDARDS ISSUED

No new standards issued during the period.

6. COMPARATIVES

No restatements to the comparative figures have been performed.

Grown Energy Zambeze, Limitada
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2015
(Amounts expressed in Meticals)

7. TANGIBLE ASSETS

	Cost	Accumulated Depreciation	Book value
2015			
Vehicles and other transport equipment	9,380,533	(9,380,533)	-
Office equipment and furniture	8,737,593	(2,646,537)	6,091,056
Capital work in progress	226,097,432	(75,893,034)	150,204,398
	244,215,558	(87,920,104)	156,295,454
2014			
Vehicles and other transport equipment	9,339,507	(8,157,001)	1,182,506
Office equipment and furniture	8,698,971	(1,772,778)	6,926,193
Capital work in progress	214,254,286	(42,459,789)	171,794,497
	232,292,764	(52,389,568)	179,903,196

Reconciliation	Vehicles	Office equipment and furniture	Capital work in progress	Total
2015				
Opening balance	1,182,506	6,926,193	171,794,497	179,903,196
Additions	41,026	38,622	11,843,147	11,922,795
Disposals	-	-	(4,374,517)	(4,374,517)
Depreciation	(1,223,532)	(873,760)	(29,058,728)	(31,156,020)
Book value	-	6,091,055	150,204,399	156,295,454
2014				
Opening balance	3,389,703	7,733,801	175,126,616	186,250,120
Additions	127,780	62,240	22,959,147	23,149,167
Depreciation	(2,334,977)	(869,848)	(26,291,266)	(29,496,091)
Book value	1,182,506	6,926,193	171,794,497	179,903,196

The estimated useful lives for the current year were as follows:

Motor vehicles	4 years
Office equipment furniture and fittings	3 to 10 years

Grown Energy Zambeze, Limitada
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2015
(Amounts expressed in Meticals)

	<u>2015</u>	<u>2014</u>
8. OTHER FINANCIAL ASSETS		
Deposits	15,000	15,000
Other debtors	249,600	259,564
Subscribers of Capital	500	500
	<u>265,100</u>	<u>275,064</u>
9. OTHER CURRENT ASSEST		
Vat receivable	8,090,207	7,377,104
Special progress payment	120,000	90,000
Other debtors	-	287,150
	<u>8,210,207</u>	<u>7,754,254</u>
10. CASH AND BANK		
Cash	63,089	845,222
Bank	2,563,832	367,198
	<u>2,626,921</u>	<u>1,212,420</u>
11. SHARE CAPITAL		
Bio 1	1,479,000	1,479,000
Grown Energy Mauritius	443,700	443,700
Grown Holding (Pvt)	10	10
Tata Chemicals, Limited	5	5
Rademan Janse Van Rensburg	20	20
Grown Energy (Pty) Ltd	465	465
	<u>1,923,200</u>	<u>1,923,200</u>
12. PROVISIONS		
Provisions	<u>1,533,890</u>	<u>1,101,560</u>
13. TRADE PAYABLES		
Current creditors	<u>9,940,930</u>	<u>4,876,347</u>

This balance is owed by 99.9% to Bio-Fresh (PTY), LTD one of the main supplier of the entity.

Grown Energy Zambeze, Limitada
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2015
(Amounts expressed in Meticals)

	<u>2015</u>	<u>2014</u>
14. OTHER FINANCIAL LIABILITIES		
Creditors – partners, shareholders or owners	500,452,529	371,442,049
Other suppliers	14,475,682	23,832,497
	<u>514,928,211</u>	<u>395,274,546</u>
<p>The balance of creditors – partner, shareholders or owners is owed by 92% to Gown Energy Mauritius.</p>		
15. OTHER PAYABLES		
Creditors – partners, shareholders or owners	-	412,370
Employees	-	3,000
Other taxes	3,154	3,186
Social contributions	311,992	400,340
Withholding taxes	168,260	155,229
	<u>483,406</u>	<u>968,125</u>
16. STAFF EXPENSES		
Remuneration of employees	10,597,832	368,387
Charges on remuneration	424,361	261,022
Other staff expenses	48,380	8,795,627
	<u>11,070,573</u>	<u>9,425,036</u>
KEY MANAGEMENT PERSONNEL COMPENSATION		
<p>Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, including the director of the company listed on page 8.</p>		
Salary	<u>3,318,888</u>	<u>2,661,660</u>
17. PURCHASES SUPPLIED AND SERVICES		
Advertising	-	3,600
Communications	1,028,418	965,796
Electricity	909,821	549,333
Entertainment expenses	-	454,970
Fast wear and tear tools	20,101	54,296
Fees	1,761,120	1,882,773
Freight services	138,265	453,596
Fuel	1,793,087	3,445,469
Hire and rental charges	421,285	-
Litigation and notary expenses	-	1,392
Maintenance and repair	1,066,653	573,689
Maintenance and repair material	485,035	1,990,979
Other supplies of goods and services	915,767	1,331,035
Stationary, technical books and documentation	119,750	151,380
Travel and accommodation	290,528	1,212,101
	<u>8,949,830</u>	<u>13,070,409</u>

Grown Energy Zambeze, Limitada
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2015
(Amounts expressed in Meticals)

	<u>2015</u>	<u>2014</u>
18. OTHER OPERATING GAINS AND LOSSES FOR THE PERIOD		
<i>Gain</i>		
Other operating gains	582,446	511,197
<i>Losses</i>		
Other losses	(9,801,926)	(69,564)
Taxes and levies	-	(637,327)
	<u>(9,219,480)</u>	<u>195,694</u>
19. FINANCIAL INCOME		
Unrealised gains on exchange	11,898,992	4,329,764
Realised gains on exchange	-	14,016
Interest income on bank loans	18,028	-
Other financial income	-	593
	<u>11,917,020</u>	<u>4,344,373</u>
20. FINANCIAL EXPENSES		
Unrealised losses on exchange	98,135,199	20,513,148
Realised losses on exchange	-	61,627
Other financial expenses	18,853	30,848
Interest of default payments	-	46,174
	<u>98,154,052</u>	<u>20,651,797</u>
21. TAXATION		
Current income tax expense	-	-
Deferred tax income	-	-
	<u>-</u>	<u>-</u>
Tax reconciliation		
Accounting loss	(146,413,111)	(68,494,654)
Add:		
Permanent differences	40,059,708	4,999,885
Temporary differences	86,236,207	42,974,650
	<u>(20,117,196)</u>	<u>(20,520,119)</u>
Brought forward accounting profit	(55,603,169)	(35,083,050)
Tax loss	<u>(75,720,365)</u>	<u>(55,603,169)</u>

22. RISK MANAGEMENT OBJECTIVES AND POLICIES

22.1. Capital risk management

The Company manages its capital to ensure that entities in the Company will be able to continue as a going concern while maximising return to shareholders.

The capital structure of the Company consists of debt, cash and cash equivalents and adjusted equity. The Company monitors capital on the basis of debt to equity. The ratio is calculated as net debt (as defined below) to adjusted equity (as defined below).

Net debt comprises interest bearing debt, shareholders loans, outside shareholders loans, any other long-term liabilities and cash and cash equivalents. Adjusted equity comprises share capital, retained income and non-distributable reserves.

The company doesn't hold interest bearing debt.

22.2. Fair values

The carrying amounts of the Company's financial assets and financial liabilities approximate their fair values.

22.3. Categories of financial instruments

	<u>2015</u>	<u>2014</u>
Loans and receivables		
Other financial assets	265,100	275,064
Bank and cash	2,626,921	1,212,420
Financial liabilities held at amortised cost		
Trade payables	9,940,930	4,876,347
Other financial liabilities	514,928,211	395,274,546
Net financial assets / (liabilities)	<u><u>(521,977,120)</u></u>	<u><u>(398,663,409)</u></u>

22.4. Financial risk management

The Company does not trade in financial instruments but in the normal course of its operations the Company is primarily exposed to currency credit and interest rate and liquidity risks.

In order to manage these risks the Company may enter into transactions that make use of financial instruments. The Company has developed a comprehensive risk management process to facilitate control and monitor these risks. This process includes normal documentation of policies including limits controls and reporting structures. The executive management and the Board of Directors are responsible for risk management activities within the Company.

22.4.1. Credit risk

The company's credit risk is primarily attributable to its trade and other receivables. The exposure to credit risk is monitored by management on an on-going basis. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the company's management based on prior experience. The company has no concentration of credit risk which has not been provided against at the period end.

At the balance sheet date the trade and other receivables balance was nil therefore, the company was not exposed to credit risk.

22.4.2. Interest rate risk management

The interest risk is deemed to be insignificant as the company is financed mainly by cash generated through its operations and intercompany borrowings which do not bear interest. At the balance sheet date there were no interest bearing debt, therefore no sensitivity analysis was disclosed.

22.4.3. Liquidity risk management

Liquidity risk is the risk that the company will be unable to meet a financial commitment in any location or currency. This risk is minimized through the holding of cash balances bank borrowings and group assistance in the form of the group loans. In addition, detailed cash flow forecasts are regularly prepared and reviewed so that the cash needs of the company are managed according to its requirements.

The following table detailed the Company's contractual maturity for its non-derivative financial liabilities. The table has been compiled based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to repay the liability:

	<u>Less than 12 months</u>	<u>No maturity date defined</u>	<u>Total</u>
2015			
Trade payables	9,940,930	-	9,940,930
Other financial liabilities	-	514,928,211	514,928,211
	<u>9,940,930</u>	<u>514,928,211</u>	<u>524,869,141</u>
2014			
Trade payables	4,876,347	-	4,876,347
Other financial liabilities	-	395,274,546	395,274,546
	<u>4,876,347</u>	<u>395,274,546</u>	<u>400,150,893</u>

22.4.4. Currency risk:

The table below represents the extent to which the company has monetary assets and liabilities grouped per currency in which the asset and liabilities are denominated. Based on the next exposure below it is estimated that a simultaneous 10% change in all foreign currency exchange rates against the functional currency will impact the fair value of the net monetary assets and liabilities to the extent of MZN 52 059 798 (2013: MZN 34 640 916).

	<u>2015</u>	<u>2014</u>
Average Exchange rates		
MZN/USD	37.72	31.21
Cash and bank	2,297,577	902,826
Other financial liabilities	<u>(522,895,555)</u>	<u>(347,311,982)</u>
Net financial liabilities	(520,597,978)	(346,409,156)
Effect of change in 10% on the profit and loss	<u><u>(52,059,798)</u></u>	<u><u>(34,640,916)</u></u>

23. COMMITMENTS AND CONTINGENCIES

The tax authorities have the right to review the company fiscal obligations during a period of 5 years. Based on their reviews, the tax authorities could reassess taxes due to different interpretations and/or non-compliance with the fiscal legislation, namely Corporate Income Tax (IRPC), Individual Income Tax (IRPS) and VAT, which are not possible to estimate.

24. RELATED PARTY TRANSACTIONS AND BALANCES

Related party balances and transactions were as follows:

Subscribes of capital	Relationship		
GROWN ENERGY (PTY) LTD	Shareholder	<u>495</u>	<u>495</u>
Loans from parent company's and shareholders			
BIO-FRESH (PTY)	Shareholder	9,938,144	4,873,561
GROWN ENERGY MAURICIAS	Shareholder	462,953,408	354,029,991
TATA CHEMICALS, LTD	Shareholder	10,378,500	8,668,000
RADEMAN JANSE VAN RENSBURG	Due and payable	13,014,200	9,156,428
FMO	Associate	26,865,962	22,438,132
		<u><u>523,150,214</u></u>	<u><u>399,166,112</u></u>

25. EVENTS AFTER THE BALANCE SHEET DATE

There have been no facts or circumstances of a material nature that have occurred between the year end and the date of these financial statements that could have a significant effect on the reported results and financial position.