SRF FLEXIPAK (SOUTH AFRICA) PROPRIETARY LIMITED
Registration Number: 2011/010680/07

AUDITED ANNUAL FINANCIAL STATEMENTS
31 March 2015

CONTENTS

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING AND APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The directors of the company are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The financial statements have been prepared in accordance with International Financial Reporting Standards including interepretations issued by the International Financial Reporting Standards interepretation committee and in the manner required by the Companies Act of South Africa. The company's independent external auditors have audited the financial statements and their report appears on pages 3 and 4.

The directors are also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the annual financial statements and to adequately safeguard, verify and maintain accountability of assets, record liabilities, and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

These annual financial statements have been prepared by Financial Manager, R. Kumar C.A. (ICAI).

The financial statements have been prepared on the going concern basis. Refer to the directors report for further commentary on going concern.

The annual financial statements set out on pages 5 to 29 were approved and signed by the directors on 20th April 2015.

DIRECTOR

Ritesh Kumar
DIRECTOR

DIRECTORATE

The directors in office at the year-end and the date of this report are as follows:

Arun Bharat Ram	(Resident India)	Appointed on 26 October 2011
Ashish Bharat Ram	(Resident India)	Appointed on 26 October 2011
Kartikeya Bharat Ram	(Resident India)	Appointed on 26 October 2011
Nissim Konfort	(Resident South Africa)	Appointed on 31 March 2015
Ritesh Kumar	(Resident India)	Appointed on 31 March 2015
Prashant Mehra	(Resident India)	Appointed on 1 August 2013
Grant Trevor Page	(Resident South Africa)	Appointed on 31 March 2015

SECRETARY

The company has not appointed a secretary during the year.

AUDITORS

Deloitte & Touche
Registered Accountants and Auditors
Chartered Accountants (SA)
P O Box 243
Durban
4000

The directors have pleasure in submitting their report together with the annual financial statements of the company for the year ended 31 March 2015.

REVIEW OF ACTIVITIES

SRF Flexipak (South Africa) Proprietary Limited was incorporated in South Africa to set up a Biaxially-oriented Polypropylene Film (BOPP) manufacturing line on the land owned by the company. SRF Flexipak (South Africa) Proprietary Limited started trading on 28 November 2013.

FINANCIAL RESULTS

The financial results are disclosed in the attached financial statements.

SHARE CAPITAL

100 ordinary shares of R1 were issued on incorporation. On 26 October 2011, these 100 ordinary shares were purchased by SRF Global B.V. Details of the authorised and issued shares are shown in note 10. There were no shares issued during the current year.

DIVIDENDS

There were no dividends declared or paid in the current year (2014: Nil).

HOLDING COMPANY

The company is wholly-owned by SRF Global B.V., which in turn is wholly-owned by SRF Limited, a company listed and incorporated in India. The companies are registered in Netherlands and India respectively.

GOING CONCERN

The company incurred a comprehensive loss for the year of R77,689,077 (2014: R52,786,629), resulting in an accumulated loss at the end of the year of R141,466,217 (2014: R63,791,383), as well as the company's total liabilities exceeds its total assets by R141,480,360 (2014: R63,791,283).

The cumulative loss has been funded through the support of the company's holding company, SRF Global B.V. At year-end the loan from SRF Global B.V. amounts to R271,080,696 (2014: R225,864,764). The loan has no fixed repayment terms and is considered to be long-term in nature. The loan from SRF Global B.V. has been subordinated in favour of International Finance Corporation (IFC) under the Share Retention and Subordination Agreement dated 10 July 2012. Details of this loan are included in note 11.

The directors have reviewed the company's cash flow forecast for the year 31 March 2016 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

SUBSEQUENT EVENTS

No material changes have taken place in the affairs of the company between the end of the financial year and the date of this report that required adjustment to or disclosures in the financial statements.

SRF FLEXIPAK (SOUTH AFRICA) PROPRIETARY LIMITED
Registration Number: 2011/010680/07
AUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 March 2015

	Notes	2015 R	2014 R
REVENUE		529,528,318	75,014,251
Cost of sales		(398,233,320)	(63,281,871)
GROSS PROFIT		131,294,998	11,732,380
Operating expenses		(212,151,427)	(70,502,988)
Other income	2	2,810,289	1,928,652
Interest income		59,731	748,393
Interest expenses		(28,655,513)	(9,636,884)
NET LOSS BEFORE TAXATION	3	(106,641,922)	(65,730,447)
Taxation	4	28,967,088	12,943,818
NET LOSS FOR THE YEAR		(77,674,834)	(52,786,629)
OTHER COMPREHENSIVE LOSSES			
Loss on cash flow hedge revaluation		(19,781)	-
Taxation impact on cash flow hedge		5,538	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(77,689,077)	(52,786,629)

SRF FLEXIPAK (SOUTH AFRICA) PROPRIETARY LIMITED
Registration Number: 2011/010680/07
AUDITED STATEMENT OF FINANCIAL POSITION
as at 31 March 2015

	Notes	2015 R	2014 R
ASSETS			
Non-current assets		573,997,017	565,271,244
Property, plant and equipment	5	532,080,573	552,327,426
Deferred tax assets	6	41,916,444	12,943,818
Current assets		248,065,874	138,985,251
Trade receivables		117,784,651	73,664,015
Other current assets	7	13,325,789	10,238,007
Inventories	8	109,999,281	54,802,973
Bank and cash balances	9	6,956,153	280,258
TOTAL ASSETS		822,062,891	704,256,495
EQUITY AND LIABILITIES			
Equity		(141,480,360)	(63,791,283)
Issued capital	10	100	100
Hedging reserves		(14,243)	-
Accumulated losses		(141,466,217)	(63,791,383)
Non-current liabilities		773,841,832	642,692,335
Long-term borrowings	11	755,678,163	642,692,335
Deferred government grants	12	18,163,669	-
Current liabilities		189,701,419	125,355,443
Short-term borrowings	11	23,566,147	10,307,933
Bank overdraft	14	65,521,751	30,300,791
Trade and other payables	15	90,843,658	78,470,966
Provisions	16	478,662	-
Other current liabilities	17	9,291,201	6,275,753
TOTAL EQUITY AND LIABILITIES		822,062,891	704,256,495

AUDITED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2015

	Issued Capital	Hedging Reserve	Accumulated Losses	Total
	R	R	R	R
Balance at 31 March 2013	100	(1,173,295)	(11,004,754)	(12,177,949)
Transfer to property, plant and equipment	-	1,173,295	-	1,173,295
Total comprehensive loss for the year	-	-	(52,786,629)	(52,786,629)
Balance at 31 March 2014	100	-	(63,791,383)	(63,791,283)
Total comprehensive loss for the year	-	(14,243)	(77,674,834)	(77,689,077)
Balance at 31 March 2015	100	(14,243)	(141,466,217)	(141,480,360)

AUDITED STATEMENT OF CASH FLOWS
for the year ended 31 March 2015

	Notes	2015 R	2014 R
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before taxation		(106,641,922)	(65,730,447)
Adjustment for non - cash items:	18.1	155,204,155	55,517,159
Cash flow before changes in working capital		48,562,233	(10,213,288)
Change in working capital	18.2	(87,502,063)	6,064,619
Interest income		59,731	748,393
Interest expense		(28,655,513)	(19,062,573)
Cash generated used in operating activities		**(67,535,611)**	**(22,462,849)**
CASH FLOW FROM INVESTMENT ACTIVITIES			
Acquisition of property, plant and equipment		(846,833)	(339,738,058)
Cash used in investment activities		**(846,833)**	**(339,738,058)**
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) / Increase in Long term borrowings		16,515,403	418,022,978
Increase / (Decrease) in Short term borrowings		4,321,976	(123,435,205)
Government grants received		19,000,000	
Cash from financing activities		**39,837,380**	**294,587,773**
NET DECREASE IN CASH & CASH EQUIVALENT		**(28,545,065)**	**(67,613,134)**
CASH & CASH EQUIVALENT AT THE BEGINNING OF THE YEAR		**(30,020,533)**	**37,592,601**
CASH & CASH EQUIVALENT AT THE END OF THE YEAR	18.3	**(58,565,598)**	**(30,020,533)**

ACCOUNTING POLICIES

1. Basis of Presentation

The annual financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and the Companies Act in South Africa. The financial statements incorporate the following principal accounting policies, which have been consistently applied in all material respects.

1.1 Property, plant and equipment

Property, plant and equipment are tangible assets that:

(a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and
(b) are expected to be used during more than one period.

Items of property, plant and equipment are initially recognised at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Expenditure on additions and improvements to property, plant and equipment including the cost of related interest is capitalised as the expenditure is incurred.

Depreciation commences when the assets are ready for their intended use. Where significant parts of an item have different useful lives to the item itself, these parts are depreciated over their estimated useful lives. The methods of depreciation, useful lives and residual values are reviewed annually.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	**Average useful life (In Years)**
Buildings	40 years
Plant and machinery	Between 1 to 30 years
Equipment	Between 3 to 15 years

Land and work in progress are not depreciated.

The company reviews and tests the carrying value of assets when events or circumstances suggest that the carrying amount may not be recoverable.

1.2 Deferred taxation

Deferred taxation is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred taxation assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

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. 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.

The carrying amount of deferred taxation assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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.

1. ACCOUNTING POLICIES (continued)

1.3 Financial instruments

Financial instruments recognised on the statement of financial position include investments, trade and other receivables, cash and cash equivalents, trade and other payables, interest bearing debt and hedge instruments relating to future commitments. Financial instruments are initially measured at cost, which includes transaction costs, when the group is party to a contractual arrangement. Subsequent measurement of financial instruments is set out below.

Financial assets
A financial asset is an asset that is cash, an equity instrument of another entity, a contractual right to receive cash or another financial asset from another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

Financial assets are initially measured at fair value plus transaction costs. However, transaction costs in respect of financial assets designated as held at fair value through profit or loss are expensed.

Financial liabilities
A financial liability is a liability that is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

Financial liabilities are initially measured at fair value plus transaction costs. However, transaction costs in respect of financial liabilities as held at fair value through profit or loss are expensed.
Financial liabilities are accounted for at fair value through profit or loss where the financial liability is either held for trading or it is designated as held at fair value through profit or loss.

Non-derivative financial liabilities that are not designated on initial recognition as financial liabilities held at fair value through profit or loss or classified as held for trading are measured at amortised cost, using the effective interest rate method. Items with extended terms are initially recorded at the present value of future cash flows.

Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the accounting policy for borrowing costs.

Non-derivative financial liabilities that are designated on initial recognition as financial liabilities held at fair value through profit or loss or classified as held for trading are measured at fair value, with changes in fair value being included in net profit or loss.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risk and characteristics are not closely related to those of the host contract and the host contract is not designated as held at fair value through profit or loss.

Investments classified as held-to-maturity financial assets are measured at amortised cost less any impairment losses recognised to reflect irrecoverable amounts.

Financial assets are accounted for at fair value through profit or loss where the financial asset is either classified as held for trading or is designated as held at fair value through profit or loss and are carried at fair value with any gains or losses being recognised in profit or loss.

1. ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Fair value, for this purpose, is market value if listed or a value arrived at by using appropriate valuation models if unlisted.

Trade and other receivables are classified as loans and receivables and are measured at amortised cost, using the effective interest rate method, less provision for doubtful debts. Items with extended terms are initially recorded at the present value of future cash flows and interest income is accounted for over the term until payment is received. Write-downs of these assets are expensed in profit or loss.

Derivatives that are assets are measured at fair value, with changes in fair value being included in profit or loss other than derivatives designated as cash flow hedges. The fair value of derivative assets is classified as non-current assets if the remaining maturity of the instruments are more than, and they are not expected to be realised within 12 months.

Cash and cash equivalents are measured at fair value.

Trade and trade payables are initially measured at fair value and subsequently measured at amortised cost, using the effective interest rate.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risk and characteristics are not closely related to those of the host contract and the host contract is not designated as held at fair value through profit or loss.

1.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of value added taxation. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Cash and settlement discounts, rebates, value added taxation and other indirect taxes are excluded from revenue

Sale of goods
Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income
Interest income is recognised on a time proportion basis which takes into account the effective yield on the asset. Interest income includes the amount of amortisation of any discount or premium.

1. ACCOUNTING POLICIES (continued)

1.5 Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity.

When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.6 Cash flows

For the purpose of the statement of cash flows, cash includes cash on hand, deposits held on call with banks and investments in money market instruments.

1.7 Hedge accounting

The company uses foreign exchange forward and option contracts to hedge its exposure to movements in foreign exchange rates relating to certain firm commitments and highly probable forecast transaction. The company designates such contracts in a cash flow hedge relationship by applying the principles of International Accounting Standard (IAS) - 39 - "Financial instruments: Recognition and Measurements".

Forward and option contracts are fair valued at each reporting date. The resultant gain or loss from these contracts that are designated and effective as hedges of future cash flows are recognised directly in cash flow hedge reserve, net of applicable deferred income taxes and the ineffective portion is recognised immediately in statement of profit and loss.

The cash flow hedge reserve is reclassified to the statement of profit and loss in the same period during which the forecasted transaction affects the profit and loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold or terminated or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognised in cash flow hedging reserve is retained there until the forecasted transaction occurs.

If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss is immediately transferred from the cash flow hedging reserve to the statement of profit and loss.

1. ACCOUNTING POLICIES (continued)

Hedge accounting (continued)

Contracts that are not designated as hedges of future cash flows are fair valued at each reporting date and the resultant gain or loss is recognised in the statement of profit and loss.

1.8 Provisions

Provisions are recognised when the group 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. Where the effect of discounting is material, provisions are measured at their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks for which future cash flow estimates have not been adjusted.

1.9 Inventory Valuation

Stock in trade is valued at lower of cost or net realisable value. The basis of determining the cost for various categories of inventory are as follows:

- Stores, spares and raw materials - Weighted average
- Process stocks and finished goods - Direct cost plus appropriate share of overheads
- By products - At estimated realisable value

1.10 Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives non-monetary grants, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant.

1.11 Borrowing costs

Borrowing costs 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.

1.12 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date or whether the fulfilment of the arrangement is dependant on the use of a specific asset or assets or the arrangement conveys a right to use the asset. Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred from the lessor to the company as lessee. Operating lease payments are recognised as an expense in the statement of profit & loss and comprehensive income on a straight line basis over the lease term.

1.13 Adoption of new and revised standards:

The following relevant new and amended standards and interpretations were also in issue but not effective for the current period. Management is in the process of evaluating the effects of these new and revised standards and interpretations but they are not expected to have a significant impact on the Company's results and disclosures:

Effective for the next financial year:

IAS 19: Defined Benefit Plans: Employee Contributions
IFRS 9: Financial Instruments: Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39

Effective for annual periods beginning on or after 1 January 2016:

IAS 1: Disclosure Initiative
IAS 16 and IAS 41: Agriculture: Bearer Plants
IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
IAS 27: Equity Method in Separate Financial Statements
IFRS 10 and IAS 28: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture
IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception
IFRS 11: Accounting for Acquisitions of Interests in Joint Operations
IFRS 14: Regulatory Deferral Accounts
IFRS 5: Non-current Assets Held for Sale and Discontinued Operations: Amendments resulting from annual improvements to IFRSs
IFRS 7: Financial Instruments: Disclosures: Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures

Effective for annual periods beginning on or after 1 January 2017:
IFRS 15: Revenue from Contracts with Customers

Effective for annual periods beginning on or after 1 January 2018:
IFRS 9: Financial Instruments

1.14 Judgements made by management

There are no accounting policies that have been identified as involving particularly complex or subjective judgements or assessments.

1.15 Key sources of estimation uncertainty

The key assumptions concerning the future and other sources of estimation uncertainty at the reporting date, that have a risk of causing adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- Debtors are reviewed on a line by line basis by management. Specific debtors who are considered doubtful are impaired.
- Provision for inventory obsolescence is raised for all inventories that management consider will be sold below cost price. This provision is assessed monthly.
- The residual values of plant and equipment are assessed against market values

1.16 Comparative figures.

Comparative information is retrospectively restated when annual financial statements are restated.

1. OTHER INCOME

	2015 R	2014 R
Scrap sales	2,375,136	24,956
Other operating income	180,720	1,903,696
Claim received	254,433	-
	2,810,289	1,928,652

2. LOSS BEFORE TAXATION

	2015 R	2014 R
Loss before taxation is arrived at after taking into account the following:		
Auditors remuneration	480,032	243,610
Audit fees	456,127	243,610
Auditors expense reimbursement	23,905	-
Employee benefits expenses	35,687,680	10,868,998
Remuneration for Key Management	7,479,266	3,129,902
Pension Contribution	1,646,946	427,291
Staff costs	26,561,468	7,311,805
Exchange currency fluctuation loss	106,043,277	39,390,383
Realised loss/ (gain)	412,965	(303,878)
Unrealised loss	105,630,312	39,694,261
Depreciation and amortisation expenses	21,093,686	6,934,407
Number of employees	156	131

3. TAXATION

	2015 R	2014 R
South African Normal Taxation:		
Current taxation	-	-
Deferred taxation		
Current (Note 6)	27,527,680	12,943,818
Prior year underprovision	1,439,408	-
	28,967,088	12,943,818

4. TAXATION (continued)

	2015 R	2014 R
Reconciliation between accounting loss and taxation		
Accounting loss	(106,641,922)	(65,730,447)
Taxation at statutory rate of 28%	29,859,738	18,404,525
Effect of permanent differences	(555,003)	(1,805,232)
Limitation of tax losses	(1,777,239)	(3,655,475)
Prior year underprovision	(1,439,408)	-
	28,967,088	12,943,818

Refer to note 6 for details of the unrecognised estimated taxation losses.

The estimated taxation loss for the year is R289 million (2014: R163 million). Management have reviewed the company's cash flow forecasts for a five year period and, in light of this review, they are satisfied that the company will have sufficient taxable profits to utilise against the estimated taxation loss and have thus decided to recognise the deferred tax asset limited to the expected future taxable profits for a five year period. The estimated taxation loss for which a deferred tax asset was raised has been limited to R260 million (2014:R150 million). The unrecognised estimated taxation losses is R29 million (2014: R13 million).

5. PROPERTY, PLANT AND EQUIPMENT

Opening net book value is reconciled to closing net book value as follows:

2015	Land and Building	Plant	Equipment	Work in Progress	Total
Opening net book value	161,225,583	386,043,975	5,057,868	-	552,327,426
Additions	102,750	-	329,726	414,357	846,833
Depreciation	(3,408,434)	(16,487,657)	(1,197,595)	-	(21,093,686)
Closing net book value	157,919,897	369,556,318	4,189,999	414,357	532,080,573
2014					
Opening net book value	26,127,133	-	68,520	182,132,601	208,328,254
Additions	136,255,690	209,260,335	5,417,554	-	350,933,579
Depreciation	(1,157,240)	(5,348,961)	(428,206)	-	(6,934,407)
Reclassification	-	182,132,601	-	(182,132,601)	-
Closing net book value	161,225,583	386,043,975	5,057,868	-	552,327,426

Refer to Note 11 for details of land and encumbrances thereon.

6. DEFERRED TAX ASSET

	Opening balance	Recognized in profit or loss	Recognized directly in equity	Closing balance
Deferred tax (liabilities)/ assets in relation to:				
Cash flow hedges	-	-	5,539	5,539
Taxable temporary difference	(28,929,366)	(2,075,078)	-	(31,004,444)
Estimated taxation loss	41,873,184	31,042,165	-	72,915,349
Total	12,943,818	28,967,087	5,539	41,916,444

Deferred tax assets/ (liabilities) analysed by major category:

	2015 R	2014 R
Capital allowances	(70,986,928)	(36,954,891)
Pre-operative expenditure	13,834,351	4,311,383
Deferred government grant	5,287,625	-
Provisions	302,996	-
Foreign exchange difference (S24I)	20,557,512	3,714,142
Taxation losses	72,915,349	41,873,184
FEC liability	5,539	-
	41,916,444	12,943,818

Refer to Note 4 for evidence supporting the recognition of the deferred tax asset.

7. OTHER CURRENT ASSETS

	2015 R	2014 R
VAT receivable	7,841,663	6,002,885
Prepaid expenses	1,819,838	1,249,349
Security deposit	2,259,958	2,179,702
Advances to suppliers	1,325,609	806,072
Other advances	78,721	-
	13,325,789	10,238,007

The carrying value of other current assets approximate their fair value due to their short term nature.

8. INVENTORIES

	2015 R	2014 R
Raw material	70,380,229	23,388,150
Work in progress	15,442,757	15,998,418
Finished goods	24,176,295	15,416,405
	109,999,281	54,802,973

9. CASH AND CASH EQUIVALENTS

Cash and bank balances	6,956,153	280,258

Facilities made available to the company:

The company has total direct working capital facility from Rand Merchant Bank of R100 million which is secured by way of:-

a. Cession of debtors
b. Letter of subordination from SRF Global BV.
c. Letter of guarantee from SRF Limited for USD13000000.

10. ISSUED CAPITAL

Share capital		
Authorised - 1000 ordinary shares of R1 each	1,000	1,000
Issued - 100 ordinary shares of R1 each	100	100

11. BORROWINGS

Long term		
Unsecured		
Loans from SRF Global B.V. (11.1 (i))	250,145,759	215,662,331
Interest payable on SRF Global B.V. loan	20,934,937	10,202,433
Total SRF Global BV Loan	271,080,696	225,864,764
Secured		
Loan from International Finance Corporation (11.1 (ii))	484,597,467	416,827,571
Total Long Term Borrowings	755,678,163	642,692,335
Short term		
Secured		
Loan from International Finance Corporation (11.1 (ii))		-
Unsecured		
Loans from Rand Merchant Bank (11.1 (iii))	23,566,147	10,307,933
Total Short Term Borrowings	23,566,147	10,307,933

11. BORROWINGS (continued)

11.1 Summary of borrowing arrangement

(i) The loan is unsecured and carries an interest of 3 months LIBOR plus the relevant spread and is a loan denominated in USD.There is no fixed terms of repayment for this loan. The loan from SRF Global B.V. has been subordinated in favour of International Finance Corporation (IFC) under the Share Retention and Subordination Agreement dated 10 July 2012. The company may further not pay the borrowing from SRF Global BV without prior written consent from ABSA Bank.

(ii) The loan is secured by a special notarial bond, continuing covering mortgage bond and general notarial bond, registered over the property. The loan has been guaranteed by SRF Limited. There are no specific covenants that are required to be met by the company, all covenants are based on the financial position of SRF Limited and have not been breached as at 31 March 2015. The loan carries an interest of 6 months LIBOR plus the relevant spread payable with six monthly rests. The loan is repayable in 16 equal half yearly installments starting from 15 May 2015 and ending on 15 November 2022.

Description of Property:

a) Property secured by Special Notarial bond
Biaxially Oriented Polypropylene (BOPP) Film Production Plant situated on or at 5 Eddie Hagan Drive, Cato Ridge, Kwa-Zulu Natal, South Africa comprised, inter alia, of the Plant, Machinery, Equipment and Components thereof for the production, packaging, storage and handling of the raw materials and re-cycled materials and the said BOPP film, hereinafter collectively referred to as the Assets, which expression, unless clearly inconsistent with the context, shall be interpreted also as a reference to each separate piece of the plant, machinery, equipment and components hereby bound, together with all fixtures and fittings relating to the said Plant, Machinery, Equipment and Components including but not limited to electrical switchgear and circuitry, all ducting and piping and hangers and all components of the said BOPP production line for the manufacturing, storage and handling of raw materials and the raw materials and re-cycled materials and the BOPP film produced.

b) Property secured by continuing covering mortgage bond
Portion 368 of the Farm Riel Vallei No 851, registration division F.T., Province of KwaZulu – Natal, with the extent of 70,000 hectares, as represented by the SG Diagram 680/2012 and held by certificate of consolidated title no. 033490/2012.

c) Property secured by general notarial bond
Moveable properties and effects of the company (of whatever description and wherever situated) both such as the company may now possess or become possessed of, without exception. Provided that the current assets of the Company would not be considered as moveable properties for this purpose.

12. DEFERRED GOVERNMENT GRANTS

	2015 R	2014 R
Reconciliation of the movement for the year		
New grants received	19,000,000	-
Released to profit or loss	(115,625)	-
Closing balance	18,884,375	-
Current portion of government grant	720,706	-
Non-current portion of government grant	18,163,669	-
	18,884,375	-

During the year, the company received a Manufacturing Investment Programme ("MIP") grant of R9 million (2014: Rnil) from the Department of Trade and Industry ("DTI") for costs incurred in the construction of its manufacturing assets. The company further received a Foreign Incentive Grant ("FIG") of R10 million (2014: Rnil) for costs incurred in moving machinery and equipment from abroad to the Republic of South Africa (RSA).

13. CAPITAL MANAGEMENT

The company manages its capital by the utilisation of external borrowings in terms of its business plan. Details of the external borrowings are included in note 11.

14. BANK OVERDRAFT

	2015 R	2014 R
Bank overdraft	65,521,751	30,300,791

The bank overdraft carries an interest rate linked to South Africa prime lending rate.

The company has total direct working capital facility from ABSA bank and other facilities as follows:

a. Letter of credit for R58,445,000
b. Derivative (Forward Exchange Contracts) for R19,400,000
c. Foreign Exchange settlement for R23,600,000
d. Primary lending facility for R91,255,000

The facilities are secured through an on-demand and irrevocable parental guarantee from SRF Limited of USD19,489.50. The company may not to pay the loan by SRF Global BV without prior written consent from the Bank.

Other direct, contingent or pre-settlement liabilities of the company:

	2015 R	2014 R
Total guarantees	88,080	-

15. TRADE AND OTHER PAYABLES

	2015 R	2014 R
Creditors	79,756,369	57,857,790
Accruals	11,087,289	20,613,176
	90,843,658	78,470,966

The carrying value of the trade and other payables approximates their fair value due to their short term nature.

16. PROVISIONS

	2015 R	2014 R
Bonus Provision		
Opening provision for bonuses	-	-
Provision for bonuses raised during the year	2,169,489	-
Bonus paid during the year	(1,690,827)	-
Total provisions for the year	478,662	-

17. OTHER CURRENT LIABILITIES

	2015 R	2014 R
Accrued interest	5,958,805	4,859,244
Government grant	720,706	-
Other liabilities	2,591,909	1,416,509
Derivative liability	19,781	-
	9,291,201	6,275,753

18 NOTES TO THE STATEMENT OF CASH FLOWS

	2015 R	2014 R
18.1 ADJUSTMENT FOR NON-CASH ITEMS		
Depreciation	21,093,686	6,934,407
Interest income	(59,731)	(748,393)
Interest expense	28,655,513	9,636,884
Loss on unrealised foreign currency	105,630,312	39,694,260
Government grant amortisation	(115,625)	-
Total non-cash items	**155,204,155**	**55,517,157**
18.2 CHANGE IN WORKING CAPITAL		
Increase in trade receivables and other current assets	(46,749,087)	(22,710,278)
Increase in inventories	(55,196,308)	(54,802,973)
Increase in trade and other current liabilities	14,443,332	83,577,870
Net increase in working capital	**(87,502,063)**	**6,064,619**
18.3 CASH & CASH EQUIVALENT AT THE END OF THE YEAR		
Cash and bank balance (note 9)	6,956,153	280,256
Bank overdraft (note 14)	(65,521,751)	(30,300,791)
	(58,565,598)	**(30,020,533)**

19. FINANCIAL RISK MANAGEMENT

The financial instruments of the company consist primarily of short-term loans and advances, cash and cash equivalent, borrowings, other current liabilities, trade payables and trade receivables. The carrying amount of financial instruments approximates fair value determined in accordance with the accounting policies of the company. The company does not speculate in or engage in the trading of financial instruments.

In the normal course of operations, the company is exposed to credit, liquidity, interest and foreign currency risk.

Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligation resulting in financial loss to the company.

Trade receivables comprise a widespread customer base, and the company undertakes ongoing credit evaluations of the financial condition of their customers. At 31 March 2015 the company does not consider there to be any material credit risk that has not been adequately provided for. Most of the local debtors are insured.

The company only deposits cash surpluses with major banks of high quality standing. At year-end the company did not consider there to be any significant concentration of credit risk which has not been insured or adequately provided for.

The carrying amounts of financial assets recorded in the financial statements, which is net of impairment losses, represents the company's maximum exposure to credit risk.

	2015 R	2014 R
Past due by 1 to 30 days	11,939,328	10,402,932
Past due by 31 to 60 days	5,969,669	590,275
Past due by 61 to 90 days	3,364,908	212,319
Past due by 91 to 120 days	719,338	-
Past due by more than 120 days	802,969	-
Not past due	95,318,120	62,458,489
Sub-total	**118,114,332**	**73,664,015**
Less: Allowance for doubtful debts	(329,681)	-
Total	117,784,651	73,664,015

19. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

The company manages liquidity and interest rate risk by monitoring forecasted cash flows and the level of unutilised banking facilities. The company also monitors its exposure to fluctuating interest rates and generally enters into contracts that are linked to market rates relative to the currency of the asset or liability.

Trade and other payables, other than the current portion of financial liabilities, are classified as measured at amortised cost and their carrying amount approximates fair value. Trade and other payables are predominately non-interest bearing. The amounts represent the effects of discounting.

Liquidity analysis

	<1 year R	2 – 5 years R	>5 year R	Total R
2015				
Interest accrued	5,958,804	20,934,937	-	26,893,741
Creditors	79,756,369	-	-	79,756,369
Accruals	11,087,289	-	-	11,087,289
Other	2,611,693	-	-	2,611,693
Loan from IFC	60,555,104	242,220,416	181,821,946	484,597,466
Loan from SRF Global BV	-	250,145,759	-	250,145,759
Government grant	720,706	2,882,824	15,280,845	18,884, 375
Rand Merchant Bank loan	23,566,146	-	-	23,566,146
Bank overdraft	65,521,751	-	-	65,521,751
	249,777,862	516,183,936	197,102,791	963,064,589
2014				
Interest accrued	4,859,244	10,202,433	-	15,061,677
Creditors	57,857,791	-	-	57,857,791
Accruals	20,613,176	-	-	20,613,176
Other	1,416,509	-	-	1,416,509
Loan from IFC	-	208,413,786	208,413,786	416,827,572
Loan from SRF Global BV	-	215,662,331	-	215,662,331
Rand Merchant Bank loan	10,307,933	-	-	10,307,933
Bank Overdraft	30,202,533	-	-	30,300,791
	125,257,186	434,278,550	208,413,786	768,047,779

19. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk

Fluctuations in interest rates impact on the cost of financing activities, giving rise to interest rate risk.

The sensitivity analyses below have been determined based on the exposure to interest rates for all financial instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 0.5% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.5% higher or lower, throughout the year, and all other variables were held constant, the company's loss/profit would increase/(decrease) by R 4,258,611(2014: R3,234,351) for the company. This is mainly attributable to the company's exposure to interest rates on its variable rate borrowings.

Foreign currency risk

The objective of the foreign exchange exposure management policy is to ensure that all foreign exchange exposures are identified as early as possible and that the identified exposures are actively managed to reduce risk. All exposures are to reflect underlying foreign currency commitments arising from trade and/or foreign currency finance. Under no circumstances are speculative positions permitted.

The company is subject to transaction exposure and translation exposure.

- Transaction exposure consists of all transactions entered into which will result in a flow of cash in foreign currency at a future time, such as payments under foreign currency, long and short term loan liabilities, and capital expenditure (from approval date until cash payment). Commercial transactions are only entered in currencies that are readily convertible by means of formal external forward contracts.

- Translation exposure mainly relates to the company's loan in U.S. Dollar loans, which are translated into the company's functional currency, the Rand. Translation exposure is not hedged.

Transaction and translation exposures are reported by the company to group treasury.

Monetary items are converted to Rands at the rate of exchange ruling at the financial reporting date.

If foreign exchange rates had been 0,5% higher or lower, against the functional currency (i.e. USD/ZAR) and all other variables were held constant, the company's loss/profit would increase/(decrease) by R4,080,944(2014: R3,488,269).

20. LEASE COMMITMENTS

	2015 R	2014 R
Payable The company has entered into an operating lease for property and the future commitment is as follows:		
Due within one year	796 986	559 800

21. RELATED PARTY TRANSACTIONS

During the year, the company, in the ordinary course of business, entered into various transactions with companies within the group. These transactions occurred under terms that are no more or less favourable than those arranged with third parties.

Internal expenses incurred to group companies are:

	2015 R	2014 R
Interest expense on borrowings provided by SRF Global B.V.	29,173,586	17,469,787
Management fees charged by SRF Limited	3,741,211	3,960,007
Letter of credit charges – SRF Global B.V.	2,325,063	2,004,545

22. DIRECTORS EMOLUMENTS

The directors of the company for the financial year were the directors of the ultimate holding company, SRF Limited. Arun Bharat Ram, Ashish Bharat Ram, Kartikeya Bharat Ram and Prashant Mehra are resident in India and the emoluments disclosed below are the total emoluments that they receive at the ultimate holding company, SRF Limited, for services rendered to the Group. Nissim Konfort (South African resident) and Ritesh Kumar (Indian Resident) were only appointed as directors on 31 March 2015.

	2015 R	2014 R
Directors emolument for services to the group		
Arun Bharat Ram	7,969,615	7,806,399
Ashish Bharat Ram	6,734,351	5,816,427
Kartikeya Bharat Ram	6,427,099	5,644,971
Prashant Mehra	2,435,278	1,617,839
Grant Trevor Page – Prescribed Officer	2,851,094	1,450,053
	26 417 437	22 335 689

23. GOING CONCERN

The company incurred a comprehensive loss for the year of R77,689,077 (2014: R52,786,629), resulting in an accumulated loss at the end of the year of R141,466,217 (2014: R63,791,383), as well as the company's total liabilities exceeds its total assets by R141,480,360 (2014: R63,791,283).

The cumulative loss has been funded through the support of the company's holding company, SRF Global B.V. At year-end the loan from SRF Global B.V. amounts to R271,080,696 (2014: R225,864,764). The loan has no fixed repayment terms and is considered to be long-term in nature. The loan from SRF Global B.V. has been subordinated in favour of International Finance Corporation (IFC) under the Share Retention and Subordination Agreement dated 10 July 2012. Details of this loan are included in note 11.

23. GOING CONCERN (continued)

The directors have reviewed the company's cash flow forecast for the year 31 March 2016 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors are aware that the current liabilities exceeds current assets by R2,190,649 (2014: current assets exceeded current liabilities by R13,629,808) and believe this will not have any impact on the going concern of the company due to the available working capital facilities detailed in note 14. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

24. SUBSEQUENT EVENTS

No material changes have taken place in the affairs of the company between the end of the financial year and the date of this report that required adjustment to or disclosures in the financial statements.