

**NEW FORESTS COMPANY MOZAMBIQUE
UK LIMITED**
(Registration No. 05838645)

ANNUAL FINANCIAL STATEMENTS
30 June 2012

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NEW FORESTS COMPANY MOZAMBIQUE UK LIMITED
(Registration No. 05838645)

ANNUAL FINANCIAL STATEMENTS
30 JUNE 2012

	Pages
Company information	2
Directors' report	3 - 4
Statement of directors' responsibilities	5
Independent auditor's report	6 - 7
Statement of financial position	8
Statement of comprehensive income	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the annual financial statements	12 - 19

NEW FORESTS COMPANY MOZAMBIQUE UK LIMITED

COMPANY INFORMATION

30 JUNE 2012

1. Directors

RHF Devereux
JMM Ozanne
JR Aisbitt

2. Company number

05838645

3. Secretary

QV Scorgie

4. Registered office

C/O Morrison & Foerster (UK) LLP
City Point
1 Ropemaker Street
London
EC2Y 9AW

5. Auditor

Deloitte LLP
2 New Street Square
London
EC4A 3BZ

NEW FORESTS COMPANY MOZAMBIQUE UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2012

The directors have pleasure in submitting their report together with the audited annual financial statements for the year ended 30 June 2012.

Principle activity

The principle activity of the company during the previous period was that of investment holding. In the current year the company has been dormant except for a foreign exchange loss.

Review of the business

The company changed its year end to 30 June during the previous financial year to be consistent with the other group companies.

During the previous period, the company sold its assets and liabilities, including the investment in the subsidiary company, to a related company. Details of this transaction can be found in note 8. Since that date the company has been collecting its remaining debts and settling liabilities. It is not anticipated that the company will trade for the foreseeable future, and will become dormant.

Key risks and uncertainties

As the Company is no longer trading the principal risks and uncertainties are integrated with those of the Group and are not managed separately.

Further information on the financial risk management objectives and policies of the group as a whole, and by default the Company, can be found on page 7 of the 2012 New Forests Holdings Limited Annual Financial Statements.

Financial instruments

Details of the Company's financial risk management policies and its exposure to price risk, credit risk, liquidity risk and cash flow risk are contained in the notes to the financial statements.

Subsequent events

No events of a material nature occurred between the reporting date and the date of this report, which would result in an adjustment to these financial statements.

Holding Company

The company's ultimate holding company is the New Forests Company Holdings Limited, a company incorporated in the United Kingdom.

Share capital

At 30 June 2012, the company had authorised and issued share capital of \$ 126,082 (2011: \$ 126,082) of £0.01 shares each. During the year the company had no issues of new shares.

Going concern

The Directors intend to liquidate this entity in the foreseeable future. As required by International Accounting Standards, the directors have prepared the financial statements on the basis that the company is no longer a going concern. The financial statements do not include any provision for the future cost of terminating the business of the company except to the extent that such were committed at the balance sheet date. No material adjustments arose as a result of ceasing to apply the going concern basis.

Dividends

No dividends were declared or paid in the current year (2011: nil).

NEW FORESTS COMPANY MOZAMBIQUE UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2012

NEW FORESTS COMPANY MOZAMBIQUE UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2012 (continued)

Directors

The directors during the year remained as follows

- R H F Devereux (Chairman)
- J R Aisbill
- J M M Ozanne

Directors' indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report

Provision of information to the auditor


So far as each of the directors is aware at the time the report is approved

- there is no relevant financial information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information

This information is given and should be interpreted in accordance with S418 of the Companies Act 2006

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

This report was approved by the board on 21 November 2012 and signed on its behalf



QV Scobie
Secretary

NEW FORESTS COMPANY MOZAMBIQUE UK LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR TO 30 JUNE 2012

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, International Accounting Standard 1 requires that directors

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions, to disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW FORESTS COMPANY
MOZAMBIQUE UK LIMITED**

We have audited the financial statements of New Forests Company Mozambique UK Limited for the year ended 30 June 2012 which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2012 and of the company's loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW FORESTS COMPANY
MOZAMBIQUE UK LIMITED (continued)**

Emphasis of matter – Financial statements prepared on a basis other than that of a going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern

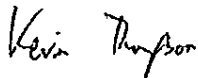
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



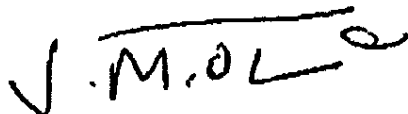
Kevin Thompson (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
21 November 2012

NEW FORESTS COMPANY MOZAMBIQUE UK LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	Notes	<u>2012</u> \$	<u>2011</u> \$
ASSETS			
Current assets		7 775	83 795
Sundry receivables	3	7 775	74 009
Bank and cash balances	4	-	9 786
Total assets		<u>7 775</u>	<u>83 795</u>
EQUITY AND LIABILITIES			
Deficit / equity		(909)	2 212
Share capital	5	126 082	126 082
Share premium		4 809 191	4 809 191
Translation reserve		(187 275)	(187 275)
Accumulated loss		(4 748 907)	(4 745 786)
Current liabilities		8 684	81 583
Sundry payables	7	8 684	81 583
Total equity and liabilities		<u>7 775</u>	<u>83 795</u>

The financial statements of New Forests Company Mozambique UK Limited, registration number 05838645 were approved and authorised by the board of directors and were signed on its behalf on 21 November 2012



JMM Ozanne

The notes on pages 10 to 19 form part of these financial statements

NEW FORESTS COMPANY MOZAMBIQUE UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2012

		2012	18 months ended 2011
	Notes	\$	\$
Discontinued operations			
Revenue		-	350 000
Gross profit		-	350 000
Exceptional item			
Loss on sale of assets and liabilities	8	-	(2 002 950)
Administration expenses		(3 121)	(1 064 273)
Loss from operations	10	(3 121)	(2 717 223)
Finance expenses	9	-	(565 020)
Loss before taxation		(3 121)	(3 282 243)
Taxation	11	-	-
Loss for the year / period		<u>(3 121)</u>	<u>(3 282 243)</u>

NEW FORESTS COMPANY MOZAMBIQUE UK LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2012

	Share capital	Share premium	Translation reserve	Accumulated loss	Total
	\$	\$	\$	\$	\$
Balance at 31 December 2009	112 491	1 822 782	(208 440)	(1 463 543)	263 290
Issue of shares	13 591	2 986 409	-	-	3 000 000
Total comprehensive loss for the period	-	-	-	(3 282 243)	(3 282 243)
Exchange differences on translating foreign operations	-	-	21 165	-	21 165
Balance at 30 June 2011	126 082	4 809 191	(187 275)	(4 745 786)	2 212
Total comprehensive loss for the year	-	-	-	(3 121)	(3 121)
Balance at 30 June 2012	126 082	4 809 191	(187 275)	(4 748 907)	(909)

NEW FORESTS COMPANY MOZAMBIQUE UK LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2012

	Notes	<u>2012</u> \$	<u>2011</u> \$
Net cash used in operating activities		(9 786)	(1 181 143)
Cash used in operating activities	12 1	(9 786)	(1 172 593)
Interest paid		-	(8 550)
 Cash flows used in investing activities		-	(3 730 412)
Investment in subsidiary		-	(2 488 533)
Loan to subsidiary		-	(1 241 879)
 Cash flows from financing activities		-	4 920 008
Shares issued		-	3 000 000
Proceeds from long-term borrowings		-	1 920 007
Proceeds from disposal of investments		-	1
Net (decrease) / increase in cash and cash equivalents		(9 786)	8 453
 Cash and cash equivalents at beginning of year / period		9 786	1 333
 Cash and cash equivalents at end of year / period	12 2	-	9 786

NEW FORESTS COMPANY MOZAMBIQUE UK LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1. Nature of business and basis of presentation

New Forests Company Mozambique Limited is a company domiciled in England and Wales. The company has ceased trading.

The parent and ultimate holding company is New Forests Company Holdings Limited - a company registered in the United Kingdom.

These financial statements are presented in USD since that is the currency in which the majority of the company's transactions are denominated.

2. Summary of significant accounting policies

Basis of preparation and accounting policies

Standards and Interpretations affecting amounts reported in the current period

All the new and revised standards and interpretations with effective dates for annual periods beginning on or before 1 July 2011 have been adopted in the current period but have had no effect on the amounts reported.

Standards and Interpretations in issue not yet adopted

At the date of authorisation of these financial statements, other than the standards and interpretations adopted above, the following new and revised standards and interpretations applicable to the company were in issue but not yet effective:

- IFRS 7 Financial Instruments: Disclosures^{2, 4}
- IFRS 9 Financial Instruments⁴
- IFRS 13 Fair Value Measurement²
- IAS 1 Presentation of Financial Statements^{1, 2}
- IAS 12 Income taxes²
- IAS 32 Financial Instruments: Presentation^{2, 3}

¹ Effective for annual periods beginning on or after 1 July 2012

² Effective for annual periods beginning on or after 1 January 2013

³ Effective for annual periods beginning on or after 1 January 2014

⁴ Effective for annual periods beginning on or after 1 January 2015

The directors anticipate that all the above standards and interpretations will be adopted in the financial statements in the financial periods when they become effective. The adoption of these standards and interpretations will have no material impact on the financial statements of the company in the period of initial application.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and in the manner required by the Companies Act of the United Kingdom.

Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The principal accounting policies are set out below and are consistent in all material respects with those applied in the previous year.

NEW FORESTS COMPANY MOZAMBIQUE UK LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2. Summary of significant accounting policies (continued)

Going concern

The Directors intend to liquidate this entity in the foreseeable future. As required by International Accounting Standards, the directors have prepared the financial statements on the basis that the company is no longer a going concern. The financial statements do not include any provision for the future cost of terminating the business of the company except to the extent that such were committed at the balance sheet date. No material adjustments arose as a result of ceasing to apply the going concern basis.

Foreign currency

Transactions in currencies other than the company's functional currency (United States Dollars) are initially recorded at the rates of exchange ruling on the dates of the transaction. Monetary assets and liabilities denominated in such currencies are retranslated at the rates ruling on the statement of financial position date. Exchange differences arising on the settlement of monetary items or on reporting an enterprise's monetary items at rates different from those at which they were initially recorded are recognised as income or expense in the year in which they arise.

Exchange rate differences arising from the translation of monetary assets or liabilities are recognised in the statement of comprehensive income in the year in which they occur.

Financial instruments

Financial assets and financial liabilities are recognised when the group has become a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments.

Trade receivables

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

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

NEW FORESTS COMPANY MOZAMBIQUE UK LIMITED

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2012**

2 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity

Financial liabilities and equity instruments issued by the company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Other financial liabilities

Other financial liabilities, including borrowings and trade payables, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Taxation

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the company operates could limit the ability of the company to obtain tax deductions in future periods.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Cash and cash equivalents

For the purpose of the statement of cash flow, cash and cash equivalents comprise cash on hand and deposits held on call with banks net of bank overdraft, all of which are available for use by the company unless otherwise stated.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of Value Added Taxation. Revenue from the providing of services is recognised when services are rendered.

NEW FORESTS COMPANY MOZAMBIQUE UK LIMITED

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2012**

	<u>2012</u>	<u>2011</u>
	\$	\$
3. Sundry receivables		
Amounts receivable from group undertakings	7 775	7 933
Other receivables	-	66 076
Total sundry receivables	<u>7 775</u>	<u>74 009</u>

The directors consider that the carrying amount of sundry receivables approximates their fair value

Amounts receivable from group undertakings are denominated in USD, bears no interest and have no repayment terms

4. Bank and cash balances

Total bank balances and cash	<u>-</u>	<u>9 786</u>
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The directors consider that the carrying amount of bank balances and cash approximates their fair value

5 Issued capital

<i>Share capital</i>	<u>Number</u>	<u>Number</u>
Authorised		
10,000,000 ordinary shares of British Sterling £0 01 each	10 000 000	10 000 000
Issued		
6,483,468 ordinary shares of British Sterling £0 01 each	<u>6 483 468</u>	<u>6 483 468</u>
Reconciliation of number of shares		
Ordinary shares at end of year	6 483 468	6 483 468
At beginning of year	6 483 468	5 626 325
New Issues during the year / period	-	857 143
	<u>\$</u>	<u>\$</u>
Issued share capital	<u>126 082</u>	<u>126 082</u>

All fully paid up shares have a par value of £0 01 and entitle the holder to one vote and equal rights to dividends declared

During the previous period, 857,143 ordinary shares with a nominal value of British Sterling £8,571 were issued for a cash consideration of US Dollars 3,000,000

6 Deferred tax

Tax losses incurred are irrecoverable due to the company ceasing its trading activity Accordingly no deferred tax has been recognised

7. Sundry payables

Amounts owed to group undertakings	<u>8 684</u>	<u>81 583</u>
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Amounts owed to group undertakings are denominated in USD, bear no interest and have no repayment terms The Directors consider that the carrying amount approximates the fair value

NEW FORESTS COMPANY MOZAMBIQUE UK LIMITED

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2012**

	2012 \$	2011 \$
8. Disposal of assets and liabilities		
Loss on sale of assets and liabilities	<u>-</u>	<u>2 002 950</u>

During the prior period, the company entered into an agreement to sell its assets and liabilities to a fellow group company, New Forests Company Mozambique Limited. The value of the assets and liabilities sold are set out below

Loan due from New Forests S A	2 129 239
Investments in New Forests S A.	4 555 336
Loan due to New Forests Company Holdings Limited	(4 146 319)
Accruals	(535 305)
	<u>2 002 951</u>
Proceeds	(1)
Loss on disposal	<u>2 002 950</u>

9. Finance expenses		
Interest expense - Shareholder loan	<u>-</u>	<u>565 020</u>

10. Loss from operations

Operating loss from the period is stated after the following

Audit fees	-	3 551
Foreign exchange	3 121	-
Management fees paid	<u>-</u>	<u>1 060 410</u>

Audit fees in the current year have been borne by the New Forests Company Holdings Limited, the parent company

NEW FORESTS COMPANY MOZAMBIQUE UK LIMITED

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2012**

	<u>2012</u>	<u>2011</u>
	\$	\$
11. Taxation		
Reconciliation of effective tax rate		
Loss before taxation	<u>(3 121)</u>	<u>(3 282 243)</u>
Tax calculated at a tax rate of 25.5% (27.67%)	(80)	(908 197)
Non deductible expenses	-	554 216
Deferred taxation asset not recorded	80	353 981
Tax expense	<u>-</u>	<u>-</u>

12. Notes to the cash flow statement

12.1 Reconciliation of net loss before taxation to cash flows used in operations

Loss before taxation	(3 121)	(3 282 243)
Adjustments for		
Loss on disposal of sale of assets and liabilities	-	2 002 950
Finance expenses	-	565 020
Operating loss before working capital changes	<u>(3 121)</u>	<u>(714 273)</u>
Working capital changes		
Decrease in trade receivables	66 234	843 237
Decrease in trade and other payables	(72 899)	(1 301 557)
Cash used in operating activities	<u>(9 786)</u>	<u>(1 172 593)</u>

12.2 Cash and cash equivalents

Cash and cash equivalents consisted of cash on hand and balances with banks and investments in money market instruments. Cash and cash equivalents included in the cash flow statement comprised the following balance sheet amounts:

Bank and cash balances	<u>-</u>	<u>9 786</u>
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NEW FORESTS COMPANY MOZAMBIQUE UK LIMITED

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2012**

	<u>2012</u>	<u>2011</u>
	\$	\$
13. Related party disclosures		
The parent company and ultimate controlling party is New Forests Company Holdings Limited, a company registered in the United Kingdom.		
Transactions with subsidiary companies		
Management received	-	350 000
Management fees paid	-	(1 060 410)
Interest paid	-	(565 020)
Balances with subsidiary companies		
Amount due from fellow subsidiary company	7 775	7 933
Amount due to parent company	8 684	81 583

The following material related parties have been identified:

Related party	Relationship
New Forests Company Holdings Limited	Shareholder
New Forests Company Mozambique Limited	Group company
New Forests S A	Group company

During the prior period, the company sold its assets and liabilities to New Forests Mozambique Limited, Refer to note 8

14. Financial instruments and financial risk management

Fair value of financial instruments

The table below provides a comparison, by category, of the carrying amounts and the fair values of the company's non-derivative financial assets and liabilities at 30 June 2012

	<u>Carrying amount</u>
2012	\$
US Dollars	
Financial assets	
Loans and receivables	7 775
US Dollars	
Financial liabilities	\$
Held at amortised cost	8 684

NEW FORESTS COMPANY MOZAMBIQUE UK LIMITED

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2012**

14. Financial instruments and financial risk management

Fair value of financial instruments (continued)

	<u>Carrying amount</u>
2011	\$
US Dollars	
Financial assets	
Cash and cash equivalents	9 786
Loans and receivables	<u>74 009</u>
	<u>83 795</u>
US Dollars	
Financial liabilities	<u>\$</u>
Held at amortised cost	<u>81 583</u>

It is the directors opinion that the carrying value of other assets and other payables approximate their fair value

Financial risk management strategies

The company was exposed to a variety of financial risks. A risk management programme has been established to protect the company against the potential adverse effects of these financial risks. The exposure to financial risks was considerably reduced during the prior period due to the sale of the assets and liabilities as described in note 8.

The company's credit risk is primarily attributable to its sundry receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

The Company has no significant concentration of credit risk as the principle dealings are held with group company entities.

Interest rate risk

The company is not exposed to interest rate risk as none of its borrowings attract variable interest.

Foreign currency risk

The company is not exposed to foreign currency risk.

15 Parent undertaking

The Company's ultimate parent and controlling entity is New Forests Company Holdings Ltd, which is incorporated in Great Britain and is registered in England and Wales. New Forests Company Holdings Ltd is the parent of the largest and smallest group which includes the Company and for which consolidated financial statements are prepared. Copies of its financial statements are available from Companies House, Cardiff, CF4 3UZ.

16. Events after the balance sheet date

There are no major events subsequent to the balance sheet date which have a major impact on the further evolution of the Company.