Tata Steel International (Middle East) FZE
Jebel Ali Free Zone
Dubai - United Arab Emirates

Report and financial statements
for the year ended 31 March 2015

Tata Steel International (Middle East) FZE

Table of contents | **Page**

Independent auditor's report	**1 - 2**
Statement of financial position	**3**
Statement of comprehensive income	**4**
Statement of changes in equity	**5**
Statement of cash flows	**6**
Notes to the financial statements	**7 - 29**

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INDEPENDENT AUDITOR'S REPORT

The Shareholder
Tata Steel International (Middle East) FZE
Jebel Ali Free Zone
Dubai
United Arab Emirates

Report on the Financial Statements

We have audited the accompanying financial statements of **Tata Steel International (Middle East) FZE - Jebel Ali Free Zone, Dubai, United Arab Emirates,** (the "Establishment") which comprise the statement of financial position as at 31 March 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Establishment'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 Establishment'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 audit opinion.

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INDEPENDENT AUDITOR'S REPORT (continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Tata Steel International (Middle East) FZE - Jebel Ali Free Zone, Dubai, United Arab Emirates** as at 31 March 2015, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

Also in our opinion, all necessary books and records were maintained by the Establishment and the physical inventory count was properly conducted. We obtained all the information and explanations which we considered necessary for our audit. According to the information available to us, there were no contraventions during the year of the provisions of the Implementing Regulation 1/92 pursuant to Law Number (9) of 1992, which might have materially affected the financial position of the Establishment or its financial performance.

Deloitte & Touche

31 May 2015

Tata Steel International (Middle East) FZE

Statement of financial position
as at 31 March 2015

	Notes	2015 AED	2014 AED
ASSETS			
Non-current assets			
Property, plant and equipment	5	**1,167,664**	1,808,411
Current assets			
Inventories	6	**5,794,858**	5,852,777
Due from related parties	7	**6,371,723**	5,456,948
Short term loan to a related party	7	**85,477,053**	87,959,253
Trade and other receivables	8	**10,947,430**	7,640,780
Other financial assets	9	**1,671,499**	3,271,499
Cash and cash equivalents	10	**12,774,193**	5,592,432
		123,036,756	115,773,689
Assets classified as held for sale	11	**-**	1,654,197
Total current assets		**123,036,756**	117,427,886
Total Assets		**124,204,420**	119,236,297
EQUITY AND LIABILITIES			
Equity			
Share capital	12	**45,000,000**	45,000,000
Capital reserve	13	**870,000**	870,000
Retained earnings		**32,754,595**	29,019,572
Total Equity		**78,624,595**	74,889,572
Non-current liabilities			
Provision for employees' end-of-service indemnity	14	**1,432,651**	1,195,454
Current liabilities			
Trade and other payables	15	**5,386,807**	4,944,009
Due to related parties	7	**38,760,367**	38,207,262
Total current liabilities		**44,147,174**	43,151,271
Total Liabilities		**45,579,825**	44,346,725
Total Equity and Liabilities		**124,204,420**	119,236,297

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The accompanying notes form an integral part of these financial statements.

Statement of comprehensive income for the year ended 31 March 2015

	Notes	2015 AED	2014 AED
Revenue		**43,367,020**	27,455,102
Cost of sales		**(31,830,096)**	(19,671,229)
Gross profit		**11,536,924**	7,783,873
Other income – net	16	**4,468,338**	6,117,849
Selling and distribution expenses	17	**(630,238)**	(516,885)
General and administrative expenses	18	**(11,640,001)**	(10,705,739)
Profit for the year		**3,735,023**	2,679,098
Other comprehensive income		-	-
Total comprehensive income		**3,735,023**	2,679,098

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity
for the year ended 31 March 2015

	Share capital AED	Capital reserve AED	Retained earnings AED	Total AED
Balance at 1 April 2013	45,000,000	870,000	26,340,474	72,210,474
Total comprehensive income	-	-	2,679,098	2,679,098
Balance at 31 March 2014	45,000,000	870,000	29,019,572	74,889,572
Total comprehensive income	-	-	3,735,023	3,735,023
Balance at 31 March 2015	**45,000,000**	**870,000**	**32,754,595**	**78,624,595**

The accompanying notes form an integral part of these financial statements.

Statement of cash flows
for the year ended 31 March 2015

	2015 AED	2014 AED
Cash flows from operating activities		
Profit for the year	**3,735,023**	2,679,098
Adjustments for:		
Depreciation of property, plant and equipment	**659,781**	1,166,221
Impairment of assets classified as held for sale	**-**	374,955
Net reversal of allowance for reduction of net realisable value of inventory	**(368,508)**	(113,497)
Increase in/(reversal of) provision for customer claims	**34,348**	(747,616)
Gain on disposal of assets classified as held for sale	**(183,803)**	-
Provision for employees' end-of-service indemnity	**275,568**	283,616
Net reversal of allowance for doubtful debts	**(50,650)**	(1,072,175)
Operating cash flows before changes in operating assets and liabilities	**4,101,759**	2,570,602
Decrease/(increase) in inventories	**426,427**	(3,013,344)
Increase in due from related parties	**(914,775)**	(1,388,198)
(Increase)/decrease in trade and other receivables	**(3,256,000)**	8,818,904
Increase/(decrease) in trade and other payables	**408,450**	(959,056)
Increase in due to related parties	**553,105**	2,388,403
Cash generated from operations	**1,318,966**	8,417,311
Employees' end-of-service indemnity paid	**(38,371)**	(121,242)
Net cash from operating activities	**1,280,595**	8,296,069
Cash flows from investing activities		
Purchase of property, plant and equipment	**(19,034)**	(75,775)
Proceeds from disposal of assets classified as held for sale	**1,838,000**	-
Decrease in other financial assets	**1,600,000**	-
Net cash from/(used in) investing activities	**3,418,966**	(75,775)
Cash flows from financing activities		
Decrease/(increase) in loan to a related party	**2,482,200**	(28,715,503)
Net cash from/(used in) financing activities	**2,482,200**	(28,715,503)
Net increase/(decrease) in cash and cash equivalents	**7,181,761**	(20,495,209)
Cash and cash equivalents at the beginning of the year	**5,592,432**	26,087,641
Cash and cash equivalents at the end of the year (Note 10)	**12,774,193**	5,592,432

Non-cash transactions:

Trade receivables write off amounting to Nil (2014: AED 114,478) against the allowance for doubtful debts (Note 8).

The accompanying notes form an integral part of these financial statements.

1. General information

Tata Steel International (Middle East) FZE (the "Establishment") was incorporated as a Free Zone Establishment with limited liability on 2 September 2003 in the Jebel Ali Free Zone, Dubai, United Arab Emirates. Tata Steel International (Middle East) FZE is wholly owned by Tata Steel UK Limited (the "Parent Company"). Tata Steel Limited is the ultimate parent company. The address of the Establishment's registered corporate office is, P.O. Box 18294, Jebel Ali Free Zone, Dubai, United Arab Emirates.

The principal activity of the Establishment is manufacturing and trading of steel products (beams, columns, plates, etc) used in the construction industry.

2. Application of new and revised International Financial Reporting Standards ("IFRSs")

2.1 New and revised IFRSs applied with no material effect on the financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 April 2014, have been adopted in these financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 32 *Financial Instruments: Presentation* relating to application guidance on the offsetting of financial assets and financial liabilities.
- Amendments to IAS 36 *Recoverable Amount Disclosures*

  The amendments restrict the requirements to disclose the recoverable amount of an asset or CGU to the period in which an impairment loss has been recognised or reversed. They also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal.
- Amendments to IAS 39 *Financial Instruments: Recognition and Measurement, Novation of Derivatives and Continuation of Hedge Accounting*

  The amendment allows the continuation of hedge accounting when a derivative is novated to a clearing counterparty and certain conditions are met.
- Amendments to IFRS 10, IFRS 12 and IAS 27 - *Guidance on Investment Entities*

  On 31 October 2012, the IASB published a standard on investment entities, which amends IFRS 10, IFRS 12, and IAS 27 and introduces the concept of an investment entity in IFRSs.

2.2 New and revised IFRSs in issue but not yet effective and not early adopted

The Establishment has not early applied the following new standards, amendments and interpretations that have been issued but are not yet effective:

New and revised IFRSs	*Effective for annual periods beginning on or after*
• Amendments to IFRS 7 *Financial Instruments: Disclosures* relating to disclosures about the initial application of IFRS 9.	When IFRS 9 is first applied
• IFRS 7 *Financial Instruments*: Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9.	When IFRS 9 is first applied

Notes to the financial statements
for the year ended 31 March 2015 (continued)

2. Application of new and revised International Financial Reporting Standards ("IFRSs") (continued)

2.2 New and revised IFRSs in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	*Effective for annual periods beginning on or after*
• IFRS 9 *Financial Instruments* (2009) issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 Financial Instruments (2010) revised in October 2010 includes the requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 *Financial Instruments* (2013) was revised in November 2013 to incorporate a hedge accounting chapter and permit the early application of the requirements for presenting in other comprehensive income the own credit gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of IFRS 9. Finalised version of IFRS 9 (IFRS 9 Financial Instruments (2014)) was issued in July 2014 incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition. IFRS 9 (2009) and IFRS 9 (2010) were superseded by IFRS 9 (2013) and IFRS 9 (2010) also superseded IFRS 9 (2009). IFRS 9 (2014) supersedes all previous versions of the standard. The various standards also permit various transitional options. Accordingly, entities can effectively choose which parts of IFRS 9 they apply, meaning they can choose to apply: (1) the classification and measurement requirements for financial assets: (2) the classification and measurement requirements for both financial assets and financial liabilities: (3) the classification and measurement requirements and the hedge accounting requirements provided that the relevant date of the initial application is before 1 February 2015.	1 January 2018
• IFRS 15 *Revenue from Contracts with Customers* In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition: ▪ Step 1: Identify the contract(s) with a customer. ▪ Step 2: Identify the performance obligations in the contract. ▪ Step 3: Determine the transaction price.	1 January 2017

Notes to the financial statements for the year ended 31 March 2015 (continued)

2. Application of new and revised International Financial Reporting Standards ("IFRSs") (continued)

2.2 New and revised IFRSs in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	*Effective for annual periods beginning on or after*
• IFRS 15 *Revenue from Contracts with Customers* (continued) ▪ Step 4: Allocate the transaction price to the performance obligations in the contract. ▪ Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation. Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.	
• Annual Improvements to IFRSs 2012 - 2014 Cycle that include amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34.	1 January 2016
• Amendments to IAS 16 and IAS 38 to clarify the acceptable methods of depreciation and amortization.	1 January 2016
• Amendments to IFRS 11 to clarify accounting for acquisitions of Interests in Joint Operations.	1 January 2016
• Amendments to IAS 16 and IAS 41 require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16.	1 January 2016
• Amendments to IFRS 10 and IAS 28 clarify that the recognition of the gain or loss on the sale or contribution of assets between an investor and its associate or joint venture depends on whether the assets sold or contributed constitute a business.	1 January 2016
• Amendments to IAS 27 allow an entity to account for investments in subsidiaries, joint ventures and associates either at cost, in accordance with IAS 39/IFRS 9 or using the equity method in an entity's separate financial statements.	1 January 2016
• Amendments to IFRS 10, IFRS 12 and IAS 28 clarifying certain aspects of applying the consolidation exception for investment entities.	1 January 2016
• Amendments to IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports.	1 January 2016
• Annual Improvements to IFRSs 2010 - 2012 Cycle that includes amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 38 and IAS 24.	1 July 2014

Notes to the financial statements for the year ended 31 March 2015 (continued)

2. Application of new and revised International Financial Reporting Standards ("IFRSs") (continued)

2.2 New and revised IFRSs in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	*Effective for annual periods beginning on or after*
• Annual Improvements to IFRSs 2011 - 2013 Cycle that includes amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.	1 July 2014
• Amendments to IAS 19 *Employee Benefits* clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.	1 July 2014

Management anticipates that these new standards, interpretations and amendments will be adopted in the Establishment's financial statements for the period beginning 1 April 2015 or as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 9 and IFRS 15, may have no material impact on the financial statements of the Establishment in the period of initial application.

IFRS 15 and IFRS 9 will be adopted in the Establishment's financial statements for the annual period beginning 1 April 2017 and 1 April 2018, respectively. The application of IFRS 15 and IFRS 9 may have impact on amounts reported and disclosures made in the Establishment's financial statements in respect of revenue from contracts with customers and the Establishment's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of effects of the application of these standards as the management is yet to perform a detailed review.

3. Significant accounting policies

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Basis of preparation

The financial statements have been prepared on the historical cost basis. The principal accounting policies are set out below.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Establishment has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Establishment 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;

3. Significant accounting policies (continued)

Revenue recognition (continued)

Sale of goods (continued)

- it is probable that the economic benefits associated with the transaction will flow to the Establishment; and,
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Commission income is recognised when the service is rendered in accordance with the contractual arrangements, when the goods have been delivered and the amount of the commission can be measured reliably.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Establishment as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Foreign currencies

The financial statements of the Establishment are presented in the currency of the primary economic environment in which the Establishment operates (its functional currency). For the purpose of the financial statements, the results and financial position of the Establishment are expressed in Arab Emirates Dirhams ('AED'), which is the functional currency of the Establishment and the presentation currency of the financial statements.

Transactions in currencies other than the Establishment's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the statement of comprehensive income in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognized directly in equity.

Notes to the financial statements for the year ended 31 March 2015 (continued)

3. Significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight-line method, as follows:

	Years
Buildings	10
Plant and equipment	3 to 10
Motor vehicles	4

The useful lives and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the pattern of economic benefits expected to flow to the Establishment through the use of items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

Assets classified as held for sale

Assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. There must be sufficient evidence that the entity remains committed to its plan to sell the assets.

Immediately prior to being classified as held for sale the carrying amount of assets and liabilities are measured in accordance with IAS 16: *Property, Plant and Equipment.* After classification as held for sale it is measured at the lower of the carrying amount and the fair value less costs to sell. An impairment loss is recognised in profit or loss for any initial and subsequent write-down of the asset and disposal group to fair value less costs to sell. A gain for any subsequent increase in fair value less costs to sell is recognised in profit or loss to the extent that is not in excess of the cumulative impairment loss previously recognised.

Non-current assets or disposal groups that are classified as held for sale are not depreciated.

Impairment of tangible assets

At each reporting date, the Establishment reviews the carrying amounts of its tangible 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. Where it is not possible to estimate the recoverable amount of an individual asset, the Establishment estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Notes to the financial statements
for the year ended 31 March 2015 (continued)

3. Significant accounting policies (continued)

Impairment of tangible assets (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, so long as the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is arrived at using the weighted average cost method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when the Establishment becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortized 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.

Notes to the financial statements
for the year ended 31 March 2015 (continued)

3. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables including trade and other receivables, cash and cash equivalent, other receivables and amounts due from related parties are measured at amortised cost using the effective interest method, less any impairment.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the 's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets

The Establishment derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Establishment neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Establishment recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Establishment retains substantially all the risks and rewards of ownership of a transferred financial asset, the Establishment continues to recognise the financial asset and also recognises a collateralized 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.

On derecognition of a financial asset other than in its entirety (e.g. when the Establishment retains an option to repurchase part of a transferred asset), the Establishment allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Establishment are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Other financial liabilities

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

3. Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Derecognition of financial liabilities

The Establishment derecognises financial liabilities when, and only when, the Establishment'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.

Provisions

Provisions are recognised when the Establishment has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Establishment will be required to settle the obligation, a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risk and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Establishment's accounting policies, which are described in Note 3, management are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that management has made in the process of applying the Establishment's accounting policies and that have a significant effect on the amounts recognised in the financial statements.

Revenue recognition

In making their judgment on revenue recognition, management considered the detailed criteria for the recognition of revenue from the sale of goods set out in IAS 18: *Revenue* and, in particular, whether the Establishment had transferred to the buyer the significant risks and rewards of ownership of the goods. Management are satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year is appropriate.

4. Critical accounting judgment and key sources of estimation uncertainty (continued)

Critical judgments in applying accounting policies (continued)

Assets classified as held for sale

In the process of classifying assets as held for sale, management has made various judgments. Judgment is needed to determine whether the asset qualifies as an asset held for sale based on management's assessment of the probability of the sale and if there is sufficient evidence that the entity remains committed to its plan to sell the assets. In making its judgment, management considered the detailed criteria and related guidance for the classification of assets classified as held for sale as set out in IFRS 5 and in particular, the progress and status of the discussions surrounding the disposal of the assets.

Key sources of estimation uncertainty

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

Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated over the estimated useful life of the assets. The estimated useful life is based on expected usage of the asset and expected physical wear and tear, which depends on operational factors. Management have not considered any residual value as it is deemed immaterial.

Allowance for reduction of net realisable value

Inventories are stated at the lower of cost or market value. Adjustments to reduce the cost of inventory to its realisable value, if required, are made at an individual line item level for estimated excess or obsolescence. Factors influencing these adjustments include changes in demand, product life cycle, product pricing, physical deterioration and quality issues.

Allowance for doubtful debts

At each reporting date, management conducts a detailed review of receivable balances. An allowance for doubtful debts is established based on this review, taking into account management's experience and the prevailing economic conditions, including the overall quality and aging of receivables, credit evaluation of the customer's financial condition. In addition, specific allowances for individual accounts are recorded when the Establishment becomes aware of the customer's inability to meet its financial obligations.

Notes to the financial statements
for the year ended 31 March 2015 (continued)

4. Critical accounting judgment and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

Warranty claims

The Establishment offers warranties for its products to their key customers in line with its client relationship management policy. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. Factors that could impact the estimated claim information include the success of the Establishment's productivity and quality initiatives, as well as material and labour costs.

Renewal of lease for land on which buildings are constructed

Management determines the estimated useful lives and related depreciation charges for its buildings. This estimate is based on an assumption that the Establishment will renew its annual lease of land on which the building is constructed over the estimated useful life. The depreciation charge would change should the annual lease not be renewed. Management will increase the depreciation charge prospectively where useful lives are less than previously estimated lives.

5. Property, plant and equipment

	Buildings AED	Plant and equipment AED	Motor vehicles AED	Total AED
Cost				
Balance at 1 April 2013	7,466,235	6,697,914	149,299	14,313,448
Additions	-	75,775	-	75,775
Balance at 31 March 2014	7,466,235	6,773,689	149,299	14,389,223
Additions	-	19,034	-	19,034
Balance at 31 March 2015	**7,466,235**	**6,792,723**	**149,299**	**14,408,257**
Accumulated depreciation				
Balance at 1 April 2013	5,460,161	5,870,929	83,501	11,414,591
Charge for the year	892,608	243,165	30,448	1,166,221
Balance at 31 March 2014	6,352,769	6,114,094	113,949	12,580,812
Charge for the year	364,620	271,581	23,580	659,781
Balance at 31 March 2015	**6,717,389**	**6,385,675**	**137,529**	**13,240,593**
Carrying amount				
As at 31 March 2015	**748,846**	**407,048**	**11,770**	**1,167,664**
As at 31 March 2014	1,113,466	659,595	35,350	1,808,411

The plot of land, on which the buildings are constructed, is leased from the Jebel Ali Free Zone Authority. The land is leased for a period of 10 years (from 28 September 2013 until 27 September 2023) with an option to renew.

Notes to the financial statements
for the year ended 31 March 2015 (continued)

6. Inventories

	2015 AED	2014 AED
Raw materials	**4,520,766**	3,966,311
Finished goods	**367,935**	1,409,245
	4,888,701	5,375,556
Allowance for reduction of net realizable value	**(1,080,387)**	(1,448,895)
	3,808,314	3,926,661
Goods in transit	**1,986,544**	1,926,116
	5,794,858	5,852,777

Movement in the allowance for reduction of net realizable value:

	2015 AED	2014 AED
Balance at the beginning of the year	**1,448,895**	1,562,392
Net reversal of allowance recognised in the statement of comprehensive income (a)	**(368,508)**	(113,497)
Balance at the end of the year	**1,080,387**	1,448,895

(a) Included within cost of sales upon sale of inventory.

7. Related party transactions

The Establishment enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard 24: *Related Party Disclosures*. Related parties comprise companies and entities under common ownership and/or common management and control and key management personnel. The management decides on the terms and conditions of the transactions with related parties.

At the reporting date, due from/to related parties were as follows:

	2015 AED	2014 AED
Due from related parties		
Companies under common control	**6,371,723**	5,456,948
Short-term loan to a related party		
Parent Company	**85,477,053**	87,959,253
Due to related parties		
Companies under common control	**38,760,367**	38,207,262

The short-term loan to a related party was granted interest-free (2014: 3.8% per annum) and is to be repaid on 22 July 2015 or rolled over to a later date as agreed with the Parent Company. The Establishment does not hold any collateral over this balance.

Notes to the financial statements
for the year ended 31 March 2015 (continued)

7. Related party transactions (continued)

The nature of significant related party transactions and the amounts involved were as follows:

	2015 AED	2014 AED
Companies under common control		
Sales	**56,293**	643,808
Purchases	**22,840,621**	16,365,392
Commission earned (Note 16)	**4,017,374**	2,362,512
Interest income on short-term loan (Note 16)	**-**	2,339,302
Rental income (Note 16)	**813,974**	810,710
Branding expenses (Note 17)	**188,538**	-

Joint credit facilities have been entered into in the name of the Establishment and Almana Steel Dubai (Jersey) Limited, a related party.

The aggregate principal amount of the facilities outstanding at any one time or, where appropriate the Dirham equivalent thereof shall not exceed AED 74,560,000 and each facility will be subject to the relevant facility sub-limit set out below.

a) A combined limit interchangeable between bank overdraft, clean bills purchased, guarantee line, import line-1 and import line-2 available for the Establishment and the related party as stated below, not to exceed AED 74,560,000 at any given time. The combined facility was arranged on 26 September 2010 and updated on December 28, 2011.

   The details of the combined limit available to the Establishment and the related party are as follows:

   - Guarantee line (Fixed expiry) with a sublimit of AED 6,500,000 for the purpose of issuing advance payment guarantees, performance bond guarantees, financial guarantees, tender bond guarantees and retention bond guarantees.
   - Guarantee line (open ended) with a sublimit of AED 4,200,000 for the purpose of issuing advance payment guarantees, performance bond guarantees, financial guarantees, tender bond guarantees and retention bond guarantees. Will be issued to Government related entities only.
   - Overdraft facility with a sublimit of AED 2,000,000 for the purpose of meeting the working capital requirement.
   - Import line-2 with a sublimit of AED 74,450,000 for the purpose of issuing documentary credit, bills receivable and deferred payment credit with a maximum usance period of 180 days.
   - Import line-2 with a sublimit of AED 36,725,000 for the purpose of issuing clean import loan (CIL) with a maximum usance period of 90 days.

b) Credit card facilities with a sub-limit of AED 200,000.

c) Foreign exchange line with an approximate gross value of AED 15,384,000 subject to fluctuation at the banks discretion and forward deals up to 6 months with a sub-limit of AED 360,000.

   The above mentioned facilities are interchangeable between the Establishment and Almana Steel Dubai (Jersey) Limited, such that the total combined outstandings will not exceed AED 74,560,000 at any given time.

   The facilities are secured by a letter of comfort from the Parent Company covering the credit facilities for AED 74 million.

Notes to the financial statements
for the year ended 31 March 2015 (continued)

7. Related party transactions (continued)

Compensation of key management personnel

The remuneration of members of key management during the year was as follows:

	2015 AED	2014 AED
Salaries and short-term benefits	**1,297,836**	1,264,750
End of service benefits	**99,463**	42,349
	1,397,299	1,307,099

8. Trade and other receivables

	2015 AED	2014 AED
Trade receivables	**10,732,919**	7,476,294
Less: Allowance for doubtful debts	**(826,294)**	(876,944)
	9,906,625	6,599,350
Prepayments	**418,533**	476,147
Other receivables	**622,272**	565,283
	10,947,430	7,640,780

The average credit period on sales of goods is 90 days (2014: 90 days). No interest is charged on the past due trade receivables. The recoverability of trade receivables is reviewed on a case by case basis and those considered doubtful of recovery are provided for.

Before accepting any new customer, the Establishment uses an external credit scoring system wherever obtainable, to assess the potential customer's credit quality and defines credit limits by customer. As at 31 March 2015, the top seven customers account for 65 % of the total receivable amount (2014: top five customers accounted for 56% of the total receivable amount).

Included in the Establishment's trade receivable balance are debtors with a carrying amount of AED 2,741,954 (2014: AED 1,988,345) which are past due at the reporting date for which the Establishment has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Establishment does not hold any collateral over these balances.

Ageing of past due but not impaired

	2015 AED	2014 AED
Overdue by:		
1 - 30 days	**873,572**	508,245
31 - 60 days	**1,341,307**	284,720
61 - 90 days	**268,274**	127,116
Over 91 days	**258,801**	1,068,264
Total	**2,741,954**	1,988,345

8. Trade and other receivables (continued)

Movement in the allowance for doubtful debts:

	2015 AED	2014 AED
Balance at the beginning of the year	**876,944**	2,063,597
Amounts written off during the year	**-**	(114,478)
Net reversal of allowance recognised in the statement of comprehensive income (Note 18)	**(50,650)**	(1,072,175)
Balance at the end of the year	**826,294**	876,944

In determining the recoverability of a trade receivable, the Establishment considers changes in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Management believes that there is no further allowance required in excess of the allowance for doubtful debts.

Ageing of impaired trade receivables:

	2015 AED	2014 AED
Less than 30 days	**97,064**	36,869
Between 31 to 60 days	**149,034**	22,387
Between 61 to 90 days	**29,792**	12,883
Over 91 days	**550,404**	804,805
	826,294	876,944

9. Other financial assets

	2015 AED	2014 AED
Margin deposits	**1,671,499**	3,271,499

Margin deposits are held by banks against letters of guarantee.

10. Cash and cash equivalents

	2015 AED	2014 AED
Cash on hand	**44,779**	17,669
Bank balances	**12,729,414**	5,574,763
	12,774,193	5,592,432

Notes to the financial statements for the year ended 31 March 2015 (continued)

11. Assets classified as held for sale

	2015 AED	2014 AED
Balance at 31 March	**1,654,197**	2,029,152
Impairment during the year (Note 18)	**-**	(374,955)
Disposal of assets	**(1,654,197)**	-
	-	1,654,197

In the prior years, upon the announcement of the restructuring exercise by the Parent Company (Note 24), management of the Establishment reached a decision to dispose of its 'cut-to-length' production line. On 19 January 2015, the Establishment entered into a sale and purchase agreement with a third party to dispose of the assets to the third party at an agreed upon purchase price of USD 500,000 (AED 1,838,000). Accordingly a gain amounting to AED 183,803 was recorded during the year as a result of the disposal of the assets (Note 16).

12. Share capital

	2015 AED	2014 AED
Authorised and paid up:		
45 shares of AED 1 million each	**45,000,000**	45,000,000

13. Capital reserve

	2015 AED	2014 AED
Capital reserve	**870,000**	870,000

The capital reserve relates to the share premium of AED 300,000 that was paid in 2004 in excess of the nominal value of the share. During the year ended 31 March 2012, the shareholder waived an amount payable of AED 570,000 and resolved that this amount should be added to the capital reserve.

14. Provision for employees' end-of-service indemnity

	2015 AED	2014 AED
Balance at the beginning of the year	**1,195,454**	1,033,080
Amounts paid during the year	**(38,371)**	(121,242)
Net increase in provision recognised during the year	**275,568**	283,616
Balance at the end of the year	**1,432,651**	1,195,454

Provision for employees' end-of-service indemnity is made in accordance with the U.A.E. labour laws, and is based on current remuneration and cumulative years of service at the reporting date.

Notes to the financial statements
for the year ended 31 March 2015 (continued)

15. Trade and other payables

	2015 AED	2014 AED
Trade payables	**1,601,352**	751,886
Accruals	**2,042,029**	1,488,691
Other payables	**950,885**	1,784,048
Customer claims provision	**792,541**	919,384
	5,386,807	4,944,009

Trade payables principally comprise amounts outstanding for trade purchases and operational expenses.

	2015 AED	2014 AED
Movement in provision for customer claims		
Balance at the beginning of the year	**919,384**	2,036,864
Amounts utilized during the year	**(161,191)**	(369,864)
Provision for/(reversal of) customer claims, net (Note 18)	**34,348**	(747,616)
Balance at the end of the year	**792,541**	919,384

16. Other income – net

	2015 AED	2014 AED
Commission income (Note 7)	**4,017,374**	2,362,512
Rental income (Note 7)	**813,974**	810,710
Profit on sale of assets classified as held for sale (Note 11)	**183,803**	-
Income from sale of scrap	**14,445**	922
Foreign exchange (loss)/gain	**(659,166)**	604,403
Interest income (Note 7)	**-**	2,339,302
Miscellaneous income	**97,908**	-
	4,468,338	6,117,849

17. Selling and distribution expenses

	2015 AED	2014 AED
Crane and truck hire expenses	**274,259**	306,887
Branding expenses (Note 11)	**188,538**	-
Customs duty and clearing charges	**79,610**	139,291
Transportation expenses	**26,821**	12,209
Rebates and discounts	**-**	13,056
Other expenses	**61,010**	45,442
	630,238	516,885

18. General and administrative expenses

	2015 AED	2014 AED
Employees' salaries and benefits	**7,660,208**	8,084,849
Rent	**745,781**	675,449
Depreciation on property, plant and equipment	**659,781**	1,166,221
Communication expenses	**460,907**	491,360
Repairs and maintenance	**345,289**	507,867
Vehicle expenses	**161,617**	166,770
Provision for/(reversal of) customer claims (Note 15)	**34,348**	(747,616)
Travelling expenses	**124,255**	156,475
Computer expenses	**76,876**	10,792
Redundancy costs	**58,607**	63,715
Credit insurance expense	**13,417**	74,662
Net reversal of allowance for doubtful debts (Note 8)	**(50,650)**	(1,072,175)
Impairment of assets classified as held for sale (Note 11)	**-**	374,955
Other expenses	**1,349,565**	752,415
	11,640,001	10,705,739

19. Financial instruments

(a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the financial statements.

(b) Categories of financial instruments

	2015 AED	2014 AED
Financial assets		
Loans and receivables (including cash and cash equivalents)	**116,823,365**	109,444,765
Finanical liabilities		
At amortized cost	**44,147,174**	43,151,271

(c) Fair values

The fair values of the financial assets and financial liabilities at reporting date approximate their carrying amounts in the statement of financial position.

20. Financial risk management

a) Financial risk management objectives

The Establishment's overall financial risk management program seeks to minimize potential adverse effects on the financial performance of the Establishment. The management provides guidelines for overall financial risk management and guidelines covering specific areas, such as market risk (including foreign exchange risk and interest rate risk), credit risk, liquidity risk, use of derivative financial instruments and investing excess cash. Periodic reviews are undertaken to ensure that the Establishment's policy guidelines are complied with.

There has been no change to the Establishment's exposure to these financial risks or the manner in which it manages and measures the risk.

(b) Foreign currency risk management

The Establishment undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters.

The carrying amount of the Establishment's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Assets		**Liabilities**	
	31 March 2015 AED	31 March 2014 AED	**31 March 2015 AED**	31 March 2014 AED
GBP	**-**	-	**3,084,672**	2,198,336
EUR	**2,648,650**	537,530	**1,868,189**	945,473

Foreign currency sensitivity analysis

The following table details the Establishment's sensitivity to a 10% increase and decrease in the Arab Emirates Dirham against the relevant foreign currencies. 10% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where the Arab Emirates Dirham strengthens 10% against the relevant currency. For a 10% weakening of the Arab Emirates Dirhams against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

Foreign currency sensitivity analysis

	Profit or (loss)	
	2015 AED	2014 AED
GBP	**139,643**	219,834
EUR	**(121,928)**	40,794

The other assets and liabilities in foreign currencies as disclosed in this note are denominated either in US Dollars or GCC countries denominated currencies which are all pegged to the US Dollar. As a result, no foreign currency risk arises on translation of these amounts to Arab Emirates Dirham, which is also pegged to the US Dollar.

Notes to the financial statements
for the year ended 31 March 2015 (continued)

20. Financial risk management (continued)

(c) Interest rate risk management

The Establishment is not exposed to any interest rate risk.

(d) Credit risk management

Financial assets which potentially expose the Establishment to concentrations of credit risk comprise principally bank accounts and trade and other receivables. Credit risk with reference to trade and other receivables refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Establishment. The Establishment has adopted a policy of only dealing with creditworthy counterparties. The Establishment's exposure to its counterparties is monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The credit risk on liquid funds is limited because the counterparties are reputable banks which are registered in the U.A.E.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. Where possible, the Establishment requests letters of credit and enters into credit insurance to limit its credit exposure.

Further details of credit risks on trade receivables are discussed in Note 8.

(e) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the management which has built a liquidity risk management framework for the management of the Establishment's short, medium and long-term funding. The Establishment manages liquidity risk by maintaining reserves, banking facilities and reserve borrowing facilities, by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities. The Establishment has access to loans from related parties at its disposal to further reduce liquidity risk.

The following tables detail the Establishment's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Establishment can be required to pay. The table includes principal cash flows only:

	Less than 1 year AED'000	**Total AED'000**
2015		
Non- interest bearing instruments	**44,147**	**44,147**
2014		
Non- interest bearing instruments	43,151	43,151

Notes to the financial statements
for the year ended 31 March 2015 (continued)

20. Financial risk management (continued)

(e) Liquidity risk management (continued)

The following tables detail the Establishment's expected maturity for its non-derivative financial assets. The tables have been drawn up based on the undiscounted cash flows of financial assets based on the earliest date on which the Establishment expects the cash flow.

	Less than 1 year AED'000	**Total AED'000**
2015		
Non- interest bearing instruments	**116,823**	**116,823**
2014		
Non- interest bearing instruments	109,445	109,445

21. Capital risk management

The Establishment manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholder through the optimisation of the debt and equity balance. The Establishment's overall strategy remains unchanged from the previous reporting period.

The capital structure of the Establishment consists of cash and cash equivalents and equity comprising share capital, reserves and retained earnings as disclosed in Note 10 and the statement of changes in equity.

22. Operating lease arrangements

The Establishment as lessee

Leasing arrangements

Operating leases relate to offices spaces. At the reporting date, the Establishment has contracted as tenants for the following future minimum operating lease payments:

	2015 AED	2014 AED
Within one year	**615,400**	654,260
In the second to fifth years inclusive	**2,160,000**	2,160,000
	2,775,400	2,814,260

All other operating leases have a lease term of 1 year, with an option to extend. All operating lease contracts contain market review clauses in the event that the Establishment exercises its option to renew. The Establishment does not have an option to purchase the leased assets at the expiry of their lease periods.

Payments recognised as an expense:

	2015 AED	2014 AED
Lease payments	**745,781**	675,449

Notes to the financial statements
for the year ended 31 March 2015 (continued)

23. Commitments and contingent liabilities

	2015 AED	2014 AED
Contingent liabilities		
Documentary credits, tender, retention and performance letters of Guarantee	**4,625,398**	6,175,721

24. Restructuring

In November 2014, the Parent Company announced its plans for the Establishment to carry on its operations under the new Organisation for Construction in the Gulf Cooperation Council (GCC) region effective from 1 April 2015. As a result of the formal announcement made by the Parent Company, the restructuring exercise as previously announced on 4 April 2012 has been concluded as of the reporting date of these financial statements, and no restructuring provisions are required as at 31 March 2015.

25. Subsequent events

Management are currently in the process of finalizing the revision to the joint credit facilities (Note 7) based on the Company's working capital requirements. As at the reporting date, the revision to the joint credit facility is pending the submission of the revised letter of comfort from the Parent Company to the Bank. Accordingly, upon receipt, the joint credit facility extended to the Company will be revised as follows:

The mentioned facilities will be interchangeable between the Company and Al Mana Steel Dubai (Jersey) Limited such that the total combined outstanding will not exceed AED 16,700,000 at any given time.

a) A combined limit interchangeable between bank overdrafts, clean bills purchased, guarantee line, import line-1 and import line-2 available for the Company and Al Mana Steel Dubai (Jersey) Limited as stated below, not to exceed AED 16,700,000 at any given time.

   The details of the combined limit expected to available to the Company and Al Mana Steel Dubai (Jersey) Limited once the facility is facilities are as follows:

   - Guarantee line (Fixed expiry) with a sublimit of AED 5,000,000 for the purpose of issuing advance payment guarantees, performance bond guarantees, financial guarantees, tender bond guarantees and retention bond guarantees.
   - Guarantee line (open ended) with a sublimit of AED 5,000,000 for the purpose of issuing advance payment guarantees, performance bond guarantees, financial guarantees, tender bond guarantees and retention bond guarantees. Will be issued to Government related entities only.
   - Overdraft facility with a sublimit of AED 1,835,000 for the purpose of meeting the working capital requirement.
   - Import line-2 with a sublimit of AED 11,000,000 for the purpose of issuing documentary credit, bills receivable and deferred payment credit with a maximum usance period of 180 days.
   - Import ash line facility with a sublimit of AED 11,000,000 for the purpose of importing steel products from overseas suppliers
   - Import line-2 with a sublimit of AED 11,000,000 for the purpose of issuing clean import loan (CIL) with a maximum usance period of 90 days.

b) Credit card facilities with a sub-limit of AED 200,000.

c) Foreign exchange line with an approximate gross value of AED 3,846,000 subject to fluctuation at the banks discretion and forward deals up to 6 months with a sub-limit of AED 500,000.

26. Approval of the financial statements

The financial statements on pages 3 to 29 were approved by the management on 31 May 2015 and were authorised for issue.