

Al Mana Steel Dubai (Jersey) Limited

**Report and financial statements
for the year ended 31 March 2015**

Al Mana Steel Dubai (Jersey) Limited

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INDEPENDENT AUDITOR'S REPORT

The Shareholder
Al Mana Steel Dubai (Jersey) Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Al Mana Steel Dubai (Jersey) Limited** (the "Company") 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Al Mana Steel Dubai (Jersey) Limited** 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.

Deloitte & Touche

31 May 2015



**Statement of financial position
as at 31 March 2015**

	Note	2015 AED	2014 AED
ASSETS			
Current assets			
Due from a related party	6	33,714,378	33,900,330
Trade and other receivables	7	9,075	72,213
Cash and cash equivalents	8	35,224	45,474
Total Assets		<u><u>33,758,677</u></u>	<u><u>34,018,017</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	9	59,000	59,000
Share premium	9	2,441,000	2,441,000
Retained earnings		31,043,179	31,331,956
Total Equity		<u><u>33,543,179</u></u>	<u><u>33,831,956</u></u>
Current liabilities			
Other payables	10	215,498	186,061
Total Liabilities		<u><u>215,498</u></u>	<u><u>186,061</u></u>
Total Equity and Liabilities		<u><u>33,758,677</u></u>	<u><u>34,018,017</u></u>



Anidula Banerjee

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
Other income	11	2,982	-
General and administrative expenses	12	(291,759)	(363,561)
Loss for the year		(288,777)	(363,561)
Other comprehensive income		-	-
Total comprehensive loss for the year		(288,777)	(363,561)

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	Share premium AED	Retained earnings AED	Total AED
Balance at 1 April 2013	59,000	2,441,000	31,695,517	34,195,517
Total comprehensive loss for the year	-	-	(363,561)	(363,561)
Balance at 31 March 2014	<u>59,000</u>	<u>2,441,000</u>	<u>31,331,956</u>	<u>33,831,956</u>
Total comprehensive loss for the year	-	-	(288,777)	(288,777)
Balance at 31 March 2015	<u>59,000</u>	<u>2,441,000</u>	<u>31,043,179</u>	<u>33,543,179</u>

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		
Loss for the year	(288,777)	(363,561)
Adjustments for:		
Reversal of allowance for doubtful debts	(20,874)	(35,869)
	<hr/>	<hr/>
Operating cash flows before changes in operating assets and liabilities	(309,651)	(399,430)
Decrease in due from related parties	185,952	331,949
Decrease in trade and other receivables	84,012	37,219
Increase in other payables	29,437	10,181
	<hr/>	<hr/>
Net cash used in operating activities	(10,250)	(20,081)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(10,250)	(20,081)
Cash and cash equivalents at the beginning of the year	45,474	65,555
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year (Note 8)	35,224	45,474
	<hr/> <hr/>	<hr/> <hr/>

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

**Notes to the financial statements
for the year ended 31 March 2015****1. General information**

Al Mana Steel Dubai (Jersey) Limited (the “Company”), is a limited liability company registered in Jersey Channel Islands with a registered office at Bedell & Cristin, Normandy House, Grenville Street, St. Helier, Jersey, Channel Islands. The Company’s activities are wholly conducted through its corporate office which is registered as a branch in Jebel Ali Free Zone, Dubai, United Arab Emirates. The Branch was incorporated on 15 December 1989 and acquired assets and liabilities at book value of Almana Steel Limited, a limited liability company, which was registered in Qatar. The Branch commenced operations on 1 January 1992. The address of the Branch’s corporate office is, P.O. Box 17092, Jebel Ali Free Zone, Dubai, United Arab Emirates.

The Company is a wholly owned subsidiary of Tata Steel UK Limited (the “Parent Company”). Tata Steel Limited, India is the Ultimate Parent Company.

The principal activity of the Company is trading of steel products (beams, columns, plates, etc) used in the construction industry. There have been no trading activities since 2013.

2. Going concern

On 4 April 2012, the Parent Company announced an impending restructuring exercise which could result in a significant change to the size and composition of the operations of the Company. Although a detailed formal plan on the impending restructuring exercise is yet to be communicated by the Parent Company, the Company ceased all activities since 2013 and is currently being managed by a related party as it no longer has any employees under its sponsorship. There is uncertainty around the closure of the Company as the Parent Company has not formally communicated their plans to local management. In view of this, the financial statements have been prepared on a going concern basis pending a final decision by the Parent Company.

3. Application of new and revised International Financial Reporting Standards (“IFRSs”)**3.1 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 January 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.

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

3. Application of new and revised International Financial Reporting Standards (“IFRSs”) (continued)

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

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

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
<ul style="list-style-type: none"> • Amendments to IFRS 7 <i>Financial Instruments: Disclosures</i> relating to disclosures about the initial application of IFRS 9. 	When IFRS 9 is first applied
<ul style="list-style-type: none"> • IFRS 7 <i>Financial Instruments</i>: 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
<ul style="list-style-type: none"> • IFRS 9 <i>Financial Instruments</i> (2009) issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 <i>Financial Instruments</i> (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 <i>Financial Instruments: Recognition and Measurement</i>. <p>IFRS 9 <i>Financial Instruments</i> (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.</p> <p>Finalised version of IFRS 9 [IFRS 9 <i>Financial Instruments</i> (2014)] was issued in July 2014 incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition.</p> <p>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.</p>	1 January 2018
<ul style="list-style-type: none"> • IFRS 15 <i>Revenue from Contracts with Customers</i> <p>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 <i>Revenue</i>, IAS 11 <i>Construction Contracts</i> and the related interpretations when it becomes effective.</p>	1 January 2017

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

**3. Application of new and revised International Financial Reporting Standards (“IFRSs”)
(continued)**

3.2 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)**

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.
- 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

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

**3. Application of new and revised International Financial Reporting Standards (“IFRSs”)
(continued)**

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

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
• 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
• 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 Company’s separate financial statements for the year 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 separate financial statements of the Company in the year of initial application.

Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Company’s separate financial statements for the annual year beginning 1 January 2017 and 1 January 2018, respectively. The application of IFRS 9 and IFRS 15 may have significant impact on amounts reported and disclosures made in the Company’s separate financial statements in respect of revenue from contracts with customers and the Company’s financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of effects of the application of these standards until the Company performs a detailed review.

4. 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 presented on a going concern basis. The principal accounting policies are set out below.

**Notes to the financial statements
for the year ended 31 March 2015 (continued)****4. Significant accounting policies (continued)****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 Company 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 Company are presented in the currency of the primary economic environment in which the Company operates (its functional currency). For the purpose of the financial statements, the results and financial position of the Company are expressed in Arab Emirates Dirhams (“AED”), which is the functional currency of the Company and the presentation currency of the financial statements.

Transactions in currencies other than the Company’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 recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Financial instruments

Financial assets and financial liabilities are recognised when the Company 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.

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

4. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

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.

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 equivalents and amounts due from related parties are measured at amortised cost using the effective interest method, less any impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank current accounts that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

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 Company'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 amortised 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.

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

4. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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.

Derecognition of financial assets

The Company derecognizes 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 Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes 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 recognize 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 Company retains an option to repurchase part of a transferred asset), the Company 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.

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

4. Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company 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 Company 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 include trade and other payables that 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 recognized on an effective yield basis.

Derecognition of financial liabilities

The Company derecognizes 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.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Company 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 recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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

5. Critical accounting judgment and key sources of estimation uncertainty

Critical judgment in applying the Company's accounting policies

In the process of applying the Company's accounting policies, which are described in Note 4, the management did not have to make judgments that may have a significant effect on the amounts recognised in the financial statements as the Company has ceased operations as described in Note 2.

Key sources of estimation uncertainty

The following is the key assumption concerning the future and other key source of estimation uncertainty at the reporting date that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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 the aging of receivables, credit evaluation of the customer's financial condition and collateral requirements from customers in certain circumstances. In addition, specific allowances for individual accounts are recorded when the Company becomes aware of the customer's inability to meet its financial obligations.

6. Related party transactions

The Company 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. Management decides on the terms and conditions of the transactions with related parties.

At the reporting date, due from a related party was as follows:

	2015	2014
	AED	AED
<i>Due from a related party</i>		
Company under common control	33,714,378	33,900,330

The balances are current, unsecured, interest free with no fixed repayment period.

There were no significant related party transactions noted during the year.

Joint credit facilities have been entered into in the name of the Company and Tata Steel Middle East FZE, a related party.

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

6. Related party transactions (continued)

The aggregate principal amount of the facilities outstanding at any one time or, where appropriate the Dirham equivalent thereof shall not exceed AED 38,560,000 and each facility will be subject to the relevant facility sub-limit set out below.

- 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 Tata Steel Middle East FZE 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 28 December 2011.

The details of the combined limit available to the Company and Tata Steel Middle East FZE 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 73,450,000 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 Company and Tata Steel Middle East FZE such that the total combined outstanding 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.

Compensation of key management personnel

The key management personnel are employed by a related party and their compensation is not recharged to the Company.

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

7. Trade and other receivables

	2015	2014
	AED	AED
Trade receivables	108,302	129,326
Less: Allowance for doubtful debts	(104,278)	(125,152)
	4,024	4,174
Prepayments	3,165	47,856
Other receivables	1,886	20,183
	9,075	72,213

The average credit period extended on sale of goods when the Company was operational i.e. during financial year ended 31 March 2012 was 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.

The company ceased operations in 2013 as described in Note 2.

Included in the Company's trade receivable balance are debtors with a carrying amount of AED 4,024 (2014: AED 4,174) which are past due at the reporting date for which the Company has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Company does not hold any collateral over these balances.

Ageing of past due but not impaired:

	2015	2014
	AED	AED
<i>Overdue by:</i>		
Over 91 days	4,024	4,174

Movement in the allowance for doubtful debts:

	2015	2014
	AED	AED
Balance at the beginning of the year	125,152	161,021
Reversal of allowance recognized in profit or loss (Note 12)	(20,874)	(35,869)
Balance at the end of the year	104,278	125,152

In determining the recoverability of a trade receivable, the Company 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.

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

7. Trade and other receivables (continued)

Included in the allowance for doubtful debts at the reporting date are individually impaired trade receivables with a balance of AED 104,278 (2014: AED 125,152). The Company does not hold any collateral over these balances.

Ageing of impaired trade receivables:

	2015	2014
	AED	AED
Above 91 days	104,278	125,152

8. Cash and cash equivalents

	2015	2014
	AED	AED
Cash on hand	-	10,228
Bank balances - current accounts	35,224	35,246
	35,224	45,474

9. Share capital

	2015	2014
	AED	AED
<i>Issued and fully paid:</i>		
54 "A" shares of AED 590 each	31,860	31,860
46 "B" shares of AED 590 each	27,140	27,140
	59,000	59,000

The shares of the Company were issued at a premium of AED 24,410 per share resulting in a total premium on issue of AED 2.441 million.

10. Other payables

	2015	2014
	AED	AED
Accruals	134,609	102,630
Other payables	80,889	83,431
	215,498	186,061

11. Other income

	2015	2014
	AED	AED
Miscellaneous income	2,982	-

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

12. General and administrative expenses

	2015 AED	2014 AED
Legal and professional charges	170,920	114,907
Sponsorship and service charges	83,333	200,000
Rent (Note 16)	48,484	48,484
Communication expenses	1,900	11,631
Vehicle expenses	873	1,336
Foreign exchange (gain)/loss	(150)	3,302
Reversal of allowance for doubtful debts (Note 7)	(20,874)	(35,869)
Other expenses	7,273	19,770
	<u>291,759</u>	<u>363,561</u>

13. 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 4 to the financial statements.

(b) Categories of financial instruments

	2015 AED	2014 AED
Financial assets		
Loans and receivables (including cash and cash equivalents)	<u>33,755,512</u>	<u>33,970,161</u>
Financial liabilities		
At amortised cost	<u>215,498</u>	<u>186,061</u>

(c) Fair values

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

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

14. Financial risk management

(a) Financial risk management objectives

The Company's overall financial risk management program seeks to minimize potential adverse effects to the financial performance of the Company. The management provides written principles for overall financial risk management and written policies covering specific areas, such as market risk (including foreign exchange risk, interest rate risk), credit risk, liquidity risk and investing excess cash.

The Company does not hold or issue derivative financial instruments for speculative purposes.

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

(b) Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

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

	2015	2014
	AED	AED
Assets		
Saudi Riyal	44,936	43,766
Qatari Riyal	59,835	81,328
Liabilities		
Qatari Riyal	75,671	79,171
British Pound	4,447	-

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	
	2014	2013
	AED	AED
British Pound	445	-

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)**

14. Financial risk management (continued)

(c) Interest rate risk management

The Company is not exposed to any interest rate risk.

(d) Credit risk management

Financial assets which potentially expose the Company 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 Company. The Company has adopted a policy of only dealing with creditworthy counterparties. The Company'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 banks which are registered in the U.A.E.

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

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are related entities.

Further details of credit risks on trade and other receivables are discussed in Note 7 to the financial statements.

(e) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Parent Company's management which has built a liquidity risk management framework for the management of the Company's short, medium and long-term funding. The Company 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 liabilities. The Company has access to loans from related parties at its disposal to further reduce liquidity risk.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table comprises principal cash flows:

	Less than 1 year AED	Total AED
2015		
Non-interest bearing instrument	215,498	215,498
2014		
Non-interest bearing instruments	186,061	186,061

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

14. Financial risk management (continued)

(e) Liquidity risk management (continued)

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted cash flows of financial assets based on the earliest date on which the Company expects the cash flow:

	Less than 1 year AED	Total AED
2015		
Non-interest bearing instrument	<u>33,755,512</u>	<u>33,755,512</u>
2014		
Non-interest bearing instruments	<u>33,970,161</u>	<u>33,970,161</u>

15. Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern. The Company's overall strategy remains unchanged from 2014.

16. Operating lease arrangements

The Company as lessee

Leasing arrangements

Operating leases relate to office spaces. At the reporting date, the Company has contracted as tenant for the following future minimum operating lease payments:

	2015 AED	2014 AED
Within one year	<u>48,484</u>	<u>46,257</u>

All 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 Company exercises its option to renew. The Company 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
Minimum lease payments (Note 12)	<u>48,484</u>	<u>48,484</u>

**Notes to the financial statements
for the year ended 31 March 2015 (continued)****17. Subsequent events**

Management are currently in the process of finalizing the revision to the joint credit facilities (Note 5) 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 Tata Steel Middle East FZE 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 Tata Steel Middle East FZE as stated below, not to exceed AED 16,700,000 at any given time.

The details of the combined limit expected to be available to the Company and Tata Steel Middle East FZE once the 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 120 days.
 - Import cash 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.

18. Approval of financial statements

The financial statements were approved by the management and authorized for issue on 31 May 2015.