FUJAIRAH GOLD L.L.C. FZC

Independent auditor's report and financial statements for the year ended 31 March 2015

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INDEPENDENT AUDITOR'S REPORT

The Shareholders
Fujairah Gold L.L.C. FZC
Fujairah
United Arab Emirates

Report on the Financial Statements

We have audited the accompanying financial statements of **Fujairah Gold L.L.C. FZC, (the "Company"), Fujairah,** which comprise the statement of financial position as of 31 March 2015, and 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 qualified audit opinion.

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INDEPENDENT AUDITOR'S REPORT (continued)

Basis for Qualified Opinion

We were not provided with the audited financial statements for the year ended 31 March 2014, prepared in accordance with International Financial Reporting Standards (IFRSs). Since no audit procedures were carried out on the financial statements for the year ended 31 March 2014, we were unable to determine whether adjustments might have been necessary in respect of the account balances reported in the statement of financial position of Fujairah Gold L.L.C. FZC as at 31 March 2014, and its profit reported in the statement of comprehensive income and the cash flows reported in the statement of cash flows for the year then ended.

Qualified Opinion

In our opinion, except for the effects of the matters described in the basis for qualified opinion paragraph above, the financial statements present fairly, in all material respects, the financial position of **Fujairah Gold L.L.C. FZC, Fujairah** as of 31 March 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without further qualifying our opinion, we draw attention to note 8 (c) to the financial statements which describes the criminal complaint filed against a supplier in Republic of Chile. The Company's lawyer in the Republic of Chile believes to have a strong case against the supplier and is hopefull to recover the full amount. Further, the Company's legal counsel is of the view that there are good chances of the prosecutor giving favorable recommendation and framing appropriate charges against supplier at the end of the investigation.

Report on Other Legal and Regulatory Requirements

Also, in our opinion, the Company has maintained proper books of accounts and the physical inventory was properly conducted. Except for the matters described in the basis for qualified opinion paragraph above, 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 Fujairah Free Zone Authority's regulations or the Company's Articles of Association which might have materially affected the financial position of the Company or its financial performance.

Deloitte & Touche

28 April 2015

Statement of financial position
As at 31 March 2015

	Note	31 March 2015 (audited) AED	31 March 2014 (unaudited) AED (Restated)	1 April 2013 (audited) AED (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	5	**83,887,663**	76,961,854	80,833,094
Current assets				
Inventories	6	**315,371,133**	460,152,880	356,986,461
Financial assets at FVTPL	7	**13,769,442**	2,337,663	666,735
Due from a related party	14	**1,112,735**	-	7,640,330
Accounts and other receivables	8	**147,909,896**	142,431,964	113,819,472
Bank balances and cash	9	**2,770,527**	6,075,538	231,817
Total current assets		**480,933,733**	610,998,045	479,344,815
Total assets		**564,821,396**	687,959,899	560,177,909
SHAREHOLDERS' FUNDS AND LIABILITIES				
Capital and reserves				
Share capital	10	**68,360,000**	68,360,000	68,360,000
Legal reserve	11	**1,701,517**	1,701,517	75,000
(Accumulated losses)/retained earnings		**(7,038,125)**	3,486,169	(11,152,485)
Net equity		**63,023,392**	73,547,686	57,282,515
Shareholder's current account	12	-	25,365,427	25,375,054
Total Shareholders' Funds		**63,023,392**	98,913,113	82,657,569
Non-current liabilities				
Provision for employees' end of service indemnity	13	**307,435**	202,350	141,358
Current liabilities				
Due to related parties	14	**361,482,277**	389,016,870	309,293,928
Bank borrowings	15	**131,375,694**	125,700,531	164,175,057
Accounts and other payables	16	**8,632,598**	74,127,035	3,909,997
Total current liabilities		**501,490,569**	588,844,436	477,378,982
Total liabilities		**501,798,004**	589,046,786	477,520,340
Total shareholders' funds and liabilities		**564,821,396**	687,959,899	560,177,909

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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

	Note	**2015 (audited) AED**	2014 (unaudited) AED
Sales		**3,598,468,674**	3,466,607,431
Cost of sales	17	**(3,590,856,018)**	(3,431,686,404)
Gross profit		**7,612,656**	34,921,027
General and administrative expenses	18	**(7,657,533)**	(5,462,802)
Selling and distribution expenses	19	**(10,708,648)**	(12,130,070)
Interest and other income	20	**6,117,216**	6,136,731
Finance costs		**(5,887,985)**	(7,199,715)
(Loss)/profit for the year	21	**(10,524,294)**	16,265,171
Other comprehensive income for the year		**-**	-
Total comprehensive (loss)/profit for the year		**(10,524,294)**	16,265,171

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	Legal Reserve AED	(Accumulated losses)/ retained earnings AED	Net AED
Balance at 1 April 2013 (audited) (restated)	68,360,000	75,000	(11,152,485)	57,282,515
Profit for the year ended 31 March 2014	-	-	16,265,171	16,265,171
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	16,265,171	16,265,171
Transfer to legal reserve	-	1,626,517	(1,626,517)	-
Balance at 31 March 2014 (unaudited)	68,360,000	1,701,517	3,486,169	73,547,686
Loss for the year ended 31 March 2015	-	-	(10,524,294)	(10,524,294)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(10,524,294)	(10,524,294)
Balance at 31 March 2015 (audited)	**68,360,000**	**1,701,517**	**(7,038,125)**	**63,023,392**

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

Statement of cash flows
for the year ended 31 March 2015

	2015 (audited) AED	2014 (unaudited) AED
Cash flows from operating activities		
(Loss)/profit for the year	**(10,524,294)**	16,265,171
Adjustment for:		
Depreciation of property, plant and equipment	**4,485,857**	4,662,280
Loss on disposal of property, plant and equipment	**-**	16,477
Loss on write off of property, plant and equipment	**4,860**	-
Provision for employees' end of service indemnity	**121,999**	83,579
Finance costs	**5,887,985**	7,199,715
Operating cash flows before changes in operating assets and liabilities	**(23,593)**	28,227,222
Decrease/(increase) in inventories	**144,781,747**	(103,166,419)
Increase in financial assets at FVTPL	**(11,431,779)**	(1,670,928)
(Increase)/decrease in due from a related party	**(1,112,735)**	7,640,330
Increase in accounts and other receivables	**(5,477,932)**	(28,612,492)
(Decrease)/increase in due to related parties	**(27,534,593)**	79,722,942
(Decrease)/increase in accounts and other payables	**(65,494,437)**	70,217,038
Cash generated from operations	**33,706,678**	52,357,693
Employees' end of service indemnity paid	**(16,914)**	(22,587)
Finance costs paid	**(5,887,985)**	(7,199,715)
Net cash generated from operating activities	**27,801,779**	45,135,391
Cash flows from investing activities		
Purchase of property, plant and equipment	**(11,416,526)**	(825,737)
Proceeds from disposal of property, plant and equipment	**-**	18,220
Net cash used in investing activities	**(11,416,526)**	(807,517)
Cash flows from financing activities		
Decrease in Shareholder's current account	**(25,365,427)**	(9,627)
Increase/(decrease) in bank borrowings	**5,675,163**	(38,474,526)
Net cash used in financing activities	**(19,690,264)**	(38,484,153)
Net (decrease)/increase in cash and cash equivalents	**(3,305,011)**	5,843,721
Cash and cash equivalents at the beginning of the year	**6,075,538**	231,817
Cash and cash equivalents at the end of the year (Note 9)	**2,770,527**	6,075,538

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

1. Company and operations

Fujairah Gold L.L.C. FZC ("the Company") is a Limited Liability Company established on 28 August 2007 in Fujairah, United Arab Emirates and commenced its commercial operation on 7 April 2009. The Company operates in Fujairah Free Zone area vide a trade licence issued by Fujairah Free Zone Authority.

The Company undertakes the activity of manufacturing, refining and trading of precious metals and various copper products.

The ultimate parent and controlling company is Volcan Investments Limited, Bahamas.

The address of the Company's registered office is P.O. Box 3992, Fujairah, United Arab Emirates.

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 January 2014, have been adopted in these financial statements. The application of these revised and new 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.
- IFRIC 21 – Levies: Interpretation was developed to address the concerns about how to account for levies that are based on financial data of a period that is different from that in which the activity that give rise to the payment of the levy occurs.

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

The Company 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
• 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

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	1 January 2017

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.
- 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

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
• 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
• 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 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 Company in the period of initial application.

Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Company's financial statements for the annual period beginning 1 January 2017 and 1 January 2018 respectively. The application of IFRS 15 and IFRS 9 may have significant impact on amounts reported and disclosures made in the Company's 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.

3. Significant accounting policies

3.1 Statement of compliance

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

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments that are measured at fair value or at amortised cost as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies adopted are set out below.

3.3 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.

3.3.1 Sale of goods

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

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

3.3.2 Interest income

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the interest rate applicable.

3.4 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 for the financial statements.

In preparing the financial statements of the Company, 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 profit or loss in the period in which they arise.

3. Significant accounting policies (continued)

3.5 Borrowing costs

Borrowing costs directly attributable to the acquisition and construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

Where applicable, investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

3.6 Property, plant and equipment

Capital work in progress is stated at cost less any recognized impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Other property, plant and equipment items were carried at cost less accumulated depreciation and any accumulated impairment loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss when incurred.

Depreciation is charged so as to write off the cost of assets, other than capital work in progress, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

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 recognized in profit or loss.

The estimated useful lives of property, plant and equipment are as follows:

	Years
Factory buildings	30
Plant and machinery	19 - 21
Vehicles	5
Furniture, fixtures and office equipment	1 - 6

3. Significant accounting policies (continued)

3.7 Impairment of tangible assets

At each reporting date, the Company 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 (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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.

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 (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, 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 (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, 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.

3.8 Inventories

Inventories of raw materials, finished goods and semi finished goods are physically measured and estimated by the Company's technicians and valued at lower of cost or net realisable value except for scrap and by-products which are valued at net realizable value.

Cost of inventories of finished goods and work-in-process includes material cost, cost of conversion and indirect costs incurred in various production processes to bring inventories to their present location and condition.

Cost of inventories of raw material and material cost of finished goods and work-in-process is determined on First in First out (FIFO) basis except consumables and spare parts which are valued at weighted average cost.

Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3. Significant accounting policies (continued)

3.9 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle the obligation, and 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 reporting date, taking into account the risks 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 some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a 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.

3.10 Employee benefits

3.10.1 Annual leave and leave passage

An accrual is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of the year.

3.10.2 Provision for employees' end of service indemnity

Provision is also made for the full amount of end of service indemnity due to non-UAE national employees in accordance with the UAE Labour Law and is based on current remuneration and their period of service at the end of the reporting period.

The accrual relating to annual leave and leave passage is disclosed as a current liability, while the provision relating to end of service benefit is disclosed as a non-current liability.

3.11 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 are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

3.12 Financial assets

The Company's financial assets include bank balances and cash, financial assets 'at fair value through profit or loss' (FVTPL), due from a related party and accounts and other receivables (excluding prepaid expenses). Due from a related party and trade and other receivables (excluding prepaid expenses) are classified as 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3. Significant accounting policies (continued)

3.12 Financial assets (continued)

3.12.1 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and demand deposit, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

3.12.2 Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the profit or loss.

3.12.3 Loans and receivables

Loans and receivables that have fixed or determinable payments are initially measured at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3. Significant accounting policies (continued)

3.12 Financial assets (continued)

3.12.4 Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is an 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 financial asset have been impacted. 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 original effective interest rate.

For certain categories of financial asset, 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.

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.

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 asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3.12.5 Derecognition of financial assets

The Company 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 Company. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

3.13 Financial liabilities and equity instruments issued by the Company

3.13.1 Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

3.13.2 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.

3. Significant accounting policies (continued)

3.13 Financial liabilities and equity instruments issued by the Company (continued)

3.13.3 Financial liabilities

Accounts and other payables, bank borrowings and due to related parties are classified as 'other financial liabilities'.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis except for short term payable when the recognition of interest would be immaterial.

3.13.4 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

3.14 Derivative financial instruments

The Company enters into derivative financial instruments to manage its exposure to commodity price risk.

Derivative financial instruments are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. All the derivative financial instruments are carried at their fair values as assets where the fair values are positive and as liabilities where the fair values are negative. A derivative financial instrument is presented as non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivative financial instruments are presented as current assets or current liabilities.

3.15 Operating leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the statement of comprehensive income on a straight line basis over the shorter of the lease term or the estimated useful life of the asset.

4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 3, the management is required to make judgements, 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.

4.1 Critical judgements in applying accounting policies

In the process of applying Company's accounting policies, the management is of the opinion that there is no instance of application of judgements which is expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations described below.

4.2 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.

4.2.1 Estimated useful lives of property, plant and equipment

The cost of items of property, plant and equipment is depreciated on a systematic basis over the estimated useful lives of the assets. Management has determined the estimated useful lives of each asset and/ or category of assets based on the following factors:

- Expected usage of the assets;
- Expected physical wear and tear, which depends on operational and environmental factors; and
- Legal or similar limits on the use of the assets.

Management considers the depreciation method utilized reflects the pattern in which the assets' future economic benefits are expected to be consumed by the Company.

Management has not made estimates of residual values for any items of property, plant and equipment at the end of their useful lives.

4.2.2 Impairment of assets values

At each reporting date the management reviews the assets values to determine that their book values have not exceeded amounts recoverable from them. The management estimates the recoverable amount of various assets individually or based on the cash generating unit to which the individual asset belongs.

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

4.2 Key sources of estimation uncertainty (continued)

4.2.3 Fair value of financial assets at FVTPL

The fair value of commodity future contracts is determined using valuation techniques and inputs as disclosed in Note 25.

The derivative instruments becomes favourable (asset) or unfavourable (liability) as a result of fluctuations in market rates relative to the terms agreed with the counter party. However, the fair value could fluctuate significantly from time to time and may result in further losses or gains in the future periods.

4.2.4 Inventory valuation

Physical quantities of finished and semi processed inventory are estimated based on the metal contents as per laboratory assessments conducted by the Company's technicians and valued at lower of cost or net realizable value except for scrap and byproducts which are valued at net realizable value.

4.2.5 Provisional pricing basis

In accordance with the prevailing international market practice, purchase of raw materials such as Dore Anode and Copper Cathode and sale of precious metals are accounted for on provisional invoice basis pending final invoice in terms of Purchase Contract/Sales Contract respectively. The cases where quotational period price are not finalized as at the reporting date, are restated at London Metal Exchange (LME)/ London Bullion Market Association (LBMA) rates as on the reporting date and adjustments are made based on the metal contents as per laboratory assessments done by the Company pending final invoice.

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

5. Property, plant and equipment

	Factory buildings AED	Plant and machinery AED	Vehicles AED	Furniture, fixtures and office equipment AED	Capital work in progress AED	Total AED
Cost						
At 31 March 2013 (audited)	8,793,956	81,815,514	440,000	759,668	497,342	92,306,480
Additions	130,413	306,524	-	342,660	46,140	825,737
Disposals	-	-	-	(96,373)	-	(96,373)
Transfers	-	497,342	-	-	(497,342)	-
At 31 March 2014 (unaudited)	8,924,369	82,619,380	440,000	1,005,955	46,140	93,035,844
Additions	-	370,505	119,450	63,644	10,862,927	11,416,526
Write off	-	-	-	(67,925)	-	(67,925)
At 31 March 2015 (audited)	**8,924,369**	**82,989,885**	**559,450**	**1,001,674**	**10,909,067**	**104,384,445**
Accumulated depreciation						
At 31 March 2013 (audited)	736,501	10,358,744	88,130	290,011	-	11,473,386
Charge for the year	295,131	4,179,741	58,180	129,228	-	4,662,280
Eliminated on disposals	-	-	-	(61,676)	-	(61,676)
At 31 March 2014 (unaudited)	1,031,632	14,538,485	146,310	357,563	-	16,073,990
Charge for the period	298,740	3,921,966	90,066	175,085	-	4,485,857
Eliminated on write off	-	-	-	(63,065)	-	(63,065)
At 31 March 2015 (audited)	**1,330,372**	**18,460,451**	**236,376**	**469,583**	**-**	**20,496,782**
Carrying amount						
At 31 March 2015 (audited)	**7,593,997**	**64,529,434**	**323,074**	**532,091**	**10,909,067**	**83,887,663**
At 31 March 2014 (unaudited)	7,892,737	68,080,895	293,690	648,392	46,140	76,961,854

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

5. Property, plant and equipment (continued)

- Property, plant and equipment are erected on a plot of land leased from the Fujairah Free Zone Authority for a period of 15 years with effect from 1 December 2007.
- Capital work in progress mainly represents cost of machinery under commissioning, advance paid for electricity connection, cost of purchase of transformers and related electric works.

6. Inventories

	31 March 2015 (audited) AED	31 March 2014 (unaudited) AED
Finished and semi processed metals (a)	**112,653,372**	133,095,529
Raw materials in hand (b)	**29,678,286**	36,505,200
Raw materials in transit (c)	**167,476,863**	284,981,986
Spare parts and consumables	**5,562,612**	5,570,165
	315,371,133	460,152,880

(a) Finished and semi processed metals mainly comprise gold, silver and copper.

(b) Raw materials in hand comprise copper cathode and precious metal slime.

(c) Raw materials in transit comprise copper cathode and precious metal slime delivered by the seller to the shipping agent and the bill of lading is issued according to the terms of the purchase agreement signed between the Company and its supplier.

7. Financial assets at FVTPL

	31 March 2015 (audited) AED	31 March 2014 (unaudited) AED (Restated)
Commodity future contracts that are not designated in hedge accounting relationships	**13,769,442**	2,337,663

Future contracts with nominal values of US$ 163.30 million as of 31 March 2015 (31 March 2014: US$ 170.95 million) have fixed payments as per prevailing rates on settlement dates.

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

8. Accounts and other receivables

	31 March 2015 (audited) AED	31 March 2014 (unaudited) AED
Trade receivables (a)	**94,187,082**	132,615,021
Refundable deposits	**710,225**	492,685
Quotational period reinstatement of metal prices (b)	**10,649,178**	8,025,374
Advances and other receivables (c & d)	**42,363,411**	1,298,884
	147,909,896	142,431,964

(a) In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The trade receivables are secured through letters of credit and bank guarantees in favour of the Company. Interest is charged to customers for credit periods allowed as per signed sale agreements.

(b) As per the prevailing market practice, where quotational period price are not finalized as at the reporting date, the prices are restated at closing London Metal Exchange (LME)/ London Bullion Market Association (LBMA) rates as on the reporting date and adjustments are made based on the metal contents as per laboratory assessments done by the Company's technicians pending final invoice.

(c) Advances and other receivables include AED 19,068,259 due from a supplier in the Republic of Chile. The Company has filed a criminal complaint against this supplier in the Republic of Chile. The Company's lawyer in the Republic of Chile, believes to have a strong case against the supplier and is hopefull to recover the full amount. Further, the Company's legal counsel recently visited the Republic of Chile to assess the financial ability of the supplier and to check the progress of the investigation process with the prosecutor. After considering all these factors, the Company's legal counsel is of the view that there are good chances of the prosecutor giving favorable recommendation and framing appropriate charges against the supplier at the end of the investigation.

(d) Advances and other receivables include a short term advance paid to the Chairman of the Company of AED 5,343,894 at a fixed interest rate of 2.5% per annum.

There are no trade receivable balances outstanding more than 180 days.

9. Bank balances and cash

	31 March 2015 (audited) AED	31 March 2014 (unaudited) AED
Bank balances:		
Current accounts	**2,770,527**	6,061,493
Cash on hand	**-**	14,045
Cash and cash equivalents	**2,770,527**	6,075,538

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

10. Share capital

	31 March 2015 (audited) AED	31 March 2014 (unaudited) AED
Issued and fully paid up 683,600 shares (31 March 2014: 683,600 shares) at par value of AED 100 each	**68,360,000**	68,360,000

The capital contributed by the Shareholders is as follows:

	Shareholding %	**No. of shares**	**AED**
Copper Mines of Tasmania PTY Limited - Australia	98	669,928	66,992,800
Thalanga Copper Mines PTY Limited - Australia	2	13,672	1,367,200
	100	683,600	68,360,000

11. Legal reserve

In accordance with the Articles of Incorporation issued by the Fujairah Free Zone Authority, the Company has to establish a legal reserve by appropriation of 10% of profit for each year. The appropriations to legal reserve may be discontinued once its balance reaches 50% of the paid up share capital. This reserve is not available for distribution except in the circumstances stipulated by the Authority's regulations.

12. Shareholder's current account

	31 March 2015 (audited) AED	31 March 2014 (unaudited) AED
Copper Mines of Tasmania PTY LTD., Australia	**-**	25,365,427

13. Provision for employees' end of service indemnity

	31 March 2015 (audited) AED	31 March 2014 (unaudited) AED
Balance at the beginning of the year	**202,350**	141,358
Charged to expenses	**121,999**	83,579
Amounts paid	**(16,914)**	(22,587)
Balance at the end of the year	**307,435**	202,350

14. Related party balances and transactions

Related parties include the Company's major shareholders, directors and businesses controlled by them and their families over which they exercise significant management influence as well as key management personnel.

Amounts due from/ to related parties were as follows:

	31 March 2015 (audited) AED	31 March 2014 (unaudited) AED
Due from a related party:		
Sterlite Technologies Limited, India	**1,112,735**	-

	31 March 2015 (audited) AED	31 March 2014 (unaudited) AED
Due to related parties:		
Sesa Sterlite Limited, India	**360,771,793**	388,901,945
Vedanta Resources Plc, U.K.	**709,383**	114,925
Sterlite Industries Limited, India	**1,101**	-
	361,482,277	389,016,870

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been received or given. No expenses have been recognised in the period for bad and doubtful debts in respect of the amounts owed by related parties.

Transactions:

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

	31 March 2015 (audited) AED	31 March 2014 (unaudited) AED
Purchase of precious metal slime	**1,417,716,783**	1,027,327,779
Purchase of copper cathode	**638,855,316**	1,129,906,448
Sale of copper rods	**23,576,050**	20,140,000
Sale of copper lumps and slag	**304,447**	-
Advance paid to the Chairman of the Company	**5,343,894**	-
Interest charged by the related parties	**667,788**	1,024,360
Expenses charged to the Company	**110,418**	-
Expenses recharged by the Company	**5,781**	-
Sale of precious metal slag	**-**	954,893

Remunerations and bonuses to key management personnel during the year amounted to AED 4,107,212 (Year ended 31 March 2014: AED 1,645,255).

Transactions with related parties are entered into on terms agreed upon with management.

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

15. Bank borrowings

	31 March 2015 (audited) AED	31 March 2014 (unaudited) AED
Overdraft	**26,437,948**	11,343,272
Trust receipts	**104,937,746**	114,357,259
	131,375,694	125,700,531

The principal features of the Company's bank borrowings are as follows:

Bank overdraft

- Bank overdraft is repayable on demand.
- Interest on overdraft account is computed and added to the account on monthly basis.
- Interest rates on overdraft account is based on LIBOR plus a fixed premium.

Trust receipts

- Trust receipts are form of bank credit facility granted against the purchase of raw materials.
- Interest on trust receipts are calculated for the duration of the repayment period and are charged and collected by the financing bank on maturity.

The bank borrowings are secured by a comfort letter issued by a related party in favour of the lending bank.

16. Accounts and other payables

	31 March 2015 (audited) AED	31 March 2014 (unaudited) AED
Trade payables	**5,942,444**	72,278,592
Accruals and other payables	**2,690,154**	1,848,443
	8,632,598	74,127,035

17. Cost of sales

	31 March 2015 (audited) AED	31 March 2014 (unaudited) AED
Raw materials costs	**3,546,525,228**	3,386,027,506
Employees costs	**8,861,664**	7,614,344
Depreciation	**4,220,814**	4,474,872
Packing materials, spares consumption and repairs	**8,211,303**	10,823,959
LPG, diesel and lubricants	**13,741,737**	13,483,095
Hire charges	**2,691,940**	2,300,275
Freight inward charges	**5,652,404**	6,093,018
Other costs	**950,928**	869,335
	3,590,856,018	3,431,686,404

18. General and administrative expenses

	31 March 2015 (audited) AED	31 March 2014 (unaudited) AED
Employees costs	**4,762,171**	2,538,712
Travelling expenses	**437,438**	687,378
Lease rent	**350,293**	335,644
Legal and professional charges	**912,526**	924,943
Communication costs	**287,589**	218,718
Insurance	**321,337**	305,537
Depreciation	**265,043**	187,408
Other expenses	**321,136**	264,462
	7,657,533	5,462,802

19. Selling and distribution expenses

Selling and distribution expenses represent mainly freight, insurance and legalization charges.

20. Interest and other income

	31 March 2015 (audited) AED	31 March 2014 (unaudited) AED
Interest received from customers	**5,375,116**	5,569,573
Other income	**742,100**	567,158
	6,117,216	6,136,731

21. (Loss)/profit for the period

(Loss)/profit for the period is arrived at after charging the following expenses:

	31 March 2015 (audited) AED	31 March 2014 (unaudited) AED
Employees costs	**13,623,835**	10,153,056
Depreciation	**4,485,857**	4,662,280

22. Commitments and contingent liabilities

	31 March 2015 (audited) AED	31 March 2014 (unaudited) AED
Bank guarantees	**8,517,000**	8,630,032
Letters of credit for purchase of raw materials and spares	**111,151**	16,503,750
Commitments for purchase of property, plant and equipment	**1,537,149**	-

23. Operating lease commitments

Operating lease payments represent rentals payable by the Company for the land leased from Fujairah Free Zone Authority. As the Company's property, plant and equipment are erected on the mentioned leased land, management has considered the lease arrangements with Fujairah Free Zone Authority as non-cancellable.

At the reporting date, the Company had future commitments under the operating leases, which fall due as follows:

	31 March 2015 (audited) AED	31 March 2014 (unaudited) AED
Within one year	**370,092**	321,425
More than 1 year and less than 5 years	**1,631,626**	1,508,086
More than 5 years	**2,068,998**	2,422,982
	4,070,716	4,252,493

24. Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to the stakeholders through the optimization of the debt and equity capital. The Company's overall strategy remains unchanged from year ended 31 March 2014.

Capital gearing ratio

The Company reviews the capital structure on a quarterly basis. As part of this review, the Company considers the cost of capital and the risks associated with capital.

The gearing ratio at the reporting date was as follows:

	31 March 2015 (audited) AED	31 March 2014 (unaudited) AED
Debt (i)	**131,375,694**	125,700,531
Bank balances and cash (Note 9)	**(2,770,527)**	(6,075,538)
Net debt	**128,605,167**	119,624,993
Equity (ii)	**63,023,392**	73,547,686
Net debt to equity ratio (times)	**2.04**	1.63

(i) Debt is defined as bank borrowings (see Note 15).
(ii) Equity includes share capital, legal reserve and (accumulated losses)/retained earnings.

25. Financial instruments

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 recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

Fair value measurement

The fair values of financial assets and financial liabilities are determined as follows;

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices at the close of the business on the reporting date.

- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Fair value of the Company's financial assets that are measured at fair value on recurring basis

Some of the Company's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined;

Financial assets	**Fair value as at**		**Fair value hierarchy**	**Valuation techniques and key inputs**	**Significant unobservable input**	**Relationship of unobservable inputs to fair value**
	31 March 2015 (audited) AED'000	31 March 2014 (unaudited) AED'000 (Restated)				
Financial assets at FVTPL	**13,769**	2,338	Level 2	Discounted cash flow. Future cash flows are estimated based on forward rates (from observable yield curves at the end of the reporting period) and contract rates, discounted at a rate that reflects the credit risk of various counterparties.	NA	NA

25. Financial instruments (continued)

Fair value measurement (continued)

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 March 2015 (audited)

	Level 1 AED'000	**Level 2 AED'000**	**Level 3 AED'000**	**Total AED'000**
Financial assets at FVTPL				
Commodity future contracts that are not designated in hedge accounting relationships	-	13,769	-	**13,769**

31 March 2014 (unaudited) (Restated)

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets at FVTPL				
Commodity future contracts that are not designated in hedge accounting relationships	-	2,338	-	2,338

There were no transfers between levels during the period.

25. Financial instruments (continued)

Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Market risk exposures are measured using sensitivity analysis.

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

Financial risk management objectives

The Company's management manages the financial risks relating to the operations of the Company through analyzing risk exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Company seeks to minimize the effects of risks related to financial instruments. The Company's policies in this regards are set and approved by the Board of Directors who draw the overall guidelines on foreign exchange risk, interest rate risk, credit risk, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the Board of Directors on regular basis. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Interest rate risk

The Company's exposure to interest rate price risk relates to borrowings at fixed and variable interest premiums from banks. The Company manages interest rate risk by maintaining appropriate mix between fixed and floating rate borrowings and, where applicable, by the use of forward interest rate contracts.

If interest rates on bank borrowings had been 100 basis points higher/ lower throughout the period and all other variables were held constant, the Company's loss for the year ended 31 March 2015 AED 1,313,757 million (Profit for the year ended 31 March 2014 and equity as at 31 March 2014: AED 1,257,005 million).

Credit risk management

Credit risk 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 and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company gathers information about the credit worthiness of counterparties from publicly available financial information and its own trading records. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved periodically by the management.

Most of the activities of the Company are carried out in the United Arab Emirates.

25. Financial instruments (continued)

Credit risk management (continued)

Credit risk is primarily related to the trade and other receivable balances which were presented in the statement of financial position net of any applicable allowances for losses that were estimated by the Company's management based on prior experience and prevailing economic conditions. Current year sales include AED 1,446,887,927 being sales to 3 main customers (Year ended 31 March 2014: AED 712,686,397 being sales to 3 main customers). Total trade receivables due from the above main customers amounted to AED 11,653,963 as at 31 March 2015 (31 March 2014: AED 28,861,016).

The credit risks related to liquid funds are limited as the counterparties are banks with sound reputation.

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

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors of the Company, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows, dealing with sound financial institutions and matching the maturity profiles of financial assets and liabilities.

Maturity of the Company's financial assets and liabilities as at the reporting date was as follows:-

Financial assets:

31 March 2015
(audited)

	Within 1 year AED'000	**2 years – 5 years AED'000**	**Total AED'000**
Financial assets at FVTPL	13,769	-	13,769
Due from a related party	1,113	-	1,113
Accounts and other receivables	147,132	-	147,132
Bank balances and cash	2,771	-	2,771
Total	**164,785**	**-**	**164,785**

31 March 2014
(unaudited) (Restated)

	Within 1 year AED'000	2 years – 5 years AED'000	Total AED'000
Financial assets at FVTPL	2,338	-	2,338
Accounts and other receivables	141,645	-	141,645
Bank balances and cash	6,076	-	6,076
Total	150,059	-	150,059

25. Financial instruments (continued)

Liquidity risk management (continued)

Financial liabilities:

31 March 2015
(audited)

	Within 1 year AED'000	**2 years – 5 years AED'000**	**Total AED'000**
Due to related parties	361,482	-	361,482
Bank borrowings	131,376	-	131,376
Accounts and other payables	8,633	-	8,633
Total	**501,491**	**-**	**501,491**

31 March 2014
(unaudited) (Restated)

	Within 1 year AED'000	2 years – 5 years AED'000	Total AED'000
Due to related parties	389,017	-	389,017
Bank borrowings	125,701	-	125,701
Accounts and other payables	74,127	-	74,127
Total	588,845	-	588,845

Foreign currency risk management

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

There is no currency exchange risk related to transactions denominated in the US dollars or currencies linked with it as the AED rate is fixed to the US dollar. The management undertakes suitable procedures to minimize risks associated with transactions denominated in currencies other than AED and US$.

26. Change in accounting policy and comparative information

The management has decided to change its accounting policy for fair value hedges and to consider all the derivative financial instruments used to manage commodity price risk as non-qualifying for hedge accounting and held at 'fair value through profit or loss' (FVTPL). Accordingly, the Company has restated its financial statements for years ended 31 March 2014 and 2013, in order to adjust the effect of change in accounting policy. There is no impact on the loss and profit for the year ended 31 March 2015 and 2014 respectively. The effects of the restatement on prior years' financial statements are summarized below:

26. Change in accounting policy and comparative information (continued)

26.1 Impact of the retrospective restatement on the statement of financial position as at 1 April 2013 (audited)

	At 1 April 2013 as previously reported AED	Restatements AED	At 1April 2013 as restated AED
Derivative financial instruments – Fair value hedges	666,735	(666,735)	-
Financial assets at FVTPL	-	666,735	666,735

26.2 Impact of the retrospective restatement on the statement of financial position as at 31 March 2014 (unaudited)

	At 31 March 2014 as previously reported AED	Restatements AED	At 31 March 2014 as restated AED
Derivative financial instruments – Fair value hedges	2,337,663	(2,337,663)	-
Financial assets at FVTPL	-	2,337,663	2,337,663

27. Approval of financial statements

The financial statements were approved by the Shareholders and authorized for issue on 28 April 2015.