1. General

Raysut Cement Company SAOG ("the Parent Company") was formed in 1981 by Ministerial Decision No. 7/81 and is registered in the Sultanate of Oman as a joint stock company. The Company is engaged in the production and sale of Portland cement, sulphur resistant cement, oil well class 'G' cement and pozzolana well cement. The registered office of the Company is at P O Box 1020, Salalah, Postal Code 211, Sultanate of Oman.

These financial statements are presented in Rial Omani (“RO”) since that is the currency of the country in which the majority of the Company’s transactions are denominated.

The principal activities of the subsidiary companies are set out below:

Subsidiary companies	Shareholding percentage	Principal activities
Raysea Navigation SA	100%	Shipping transport company
Raybulk Navigation SA	100%	Shipping transport company
Pioneer Cement Industry LLC	100%	Production and sale of cement

One share out of 55,000 shares of Pioneer Cement Industry LLC is held by third party.

These financial statements represent the results of operations of the Parent Company and its above subsidiaries (“the Group”).

2. Standards, Amendments and interpretations

(a) **New standards and interpretation not yet effective**

A number of new relevant standards, amendments to standards and interpretations are not yet effective for the period ended 31 March 2014, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Company are set out below.

IFRS 9: Financial Instruments
IFRS 9 introduces new requirements for the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 introduces additions relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2015 with early adoption permitted. The Group is currently assessing the impact of this standard and does not plan to adopt early.

(b) **New standards and interpretation applied during the year**

During the year, following new standards were applied in preparing these consolidated financial statements with no effect on the current year consolidated financial statements.

- **IAS 1: Presentation of financial statements**
  IAS 1 has amended and the name of statement of comprehensive income is changed to statement of profit or loss and other comprehensive income.

- **IFRS 10: Consolidated financial statements**
  IFRS 10 introduces a single control model to determine whether an investee should be consolidated.

- **IFRS 12: Disclosure of interests in other entities**
  IFRS 12 brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.

- **IFRS 11: Joint arrangements**
  Under IFRS 11, the structure of the joint arrangement, although still an important consideration, is no longer the main factor in determining the type of joint arrangement and therefore the subsequent accounting.
  - The Group's interest in a joint operation, which is an arrangement in which the parties have rights to the assets and obligations for the liabilities, will be accounted for on the basis of the Group's interest in those assets and liabilities.
  - The Group's interest in a joint venture, which is an arrangement in which the parties have rights to the net assets, will be equity-accounted.

- **IFRS 13: Fair value measurements**
  IFRS 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout IFRS. Subject to limited exceptions, IFRS 13 is applied when fair value measurements or disclosures are required or permitted by other IFRSs.

3. Basis of preparation

These consolidated and Parent Company financial statements have been prepared in accordance with International Financial Reporting Standards "IFRS", the requirements of the Commercial Companies Law of 1974, as amended and disclosure requirements of the Capital Market Authority.

These policies have been consistently applied in dealing with items that are considered material in relation to the Group's financial statements to all the years presented.

The preparation of consolidated and Parent Company financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Parent Company and entity controlled by the Parent Company (its subsidiary). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of the subsidiary to bring their accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

A summary of significant accounting policies which have been adopted consistently is set out below:

Basis of accounting

The financial statements are prepared on the historical cost basis, except for certain financial assets and financial liabilities that are measured at fair value and amortised cost.

4. Summary of significant accounting policies

Property, plant and equipment

Property, plant and equipment are initially recorded at cost and carried at cost less accumulated depreciation and any identified impairment loss.

The cost of property, plant and equipment is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is charged so as to write off the cost of assets other than properties under construction over their estimated useful lives, using the straight line method. The principal annual rates for this purpose are:

	Years
Buildings and civil works	5, 20 and 30
Plant and machinery	25
Motor vehicles	5
Furniture and fixtures	5
Office equipment	5
Plant vehicles, equipment and tools	3 and 5

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Capital work in progress

Capital work in progress is stated at cost less any impairment losses. When commissioned, capital work in progress is transferred to the appropriate property, plant and equipment category and depreciated in accordance with depreciation policies.

Impairment

Financial assets

At each financial position date, the Group's management assesses if there is any objective evidence indicating impairment of the carrying value of financial assets or non-collectability of receivables.

Impairment losses are determined as differences between the carrying amounts and the recoverable amounts and are recognised in the statement of profit or loss and other comprehensive income. Any reversal of impairment losses are recognised as income in the statement of profit or loss and other comprehensive income. The recoverable amounts represent the present value of expected future cash flows discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted.

Non financial assets

Other than the goodwill arising on consolidation of subsidiaries and investment in associates at each financial position date, the Group assesses if there is any indication of impairment of non-financial assets. If an indication exists, the Group's management estimates the recoverable amount of the asset and recognises an impairment loss in the statement of income. Other than for goodwill, the Group's management also assesses if there is any indication that an impairment loss recognised in prior years no longer exists or has reduced. The resultant impairment loss or reversals are recognised immediately in the statement of profit or loss and other comprehensive income.

The recoverable amount adopted is the higher of net realisable value or market value and its value in use.

Investments in an associate

An associate is an entity over which the Parent Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results, assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in an associate are carried in the statement of financial position at cost as adjusted for post-acquisition changes in the Parent Company's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Parent Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Parent Company's net investment in the associate) are not recognised.

Investment in an associate is carried in the financial statements of the Parent Company at cost less any impairment.

Investment in a subsidiary

Investment in the subsidiary is carried in the financial statements of the Parent Company at cost less any impairment.

Investments held for trading

Investments acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as held for trading investments.

All purchases and sale of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset. Held for trading investments are initially recognised at cost, which includes transaction costs, and are subsequently carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of held for trading investments are included in the statement of profit or loss and other comprehensive income in the year in which they arise.

Investments available for sale

Investments intended to be held for an indefinite period of time but which may be sold in response to needs for liquidity or changes in interest rates or equity prices, are classified as available for sale.

Available for sale investments are initially recognised at cost, which includes transaction costs, and are, in general, subsequently carried at fair value. Available-for-sale equity investments that do not have a quoted market price in an active market, and for which other methods of reasonably estimating fair value are inappropriate, are measured at cost, as reduced by allowances for estimated impairment.

For available for sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the statement of profit or loss and other comprehensive income for the year.

Impairment losses recognised in profit or loss for equity investments classified as available for sale are not subsequently reversed through statement of profit or loss and other comprehensive income. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs comprise purchase cost and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

Raw materials cost represents price of the goods, and related direct expenses. Finished goods cost represent cost of raw materials, direct labour and other attributable overheads. Work in progress cost represents proportionate cost of raw materials, direct labour and other attributable overheads.
Any significant variance if any in actuals then the same is dealt accordingly in stock valuation.

Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets**.**

The Group measures the goodwill at the acquisition date as:

- Fair value of consideration transferred, plus
- Recognizable amount of any non controlling interests in the acquire, less
- The net recognised amount (generally the fair value) of the assets acquired and liabilities assumed.

Financial instruments

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

The principal financial assets are cash and cash equivalents, bank deposits and trade and other receivables.

Trade and other receivables are initially measured at their fair value and subsequently measured at amortised cost, using the effective interest method. Appropriate provisions for estimated irrecoverable amounts are recognised in statement of profit or loss and other comprehensive income when there is objective evidence that the asset is impaired.

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where 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 have been impacted.

The classification of financial assets depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The principal financial liabilities are trade and other payables and bank term loans.

Trade payables are initially measured at their fair value which is the cost at the time of transaction and subsequently measured at amortised cost, using the effective interest method.

Interest bearing bank loans and borrowings are initially measured at fair value which is the cost at the time of transaction, and are subsequently measured at amortized cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement of borrowings is recognized over the term of the borrowings.

Equity instruments are recorded at the proceeds received, less direct costs.

Government term loans and deferred income

Carrying values

The carrying values of the interest free and low interest Government term loans are determined as the present values of the loans adopting the interest rates that reflect the current cost of similar borrowing on similar loan terms from a commercial bank.

Finance charge

The effective interest charge arises as a result of accounting for the fair values of the government related term loans and therefore represents the actual interest incurred for the year plus an amount arising from movements in the carrying values of the loans in the year.

Deferred income

The amount of deferred income relating to the government term loans is released to statement of profit or loss and other comprehensive income in such a way as to spread the income over the effective interest charge to which it relates.

Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments.
Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.
Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lesser 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 profit or loss and other comprehensive income on a straight-line basis over the lease term.

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reasonably estimated.

End of service benefits

End of service benefits for Omani employees are contributed in accordance with the terms of the Social Securities Law of 1991.
End of service benefits for non-Omani employees has been made in accordance with the terms of the Labour Law of the Sultanate of Oman and the policy of the Group and is based on current remuneration and cumulative years of service at the end of the reporting period.

Taxation

Income tax is calculated as per the fiscal regulations of the Sultanate of Oman. Current tax is the expected tax payable on the taxable income for the year, using the tax rates ruling at the end of the reporting period.

Deferred tax

Deferred tax is recognized by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax is calculated on the basis of the tax rates that are expected to apply to the period when the asset is realized or the liability is settled. The tax effects on the temporary differences are disclosed under non-current liabilities as deferred tax.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Revenue recognition

Sales of manufactured goods are recognized when goods are delivered and title has passed, net of discounts and returns.
Other income is accounted upon rendering services on accrual basis.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. All other borrowing costs are recognized as expenses in the period in which they are incurred.

Foreign currencies

Transactions denominated in foreign currencies are initially translated into Rials Omani at the rate of exchange prevailing on the date of transactions. Monitory assets and liabilities denominated in foreign currencies at the end of the reporting period are translated at the exchange rates prevailing on that date. The exchange gains and losses are dealt with in the statement of profit or loss and other comprehensive income.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand and balance with banks with a maturity of less than three months from the date of placement.

Directors' remuneration

Director's remuneration has been computed in accordance with the Article 101 of the Commercial Companies Law of 1974, as per the requirements of Capital Market Authority and will be recognized as an expense in the statement of profit or loss and other comprehensive income.

Trade and other payable

Liabilities are recognized for amounts to be paid for goods and service received, whether or not billed to the Group.

Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses.

Dividend

The Board of Directors takes into account appropriate parameters including the requirements of the Commercial Companies Law while recommending the dividend.

Dividend distribution to the Parent Company's shareholders is recognized as a liability in the Group's and Parent Company's financial statements in the period in which the dividend is declared.

Dividend income is recognized when the right to receive payment is established.

Earnings and net assets per share

The Group presents earnings per share ("EPS") and net assets per share data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Net assets per share is calculated by dividing the net assets attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

5. Critical accounting judgment and key sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the reporting date and the resultant provisions and changes in fair value for the year.

Such estimates are necessarily based on assumptions about several factors involving varying, and possibly significant, degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated assets and liabilities.

(a) Classification of investments

Management decides on acquisition of an investment whether it should be classified as held-for-trading, or available-for-sale.

Available for sale investments
Management follows the guidance set out in International Accounting Standard (IAS) 39 Financial Instruments: Recognition and Measurement on classifying non-derivative financial assets as available for sale. This classification requires management's judgment based on its intentions to hold such investments.

Held for trading investments
Management follows the guidance set out in International Accounting Standard (IAS) 39 Financial Instruments: Recognition and Measurement on classifying non-derivative financial assets as held for trading.
This classification requires management's judgment based on its intentions to hold such investments.

(b) Fair value estimation

Fair value is based on quoted market prices at the end of the reporting period without any deduction for transaction costs. If a quoted market price is not available, fair value is estimated based on discounted cash flow and other valuation techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market-related rate for a similar instrument at the end of the reporting period.

(c) Impairment of available for sale investments

The Group determines that available-for-sale investments are impaired when there has been a significant or prolonged decline in the fair value below its cost.
This determination of what is significant or prolonged requires judgment. In making this judgment, management evaluates among other factors, the normal volatility in share price.
In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flows.

(d) Depreciation

Depreciation is charged so as to write off the cost of assets over their estimated useful lives. The calculation of useful lives is based on management's assessment of various factors such as the operating cycles, the maintenance programs, and normal wear and tear using its best estimates.

(e) Provision for slow moving items

Provision for slow moving and obsolete inventory is based on management's assessment of various factors such as the usability, the maintenance programs, and normal wear and tear using its best estimates.

(f) Allowance for impaired debts

Allowance for impaired debts is based on management assessment of various factors such as the Company's past experience of collecting receivables from customers and the age of debt depending on transaction.

6- Goodwill

Goodwill was recognised as a result of acquisition of Pioneer as follows:

	31/3/2014	31/3/2013
Total consideration transferred	**66,532,035**	66,532,035
Fair value of Identifiable assets at acquisition	**(20,733,449)**	(20,733,449)
	45,798,586	45,798,586

Goodwill includes certain expenses incurred as part of transaction**.**

7- Property, plant and equipment

Parent Company

	Land, buildings and civil works	Plant and machinery	Motor vehicles	Furniture and fixtures	Office equipment	Plant, vehicles, equipment & tools	Capital work in progress	Total Parent Company
	RO	RO	RO	RO	RO	RO	RO	RO
Cost								
At 1 January 2014	30,913,219	82,728,626	318,575	87,617	964,348	5,380,353	1,304,432	121,697,170
Additions		62,404				120,999	548,723	732,126
At 31March 2014	**30,913,219**	**82,791,030**	**318,575**	**87,617**	**964,348**	**5,501,352**	**1,853,155**	**122,429,296**
Depreciation								
At 1 January 2014	14,534,513	36,759,054	270,444	78,758	921,141	4,959,913	-	57,523,823
Charge for the period	246,191	733,077	6,547	1,046	3,530	50,823	-	1,041,214
At 31 March 2014	**14,780,704**	**37,492,131**	**276,991**	**79,804**	**924,671**	**5,010,736**	**-**	**58,565,037**
Carrying amount								
31 March 2014	**16,132,515**	**45,298,899**	**41,584**	**7,813**	**39,677**	**490,616**	**1,853,155**	**63,864,259**
At 1 January 2014	16,378,706	45,969,572	48,131	8,859	43,207	420,440	1,304,432	64,173,347

7- **Property, plant and equipment** *(continued)*

Consolidated

	Land, buildings and civil works	**Plant and machinery**	**Motor vehicles**	**Furniture and fixtures**	**Office equipment**	**Plant, vehicles, equipment &tools**	**Capital work in progress**	**Total consolidated**
	RO	**RO**	**RO**	**RO**	**RO**	**RO**	**RO**	**RO**
<u>Cost</u>								
At 1 January 2014	40,266,721	106,564,840	318,575	201,774	1,253,152	13,425,435	1,814,681	163,845,178
Additions		63,561			472	120,999	688,713	873,745
At 31March 2014	**40,266,721**	**106,628,401**	**318,575**	**201,774**	**1,253,624**	**13,546,434**	**2,503,394**	**164,718,923**
<u>Depreciation</u>								
At 1 January 2014	16,694,788	47,317,790	270,444	177,921	1,053,167	6,784,064	-	72,298,174
Charge for the period	306,327	971,443	6,547	2,980	13,770	181,186	-	1,482,253
At 31 March 2014	**17,001,115**	**48,289,233**	**276,991**	**180,901**	**1,066,937**	**6,965,250**	**-**	**73,780,427**
<u>Carrying amount</u>								
31 March 2014	**23,265,606**	**58,339,168**	**41,584**	**20,873**	**186,687**	**6,581,184**	**2,503,394**	**90,938,496**
At 1 January 2014	23,571,933	59,247,050	48,131	23,853	199,985	6,641,371	1,814,681	91,547,004

8. Investment in associates

• Mukalla Raysut Trading and Industrial Company ("MRTIC")

	Parent Company		Consolidated	
	31/3/2014	31/3/2013	**31/3/2014**	31/3/2013
	RO	RO	**RO**	RO
Cost	**113,343**	113,343	**113,343**	113,343
Add:Share of profits at the beginning of year	**-**	-	**1,393,924**	1,298,869
Less :Dividends received during the year	**-**	-	**-**	-
(A)	**113,343**	113,343	**1,507,267**	1,412,212

Investment in MRTIC represents 49% (2012: 49%) equity interest in MRTIC, a limited liability company, incorporated in Yemen.

• Oman Portuguese Cement Products LLC ("OPCP")

Cost (B)	**1,924,087**	1,924,087	**1,924,087**	1,924,087
Add:Share of profits at the beginning of year	**--**	-	**556,377**	413,701
	1,924,087	1,924,087	**2,480,464**	2,337,788
Total investment in associates (A+B)	**2,037,430**	2,037,430	**3,987,731**	**3,750,000**

Investment in OPCP represents 50% of equity interest and it is a Limited Liability Company, registered in Oman and acquired on February 2011.

9 - Investment in subsidiaries

	Parent Company		Consolidated	
	31/3/2014	31/3/2013	**31/3/2014**	31/3/2013
	RO	RO	**RO**	RO
Investments				
Raysea	**3,850**	3,850	**-**	-
Raybulk	**3,850**	3,850	**-**	-
Pioneer	**66,532,035**	66,532,035	**-**	-
Total investments	**66,539,735**	66,539,735	**-**	-

Investment in Raysea Navigation S.A ("Raysea") represents 100% equity interest. Raysea was incorporated in October 2008 in Panama. The assets of Raysea represent a ship (Raysut 1) which is used to transport cement of the Parent Company to various destinations. Raysea has started its commercial operation in January 2011.
Investment in Raybulk Navigation ("Raybulk") represents 100% equity interest. Raybulk was incorporated in October 2010 in Marshall Islands. The assets of Raybulk represent a ship (Raysut 2) which is used to transport cement of the Parent Company to various destinations. Rabulk has started its commercial operation in October 2011.

On 30 December 2010, the Parent Company acquired 100% ordinary shares of Pioneer Cement Industry LLC ("Pioneer"). One share out of 55,000 shares of Pioneer is held by a third party. The registration of transfer of ownership of Pioneer was concluded on 3 January 2011. Pioneer was incorporated in 24 June 2004 in Ras Al Khaimah, UAE.

10 - Advances to subsidiaries

	Parent Company		Consolidated	
	31/3/2014	31/3/2013	**31/3/2014**	31/3/2013
	RO	RO	**RO**	RO
Raysea	**3,639,176**	3,639,176	**-**	-
Raybulk	**3,841,632**	3,841,632	**-**	-
Total advances (I)	**7,480,808**	7,480,808	**-**	-

Advances to Raysea and Raybulk represent the purchase cost of the ships and expenses incurred during the pre- operating period and are interest free, unsecured and not repayable within the next twelve months.

11- Investments available for sale

Unquoted - local unquoted (at cost)	**125,000**	125,000	**125,000`**	125,000

Management believe that the fair value of investments available for sale at 31 March 2014 is not materially different than their cost.

12. Inventories

Raw materials	**1,097,533**	1,097,439	**2,330,403**	1,533,616
Work in progress	**1,242,931**	1,821,451	**2,785,452**	2,427,691
Finished goods	**414,477**	578,856	**532,843**	705,388
Spares and consumables	**9,660,603**	9,170,788	**12,183,784**	12,004,234
Provision for slow-moving items	**(1,882,832)**	(1,568,778)	**(2,206,516)**	(1,813,562)
	10,532,712	11,099,756	**15,625,966**	14,857,367

Movement in provision for slow moving items is as under:

Opening balance	**1,852,832**	1,538,778	**2,160,736**	1,752,002
Current period charges	**30,000**	30,000	**45,780**	61,560
Closing balance	**1,882,832**	1,568,778	**2,206,516**	1,813,562

13. Trade receivables

Trade receivables- others	**5,779,117**	5,523,902	**9,019,878**	9,298,973
Receivable from related parties(note35)	**1,107,204**	972,255	**2,065,676**	1,397,410
Allowance for impaired debts	**(546,758)**	(633,526)	**(552,018)**	(633,526)
	6,339,563	5,862,631	**10,533,536**	10,062,857

Movement in allowance for impaired debts :

Opening balance	**543,757**	664,075	**543,757**	664,075
Current period charges	**3,001**	(22,369)	**8,261**	(22,369)
Bad debts	**-**	(8,180)	**-**	(8,180)
Closing balance	**546,758**	633,526	**552,018**	633,526

14. Investments held for trading

	Parent Company		Consolidated	
	31/3/2014	31/3/2013	**31/3/2014**	31/3/2013
	RO	RO	**RO**	RO
Marketable securities				
Bank Dhofar	**3,329,998**	3,388,234	**3,329,998**	3,388,234
Dhofar Insurance	**340,000**	306,667	**340,000**	306,667
Dhofar University	**405,000**	329,400	**405,000**	329,400
	4,074,998	4,024,301	**4,074,998**	4,024,301
Cost				
Bank Dhofar	**938,044**	938,044	**938,044**	938,044
Dhofar Insurance	**29,600**	29,600	**29,600**	29,600
Dhofar University	**300,000**	300,000	**300,000**	300,000
	1,267,644	1,267,644	**1,267,644**	1,267,644

Investment in banking sector represents 82% (2013: 84%) of the Group's total investment portfolio.

15. Prepayments and other receivables

Advances and deposits	**2,001,739**	2,701,940	**2,319,912**	2,857,223
Advances for projects	**981,680**	-	**981,680**	-
Advances to staff	**8,263**	5,707	**8,263**	23,610
Prepayments and accrued income	**279,187**	274,343	**1,121,351**	1,452,184
	3,270,869	2,981,990	**4,431,206**	4,333,017

16. Bank deposits and cash and cash equivalents

Bank deposits				
Short term deposit	**4,000,000**	7,000,000	**4,000,000**	7,000,000
Cash and cash equivalents				
Cash in hand	**6,500**	6,500	**48,611**	55,998
Cash at bank				
Current account and call deposits	**9,769,783**	1,434,668	**17,241,712**	5,956,681
Cash and cash equivalents	**9,776,283**	1,441,168	**17,290,323**	6,012,679

Interest is earned on call deposits at the rates ranging between 0.75% and 1.00 % per annum.
Short-term deposits earned interest at rates ranging from 1.0 to 1.5% per annum.

17. Share capital

	Parent Company		Consolidated	
	31/3/2014	31/3/2013	**31/3/2014**	31/3/2013
	RO	RO	**RO**	RO
Authorised, issued and paid up share capital	**20,000,000**	20,000,000	**20,000,000**	20,000,000

The authorised, issued and paid up share capital of the Parent Company represents 200,000,000 shares of RO 0.100 each.

At 31 March, the shareholders who own 5% or more of the Parent Company's share capital are:

	Parent and Consolidated			
	31/3/2014		31/3/2013	
	% Share holding	**Shares held**	% Share holding	Shares held
Abu Dhabi Fund for Development	**15.00**	**30,000,000**	15.00	30,000,000
Islamic Development Bank	**11.71**	**23,415,000**	11.71	23,415,000
Dolphin International Co.	**10.33**	**20,657,710**	10.33	20,657,710
Abdullah Abdul Aziz Al Rajhi	**8.76**	**17,527,711**	8.83	17,669,162
Baader Bank Aktiengasells	**8.04**	**16,085,328**	8.04	16,085,328
Sindibad int.trading Co.	**5.94**	**11,878,639**	5.94	11,878,639
Ministry of defence pension fund	**6.88**	**13,760,074**	5.61	11,214,995
	66.66	**133,324,462**	65.46	130,920,834
Others	**33.34**	**66,675,538**	34.54	69,079,166
	100.00	**200,000,000**	100.00	200,000,000

18. Share premium

Share premium account is not available for distribution.

19. Legal reserve

Article 106 of the Commercial Companies Law of 1974 requires that 10% of the Parent Company's net profit be transferred to a non-distributable legal reserve until the amount of the legal reserve becomes equal to one-third of the Parent Company's issued share capital. During the year, the Parent Company has not added to this reserve as the stipulated limit is already reached.

20. Asset replacement reserve

The Board of Directors have resolved that 5% of the Parent Company's net profit be transferred to a reserve for the purpose of replacement of capital assets until the amount together with any other voluntary reserves reach one half of the Parent Company's issued capital. During the year the Parent Company has not added to this reserve as the stipulated limit is already reached.

21. Voluntary reserve

The Board of Directors have resolved that 10% of the Parent Company's net profit to be transferred to voluntary reserve. During the year the Parent Company has not added to this reserve as the stipulated limit is already reached as mentioned in note 20 for Asset replacement reserve.

22. Retained earnings

Retained earnings represent the undistributed profits generated by the Group since incorporation.

23. Term loans

	Parent Company		Consolidated	
	31/3/2014	31/3/2013	**31/3/2014**	31/3/2013
	RO	RO	**RO**	RO
Non current portion				
Oman Arab Bank	**10,000,000**	10,800,000	**10,000,000**	10,800,000
Bank Dhofar	**27,000,000**	29,000,000	**27,000,000**	29,000,000
Bank Muscat	**17,000,000**	18,200,000	**17,000,000**	18,200,000
Non-current portion	**54,000,000**	58,000,000	**54,000,000**	58,000,000
Current portion				
Oman Arab Bank	**800,000**	800,000	**800,000**	800,000
Bank Dhofar	**2,000,000**	2,000,000	**2,000,000**	2,000,000
Bank Muscat	**1,200,000**	1,200,000	**1,200,000**	1,200,000
Total current portion	**4,000,000**	4,000,000	**4,000,000**	4,000,000
Total Term loans	**58,000,000**	62,000,000	**58,000,000**	62,000,000
In foreign currency	**-**	-	**-**	-
In Local currency	**58,000,000**	62,000,000	**58,000,000**	62,000,000
Gross loans inclusive of grant	**58,000,000**	62,000,000	**58,000,000**	62,000,000

During 2012, to better manage the cash flow and to avail the benefits of lower interest rates in the market, the Company restructured its long term loan commitments. New loans of RO 64 million were taken and previous loans were fully settled.

The new loans of RO 64 million were obtained from the following banks:

A loan of RO 32 million was obtained from Bank Dhofar repayable in 20 semi-annual variable instalments starting from December 2012. The loan is secured by first pari pasu charge over fixed assets of the Company and assignment of insurance policies along with other banks. The repayment commitment is RO 1.0 million for the first 5 instalments, RO 1.25 million from 6th to 9th instalments, and RO 2 million for last 11 instalments.

A loan of RO 20 million was obtained from Bank Muscat repayable in 20 semi-annual variable instalments starting from December 2012. The loan is secured by first pari pasu charge over the fixed assets of the Company and assignment of insurance policies along with other banks. The repayment commitment is RO 0.6 million for the first 5 instalments, RO 0.75 million from 6th to 9th instalments, RO 1.25 million for next 10 instalments with last instalment of RO 1.5 million.

A loan of RO 12 million was obtained from Oman Arab Bank repayable in 20 semi-annual variable instalments. The loan is secured by first pari pasu charge over the fixed assets of the Company and assignment of insurance policies along with other banks. The repayment commitment is RO 0.4 million for the first 5 instalments, RO 0.5 million from 6th to 9th instalments, RO 0.75 million for the next 10 instalments with last instalment of RO 0.5 million. However the leverage ratio should not exceed 3.1 at all times.

The interest rates applicable for the above loans are:

- 3% per annum for the first year
- 3.5% per annum for the second year
- 4% per annum for the third year, thereafter subject to annual reset on a negotiated basis

24. Deferred tax liability

Deferred tax assets (liabilities) are attributable to the following items:

	Parent Company and Consolidated		
	31 Dec.2013	Charge for the period	**31 March 2014**
Net deferred tax liability	3,288.000	84.250	**3,372,250**

25. Trade and other payables

	Parent Company		Consolidated	
	31/3/2014	31/3/2013	**31/3/2014**	31/3/2013
	RO	RO	**RO**	RO
Due to related parties (note34)	**1,762,280**	1,006,686	**-**	-
Trade payables- others	**1,906,732**	905,464	**4,606,729**	5,771,335
Expansion project payables	**60,540**	28,267	**60,540**	28,267
Accrued expenses	**5,005,334**	5,777,163	**6,561,301**	7,205,418
Director's remuneration	**-**	26,300	**-**	26,300
Accrued interest	**159,240**	173,088	**159,240**	173,088
Other payables	**60,747**	114,035	**271,587**	224,272
Income tax payable	**906,000**	932,000	**906,000**	932,000
	9,860,873	8.963,003	**12,565,397**	14,360,680

26. Net assets per share

A net asset per share is calculated by dividing the net assets at the end of the reporting period by the number of shares outstanding at that date as follows:

Net assets (RO)	**106,808,534**	99,964,503	**122,868,195**	110,283,049
Number of shares at 31 December	**200,000,000**	200,000,000	**200,000,000**	200,000,000
Net asset per share	**0.534**	0.500	**0.614**	0.551

27. Revenue

Sales - local	**10,414,838**	11,088,410	**12,427,344**	13,815,556
Sales - export	**7,472,234**	7,080,535	**12,389,577**	11,409,172
	17,887,072	18,168,945	**24,816,921**	25,224,728

28. Cost of sales

	Parent Company		Consolidated	
	31/3/2014	31/3/2013	**31/3/2014**	31/3/2013
	RO	RO	**RO**	RO
Production expenses:				
Raw materials consumed	**469,697**	505,332	**1,235,614**	2,659,010
Imported cement	**231,398**	429,666	**-**	156,314
Spares and consumables	**958,313**	806,627	**1,301,092**	1,271,564
Employee related expenses	**1.254,065**	1,505,136	**1,798,908**	2,089,346
Fuel, gas and electricity	**1,869,871**	1,844,763	**5,133,992**	4,615,698
Packing materials	**478,221**	552,712	**796,032**	836,433
Depreciation (note 7)	**1,041,214**	1,085,481	**1,482,253**	1,535,278
Other factory overheads	**345,278**	391,451	**556,076**	605,331
Provi.for slow moving inventory	**30,000**	30,000	**45,780**	61,560
Inventory adjustment	**405,582**	449,989	**561,336**	154,680
	7,083,639	7,601,159	**12,911,083**	13,985,214
Distribution expenses:				
Transport Charges	**150,737**	161,536	**150,737**	166,062
Export Expenses	**1,706,371**	1,513,397	**1,289,277**	1,281,923
Mct/Sohar-shipping/terminal exp.	**921,315**	939,974	**630,213**	581,266
	2,778,423	2,614,907	**2,070,227**	2,029,251
	9,862,062	10,216,066	**14,981,310**	16,014,465

Total employee related expenses comprise:

Wages and salaries	**1,020,724**	928,122	**1,398,577**	1,347,827
Other benefits	**185,725**	530,602	**329,918**	695,860
Contributions to defined contribution retirement plan	**22,188**	19,340	**28,639**	19,340
Increase in liability for unfunded benefit retirement plan	**25,428**	27,072	**41,775**	26,319
	1,254,065	1,505,136	**1,798,908**	2,089,346

29. General and administrative expenses

Advertisement and promotion	**850**	2,120	**22,899**	19,300
Training ,seminars and recruitment exp.	**8,297**	2,411	**9,514**	2,411
Telephone and fax	**10,612**	12,841	**19,561**	23,452
Travelling	**43,034**	14,706	**43,444**	15,999
Legal expenses	**750**	1,350	**750**	1,350
Audit fees	**3,300**	3,300	**6,483**	6,759
Others professional fees	**-**	11,519	**43,140**	44,107
Donation	**5,000**	-	**5,000**	-
Directors'fees and remun.(note36)	**14,000**	11,000	**14,000**	11,000
Capital market fees	**24,100**	20,100	**24,100**	20,100
Rents and utilities	**23,800**	16,332	**36,395**	46,518
Provision for doubtful debts	**3,001**	(22,369)	**8,261**	(22,369)
Others	**10,169**	62,912	**17,963**	85,631
	146,913	136,222	**251,510**	254,258

30. Other income

Other income from services	**20,484**	8,547	**23,324**	11,423
Total other income	**20,484**	8,547	**23,324**	11,423

31. Net financing cost

	Parent Company		Consolidated	
	31/3/2014	31/3/2013	**31/3/2014**	31/3/2013
	RO	RO	**RO**	RO
Interest on long term loans	**508,865**	458,629	**508,865**	458,629
Interest on overdraft	**-**	-	**-**	823
Exchange difference	**(2,559)**	(3,888)	**(2,486)**	(1,415)
Others	**1,545**	1,815	**15,276**	13,813
Interest Income on bank deposits	**(58,054)**	(37,310)	**(58,054)**	(37,310)
Net financing cost	**449,797**	419,246	**463,601**	434,540

32. Investment income

Profit(Loss) on measurement of investments	**77,568**	595,021	**77,568**	595,021

33. Provision for income tax

(Provision) for / Release of tax	**(84,250)**	(24,000)	**(84,250)**	(24,000)
Provision for income tax expenses	**(906,000)**	(932,000)	**(906,000)**	(932,000)
	(990,250)	(956,000)	**(990,250)**	**(990,250)**

34. Earnings per share basic and diluted

Earnings per share basic and diluted are calculated by dividing the net profit for the year by the weighted average number of shares outstanding during the period as follows:

Net profit for the year (RO)	**6,536,102**	7,044,979	**8,231,142**	8,171,909
Weighted average number of shares	**200,000,000**	200,000,000	**200,000,000**	200,000,000
Earnings per share basic and diluted (RO)	**0.033**	0.035	**0.041**	0.041

35. Related parties

The Group has entered into transactions with its executive officers, Directors and entities in which certain Directors of the Group have an interest. In the ordinary course of business, the Group sells goods to related parties and purchases goods from, occupies the premises of and receives services from related parties. These transactions are entered into on terms and conditions, which the Directors believe could be obtained on an arm’s length basis from independent third parties.

Amounts due from / to related parties at year end are as follows:

	Parent Company		Consolidated	
	31/3/2014	31/3/2013	**31/3/2014**	31/3/2013
	RO	RO	**RO**	RO
Due from related parties (note13):				
Related to Directors :				
- Salalah Ready Mix LLC	**3,286**	475,735	**3,286**	475,735
- Modern Contracting Company	**580**	1,160	**580**	1,160
- MRTIC	**1,101,701**	451,474	**1,101,701**	451,474
-OPCP	**1,637**	43,886	**960,109**	469,041
	1,107,204	972,255	**2,065,676**	1,397,410

	Parent Company		Consolidated	
	31/3/2014	31/3/2013	**31/3/2014**	31/3/2013
	RO	RO	**RO**	RO
Due to related parties (note 25)				
Related to Directors :				
-Pioneer cement	**276,759**	402,617	--	--
- Raysea Navigation	**271,005**	11,552	--	--
-Rabulk Navigation	**1,214,516**	592,517	--	--
	1,762,280	1,006,686	--	--

36. Comparative figures

Certain comparative information have been reclassified to conform to the presentation adopted in these financial statements.