NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2015

1. Legal status and principal activities

Raysut Cement Company SAOG ("the Parent Company" or "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 parent Company is engaged in the production and sale of ordinary 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	Country of incorporation	Shareholding percentage		Principal activities
		30/6/2015	30/6/2014	
Pioneer Cement Industries LLC	United Arab Emirates	**100%**	100%	Production and sale of cement
Raysea Navigation SA	Panama	**100%**	100%	Shipping transport company
Raybulk Navigation SA	Marshall Islands	**100%**	100%	Shipping transport company
Pioneer Cement Industries Georgia Limited*	Georgia	**100%**	100%	Production and sale of cement

One share out of 55,000 shares of Pioneer Cement Industries LLC is held by a third party on trust.

These financial statements represent the results of operations of the Parent Company on a standalone basis and consolidate with its above subsidiaries (the Group).

*Pioneer Cement Industries Georgia Limited is a subsidiary of Pioneer Cement Industries LLC.

2 Summary of significant accounting policies

The principal accounting policies are summarized below. These policies have been consistently applied to each of the years presented, unless otherwise stated.

2.1 Basis of preparation

(a) These financial statements are prepared on the historical cost basis except for the revaluation of investments classified as available for sale financial assets, financial assets at fair value through profit or loss and in accordance with International Financial Reporting Standards (IFRS), disclosure requirements of the Capital Market Authority, the Commercial Companies Law of 1974, (as amended) and also comply with the disclosure requirements set out in the "Rules and Guidelines on Disclosure by issuer of Securities and Insider Trading" issued by the Capital Market Authority (CMA) of the Sultanate of Oman.

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

(c) Standards and amendments effective in 2015 and relevant for the Group's operations:

For the period ended 30 June 2015, the Group has adopted all of the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for periods beginning on 1 January 2015.

The adoption of these standards and interpretations has not resulted in changes to the Group's accounting policies and has not affected the amounts reported for the period.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(d) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group:

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2015 or later periods, but the Company has not early adopted them and the impact of these standards and interpretations is not reasonably estimable as at 30 June 2015:

IFRS 9, 'Financial instruments', (effective on or after 1 January 2018);
IFRS 15 Revenue (effective on or after 1 January 2017);

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.2 Segment reporting

An operating segment is component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors ('Board') that makes strategic decisions. All operating segment operating results are reviewed by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

2.3 Consolidation

(a) Subsidiaries

Subsidiaries are all entities over which Raysut Cement Company SAOG has control. Raysut Cement Company SAOG controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

2 Summary of significant accounting policies (continued)

2.3 Consolidation (continued)

(a) Subsidiaries (continued)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control any retained interest in the entity is re- measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(b) Goodwill

Goodwill arising on acquisition of subsidiary is initially recognised at cost, being the excess of cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities. Goodwill is subsequently measured at cost less accumulated impairment losses. Negative goodwill is recognised immediately in the consolidated statement of comprehensive income. Impairment losses, if any, in respect of goodwill arising on consolidation are assessed on an annual basis.

2.4 Revenue recognition

Revenue from the sale of goods is stated at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

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

2.5 Interest income and expense

Interest income and expense are accounted for on the accrual basis using an effective interest rate method.

2.6 Leases

Finance leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised 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. A corresponding amount is recognised as a finance leasing liability, irrespective of whether some of these lease payments are payable up-front at the date of inception of the lease. Leases of land and buildings are split into a land and a building element, in accordance with the relative fair values of the leasehold interests at the date the asset is initially recognised.

2 Summary of significant accounting policies (continued)

2.6 Leases (continued)

Finance leases (continued)

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. The corresponding finance leasing liability is reduced by lease payments less finance charges, which are expensed to finance costs.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

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 recognised as an expense in the statement of income on a straight-line basis over the lease term.

Operating leases

The operating lease payments are charged to consolidated and parent's company statement of comprehensive income.

2.7 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'Rial Omani', which is the Parent company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated and parent company's statement of comprehensive income.

(c) Group companies

The accounting records of a subsidiary, Pioneer Cement Industries LLC are maintained in UAE Dirhams (AED). The Rial Omani amounts included in the consolidated financial statements have been translated at an exchange rate of 0.1052 (30/6/2014 - 0.1052) Omani Rial to each AED for the statement of comprehensive income and the statement of financial position items, as the AED to RO exchange rate has effectively remained fixed during the year, both currencies being pegged to the US Dollar.

2.8 Income tax

Income tax on the results for the year comprises current and deferred tax.

Current tax recognised in the statement of comprehensive income is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

2 Summary of significant accounting policies (continued)

2.8 Income tax (continued)

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred taxation. Deferred tax assets are recognized to the extent that it is probable that future tax profits will be available against which tax losses or temporary differences can be utilized. Deferred income tax assets and liabilities are offset as there is a legally enforceable right to offset these in Oman.

The principal temporary differences arise from depreciation on property, plant and equipment and allowance for impairment of receivables and slow moving inventories.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised and is subsequently reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.9 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.

2.10 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 recognised as an expense in the consolidated and parent company's statement of comprehensive income.

2.11 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss. The cost of property, plant and equipment is their purchase price together with any incidental expenses. Subsequent costs are included in the asset's carrying amount or recognised 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated and parent company's statement of comprehensive income during the financial period in which they are incurred.

Depreciation is charged to the consolidated and parent company's statement of comprehensive income on a straight-line basis over the estimated useful lives of items of property, plant and equipment. The estimated useful lives are as follows:

Buildings and civil works	5, 20 and 30 years
Plant and machinery	25 years
Ships	15 years
Motor vehicles	5 years
Furniture and fixtures	5 years
Office equipment	5 years
Plant vehicles, equipment and tools	3 and 5 years

2 Summary of significant accounting policies (continued)

2.11 Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount it is written down immediately to its recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and are recognised within 'other income' and taken into account in determining operating profit.

Capital work-in-progress is stated at cost less any impairment costs. When commissioned, capital work-in-progress is transferred to the appropriate property, plant and equipment category and depreciated in accordance with the Group's policy.

Interest costs on borrowings to finance the construction of the qualifying assets is capitalised, during the period that is required to complete and prepare the asset for its intended use.

2.12 Impairment

At each reporting date, the Group reviews the carrying amounts of its assets (or cash-generating units) 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).

The loss arising on an impairment of an asset is determined as the difference between the recoverable amount and carrying amount of the asset and is recognised immediately in the consolidated and parent company's statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount and the increase is recognised as income immediately, provided that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised earlier.

2.13 Intangible assets

Computer software costs that are directly associated with identifiable and unique software products controlled by the company and have probable economic benefits exceeding the costs beyond one year are recognised as an intangible asset. Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads. Computer software costs recognised as an asset are amortised using the straight-line method over the estimated useful life of five years.

Intangible work-in-progress is not depreciated until it is transferred into intangible assets category, which occurs when the asset is ready to use.

2.14 Investments in associates

Associates are all entities over which the company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting in consolidated statement of financial position. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

2. Summary of significant accounting policies (continued)

2.14 Investments in associates (continued)

Investment in associate is carried in parent company's statement of financial position at cost less any impairment

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the statement of comprehensive income, and its share of post acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit / (loss) of an associate' in the statement of comprehensive income.

Upon loss of significant influence over an associate, the company measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

2.15 Investments in subsidiaries

Classification

Subsidiaries are all entities over which the parent company has control. The parent company controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Valuation

Investments in subsidiaries are stated at cost less any diminution in the value of specific investment, which is other than temporary by the Parent company. Investment income is accounted for in the year in which entitlement is established.

2.16 Inventories

Inventories are stated at the lower of cost and net realizable value and measured using weighted average method. 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. Finished goods and work in progress are valued at standard cost i.e. at standard usage and standard overheads. Any significant variance if any in actuals then the same is dealt accordingly in inventory valuation.

2 Summary of significant accounting policies (continued)

2.17 Financial assets

The Group classifies its financial assets in the following categories: held-to-maturity financial assets, financial assets at fair value through profit or loss, available-for-sale financial assets and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Held-to-maturity investments

Financial assets classified as held to maturity are non-derivative financial assets with fixed or determinable payments and fixed maturity and are intended to be held to maturity. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment.

(b) Financial assets at fair value through profit or loss

Classification

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management.

Valuation

Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income. Financial assets at fair value through profit or loss are subsequently carried at fair value.

The fair values of quoted investments are based on current market bid prices. Gains or losses arising from changes in the fair value including interest income are presented in the consolidated and parent company's statement of comprehensive income in the period in which they arise.

Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred subsequently all risks and rewards of ownership.

All purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset.

(c) Available-for-sale financial assets

Classification

Available-for-sale financial assets are non-derivatives and are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Management determines the appropriate classification of its investments at the time of the purchase.

Valuation

Regular purchases and sales of investments are recognised on the trade date which is the date on which the company commits to purchase or sell the asset. Available-for-sale financial assets are initially recognised at fair value plus transaction costs.

Available-for-sale financial assets are subsequently carried at fair value. The fair value of quoted investments is based on current bid prices. Where the market is not active or the securities are not listed, fair value is estimated based on valuation techniques.

Any diminution in value of a particular investment is charged against the fair value reserve to the extent that reserve includes a surplus in respect of the same investment, and thereafter to the statement of profit or loss and other comprehensive income.

2 Summary of significant accounting policies (continued)

2.17 Financial assets (continued)

(c) Available-for-sale financial assets (continued)

Valuation (continued)

Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Changes in fair value of available-for-sale financial assets are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in statement of changes in equity are included in the consolidated and parent company's statement of comprehensive income as gains or losses from investments available-for-sale.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a Group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in statement of comprehensive income is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the consolidated and parent company's statement of comprehensive income on equity instruments are not reversed through the statement of profit or loss and other comprehensive income.

(d) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables, bank deposits and cash and cash equivalents in the consolidated and parent company's statement of financial position.

2.18 Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of trade receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivables are impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the consolidated and parent company's statement of comprehensive income within 'general and administrative expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'general and administrative expenses' in the consolidated and parent company's statement of comprehensive income.

2.19 Cash and cash equivalents

For the purposes of the statement of cash flows, all bank balances, including short-term deposits with a maturity of three months or less from the date of placement, are considered to be cash equivalents.

2 Summary of significant accounting policies (continued)

2.20 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently measured at amortised cost using an effective interest method. Any difference between the proceeds (net of transaction costs) and redeemed borrowings is recognized over the term of borrowings in the statement of profit or loss and other comprehensive income. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2.21 Employees' end of service benefits

End of service benefits are accrued in accordance with the terms of employment of the Group's employees at the reporting date, having regard to the requirements of the applicable labour laws of the countries in which the Group operates and in accordance with IAS 19. Employee entitlements to annual leave and leave passage are recognised when they accrue to employees and an accrual is made for the estimated liability arising as a result of services rendered by employees up to the reporting date. These accruals are included in current liabilities, while that relating to end of service benefits is disclosed as a non-current liability.

Contributions to a defined contribution retirement plan and occupational hazard insurance for Omani employees in accordance with the Omani Social Insurances Law of 1991 are recognised as an expense in the statement of comprehensive income as incurred.

2.22 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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

2.23 Provisions

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

2.24 Dividend distribution

The Board of Directors of the Group recommends to the Shareholders the dividend to be paid out of the Group's profits. The Directors take into account appropriate parameters including the requirements of the Commercial Companies Law of 1974 (as amended) and other relevant directives issued by CMA while recommending the dividend. Dividends are recognised as a liability when declared.

2.25 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.

2 Summary of significant accounting policies (continued)

2.26 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.
- Impairment losses, if any in respect of goodwill arising on consolidation are assessed on annual basis.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks including effects of changes in: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Risk management is carried out by the management under policies approved by the Board of Directors.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group is exposed to foreign currency risk arising from currency exposures with respect to US Dollar, UAE Dirham and Euro. In respect of the Group's transactions denominated in US Dollar and UAE Dirham, the Group is not exposed to currency risk as the Rial Omani and UAE Dirham are pegged to the US Dollar.

At 30 June 2015, if the Rial Omani had weakened/strengthened by 10% against the Euro in case of the parent company and the Group, with all other variables held constant, it would have an insignificant impact on the pre-tax profit for the year of the parent company and the Group.

The Group is also exposed to foreign currency risk on investment in an associate in the aggregate amount of approximately RO 113,343 (30/6/2014: 113,343) denominated in Yemeni Rials.

(ii) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities in the market.

The Group is exposed to price risk arising from exposure to volatility in the Muscat Securities Market (MSM) on the investments in listed equity securities included as either fair value through profit or loss or available-for-sale financial assets. The table below summarises the impact of increases/decreases of the indices on the Group's profits and on other components of equity. The analysis is made on the assumption that the equity indices will increase/decrease by 10% with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the respective indices:

3. Financial risk management

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Price risk (continued)

Parent and consolidated	Impact on the company's pre-tax profits (on financial assets at fair value through profit or loss) Parent Company		Impact on the company's pre-tax profits (on financial assets at fair value through profit or loss) Consolidated	
	30/6/2015	30/6/2014	**30/6/2015**	30/6/2014
	RO	RO	**RO**	RO
MSM	**387,320**	444,602	**387,320**	444,602

(iii) Fair value interest rate risk

Interest rate risk arises from the possibility of changes in interest rates and mismatches or gaps in the amount of assets and liabilities that mature or re-price in a given period. The Group is exposed to fair value interest rate risk on its long term loan from the commercial banks as these carry fixed interest rates.

Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's policy is to maintain almost all of its borrowings in fixed rate instruments. During 2015 and 2014, the Group's borrowings were denominated in Rial Omani currency. The Group analyses its interest rate exposure on a regular basis and reassesses the source of borrowings and renegotiates interest rates at terms favorable to the Group.

At the reporting date, if the interest rate were to shift by 0.5%, there would be a maximum increase or decrease in the interest expense of RO 210,000 (31/6/2014 - RO 258,750) of the parent company and the Group.

The carrying values of the loans are not considered to be materially different from their fair values since the loans are at the market interest rates.

(b) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from cash and cash equivalents, deposits with banks as well as credit exposures to customers including outstanding amounts from related parties and committed transactions.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. Details of the company's and Group's concentration of credit risk are disclosed in note 12. This represents amount receivable from corporate customers from whom there is no past history of default and the Group enjoys a long standing relationship.

3 Financial risk management (continued)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2015 (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

The carrying amount of financial assets represents the maximum credit exposure. The exposure to credit risk at the end of the reporting period was on account of:

	Parent Company		Consolidated	
	30/6/2015 RO	30/6/2014 RO	**30/6/2015 RO**	30/6/2014 RO
Trade receivables	**4,725,377**	6,466,865	**8,308,792**	10,705,288
Other receivables	**64,207**	-	**136,611**	-
Bank deposits	**1,503,698**	-	**6,763,698**	-
Cash at bank	**6,514,896**	14,005,224	**13,500,547**	21,754,577
	12,808,178	20,472,089	**28,709,648**	32,459,865

Most of the customers have provided bank guarantees to the Parent Company. The potential risk in respect of amounts receivable is limited to their carrying values as management regularly reviews these balances whose recoverability is in doubt.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for Groups of similar assets in respect of losses that have been incurred but not yet identified.

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 recognized in the statement of profit or loss and other comprehensive income.

The age of trade receivables and related impairment loss at the end of the reporting period is:

	30/6/2015		30/6/2014	
	Gross RO	**Allowance for impairment of trade receivables RO**	Gross RO	Allowance for impairment of trade receivables RO
Parent Company				
Due 0 to 180 days	**4,725,377**	**-**	6,466,865	-
Past due 181 to 365 days	**90,022**	**90,022**	31,450	31,450
Past due 1 to 2 years	**23,476**	**23,476**	14,010	14,010
More than 2 years	**380,063**	**380,063**	502,870	502,870
	5,218,938	**493,561**	7,015,195	548,330
Consolidated				
Due 0 to 180 days	**8,308,792**	**-**	10,705,288	-
Past due 181 to 365 days	**351,039**	**351,039**	41,970	41,970
Past due 1 to 2 years	**23,476**	**23,476**	14,010	14,010
More than 2 years	**380,063**	**380,063**	502,870	502,870
	9,063,370	**754,578**	11,264,138	558,850

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2015 (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group’s approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group’s reputation.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition the Group has access to credit facilities.

	Parent Company					
	30/6/2015			30/6/2014		
	Carrying amount RO	6 months or less RO	6 months and above RO	Carrying amount RO	6 months or less RO	6 months and above RO
Trade and other payables	7,327,100	7,327,100	-	7,592,741	7,592,741	-
Term loans	42,000,000	2,500,000	39,500,000	51,750,000	2,250,000	49,500,000
	49,327,100	9,827,100	39,500,000	59,342,741	9,842,741	49.500,000

	Consolidated					
	30/6/2015			30/6/2014		
	Carrying amount RO	6 months or less RO	6 months and above RO	Carrying amount RO	6 months or less RO	6 months and above RO
Trade and other payables	9,594,012	9,594,012	-	10,265,395	10,265,395	-
Term loans	42,000,000	2,500,000	39,500,000	51,750,000	2,250,000	49,500,000
	51,594,012	12,094,012	39,500,000	62,015,395	12,515,395	49,500,000

3.2 Fair value estimation

All the financial assets and liabilities of the Group except for the available-for-sale financial assets and financial assets at fair value through profit or loss are carried at amortised cost. The fair value of the financial assets and liabilities approximates their carrying value as stated in the statement of financial position.

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); and

- 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).

3 Financial risk management (continued)

Parent Company and Consolidated			
Level 1	Level 2	Level 3	Total
RO	RO	RO	RO

30/6/2015				
Available-for-sale financial assets	**-**	**-**	**125,000**	**125,000**
Financial assets at fair value through profit or loss	**3,873,199**	**-**	**-**	**3,873,199**
30/6/2014				
Available-for-sale financial assets	-	-	125,000	125,000
Financial assets at fair value through profit or loss	4,446,017			4,446,017

There were no transfers between the levels during the year.

3.3 Capital risk management

Equity of the Parent Company and Group comprises share capital, share premium, legal reserves, special reserves and retained earnings. Management's policy is to maintain an optimum capital base to maintain investor, creditor and market confidence to sustain future growth of business as well as return on capital. Capital requirements are prescribed by the Commercial Companies Law of 1974, amended, and the Capital Market Authority.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings as shown in the statement of financial position less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratios at 30 June 2015 and 30 June 2014 were as follows:

	Parent Company		Consolidated	
	30/6/2015	30/6/2014	**30/6/2015**	30/6/2014
	RO	RO	**RO**	RO
Total borrowings (note 24)	**42,000,000**	51,750,000	**42,000,000**	51,750,000
Less: cash and cash equivalents	**(6,521,396)**	(14,011,724)	**(13,556,366)**	(21,787,583)
Net debt	**35,478,604**	37,738,276	**28,443,634**	29,962,417
Equity	**114,465,649**	113,541,098	**138,028,103**	130,224,082
Total capital	**149,944,253**	151,279,374	**166,471,737**	160,186,499
Gearing Ratio	**23.66%**	24.95%	**17.09%**	18.70%

4 Critical accounting estimates and judgments

The Group makes estimates and assumptions concerning the future. Estimates are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

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 period.

4 Critical accounting estimates and judgments

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-to-maturity or available-for-sale, financial assets at fair value through profit or loss and loan and receivables.

(i) Available-for-sale financial assets

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 judgement based on its intentions to hold such investments.

(ii) Financial assets at fair value through profit or loss

Management follows the guidance set out in International Accounting Standard (IAS) 39 Financial Instruments: Recognition and Measurement on classifying non-derivative financial assets as at fair value through profit or loss.

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 financial assets

The Group follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(d) Useful lives of property, plant and equipment

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) Allowance for slow moving inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For significant amounts this estimation is performed on a case to case basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and an allowance applied according to the inventory type and the degree of ageing or obsolescence, based on historical movements.

4 Critical accounting estimates and judgements (continued)

(f) Allowance for impairment of trade receivables

The management reviews the debtors' ageing on a monthly basis and submits the same to the Board of Directors. In case of difficult unsecured debtors whose outstanding is in excess of the credit period allowed, regular follow up is made to collect the same. In case of necessity, legal options are also explored. Debtors' provision is generally made in line with the policy of the Group, taking in to account cases to cases status as well.

Allowance for impairment of trade receivables is based on management assessment of various factors such as the Group's past experience of collecting receivables from customers and the age of trade receivable depending on transaction.

(g) Goodwill and investment in subsidiaries and associated companies

The management follows the guidance of IAS 36 to determine when an investment in a subsidiary/associate is impaired. This determination requires significant judgement and in making this judgement, the management evaluates, among other factors, the carrying amount of the entity's net assets and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

The Board of Directors test annually whether goodwill and investment in subsidiaries and associates have suffered any impairment in accordance with IAS 36, 'Impairment of Assets' which require the use of estimates.(refer note 8)

(h) Investment in an associate

Share of profit of associate companies, Oman Portuguese Cement Products LLC and Mukalla Raysut Trading and Industrial Company are recognized at the year end .

5. Property, plant and equipment

Parent Company	Land, buildings and civil works	Plant and machinery	Motor vehicles	Furniture and fixtures	Office equipment	Plant, vehicles, equipment and tools	Capital work in progress (CWIP)	Total
	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 during the year	441,572	795,295	39,800	75,776	4,600	238,204	1,590,092	3,185,339
Transfers during the year	-	-	-	94,214	-	-	(94,214)	-
Disposals during the year	-	-	(26,180)	-	-	(373,170)	-	(399,350)
At 31 December 2014	31,354,791	83,523,921	332,195	257,607	968,948	5,245,387	2,800,310	124,483,159
At 1 January 2015	**31,354,791**	**83,523,921**	**332,195**	**257,607**	**968,948**	**5,245,387**	**2,800,310**	**124,483,159**
Additions during the period	**73,657**	**1,486,135**	**15,450**	**9,605**	**-**	**-**	**2,224,593**	**3,809,440**
Transfers during the period	**1,804,235**	**19,050**	**-**	**-**	**-**	**-**	**(1,823,285)**	**-**
At 30 June 2015	**33,232,683**	**85,029,106**	**347,645**	**267,212**	**968,948**	**5,245,387**	**3,201,618**	**128,292,599**

RAYSUT CEMENT COMPANY SAOG AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2015 (continued)

5. Property, plant and equipment (continued)

Parent Company	Land, buildings and civil works RO	Plant and machinery RO	Motor vehicles RO	Furniture and fixtures RO	Office equipment RO	Plant, vehicles, equipment and tools RO	Capital work in progress (CWIP) RO	Total RO
Accumulated 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 year	905,165	2,942,250	23,320	29,682	14,319	209,865	-	4,124,601
Disposals	-	-	(26,180)	-	-	(373,170)	-	(399,350)
At 31 December 2014	15,439,678	39,701,304	267,584	108,440	935,460	4,796,608	-	61,249,074
At 1 January 2015	**15,439,678**	**39,701,304**	**267,584**	**108,440**	**935,460**	**4,796,608**	**-**	**61,249,074**
Charge for the period	**483,267**	**1,509,387**	**12,838**	**19,411**	**6,847**	**86,564**	**-**	**2,118,314**
At 30 June 2015	**15,922,945**	**41,210,691**	**280,422**	**127,851**	**942,307**	**4,883,172**	**-**	**63,367,388**
Net book value								
30 June 2015	**17,309,738**	**43,818,415**	**67,223**	**139,361**	**26,641**	**362,215**	**3,201,618**	**64,925,211**
31 December 2014	15,915,113	43,822,617	64,611	149,167	33,488	448,779	2,800,310	63,234,085

5. Property, plant and equipment (continued)

Consolidated	Land, buildings and civil works RO	Plant and machinery RO	Motor vehicles RO	Furniture and fixtures RO	Office equipment RO	Plant, vehicles, equipment and tools RO	Capital work in progress (CWIP) RO	Total RO
Cost								
At 1 January 2014	40,266,721	106,564,840	529,933	201,774	1,253,152	13,214,077	1,814,681	163,845,178
Additions during the year	441,572	796,452	39,800	90,681	11,535	238,203	4,676,040	6,294,283
Transfers during the year	706,428	2,064,871	-	94,214	-	-	(2,865,513)	-
Disposals during the year	-	-	(26,180)	-	-	(373,170)	-	(399,350)
At 31 December 2014	41,414,721	109,426,163	543,553	386,669	1,264,687	13,079,110	3,625,208	169,740,111
At 1 January 2015	**41,414,721**	**109,426,163**	**543,553**	**386,669**	**1,264,687**	**13,079,110**	**3,625,208**	**169,740,111**
Additions during the period	**73,657**	**1,522,092**	**15,450**	**12,117**	**3,372**	**117,031**	**2,379,636**	**4,123,355**
Transfers during the period	**1,804,234**	**808,536**	**-**	**-**	**-**	**-**	**(2,612,770)**	**-**
At 30 June 2015	**43,292,612**	**111,756,791**	**559,003**	**398,786**	**1,268,059**	**13,196,141**	**3,392,074**	**173,863,466**

5. Property, plant and equipment (continued)

Consolidated (continued)

	Land, buildings and civil works RO	Plant and machinery RO	Motor vehicles RO	Furniture and fixtures RO	Office equipment RO	Plant, vehicles, equipment and tools RO	Capital work in progress (CWIP) RO	Total RO
Accumulated Depreciation								
At 1 January 2014	16,694,788	47,317,791	452,710	177,921	1,053,167	6,601,797	-	72,298,174
Charge for the year	1,158,427	3,912,214	36,233	37,653	54,744	714,577	-	5,913,848
Disposals	-	-	(26,180)	-	-	(373,170)	-	(399,350)
At 31December 2014	17,853,215	51,230,005	462,763	215,574	1,107,911	6,943,204	-	77,812,672
At 1 January 2015	**17,853,215**	**51,230,005**	**462,763**	**215,574**	**1,107,911**	**6,943,204**	**-**	**77,812,672**
Charge for the period	**629,983**	**2,038,213**	**18,323**	**23,979**	**27,247**	**340,742**	**-**	**3,078,487**
At 30 June 2015	**18,483,198**	**53,268,218**	**481,086**	**239,553**	**1,135,158**	**7,283,946**	**-**	**80,891,159**
Net book value								
30 June 2015	**24,809,414**	**58,488,573**	**77,917**	**159,233**	**132,901**	**5,912,195**	**3,392,074**	**92,972,307**
31 December 2014	23,561,506	58,196,158	80,790	171,095	156,776	6,135,906	3,625,208	91,927,439

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2015 (continued)

5. Property, plant and equipment (continued)

(i) The limestone mines of the subsidiary company Pioneer Cements LLC are located in UAE and Georgia. These mines are currently not being used by the Group and are retained in order to procure limestone in the future. The Board of Directors of the Group have reviewed the limestone capacity of these mines and based on the expected output are of the view that no impairment loss needs to be recorded against the carrying value of these mines.

(ii) Buildings of the subsidiary Pioneer Cements LLC are constructed and the site development is carried out on a plot of land leased from a minority shareholder for a period of 25 years. Upon its expiry, the lease can be renewed for a further term to be decided by the parties at that time and the management believes that it will be able to renew the lease for future periods.

(iii) Depreciation is allocated as follows:

	Parent Company		Consolidated	
	30/6/2015 RO	30/6/2014 RO	**30/6/2015 RO**	30/6/2014 RO
Cost of sales (note 30)	**2,071,123**	2,045,191	**2,994,268**	2,875,746
General and administrative expenses (note 31)	**47,191**	21,767	**84,219**	71,949
	2,118,314	2,066,958	**3,078,487**	2,947,695

6. Investment in associates

	Parent Company		Consolidated	
	30/6/2015 RO	30/6/2014 RO	**30/6/2015 RO**	30/6/2014 RO
Mukalla Raysut Trading and Industrial Company (MRTIC)	**113,343**	113,343	**1,297,528**	545,856
Oman Portuguese Cement Products LLC (OPCP)	**1,924,087**	1,924,087	**3,041,333**	2,480,464
	2,037,430	2,037,430	**4,338,861**	3,026,120

- **MRTIC**

	Parent Company		Consolidated	
	30/6/2015 RO	30/6/2014 RO	**30/6/2015 RO**	30/6/2014 RO
Cost	**113,343**	113,343	**113,343**	113,343
Add : share of profits at begining	**-**	-	**1,184,185**	1,393,924
Less : Dividend received	**-**	-	**-**	(961,611)
	113,343	113,343	**1,297,528**	545,656

Investment in MRTIC represents 49% (30/06/2014: 49%) equity interest in MRTIC, a limited liability company, incorporated in Yemen.

- **OPCP**

	Parent Company		Consolidated	
	30/6/2015 RO	30/6/2014 RO	**30/6/2015 RO**	30/6/2014 RO
Cost	**1,924,087**	1,924,087	**1,924,087**	1,924,087
Add: Share of profits at 1 January	**-**	-	**1,117,246**	556,377
	1,924,087	1,924,087	**3,041,333**	2,480,464

Investment in OPCP represents 50% (30/6/2014: 50%) of equity interest and it is a limited liability Company, registered in Oman acquired in 2011 (40% in February 2011 and 10% in July 2011).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2015 (continued)

7 Investment in subsidiaries

	Parent Company		Consolidated	
	30/6/2015	30/6/2014	**30/6/2015**	30/6/2014
	RO	RO	**RO**	RO
Investments				
Raysea Navigation S.A	**3,850**	3,850	**-**	-
Raybulk Navigation S.A	**3,850**	3,850	**-**	-
Pioneer Cement Industry LLC	**66,532,035**	66,532,035	**-**	-
Total investments	**66,539,735**	66,539,735	**-**	-

Investment in Raysea Navigation S.A ("Raysea") represents 100% (30/6/2014: 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 started its commercial operations in January 2011.

Investment in Raybulk Navigation ("Raybulk") represents 100% (30/6/2014: 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. Raybulk started its commercial operations in October 2011.

On 30 December 2010, the Parent Company acquired 100% ordinary shares of Pioneer Cement Industries LLC ("Pioneer"). One share out of 55,000 shares of Pioneer is held by a third party on trust. Pioneer was incorporated in 24 June 2004 in Ras Al Khaimah, UAE.

Summarized un-audited financial information in respect of subsidiaries is set out below:

	Total assets	Total liabilities	Net assets	Revenue	Profit / (loss)
	RO	**RO**	**RO**	**RO**	**RO**
30/6/2015					
Pioneer	**43,408,960**	**3,184,227**	**40,224,733**	**14,889,096**	**2,808,130**
Raysea	**3,319,835**	**3,262,353**	**57,482**	**731,029**	**42,066**
Raybulk	**3,338,749**	**1,618,792**	**1,719,957**	**974,705**	**254,446**
30/6/2014					
Pioneer	40,291,976	4,919,397	35,372,579	14,538,663	2,848,692
Raysea	3,702,373	3,702,542	(169)	594,519	(33,293)
Raybulk	4,925,747	3,862,714	1,063,033	974,705	464,575

8 Goodwill

The goodwill was recognized as a result of acquisition of Pioneer as follows:

	30/6/2015	30/6/2014
	RO	RO
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 transactions. At 31December 2014, the management has tested the goodwill for impairment in accordance with IAS 36 "Impairment of Assets" and has not accounted for any impairment losses at 31 December 2014 since the estimated recoverable amount of the related business in the amount exceeds its carrying value.

8 Goodwill (continued)

The key assumptions forming the basis for the impairment test are as follows:

- Growth Rate based on assumption that business shall grow at 4.2% per annum;
- Terminal value based on assumption that cash flow shall grow at 1.5%;
- The discount factor in determining the recoverable amount is 8%.

9 Advances to subsidiaries

	Parent Company		Consolidated	
	30/6/2015 RO	30/6/2014 RO	**30/6/2015 RO**	30/6/2014 RO
Advances				
Raysea Navigation S.A [note 42(a)]	**3,135,000**	3,639,176	**-**	-
Raybulk Navigation S. A [note 42(a)]	**1,423,000**	3,841,632	**-**	-
Total	**4,558,000**	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.

10 Available-for-sale financial assets

	Parent Company		Consolidated	
	30/6/2015 RO	30/6/2014 RO	**30/6/2015 RO**	30/6/2014 RO
Unquoted local equity instrument	**125,000**	125,000	**125,000**	125,000

Board of Director's believe that the fair value of investments available-for-sale at 30 June 2015 is not materially different than their cost.

11 Inventories

	Parent Company		Consolidated	
	30/6/2015 RO	30/6/2014 RO	**30/6/2015 RO**	30/6/2014 RO
Raw materials	**1,142,539**	1,105,852	**1,666,091**	2,003,800
Work in progress	**1,542,305**	821,043	**2,155,433**	1,571,155
Finished goods	**837,396**	400,698	**939,649**	551,016
	3,522,240	2,327,593	**4,761,173**	4,125,971
Spares and consumables	**8,714,916**	9,851,901	**12,411,998**	13,940,075
Allowance for slow-moving inventories	**(1,819,411)**	(1,912,832)	**(2,138,739)**	(2,252,296)
	10,417,745	10,266,662	**15,034,432**	15,813,750

Movement in allowance for slow moving inventories is as follows:

	Parent Company		Consolidated	
	30/6/2015 RO	30/6/2014 RO	**30/6/2015 RO**	30/6/2014 RO
At 1 January	**1,759,411**	1,852,832	**2,130,435**	2,160,736
Charge during the period (note 30)	**60,000**	60,000	**8,304**	91,560
At 30 June	**1,819,411**	1,912,832	**2,138,739**	2,252,296

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2015 (continued)

12 Trade receivables

	Parent Company		Consolidated	
	30/6/2015	30/6/2014	**30/6/2015**	30/6/2014
	RO	RO	**RO**	RO
Trade receivables	**4,552,212**	6,123,288	**7,594,653**	9,547,198
Due from related parties [note 42(b)]	**666,726**	891,907	**1,468,717**	1,716,940
	5,218,938	7,015,195	**9,063,370**	11,264,138
Allowance for impairment of trade receivables	**(493,561)**	(548,330)	**(754,578)**	(558,850)
	4,725,377	6,466,865	**8,308,792**	10,705,288

(a) At the reporting date, 54% (30/6/2014 - 46%) of trade receivables are due from 6 customers of parent company.

(b) Details of gross exposure of trade receivables are set out below

	Parent Company		Consolidated	
	30/6/2015	30/6/2014	**30/6/2015**	30/6/2014
	RO	RO	**RO**	RO
Not due (up to 3 months)	**3,776,065**	5,550,094	**6,125,652**	9,788,517
Past due but not impaired (3 to 6 months)	**949,312**	916,771	**2,183,140**	916,771
Past due and impaired (6 months and above)	**493,561**	548,330	**754,578**	558,850
	5,218,938	7,015,195	**9,063,370**	11,264,138

(c) As of 30 June 2015, trade receivables relating to parent company of RO 949,312(30/6/2014- RO 916,771) and Group trade receivables of RO 2,183,140 (30/6/2014- RO 916,771), were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default and a significant portion of these debts are covered through bank guarantees.

d) The individually impaired receivables during the period amounting to RO 754,578(2014 – RO 558,850) related to parties specifically identified by the Group and were fully provided for. The movement in allowance for impairment of trade receivables during the period is as follows:

	Parent Company		Consolidated	
	30/6/2015	30/6/2014	**30/6/2015**	30/6/2014
	RO	RO	**RO**	RO
At 1 January	**502,732**	543,757	**703,094**	543,757
(Reversal) charge during the period	**(9,171)**	4,573	**51,484**	15,093
At 30 June	**493,561**	548,330	**754,578**	558,850

(e) The carrying amounts of the Group's trade receivables and due from related parties before allowance for impairment are denominated in the following currencies:

	Parent Company		Consolidated	
	30/6/2015	30/6/2014	**30/6/2015**	30/6/2014
	RO	RO	**RO**	RO
Rial Omani	**3,951,182**	6,225,595	**3,951,182**	6,225,595
US Dollar	**1,267,756**	789,600	**1,267,756**	789,600
UAE Dirhams	**-**	-	**3,844,432**	4,248,943
	5,218,938	7,015,195	**9,063,370**	11,264,138

(f) The fair value of trade receivables are assumed to be the same as their carrying amounts.

(g) Maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2015 (continued)

13 Financial assets at fair value through profit or loss

	Parent Company		Consolidated	
	30/6/2015	30/6/2014	**30/6/2015**	30/6/2014
	RO	RO	**RO**	RO
Marketable securities				
Bank Dhofar SAOG	**3,153,699**	3,741,350	**3,153,699**	3,741,350
Dhofar Insurance Company SAOG	**280,000**	314,667	**280,000**	314,667
Dhofar University SAOG	**439,500**	390,000	**439,500**	390,000
	3,873,199	4,446,017	**3,873,199**	4,446,017
Cost				
Bank Dhofar SAOG	**938,044**	938,044	**938,044**	938,044
Dhofar Insurance Company SAOG	**29,600**	29,600	**29,600**	29,600
Dhofar University SAOG	**300,000**	300,000	**300,000**	300,000
	1,267,644	1,267,644	**1,267,644**	1,267,644

Movement in fair value of financial assets through profit or loss is as follows:

	Parent Company		Consolidated	
	30/6/2015	30/6/2014	**30/6/2015**	30/6/2014
	RO	RO	**RO**	RO
At 1 January	**4,213,278**	3,997,430	**4,213,278**	3,997,430
Fair value changes	**(340,079)**	448,587	**(340,079)**	448,587
At 31 March	**3,873,199**	4,446,017	**3,873,199**	4,446,017

Investment in banking sector represents 81% (30/6/2014: 84%) of the Group's above investment portfolio.

14 Prepayments, advances and other receivables

	Parent Company		Consolidated	
	30/6/2015	30/6/2014	**30/6/2015**	30/6/2014
	RO	RO	**RO**	RO
Advances and deposits	**1,098,428**	1,107,725	**1,536,829**	2,600,747
Receivable from tax authorities (note 37)	**1,187,946**	1,187,946	**1,187,946**	1,187,946
Receivables from a related party (note 42(a))	**58,825**	-	**58,825**	-
Advances for capital projects	**1,160,593**	1,081,513	**1,160,593**	1,081,513
Advances to staff	**17,179**	12,959	**27,323**	45,835
Prepayments	**292,231**	90,578	**681,368**	965,307
Accrued interest income	**5,382**	-	**77,786**	-
	3,820,584	3,480,716	**4,730,670**	5,881,348

(a) The carrying amounts of the Group's prepayments advances and other receivables are denominated in Rial Omani.

(b) The fair value of prepayments, advances and other receivables are assumed to be the same as their carrying amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2015 (continued)

15 Short term deposit

	Parent Company		Consolidated	
	30/6/2015	30/6/2014	**30/6/2015**	30/6/2014
	RO	RO	**RO**	RO
Short term deposit	**1,503,698**	-	**6,763,698**	-

Short-term deposits are placed with the commercial bank at an interest rates of ranging from 1 % to 1.25% (30/6/2014: 1%-1.25%) per annum and have maturity less than one year from date of placement. For Pioneer Cement, short term deposits are placed with the commercial bank at an interest rates of ranging from 1.75% to 1.77% (2014- 1.75% to 1.77%) per annum and have maturity of nine to twelve months from date of placement

16 Cash and cash equivalent

	Parent Company		Consolidated	
	30/6/2015	30/6/2014	**30/6/2015**	30/6/2014
	RO	RO	**RO**	RO
Cash in hand	**6,500**	6,500	**55,819**	33,006
Cash at bank				
Current account	**1,405,449**	6,825,176	**8,391,100**	14,574,529
Call deposits	**5,109,447**	7,180,048	**5,109,447**	7,180,048
	6,521,396	14,011,724	**13,556,366**	21,787,583

Call deposits are placed with the commercial bank at an interest rates of 0.5% (30/6/2014: 0.75%) per annum and have maturity less than three months from date of placement.

17 Share capital

	Parent Company		Consolidated	
	30/6/2015	30/6/2014	**30/6/2015**	30/6/2014
	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 reporting date, the shareholders who own 10% or more of the Parent Company's share capital are:

	Parent and Consolidated			
	30/6/2015		30/6/2014	
	% 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	**10.32**	**20,657,710**	10.32	20,657,710
Baader Bank Aktiengesellschaft	**10.00**	**20,010,501**	8.04	16,085,328
	47.03	**94,083,211**	45.07	90,158,038
Others	**52.97**	**105,916,789**	54.93	109,841,962
	100.00	**200,000,000**	100.00	200,000,000

18 Proposed and approved dividend

The Board of Directors at the meeting held on 25 February 2015 proposed a cash dividend of 75 Baizas per share, for the year 2014 (2013: 75 Baizas per share). A resolution to approve the dividend was approved by the shareholders at the Annual General Meeting held on 29 March 2015and accordingly dividends was paid subsequently.

19 Share premium

In the year 1988, 1994, 2005 and 2006, the parent company made an offering of shares to the public at a premium. As a result of the offering, a share premium account with an amount of RO 13,456,873 (30/6/2014: 13,456,873) was established. Share premium account is not available for distribution.

20 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.

In accordance with the UAE Company Law No. 8 of 1984 (as amended), a minimum of 10% of the profit of the Subsidiary (Pioneer Cement Industries LLC) is to be allocated annually to a non-distributable statutory reserve. Such allocations may be ceased when the statutory reserve becomes equal to half of the share capital. Since the statutory reserve has reached this limit, no further transfers have been made in the current year and the previous year.

21 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.

22 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 21 for Asset replacement reserve.

23 Retained earnings

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

24 Term loans

	Parent Company		Consolidated	
	30/6/2015	30/6/2014	**30/6/2015**	30/6/2014
	RO	RO	**RO**	RO
Non-current portion				
Bank Dhofar SAOG	**23,250,000**	25,750,000	**23,250,000**	25,750,000
Bank Muscat SAOG	**9,500,000**	16,250,000	**9,500,000**	16,250,000
Oman Arab Bank SAOC	**4,250,000**	5,250,000	**4,250,000**	5,250,000
	37,000,000	47,250,000	**37,000,000**	47,250,000

24 Term loans (continued)

	Parent Company		Consolidated	
Current portion				
Bank Dhofar SAOG	**2,500,000**	2,250,000	**2,500,000**	2,250,000
Bank Muscat SAOG	**1,500,000**	1,350,000	**1,500,000**	1,350,000
Oman Arab Bank SAOC	**1,000,000**	900,000	**1,000,000**	900,000
	5,000,000	4,500,000	**5,000,000**	4,500,000
Total Loan	**42,000,000**	51,750,000	**42,000,000**	51,750,000

The interest rates on the above loans and the repayment schedule is as follows:

	Interest rate	**Total RO**	**One year RO**	**2 to 3 years RO**	**4 to 10 years RO**
30/6/2015 - Parent Company and consolidated					
Bank Dhofar SAOG	**4%**	**25,750,000**	**2,500,000**	**7,250,000**	**16,000,000**
Bank Muscat SAOG	**3%**	**11,000,000**	**1,500,000**	**4,500,000**	**5,000,000**
Oman Arab Bank SAOC	**4%**	**5,250,000**	**1,000,000**	**2,750,000**	**1,500,000**
		42,000,000	**5,000,000**	**14,500,000**	**22,500,000**

The interest rates on the above loans and the repayment schedule is as follows:

	Interest rate	Total RO	One year RO	2 to 3 years RO	4 to 10 years RO
30/6/2014 - Parent Company and consolidated					
Bank Dhofar SAOG	3.5 to 4 %	28,000,000	2,250,000	5,750,000	20,000,000
Bank Muscat SAOG	3.5 to 4 %	17,600,000	1,350,000	3,500,000	12,750,000
Oman Arab Bank SAOC	3.5 to 4 %	6,150,000	900,000	2,250,000	3,000,000
		51,750,000	4,500,000	11,500,000	35,750,000

A loan of RO 32 million was obtained from Bank Dhofar SAOC 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 Parent 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.

24 Term loans (continued)

A loan of RO 20 million was obtained from Bank Muscat SAOG 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 parent 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 1.50 million. During the last year parent company has early paid RO 5.25 million.

A loan of RO 12 million was obtained from Oman Arab Bank SAOG repayable in 20 semi-annual variable instalments. The loan is secured by first pari pasu charge over the fixed assets of the parent Company and assignment of insurance policies along with other banks. The repayment commitment is RO 0.40 million for the first 5 instalments, RO 0.50 million from 6th to 9th instalments, RO 0.75 million for the next 10 instalments with last instalment of RO 0.50 million. During the last year parent company has early paid RO 4.25 million in 2014.

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

25 Deferred taxation

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 12% (31/6/2014 - 12%). Net deferred tax liability in statement of financial position and the net deferred tax charge in the statement of comprehensive income are attributable to the following items:

	Parent Company		Consolidated	
	30/6/2015	30/6/2014	**30/6/2015**	30/6/2014
	RO	RO	**RO**	RO
At 1 January				
Charge for the year	**3,335,000**	3,288,000	**3,335,000**	3,288,000
Tax effect of excess of tax allowances over book depreciation book depreciation	**(22,901)**	129,000	**91,062**	129,000
Tax effects of allowance for inventories and doubtful debts	**(6,099)**	(4,500)	**(6,099)**	(4,500)
At 30June	**3,306,000**	3,412,500	**3,419,963**	3,412,500

26 End of service benefits

	Parent Company		Consolidated	
	30/6/2015	30/6/2014	**30/6/2015**	30/6/2014
	RO	RO	**RO**	RO
At 1 January	**806,508**	617,019	**1,256,095**	946,870
Charge for the year (note 32)	**49,152**	50,856	**90,382**	173,719
Paid during the period	**(41,942)**	(12,818)	**(44,911)**	(48,201)
At 30 June	**813,718**	655,057	**1,301,566**	1,072,388

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2015 (continued)

27 Trade and other payables

	Parent Company		Consolidated	
	30/6/2015	30/6/2014	**30/6/2015**	30/6/2014
	RO	RO	**RO**	RO
Trade payables	**1,301,822**	957,102	**2,960,097**	4,529,971
Due to related parties [note 42(c)]	**615,290**	1,913,860	**-**	-
Accrued expenses	**5,141,898**	4,416,468	**6,270,481**	5,359,047
Accrued interest	**117,808**	160,994	**117,808**	160,994
Others payable	**58,057**	73,197	**153,401**	144,263
Provision for Director's remuneration	**80,500**	-	**80,500**	-
Project payables	**11,725**	71,120	**11,725**	71,120
	7,327,100	7,592,741	**9,594,012**	10,265,395

28 Net assets per share

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:

	Parent Company		Consolidated	
	30/6/2015	30/6/2014	**30/6/2015**	30/6/2014
	RO	RO	**RO**	RO
Net assets (RO)	**114,465,649**	113,541,098	**138,028,103**	130,224,082
Number of shares outstanding at reporting date	**200,000,000**	200,000,000	**200,000,000**	200,000,000
Net asset per share (RO)	**0.572**	0.568	**0.690**	0.651

29 Revenue

	Parent Company		Consolidated	
	30/6/2015	30/6/2014	**30/6/2015**	30/6/2014
	RO	RO	**RO**	RO
Local sales - Oman / UAE	**21,562,560**	21,318,996	**25,634,690**	25,709,989
Export sales	**10,487,400**	14,286,608	**21,191,031**	23,785,288
	32,049,960	35,605,604	**46,825,721**	49,495,277

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2015 (continued)

30 Cost of sales

	Parent Company		Consolidated	
	30/6/2015	30/6/2014	**30/6/2015**	30/6/2014
	RO	RO	**RO**	RO
Raw materials consumed	**1,187,664**	998,095	**2,807,275**	2,444,562
Imported clinker	**1,201,453**	-	**1,201,453**	-
Purchase of finished goods	**113,335**	648,990	**-**	-
Employee related expenses (note 32)	**2,367,599**	1,885,809	**3,364,921**	2,583,569
Fuel, gas and electricity	**6,835,940**	4,539,108	**13,315,977**	10,856,664
Spares and consumables	**1,697,956**	1,939,896	**2,580,665**	2,651,435
Packing materials	**1,061,469**	957,449	**1,820,309**	1,571,355
Depreciation (note 5)	**2,071,123**	2,045,191	**2,994,268**	2,875,746
Other factory overheads	**934,321**	683,631	**1,550,767**	1,171,795
Allowance for slow moving inventories	**60,000**	60,000	**8,304**	91,560
Shipping / terminal expenses	**2,096,665**	2,115,861	**1,020,736**	1,355,069
Inventory change	**(1,367,390)**	750,992	**(1,076,618)**	1,667,203
	18,260,135	16,625,022	**29,588,057**	27,268,958

The Parent Company has acquired mining rights from the Government for a period of twenty-five years from 1 October 1984, and further renewal of the same is done. Effective March 2006, the Ministry of Commerce and Industry is levying Royalty on the Raw Materials for the period at the cost of RO 199,095 (30/6/2014 RO 180,082) is included in the "other factory overheads".

31 General and administrative expenses

	Parent Company		Consolidated	
	30/6/2015	30/6/2014	**30/6/2015**	30/6/2014
	RO	RO	**RO**	RO
Employee related costs (note 32)	**822,747**	695,974	**1,376,284**	1,151,679
Donations	**33,500**	61,622	**33,500**	61,622
Advertisement and business promotion	**14,896**	2,603	**16,236**	45,229
Director's sitting fees	**19,500**	27,000	**19,500**	27,000
Provision for Director's remuneration	**80,500**	-	**80,500**	-
Travelling	**41,841**	75,356	**45,013**	78,972
Rent & Utilities	**55,019**	48,463	**120,734**	106,101
Depreciation (note 5)	**47,191**	21,767	**84,219**	71,949
Telephone/Fax/Internet	**34,236**	29,691	**51,637**	48,761
(Reversal) allowance for doubtful debts	**(9,171)**	4,573	**51,484**	15,093
Recruitment, training and seminars	**16,367**	17,543	**22,829**	18,760
Legal expenses	**12,195**	1,500	**12,195**	1,500
Management fees	**-**	-	**85,990**	79,092
Audit fees	**6,800**	6,600	**13,275**	12,967
Stock exchange fees	**28,350**	26,196	**28,350**	26,196
Bank charges	**4,739**	5,031	**18,880**	19,560
Others	**80,239**	60,174	**143,306**	92,344
	1,288,949	1,084,093	**2,203,932**	1,856,825

32 Employee related costs

	Parent Company		Consolidated	
	30/6/2015	30/6/2014	**30/6/2015**	30/6/2014
	RO	RO	**RO**	RO
Wages and salaries	**2,532,451**	2,105,124	**3,518,795**	2,907,093
Other benefits	**497,694**	379,336	**1,015,839**	598,800
Social security expenses	**111,049**	46,467	**116,189**	55,636
End of services benefit	**49,152**	50,856	**90,382**	173,719
	3,190,346	2,581,783	**4,741,205**	3,735,248

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2015 (continued)

32 Employee related costs (continued)

Employee related costs are allocated as follows:

	Parent Company		Consolidated	
	30/6/2015	30/6/2014	**30/6/2015**	30/6/2014
	RO	RO	**RO**	RO
Cost of sales (note 30)	**2,367,599**	1,885,809	**3,364,921**	2,583,569
General and administrative expenses (note 31)	**822,747**	695,974	**1,376,284**	1,151,679
	3,190,346	2,581,783	**4,741,205**	3,735,248

33 Selling and distribution expense

	Parent Company		Consolidated	
	30/6/2015	30/6/2014	**30/6/2015**	30/6/2014
	RO	RO	**RO**	RO
Transportation charge- Dhofar	**430,208**	286,888	**430,208**	286,888
Export expenses	**2,075,212**	3,173,709	**1,509,574**	2,371,273
	2,505,420	3,460,597	**1,939,782**	2,658,161

34 Other income

	Parent Company		Consolidated	
	30/6/2015	30/6/2014	**30/6/2015**	30/6/2014
	RO	RO	**RO**	RO
Profit on sales of property , plant and equipment		30,135		30,135
Miscellaneous income	**33,229**	83,650	**119,392**	88,430
	33,229	113,785	**119,392**	118,565

35 Finance cost – net

	Parent Company		Consolidated	
	30/6/2015	30/6/2014	**30/6/2015**	30/6/2014
	RO	RO	**RO**	RO
Interest expense on long term loan	**885,925**	1,005,278	**885,925**	1,005,278
Exchange (gain) loss	**(28,150)**	237	**(34,243)**	484
Interest income on bank deposits	**(44,773)**	(67,277)	**(95,987)**	(67,277)
Finance cost – net	**813,002**	938,238	**755,695**	938,485

36 Investment income

	Parent Company		Consolidated	
	30/6/2015	30/6/2014	**30/6/2015**	30/6/2014
	RO	RO	**RO**	RO
Dividends Income from investments	61,637	143,529	61,637	143,529
Dividends from associate	-	961,611	-	-
	61,637	**1,105,140**	**61,637**	143,529

37 Income tax

(a) The tax charge / (credit) for the year is analysed as follows

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FOR THE HALF YEAR ENDED 30 JUNE 2015 (continued)

	Parent Company		Consolidated	
	30/6/2015	30/6/2014	**30/6/2015**	30/6/2014
	RO	RO	**RO**	RO
Current tax:				
- In respect of current period	**1,106,000**	1,772,000	**1,129,359**	1,772,000
- In respect of prior period				
	1,106,000	1,772,000	**1,129,359**	1,772,000
Deferred tax				
- In respect of current period	**(29,000)**	124,500	**84,963**	124,500
	1,077,000	1,896,500	**1,214,322**	1,896,500

(b) The reconciliation of tax on the accounting profit at the applicable rate of 12 % (30/6/2014 - 12%) after the basic exemption limit of RO 30,000 (30/6/2014 - RO 30,000) with the taxation charge in the statement of profit or loss and other comprehensive income is as follows:

	Parent Company		Consolidated	
	30/6/2015	30/6/2014	**30/6/2015**	30/6/2014
	RO	RO	**RO**	RO
Tax charge on accounting profit	**1,068,869**	1,816,220	**1,457,905**	2,094,423
Add/(less) tax effect of:				
Current tax charge in respect of prior years				
Tax effect of expenses/(income) not eligible	**8,131**	80,280	**(243,583)**	(197,923)
Taxation charge for the period	**1,077,000**	1,896,500	**1,214,322**	1,896,500

(c) The movement in current tax liability is as follows:

	Parent Company		Consolidated	
	30/6/2015	30/6/2014	**30/6/2015**	30/6/2014
	RO	RO	**RO**	RO
At 1 January	**2,897,000**	3,131,059	**2,897,000**	3,131,059
Charge for the period	**1,106,000**	1,772,000	**1,129,359**	1,772,000
Paid during the period	**(2,868,092)**	(3,708,282)	**(2,868,092)**	(3,708,282)
Contested on paid	**-**	559,137	**-**	559,137
At 30 June	**1,134,908**	1,753,914	**1,158,267**	1,753,914

(d) The Parent Company's income tax assessments for the tax years up to 2010 have been finalised by the tax authorities. The income tax assessments of the Parent Company for the years 2011 to 2013 have not yet been finalised by the tax department. Management is of the opinion that additional taxes, if any, that may be assessed on completion of the assessments for the open tax years would not be significant to the Group’s statement of financial position at reporting date.

Subsidiary companies (Raysea Navigation S.A and Raybulk Navigation Inc) are liable to income tax in accordance with the income tax laws of the Sultanate of Oman at the rate of 12% on taxable profits in excess of RO 30,000.

(e) Pioneer Cement Industries LLC (subsidiary company) is registered in UAE as a limited liability company in Ras Al Khaimah and is not subject to taxation in the UAE.

37 Income tax (continued)

(f) For the assessment years 2002 to 2009 the tax authorities have included the dividend income of RO 10,579,599 received from associate company MRTIC in the taxable income against which the Parent Company has filed an appeal and has paid the tax department claims and accounted it as receivable from tax department.

For the year 2002, the appeal has been decided in parent company's favour by the Supreme Court and accordingly all additional tax of RO 628,809 paid till 2007 is receivable from tax department and has been dealt accordingly.

During the last year, the parent company paid additional tax of 559,137 in respect of tax assessment from 2008 to 2010 and accordingly additional tax paid in respect of tax on dividend income is shown as receivable from tax department.

However, from the tax year 2010, dividend income received from MRTIC, is liable for tax and accordingly dealt with for tax provision.

38 Basic and diluted earnings per share

Basic and diluted earnings per share are calculated by dividing the net profit for the year by the weighted average number of shares outstanding during the period.

	Parent Company		Consolidated	
	30/6/2015	30/6/2014	**30/6/2015**	30/6/2014
Net profit for the period (RO)	**7,860,241**	13,268,666	**10,964,883**	15,587,029
Weighted average number of shares	**200,000,000**	200,000,000	**200,000,000**	200,000,000
Earnings per share: basic and diluted (RO)	**0.039**	0.066	**0.055**	0.078

39 Operating lease commitments

The Parent Company has been granted leasehold rights by His Majesty Sultan Qaboos bin Said for the use of land, on which the factory has been constructed for a period of thirty years from 1 July 1984. During the last year, the leasehold renewed for one year, on yearly basis , but the parent company has applied for the extension of lease period for a longer period which is under review.

40 Commitments

	Parent Company		Consolidated	
Capital Commitments	**30/6/2015**	30/6/2014	**30/6/2015**	30/6/2014
	RO	RO	**RO**	RO
Civil and structural	**1,894,194**	530,626	**1,894,194**	530,626
Plant and machinery	**2,784,222**	2,424,607	**3,121,807**	2,424,607
Others	**45,866**	741,615	**45,866**	741,615
	4,724,282	3,696,848	**5,061,867**	3,696,848
Purchase Commitments	**2,008,736**	454,596	**7,113,416**	4,215,667

41 Contingent liabilities

Letters of credit, guarantee and performance bond	**201,845**	187,761	**570,127**	3,947,726

42 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.

(a) Advances to related parties at reporting date are as follows:

	Parent Company		Consolidated	
Advances:	**30/6/2015**	30/6/2014	**30/6/2015**	30/6/2014
	RO	RO	**RO**	RO
Advances to subsidiaries (note 9)				
Raysea Navigation S.A	**3,135,000**	3,639,176	**-**	-
Raybulk Navigation S.A	**1,423,000**	3,841,632	-	-
	4,558,000	7,480,808	-	-

Movement to advances to subsidiaries is as follows:

	Parent Company		Consolidated	
	30/6/2015	30/6/2014	**30/6/2015**	30/6/2014
	RO	RO	**RO**	RO
At 1 January	**5,455,807**	7,480,808		
Advances repaid during the period	**(897,807)**	-	**-**	-
At 30 June	**4,558,000**	7,480,808	**-**	-

(b) Amounts due from related parties at reporting date are as follows:

	Parent Company		Consolidated	
	30/6/2015	30/6/2014	**30/6/2015**	30/6/2014
	RO	RO	**RO**	RO
Due from related parties: (note 12)				
Entities related to directors:				
Modern Contracting Company	**4,640**	4,640	**4,640**	4,640
Associate companies :				
MRTIC	**660,471**	884,391	**660,471**	884,391
OPCP	**1,615**	2,876	**803,606**	827,909
	666,726	891,907	**1,468,717**	1,716.940

Other receivables:

	Parent Company		Consolidated	
	30/6/2015	30/6/2014	**30/6/2015**	30/6/2014
	RO	RO	**RO**	RO
Other receivable from related parties:				
MRTIC (note 14)	**58,825**	-	**58,825**	-

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FOR THE HALF YEAR ENDED 30 JUNE 2015 (continued)

42 Related parties (continued)

(c) Amounts due to related parties at reporting date are as follows:

	Parent Company		Consolidated	
	30/6/2015 RO	30/6/2014 RO	**30/6/2015 RO**	30/6/2014 RO
Due to related parties (note 27)				
Pioneer Cement Company LLC	**114,370**	176,118	-	-
Raysea Navigation S. A	**250,811**	226,193	-	-
Raybulk Navigation S.A	**250,109**	1,511,549	-	-
	615,290	1,913,860	**-**	-

(d) The following transactions were carried out with related parties:

	Parent Company		Consolidated	
Sale of goods and services:	**30/6/2015 RO**	30/6/2014 RO	**30/6/2015 RO**	30/6/2014 RO
Entities related to directors:				
Modern Contracting Company	**12,760**	6,380	**12,760**	6,380
Associate companies :				
MRTIC	**3,861,078**	8,017,722	**3,861,078**	8,017,722
OPCP	**2,432**	1,240	**922,510**	1,042,835
	3,876,270	8,025,342	**4,796,348**	9,066,937

	Parent Company		Consolidated	
Purchase of goods and services:	**30/6/2015 RO**	30/6/2014 RO	**30/6/2015 RO**	30/6/2014 RO
Associate companies :				
MRTIC	**-**	90,719	**-**	-
Subsidiary Companies :				
Pioneer Cement Industries LLC	**157,640**	663,418	**-**	-
Raysea Navigation S.A	**731,029**	594,519	**-**	-
Raybulk Navigation S.A	**974,705**	974,705	**-**	-
	1,863,374	2,323,361	**-**	-

(c) **Board of Directors sitting fees and remuneration**:

	Parent Company		Consolidated	
	30/6/2015 RO	30/6/2014 RO	**30/6/2015 RO**	30/6/2014 RO
Board of Directors sitting fees	**19,500**	27,000	**19,500**	27,000
Directors' remuneration (note 31)	**80,500**	-	**80,500**	-
	100,000	27,000	**100,000**	27,000

43 Segment information

The Group has adopted IFRS 8 Operating Segments with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

The Group has only one business segment. Segment information was, accordingly, presented in respect of Group's geographical segments, which were based on its management reporting structure. Adoption of IFRS 8, therefore, has not resulted in re-designation of its reportable segments.

The Group sells its products primarily in two geographical areas, namely Oman and Yemen and other Gulf Co-operation Council ("GCC") countries. Information comprising segment revenue, results and the related receivables are based on geographical location of customers.

	Parent Company					
	Local		Export		Total	
	30/6/2015	30/6/2014	**30/6/2015**	30/6/2014	**30/6/2015**	30/6/2014
	RO	RO	**RO**	RO	**RO**	RO
Segment revenue	**21,562,560**	21,318,996	**10,487,400**	14,286,608	**32,049,960**	35,605,604
Segment gross profit	**8,694,538**	10,489,432	**5,095,287**	8,491,150	**13,789,825**	18,980,582
Selling and distribution expense	**(430,208)**	(286,888)	**(2,075,212)**	(3,173,709)	**(2,505,420)**	(3,460,597)
Unallocated costs					**(2,101,951)**	(2,022,331)
Other income					**33,229**	113,785
Dividend from investment					**61,637**	143,529
Dividend from associate					**-**	961,611
Fair value (loss) gain on financial assets at fair value through profit or loss					**(340,079)**	448,587
Profit before tax	**8,264,330**	10,202,544	**3,020,075**	5,317,441	**8,937,241**	15,165,166
Segment assets, comprising trade receivables and related parties	**4,048,157**	5,725,727	**1,170,781**	1,289,468	**5,218,938**	7,015,195

	Consolidated					
	Local		Export		Total	
	30/6/2015	30/6/2014	**30/6/2015**	30/6/2014	**30/6/2015**	30/6/2014
	RO	RO	**RO**	RO	**RO**	RO
Segment revenue	**25,634,690**	25,709,989	**21,191,031**	23,785,288	**46,825,721**	49,495,277
Segment gross profit	**9,669,205**	10,739,994	**7,568,459**	11,486,325	**17,237,664**	22,226,319
Selling and distribution expense	**(430,208)**	(286,888)	**(1,509,574)**	(2,371,273)	**(1,939,782)**	(2,658,161)
Unallocated costs					**(2,959,627)**	(2,795,310)
Other income					**119,392**	118,565
Dividend from investment					**61,637**	143,529
Fair value gain/ (loss) on financial assets at fair value through profit or loss					**(340,079)**	448,587
Profit before tax	**9,238,997**	10,453,106	**6,058,885**	9,115,052	**12,179,205**	17,483,529
Segment assets, comprising trade receivables and related parties	**6,796,023**	8,967,181	**2,267,347**	2,296,957	**9,063,370**	11,264,138

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2015 (continued)

43 Segment information (continued)

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the year. No assets and liabilities, other than trade receivables, are allocated to the reportable segments for the purpose of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker.

Revenue from major products

The following is an analysis of the Group's revenue from its major products.

	Parent Company		Consolidated	
	30/6/2015	30/6/2014	**30/6/2015**	30/6/2014
	RO	RO	**RO**	RO
Ordinary Portland Cement (OPC)	**27,471,466**	30,293,700	**40,588,591**	42,937,906
Sulphate Resistant Cement (SRC)	**2,082,139**	3,167,618	**3,740,776**	4,413,085
Others (OWC & Pozmix)	**2,409,281**	1,760,757	**2,409,281**	1,760,757
Clinker	**87,074**	383,529	**87,073**	383,529
	32,049,960	35,605,604	**46,825,721**	49,495,277

Information about major customers

Included in revenue from export sale to Yemen and GCC countries of RO 10,487,400 (30/6/2014: RO 14,286,608) is the revenue of RO 3,861,078 (30/6/2014: RO 8,017,722) which arise from sale to the Group's largest customer, MRTIC (Associate).

44 Financial instruments

(a) Categories of financial instruments

The accounting policies for financial instruments have been applied to the line items below:

Parent Company

30/6/ 2015	**Loans and receivables**	**Held-to-maturity financial assets**	**Financial assets at fair value through profit or loss**	**Available-for-sale financial assets**	**Total**
Assets as per statement of financial position	**RO**	**RO**	**RO**	**RO**	**RO**
Available-for-sale financial assets	-	-	-	**125,000**	**125,000**
Financial assets at fair value through profit or loss	-	-	**3,873,199**	-	**3,873,199**
Trade and other receivables (excluding advances and prepayments)	**4,789,584**	-	-	-	**4,789,584**
Short term deposit		**1,503,698**	-	-	**1,503,698**
Cash and cash equivalents	**6,521,396**	-	-	-	**6,521,396**
	11,310,980	**1,503,698**	**3,873,199**	**125,000**	**16,812,877**

30/6/ 2015 **Liabilities as per statement of financial position**	**Other financial liabilities** **RO**
Term loans	**42,000,000**
Trade and other payables	**7,327,100**
	49,,327,100

44 Financial instruments (continued)

Parent Company 30/6/2014 Assets as per statement of financial position	Loans and receivables RO	Held-to-maturity financial assets RO	Financial assets at fair value through profit or loss RO	Available-for-sale financial assets RO	Total RO
Available-for-sale financial assets	-	-	-	125,000	125,000
Financial assets at fair value through profit or loss	-	-	4,446,017	-	4,446,017
Trade and other receivables (excluding advances and prepayments)	6,466,865	-	-	-	6,466,865
Cash and cash equivalents	14,011,724	-	-	-	14,011,724
	20,478,589	-	4,446,017	125,000	25,049,606

30/6/2014 Liabilities as per statement of financial position	Other financial liabilities RO
Term loans - current and non-current	51,750,000
Trade and other payables	7,592,741
	59,342,741

Consolidated

30/6/ 2015 **Assets as per statement of financial position**	**Loans and receivables RO**	**Held-to-maturity financial assets RO**	**Financial assets at fair value through profit or loss RO**	**Available-for-sale financial assets RO**	**Total RO**
Available-for-sale financial assets	**-**	**-**	**-**	**125,000**	**125,000**
Financial assets at fair value through profit or loss	**-**	**-**	**3,873,199**		**3,873,199**
Trade and other receivables (excluding advances and prepayments)	**8,445,403**				**8,445,403**
Short term deposits		**6,763,698**			**6,763,698**
Cash and cash equivalents	**13,556,366**				**13,556,366**
	22,001,769	**6,763,698**	**3,873,199**	**125,000**	**32,763,666**

Liabilities as per statement of financial position	**Other financial liabilities RO**
Term loans - current and non-current	**42,000,000**
Trade and other payables	**9,594,012**
Liabilities as per statement of financial position	**51,594,012**

44 Financial instruments (continued)

(a) Categories of financial instruments (continued)

30 June 2014	Loans and receivables	Held-to-maturity financial assets	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Total
Assets as per statement of financial position	RO	RO	RO	RO	RO
Available-for-sale financial assets	-	-	-	125,000	125,000
Financial assets at fair value through profit or loss			4,446,017		4,446,017
Trade and other receivables (excluding advances and prepayments)	10,705,288				10,705,288
Cash and cash equivalents	21,787,583				21,787,583
	32,492,871		4,446,017	125,000	37,063,888

30 June 2014	Other financial liabilities
Liabilities as per statement of financial position	RO
Term loans - current and non-current	51,750,000
Trade and other payables	10,265,395
	62,015,395

(b) Credit quality of financial assets

As per the credit policy of the Group, customers are extended a credit period of up to 90 days in the normal course of business. However, in some cases, due to the market conditions and historical business relationship with the customer the credit period may be extended by a further period of 90 days. The credit quality of financial assets is determined by the customers history of meeting commitments, market intelligence related information and management's trade experience.

	Parent company		Consolidated	
Trade receivables	**30/6/2015**	30/6/2014	**30/6/2015**	30/6/2014
	RO	RO	**RO**	RO
Counterparties without external credit rating:				
Up to 6 months	**4,725,377**	6,466,865	**8,308,792**	10,705,288
Due above 6 months	**493,561**	548,330	**754,578**	558,850
	5,218,938	7,015,195	**9,063,370**	11,264,138

Cash and cash equivalent and short term deposits

	Parent Company		Consolidated	
	30/6/2015	30/6/2014	**30/6/2015**	30/6/2014
	RO	RO	**RO**	RO
P-1	**3,225,652**	6,684,813	**8,548,144**	7,098,944
P-2	**4,792,942**	7,320,411	**5,066,792**	7,487,839
P-3	**-**	-	**1,729,264**	231,233
Not rated	**-**	-	**4,920,045**	6,936,561
	8,018,594	14,005,224	**20,264,245**	21,754,577

The rest of the statement of financial position item 'cash and cash equivalents' is cash on hand.

45 Comparative figures

Certain comparative figures have been reclassified in order to conform the presentation for the current period. These have no impact on the profit for the period or total equity.