



ARAB MINING COMPANY

THIRTY NINTH ANNUAL REPORT

2013

ARAB MINING COMPANY

39TH ANNUAL REPORT

Arab Shareholding Company
Established 1975
Authorized, Subscribed & Paid Up Capital
KWD 54.47 Million

Head Office

Amman - The Hashemite Kingdom of Jordan

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BOARD OF DIRECTORS

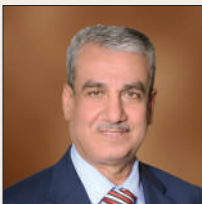


CHAIRMAN OF THE BOARD
Mr. Farraj Fahed Al-Mutairi



VICE - CHAIRMAN
Mr. Mansour Bin Suliman Al-Mebrek

DIRECTORS



Eng. Abdoulghani Fakri Al-Jafar



Eng. Mohammed Ahmed Al-Shihhi



Mr. Abdulla Hassan Al-Bader



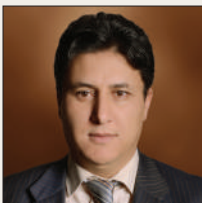
Mrs. Hassa Abdulrazzaq Balouma



Eng. Saad Ameen Faisal



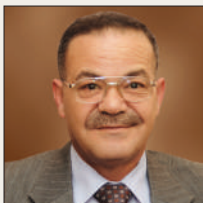
Eng. Faiq Bin Hassan Maddah



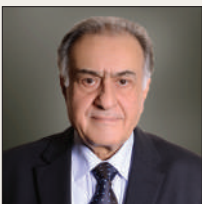
Mr. Moftah Ali Suliaman



Dr. Hassan Bekhit
Abdelrhman



Dr. Ahmad Tuhater
Al-Mashaqbah



GENERAL MANAGER
Eng. Talal A. Al-Saadi

✦ CHAIRMAN OF THE BOARD

Mr. Farraj Fahed Al-Mutairi

State of Kuwait

✦ VICE CHAIRMAN

Mr. Mansour Bin Suliman Al-Mebrek

Kingdom of Saudi Arabia

✦ DIRECTORS

Eng. Mohammed Ahmed Al-Shihhi ————— United Arab Emirates

Mrs. Hassa Abdulrazzaq Balouma ————— United Arab Emirates (from 20/6/2013)

Mr. Saleh Ahmad Al-Mahmoudi ————— United Arab Emirates (till 19/6/2013)

Eng. Faiq Bin Hassan Maddah ————— Kingdom of Saudi Arabia (from 20/6/2013)

Mr. Sultan Bin Jamal Shawli ————— Kingdom of Saudi Arabia (till 19/6/2013)

Eng. Abdoulghani Fakri Al-Jafar ————— Republic of Iraq

Eng. Saad Ameen Faisal ————— Republic of Iraq (from 20/6/2013)

Dr. Khaldoun Subhi al-Bassam ————— Republic of Iraq (till 19/6/2013)

Mr. Abdulla Hassan Al-Bader ————— State of Kuwait (from 20/6/2013)

Eng. Adnan Ahmad Al Rashdan ————— State of Kuwait (till 19/6/2013)

Mr. Moftah Ali Suliaman ————— The State of Libya (from 1/6/2013)

Eng. Ali Belgasem Edlew ————— The State of Libya (till 31/5/2013)

Dr. Hassan Bekhit Abdelrhman ————— Arab Republic of Egypt (from 20/6/2013)

Dr. Ismail Nasser Ali Al Ganad ————— Republic of Yemen (till 19/6/2013)

Dr. Ahmad Tuhater Al-Mashaqbah ————— The Hashemite Kingdom of Jordan

✦ GENERAL MANAGER

Eng. Talal A. Al-Saadi

✦ INDEPENDENT AUDITORS

Ernst & Young

INTRODUCTION TO ARMICO

The Arab Mining Company was established pursuant to a Resolution by the Arab Economic Unity Council on 10/6/1974, with view to consolidating the Arab economic ties on bases of mutual cooperation for the utilization of mineral resources in diversified productive projects. This is vital in the realization of Arab economic integration.

The Memorandum of Association of the Company was signed on 1/2/1975 as an Arab shareholding company, open for subscription by Arab governments or Arab companies and institutions nominated by these governments. The Company's Articles of Association were ratified on 2/8/1975.

The Company established its headquarters in Amman, Jordan. It may establish branches, agencies or offices inside or outside the subscribing countries. It may also establish or participate in establishing other companies that enjoy independent legal entities in or outside subscribing states.

The Company shall engage in all technical industrial and commercial activities related to the mining industry, in particular the exploration, extraction, concentration, processing, transportation, marketing and manufacture.

Pursuant to a resolution by the Extraordinary Meeting of the General Assembly on 28/8/1994, the paid up capital of the company was fixed at KWD 54.47 million (5,447 shares, KWD 10,000 each share) distributed as follows:

Shareholder	Subscribed Shares	Value (KWD)	Percentage %
United Arab Emirates	1,100	11,000,000	20.20
Kingdom of Saudi Arabia	1,100	11,000,000	20.20
Republic of Iraq	1,100	11,000,000	20.20
Kuwait Investment Authority	1,100	11,000,000	20.20
The Libyan Foreign Investment Co.	550	5,500,000	10.10
Arab Republic of Egypt	150	1,500,000	2.75
Republic of Yemen	78	780,000	1.43
Arab Investment Company	60	600,000	1.10
Office National Des Hydrocarbures et Des Mines- Morocco	60	600,000	1.10
Ministry of Finance - The Hashemite Kingdom of Jordan	55	550,000	1.00
Republic of Somalia	55	550,000	1.00
Syrian Arab Republic	25	250,000	0.46
Republic of Tunisia	6	60,000	0.11
Islamic Republic of Mauritania	6	60,000	0.11
Republic of Sudan	2	20,000	0.04
TOTAL	5,447	54,470,000	100.00

VISION

To become a leading company in the development and investment in the mining sector and optimum utilization of mineral resources. And to achieve the expectations of stakeholders through advanced technologies, systems and qualified distinctive team.

MISSION

- ✿ To expand and diversify our investments through the equity participation in the exploitation of mineral resources and related industries.
- ✿ To enhance the economical success of our shareholders.
- ✿ To continuously improve the quality of our activities and services to insure the satisfaction of our stakeholders.
- ✿ To demonstrate the company in the region as an outstanding information center in the field of investment in mineral resources and related industries.

STRATEGIC GOALS

- ✿ **Increase the capital efficiency and maximize the company value.**
 - Monitor the existing investments performance
 - Search for new investment opportunities by focusing on strategic minerals
 - Diversify the performance of investments portfolio for the existing cash and cash equivalent.
- ✿ **Develop the Arab mining industries:**
 - Establishment of the "Arab Mining Industrial Development Institute."
- ✿ **Develop the institutional and individual performance in the company through continuous learning and development.**
- ✿ **Improve the efficiency of internal processes in the company.**
- ✿ **Promote and activate the role of the Company at the Arab and the international levels.**
- ✿ **Conduct studies and specialized researches that support the Arab Mining Sector.**

LETTER FROM THE CHAIRMAN



Dear Shareholders,

Pursuant to the provisions of Articles (33) and (47) of the Articles of Association of the Company, and on behalf of all the Board of Directors, I am pleased to welcome you to the annual Ordinary General Assembly meeting of the company for this year, and present to you the 39th Annual Report, which includes the results of the company's performance and financial statements for the year ended 31/12/2013. As well as a summary of what has been achieved at the level of the company's activities and events.

The company was able to maintain the strength of its financial position during 2013, with net investment income of KWD 19.4 compared to KWD 25.9 million in 2012. The net profit for the year amounted to KWD 18 million compared to KWD 25 million in 2012. In light of these good results, the Board of Directors decided to recommend to the General Assembly the distribution of 20% of the capital as cash dividends to shareholders for the year 2013, compared to the same percent for the year 2012. In terms of the financial results of the investee companies, The Arab Potash Company in Jordan has achieved a net profit equivalent to KWD 52 million in 2013, as compared to KWD 79 million in 2012, and decided to distribute dividends to shareholders equal to 150% of the capital, of which the company's share will be KWD 10 million. The Societe Nationale Industrielle et Miniere "SNIM" in Mauritania has achieved a net profit of KWD 161 million compared to KWD 143 million in 2012, and decided to distribute dividends amounting to KWD 40 for the year 2013 of which the company's share will be KWD 2.4 million. The Arab Detergent Chemicals Company "Aradet" also achieved in 2013 net profit of KWD 629 thousand compared to KWD 1.2 million in 2012. The Industries Chimiques Du Fluor "ICF" Company in Tunisia achieved in 2013 net profit of KWD 700 thousand, compared to profits in 2012 amounting KWD 2.4 million, and decided to distribute dividends to shareholders amounting to KWD 656 thousands of which the company's share will be KWD 175 thousands. The Gulf Stone Company "SOAG" in the Sultanate of Oman has achieved a net profit in 2013 amounting to KWD 98 thousand compared to KWD 178 thousand for the year 2012.

Regarding the Investment Portfolio in the shares of Arab Mining and Industrial enterprises, the cost of the Investment Portfolio ended 2013 amounted to KWD 8.6 million with a market value of about KWD 11.6 Million and the total cumulative profit received was approximately KWD 2 million.

In light of the foregoing, the total revenues of the company in 2014 are expected to reach about KWD 14 million, these results were achieved in spite of unrest and instability witnessed by some Arab countries, which affected the activities of investee companies in varying degrees.

Regarding the company's strategy of searching for investment opportunities, and as a result of the developments taking place in the mining sector in the world and specifically in relation to the growing global demand for the strategic energy minerals due to their vast uses in a number of industrial applications such as hybrid cars, laptops, and mobile phones, in addition to using it in a number of advanced military defense industries. Therefore, the company adopted a new policy based on the cooperation with global strategic partners to search for new investment opportunities related to the study, development and exploitation of strategic energy minerals in general and rare earth elements in particular throughout the Arab region, especially countries that have an attractive investment climate. This has been translated on the ground through which the Arab Mining Company signed a memorandum of understanding with the Canadian company "Medallion" to establish a plant and as a first stage of the extraction and production of rare earth elements concentrates in the Sultanate of Oman, where as the second stage of production will include the producing of rare earth elements' oxides. It will also continue the cooperation between the Arab Mining Company and Medallion Company and any potential strategic partners to study ideas of development and exploitation of rare earth elements in a number of Arab countries and especially in the Arab Republic of Egypt, The Kingdom of Morocco and the Islamic Republic of Mauritania.

As to achieve the objectives and goals of the Arab Mining Company through its contribution in the development of the Arab mining sector at various levels, the company has embarked on implementing the project "Arab Mining Industrial Development Institute." This project will promote the efficiency of workers in the Arab mining sector through rehabilitation and training at the highest levels in collaboration with a number of international universities, institutes and research centers specialized in this field in addition to providing consultancy services to organizations, institutions and Arab companies operating in the mining sector and related industries.

In conclusion, I extend my sincere thanks to all shareholders for their sincere support to all the company's activities, with special thanks to the host country, Jordan, for the support given to the company in carrying out its business within the best conditions possible.



Farraj Fahed Al- Mutairi
Chairman / Board of Directors

COMPANY INVESTMENTS

Company/ Country	Capital In Local Currency Or Equivalent	Year Of Establishment	Stock In Capital Market	Year of Investment	Ownership %	Products
Arab Potash Company/Jordan	JOD 83.318	1977	Listed	1977	19.99	Potassium Chloride Potassium Nitrate Bromine and its derivatives
Societe Na- tional Industrielle et Miniere/Mauritania	USD 606	1972	Unlisted	1979	5.66	Iron Ore Concentrates
Gulf Stone Com- pany/Oman	OMR 3.63	1999	Listed	2004	25.00	Engineered Quartz Stone
Al Masane Al Kobra Mining Co. /Saudi Arabia	SAR 550	2007	Unlisted	2011	15.49	Copper Concentrate Zinc Concentrate Gold and Silver Alloys
Industries Chi- miques du Fluor/ Tunisia	TND 21.00	1971	Listed	1979	26.67	Aluminium Fluoride
Arab Detergent Chemicals Company /Iraq	USD 116	1981	Unlisted	1982	10.00	Linear Alkyl Benzene Toluene
Jordan Abyad Fertilizers & Chemicals Company/Jordan	JOD 64.59	2007	Unlisted	2007	10.00	Potassium sulphate, Fertilizers and other chemicals
Arab Engineering Industries Company/Jordan	JOD 1.80	1984	Listed	1984	7.30	Steel and Iron Castings

**INDEPENDENT AUDITORS' REPORT
& FINANCIAL STATEMENTS**
AS AT 31/12/2013

Independent Auditors' Report To The Shareholders of Arab Mining Company Amman – Jordan

We have audited the accompanying financial statements of **Arab Mining Company** (Arab shareholding company) ("the Company"), which comprise the statement of financial position as at 31 December 2013 and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2013 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Amman – Jordan
20 March 2014



ARAB MINING COMPANY
STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2013

	NOTES	2013 KWD	2012 KWD
ASSETS			
Non-Current Assets			
Property and equipment	6	1,090,368	1,100,142
Investments in associates	7	4,015,910	3,723,806
Available-for-sale investments	8	221,642,447	330,832,029
Long-term receivables, net	9	-	-
Long-term employees' housing loans	10	184,177	101,618
		226,932,902	335,757,595
Current Assets			
Accounts receivable and other current assets	11	107,708	89,081
Due from related parties	12	145,638	138,126
Trading investments	13	2,271,642	6,457,136
Accrued revenues	14	583,801	548,028
Term deposits	15	44,919,452	44,246,347
Cash on hand and at banks	16	168,218	86,976
		48,196,459	51,565,694
TOTAL ASSETS		275,129,361	387,323,289
EQUITY AND LIABILITIES			
Shareholders' Equity			
Paid-in capital	17	54,470,000	54,470,000
Statutory reserve	18	13,162,771	11,355,661
General reserve	18	6,284,565	4,477,455
Foreign currency translation differences		(703,488)	(537,646)
Cumulative change in fair value	8	165,750,668	285,243,892
Retained earnings		34,821,475	31,403,600
Total Shareholders' Equity		273,785,991	386,412,962
Liabilities			
Non-Current Liabilities			
Allowance for BOD members' end of membership	19	5,926	79,696
Allowance for employees' vacation		53,035	53,546
Allowance for employees' end of service indemnity	20	626,312	582,305
		685,273	715,547
Current Liabilities			
Accounts payable and other current liabilities	21	649,183	185,317
Accrued expenses		8,914	9,463
		658,097	194,780
TOTAL LIABILITIES		1,343,370	910,327
TOTAL EQUITY AND LIABILITIES		275,129,361	387,323,289

The attached notes from 1 to 30 form an integral part of these financial statements

ARAB MINING COMPANY
INCOME STATEMENT - YEAR ENDED 31 DECEMBER 2013

	NOTES	2013 KWD	2012 KWD
Dividends income	22	19,127,030	23,544,406
Bank revenues		927,866	774,410
Share of profit of associates	7	428,532	683,871
Profit on investments, net	23	288,827	393,685
Change in fair value of trading investments		(1,407,649)	393,765
Other revenues		63,940	113,714
Net investment income		19,428,546	25,903,851
Employees salaries, allowances and other benefits	24	(968,544)	(972,892)
General and administrative expenses	25	(497,548)	(433,739)
Loss on disposal of property and equipment		(772)	(1,171)
Gain on currency exchange		109,413	159,493
Board of Directors' remuneration		(145,000)	(112,000)
Profit for the year		17,926,095	24,543,542

The attached notes from 1 to 30 form an integral part of these financial statements

ARAB MINING COMPANY**STATEMENT OF COMPREHENSIVE INCOME - YEAR ENDED 31 DECEMBER 2013**

	NOTES	2013 KWD	2012 KWD
Profit for the year		17,926,095	24,543,542
Other comprehensive income			
Foreign currency translation differences	7	(165,842)	(88,579)
Cumulative change in fair value of available for sale investments	8	(119,493,224)	18,601,294
Other comprehensive income for the year		(119,659,066)	18,512,715
Total loss and comprehensive income for the year		(101,732,971)	43,056,257

The attached notes from 1 to 30 form an integral part of these financial statements

ARAB MINING COMPANY
STATEMENT OF CHANGES IN EQUITY YEAR ENDED 31 DECEMBER 2013

	Paid in capital	Statutory reserve	General reserve	Foreign currency translation differences	Cumulative change in fair value	Retained earnings	Total
	KWD	KWD	KWD	KWD	KWD	KWD	KWD
2013 -							
Balance at 1 January 2013	54,470,000	11,355,661	4,477,455	(537,646)	285,243,892	31,403,600	386,412,962
Profit for the year	-	-	-	-	-	17,926,095	17,926,095
Other comprehensive income	-	-	-	(165,842)	(119,493,224)	-	(119,659,066)
Total loss and comprehensive income for the year	-	-	-	(165,842)	(119,493,224)	17,926,095	(101,732,971)
Transfers	-	1,807,110	1,807,110	-	-	(3,614,220)	-
Dividends paid for the year 2012	-	-	-	-	-	(10,894,000)	(10,894,000)
Balance at 31 December 2013	54,470,000	13,162,771	6,284,565	(703,488)	165,750,668	34,821,475	273,785,991
2012 -							
Balance at 1 January 2012	54,470,000	8,890,107	2,011,901	(449,067)	266,642,598	18,599,916	350,165,455
Profit for the year	-	-	-	-	-	24,543,542	24,543,542
Other comprehensive income	-	-	-	(88,579)	18,601,294	-	18,512,715
Total comprehensive income for the year	-	-	-	(88,579)	18,601,294	24,543,542	43,056,257
Transfers	-	2,465,554	2,465,554	-	-	(4,931,108)	-
Dividends paid for the year 2011	-	-	-	-	-	(6,808,750)	(6,808,750)
Balance at 31 December 2012	54,470,000	11,355,661	4,477,455	(537,646)	285,243,892	31,403,600	386,412,962

The attached notes from 1 to 30 form an integral part of these financial statements

ARAB MINING COMPANY
STATEMENT OF CASH FLOWS - YEAR ENDED 31 DECEMBER 2013

	NOTES	2013 KWD	2012 KWD
OPERATING ACTIVITIES			
Profit for the year		17,926,095	24,543,542
Adjustments for:			
Depreciation	6	19,195	17,959
Loss on disposal of property and equipment		772	1,171
Bank revenues		(927,866)	(774,410)
Change in fair value of trading investments		1,407,649	(393,765)
Share of profit of associates	7	(428,532)	(683,871)
Provision for BOD members' end of membership		11,000	11,000
Provision for employees' end of service	20	127,135	162,427
Provision for employees' vacation	24	9,177	14,937
Working capital changes:			
Accounts receivable and other current assets		(18,627)	(8,942)
Due from related parties		(7,512)	99,868
Trading investments		(676,176)	407,513
Accounts payable and other current liabilities		463,866	(1,013,588)
Accrued expenses		(549)	1,286
Employees' end of service indemnity and vacation paid		(92,816)	(34,986)
BOD members' end of membership paid		(84,770)	(3,430)
Net cash flows from operating activities		17,728,041	22,346,711
INVESTING ACTIVITIES			
Long-term employees' housing loans		(82,559)	23,191
Term deposits		(673,105)	(14,353,354)
Purchase of investments in associates and available-for-sale investments		(6,879,035)	(1,816,325)
Purchase of property and equipment	6	(10,193)	(11,806)
Bank revenues received		892,093	675,297
Net cash flows used in investing activities		(6,752,799)	(15,482,997)
FINANCING ACTIVITIES			
Dividends paid		(10,894,000)	(6,808,750)
Net cash flows used in financing activities		(10,894,000)	(6,808,750)
Net increase in cash and cash equivalents		81,242	54,964
Cash and cash equivalents at the beginning of the year		86,976	32,012
Cash and cash equivalents at the end of the year		168,218	86,976

The attached notes from 1 to 30 form an integral part of these financial statements

ARAB MINING COMPANY

Notes to the financial statements Year ended 31 December 2013

(1) GENERAL

Arab Mining Company was incorporated as an Arab shareholding company, with head office in Jordan, on 1 February 1975, with an authorized capital of KWD 120,000,000, which was reduced during 1994 to become KWD 54,470,000 divided into 5,447 shares at par value of KWD 10,000 per share. The Company's objective is to engage in all technical, industrial and commercial activities related to the mining industry, and to engage in the exploration of minerals, technical and environmental studies thereof, and the extraction of ores and to participate in establishing mining companies.

The Company shall be exempt from taxes, fees, and duties for the duration of its life. The Company shall conduct its activities on commercial basis, similar to private sector's companies.

(2) BASIS OF PREPARATION

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

The financial statements are prepared under the historical cost convention modified to include the measurement at fair value of trading and available-for-sale investments.

The financial statements have been presented in Kuwaiti Dinars "KWD", which is the functional currency of the Company.

(3) CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the financial statements for the year ended 31 December 2013 are consistent with those of the previous financial year, except for the following amendments to IFRS effective as of 1 January 2013:

IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation — Special Purpose Entities.

This standard became effective starting from 1 January 2013.

IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Ventures. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method.

This standard became effective starting from 1 January 2013.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. This standard became effective starting from 1 January 2013.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. This standard became effective for annual periods starting from 1 January 2013.

The application of the new standards did not have a significant impact on the financial position or performance of the Company.

Amended Standards

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Company's financial position or performance. The amendment became effective starting from 1 January 2013.

IAS 19 Employee Benefits (Revised)

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The Company does not expect the amendments to have any impact on its financial position or performance as the Company does not have employees benefit plans. The amendment became effective starting from 1 January 2013.

IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities — Amendments to IFRS 7

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation.

The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments had no impact on the Company's financial position or performance and became effective starting from 1 January 2013.

IAS 27 Separate Financial Statements (as revised in 2011)

As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The Company does not present separate financial statements. The amendment became effective starting from 1 January 2013.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)

As a consequence of the new IFRS 11 and IFRS 12 IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment became effective for annual periods starting from 1 January 2013.

(4) USE OF ESTIMATES

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the provisions. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

(5) SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted are as follows:

Property and equipment -

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Lands are not depreciated. Property and equipment are depreciated on a straight-line basis over their estimated useful lives using depreciation rates that range between 4%-20%.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amounts.

The useful lives and depreciation methods are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

Investments in associates -

An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture.

The Company's investments in its associates are accounted under the equity method of accounting.

Investments in associates in the statement of financial position are stated at cost plus the company's share of the associate's net assets. Goodwill resulting from the investment is recorded as part of the investment account and is not amortized.

The company's share of associate's profits is recorded in the income statement. In case of change in equity of the associate the change if any appears in the statement of changes in equity for the Company. Gains and losses resulting from transactions between the company and its associates are eliminated to the extent of the company's share in the associates.

The financial statements of the associate company are prepared for the same reporting period and using the same accounting policies.

Available-for-sale investments -

These are initially recognized at cost, being the fair value of consideration given including directly attributable transaction costs and subsequently re-measured at fair value. Fair value changes are reported as a separate component of equity until the investment is derecognized or the investment is determined to be impaired. On derecognizing or impairment the cumulative gain or loss previously reported as "cumulative change in fair value" within the equity, is included in the income statement.

Gains and losses on exchange relating to the translation of equity instruments in foreign currencies are included in the cumulative change in fair value within the equity.

Trading investments-

These are initially recognized at cost, being the fair value of consideration given and subsequently re-measured at fair value. All related realized and unrealized gains or losses in addition to the change in fair value related to translation of non-monetary assets in foreign currencies are taken to the income statement.

Dividends received are recorded in the income statement.

Investments recognition -

Purchases and sales of investments are recognized on the trade date i.e. the date that the Company commits to purchase or sell the investments.

Fair value measurement -

Fair values of financial instruments measured at amortized cost are disclosed in Note 13.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 -Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 -Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company determines the policies and procedures for both recurring fair value measurement, such as unquoted available for sales financial assets, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Cash and cash equivalents -

Cash and cash equivalents include cash on hand and at banks with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Accounts payable and accruals -

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions -

Provisions are recognized when the Company has a present obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

A provision is made for BOD members' end of membership at the statement of financial position date based on the accumulated periods of service on the Company's Board.

Provision for employees' end of service indemnity -

Provision is made for amounts payable to employees based on the accumulated periods of service at the financial statements date and employees final salaries.

Revenue recognition -

Dividends are recognized when the shareholder's right to receive payment is established.

Bank revenues are recognized as interest accrues using the effective interest method.

Other revenues are recognized on an accrual basis.

Foreign currency -

Foreign currency transactions during the year are recorded using exchange rates that were in effect at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are retranslated using the prevailing exchange rates at the financial statements date.

Differences are taken to the income statement.

Foreign exchange gains or losses arising from translating non-monetary assets and liabilities denominated in foreign currencies are recorded as part of the change in fair value.

Foreign exchange gains or losses arising from translating net investment in associates are included as a separate component of equity.

(6) PROPERTY AND EQUIPMENT

2013 -	Lands	Company's building	Furniture and Fixtures	Machinery, Equipment and Software	Vehicles	Total
	KWD	KWD	KWD	KWD	KWD	KWD
Cost						
At 1 January	1,023,250	753,949	218,454	121,496	85,306	2,202,455
Additions	-	-	469	9,724	-	10,193
Disposals	-	-	(1,205)	(5,905)	-	(7,110)
At 31 December	1,023,250	753,949	217,718	125,315	85,306	2,205,538
Accumulated depreciation						
At 1 January	-	753,924	211,111	83,792	53,486	1,102,313
Depreciation for the year	-	22	1,104	11,887	6,182	19,195
Disposals	-	-	(1,187)	(5,151)	-	(6,338)
At 31 December	-	753,946	211,028	90,528	59,668	1,115,170
Net book value at 31 December 2013	1,023,250	3	6,690	34,787	25,638	1,090,368

2012 -						
Cost						
At 1 January	1,023,250	753,949	219,821	125,542	86,388	2,208,950
Additions	-	-	2,046	9,760	-	11,806
Disposals	-	-	(3,413)	(13,806)	(1,082)	(18,301)
At 31 December	1,023,250	753,949	218,454	121,496	85,306	2,202,455
Accumulated depreciation						
At 1 January	-	753,874	213,495	85,740	48,375	1,101,484
Depreciation for the year	-	50	1,001	10,716	6,192	17,959
Disposals	-	-	(3,385)	(12,664)	(1,081)	(17,130)
At 31 December	-	753,924	211,111	83,792	53,486	1,102,313
Net book value at 31 December 2012	1,023,250	25	7,343	37,704	31,820	1,100,142

(7) INVESTMENTS IN ASSOCIATES

Details of the movement on investments in associates are as follows:

Company Name	Ownership	Balance at the beginning of the year	Increase in Capital	Dividend income	Share of profit	Foreign currency translation differences	Balance at the end of the year
	%	KWD	KWD	KWD	KWD	KWD	KWD
Industries Chimiques due Fluor/Tunisia	26.67%	2,933,173	289,600	(227,017)	404,048	(169,051)	3,230,753
Gulf Stone Company/ Oman	25%	790,633	-	(33,169)	24,484	3,209	785,157
		3,723,806	289,600	(260,186)	428,532	(165,842)	4,015,910

The following is a summary of the associates' assets and liabilities:

	2013			2012		
	Gulf Stone Company	Industries Chimiques Due Fluor	Total	Gulf Stone Company	Industries Chimiques Due Fluor	Total
	KWD	KWD	KWD	KWD	KWD	KWD
Non-current assets	2,700,420	9,456,247	12,156,667	2,377,020	6,388,271	8,765,291
Current assets	2,549,096	9,828,594	12,377,690	2,467,104	10,979,374	13,446,478
Non-current liabilities	(483,244)	(2,646,659)	(3,129,903)	(268,200)	(1,864,443)	(2,132,643)
Current liabilities	(1,625,644)	(4,522,858)	(6,148,502)	(1,413,392)	(4,505,178)	(5,918,570)
Net assets	3,140,628	12,115,324	15,255,952	3,162,532	10,998,024	14,160,556
Percentage of ownership	25%	26.67%		25%	26.67%	
Company's share from net assets	785,157	3,230,753	4,015,910	790,633	2,933,173	3,723,806

The following is a summary of the associates' income statement:

	2013			2012		
	Gulf Stone Company	Industries Chimiques Due Fluor	Total	Gulf Stone Company	Industries Chimiques Due Fluor	Total
	KWD	KWD	KWD	KWD	KWD	KWD
Revenue	2,818,896	11,189,276	14,008,172	2,688,292	15,119,036	17,807,328
Cost of sale	(2,211,492)	(9,923,075)	(12,134,567)	(2,027,552)	(11,299,730)	(13,327,282)
Gross profit	607,404	1,266,201	1,873,605	660,740	3,819,306	4,480,046
Other income (expense)	(495,864)	250,154	(245,710)	(435,288)	(1,416,813)	(1,852,101)
Profit before tax	111,540	1,516,355	1,627,895	225,452	2,402,493	2,627,945
Income tax	(13,604)	(1,369)	(14,973)	(49,108)	(3,600)	(52,708)
Net profit	97,936	1,514,986	1,612,922	176,344	2,398,893	2,575,237
Company's share from net profit	24,484	404,048	428,532	44,086	639,785	683,871

(8) AVAILABLE-FOR-SALE INVESTMENTS

This item consists of investments in shares of the following companies:

a) Unquoted investments * :

Al Masane Al Kobra Mining Company / Saudi Arabia

Societe Nationale Industrielle et Miniere/ Mauritania

Jordan Abyad Fertilizers and Chemicals Company/ Jordan

Arab Detergent Chemicals Co./ Iraq

Geulb Moghreïn Mines d'Akjoujt/ Mauritania **

b) Quoted investments :

Arab Potash Co./Jordan

Saudi Co. for Preliminary Industries / Saudi Arabia

Qatar Industry Co./Qatar

Buobyan Petrochemical Co./Kuwait

Jordan Phosphate Mines Co./Jordan

Yanbu National Petrochemical Company / Saudi Arabia

2013	2012
KWD	KWD
18,543,808	11,679,780
3,662,251	3,662,251
3,389,983	3,389,983
791,578	791,578
-	193,830
26,387,620	19,717,422
183,668,483	300,084,437
3,618,151	2,904,633
3,182,640	2,653,480
1,950,000	2,222,850
1,790,130	2,580,500
1,045,423	668,707
195,254,827	311,114,607
221,642,447	330,832,029

* Unquoted investments are stated at cost, as their fair values cannot be reliably measured. Any impairment in value is recorded in the income statement.

** The General Assembly of Geulb Moghreïn Mines d'Akjoujt (GEMAK) resolved in its extraordinary meeting held on 5 March 2011 to liquidate GEMAK. Therefore, during the year ended 31 December 2013 the Company has received its share form the final liquidation of GEMAK which amounted to KWD 267,500 (USD 952,000).

Details of the movement on the cumulative change in fair value are as follows:

	Balance at 1 January	Change in fair value	Balance at 31 December
2013-	KWD	KWD	KWD
Arab Potash Co./ Jordan	282,641,702	(119,869,975)	162,771,727
Saudi Co. for Preliminary Industries/ Saudi Arabia	904,611	713,518	1,618,129
Qatar Industry Co./ Qatar	1,154,524	529,160	1,683,684
Boubyan Petrochemicals Co./ Kuwait	793,748	35,843	829,591
Jordan Phosphate Mines Co./ Jordan	(325,634)	(1,278,486)	(1,604,120)
Yanbu National Petrochemical Company/ Saudi Arabia	74,941	376,716	451,657
	285,243,892	(119,493,224)	165,750,668
2012-			
Arab Potash Co./ Jordan	264,225,431	18,416,271	282,641,702
Saudi Co. for Preliminary Industries/ Saudi Arabia	1,077,644	(173,033)	904,611
Qatar Industry Co./Qatar	739,340	415,184	1,154,524
Boubyan Petrochemicals Co./ Kuwait	1,002,907	(209,159)	793,748
Jordan Phosphate Mines Co./ Jordan	(402,724)	77,090	(325,634)
Yanbu National Petrochemical Company/ Saudi Arabia	-	74,941	74,941
	266,642,598	18,601,294	285,243,892

(9) LONG-TERM RECEIVABLES, NET

This item represents the share of Iraq and Somalia Governments of the initial feasibility study cost paid on their behalf by Arab Mining Company to the Arab Somali Mining Company at the end of 1985, as part of the two countries subscription in the capital of Arab Somali Mining Company. The board of directors, with the approval of the General Assembly, decided to distribute the cost equally between both of them. In accordance with the resolution of the Company's Board of Directors, a provision for the amount of KWD 449,788 was taken against these receivables during the year 2008. The receivable balance will continue to be collected from the dividends due to these countries until it is settled in full in accordance with the general assembly resolution dated 4 September 1997.

Details of this item are as follows:

	2013 KWD	2012 KWD
Iraqi Government /Arab Somali Mining Co.	-	-
Somali Government / Arab Somali Mining Co.	-	62,644
	-	62,644
Provision for long term receivables	-	(62,644)
	-	-

(10) LONG-TERM EMPLOYEES’ HOUSING LOANS

This item represents the balance of declining housing loans granted to employees in accordance with the Company’s Housing Bylaws at 1.5% annual management fees. These loans are repayable in monthly installments over a maximum period of 20 years. Details of movements in the housing loans are as follows:

	2013	2012
	KWD	KWD
Balance at the beginning of the year	101,618	124,809
Add: loans granted during the year	93,520	-
Less: Installments paid during the year	(10,961)	(23,191)
Balance at the end of the year	184,177	101,618

(11) ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

	2013	2012
	KWD	KWD
Advances to employees	58,447	51,584
Prepaid expenses	33,981	30,422
saving fund	7,294	-
Accounts receivable	4,708	3,801
Refundable deposits	1,788	1,784
Mineral samples	1,490	1,490
	107,708	89,081

(12) RELATED PARTY TRANSACTIONS

These represent transaction with related parties i.e. major shareholders, directors and key management personal and companies of which they are principal owners. Pricing policies and terms of these transactions are approved by the Board of Directors.

Balances with related parties included in the statement of financial position are as follows:

	2013 KWD	2012 KWD
Due from related parties		
Jordan Abyad Fertilizers and Chemicals company*	145,638	138,126
Dividends payable to shareholders (included in accounts payable and other current liabilities)	469,606	69,750

* At the end of 2010, the Company granted Jordan Abyad Fertilizers and Chemicals Company/ Jordan a loan amounted to JD 300,000 (KWD 119,400). The loan bears annual interest rate of 6%. During October 2012, the Company had offered another loan to Jordan Abyad Fertilizers and Chemicals Company /Jordan amounting to JD 1,350,000 (KWD 530,550) and bears annual interest rate of 6%. The loan was recorded within the investment account in light of the decision of the General Assembly of Jordan Abyad Fertilizers and Chemicals Company /Jordan in December 2012; the loan will be capitalized by the - Jordan Abyad Fertilizers and Chemicals Company /Jordan in 2014.

Transactions with related parties included in the income statement are as follows:

	2013 KWD	2012 KWD
Interest income (included in Bank revenues) – Jordan Abyad Fertilizers and Chemicals Company	7,146	11,555
Compensation of key management personnel:		
	2013 KWD	2012 KWD
Salaries and other benefits (included in employees salaries, allowances and other benefits)	142,535	133,627

(13) TRADING INVESTMENTS

	2013	2012
	KWD	KWD
Arab Potash Company shares/ Jordan	2,271,642	6,457,136
	2,271,642	6,457,136

(14) ACCRUED REVENUES

	2013	2012
	KWD	KWD
Accrued bank revenues on term deposits	583,801	548,028
	583,801	548,028

(15) TERM DEPOSITS

	2013	2012
	KWD	KWD
Deposits in Kuwaiti Dinar	28,010,987	26,966,514
Deposits in U.S Dollar	15,025,218	15,031,700
Deposits in Jordanian Dinar	1,883,247	2,248,133
	44,919,452	44,246,347

Term deposits are for terms ranging from three months to one year at average interest rates ranging from 1.625% to 1.962% on KWD deposits (2012: 1.932% to 2.3%) and ranging from 4.8% to 5.1% on JD deposits (2012: 3.75% to 4.85%) and 1% to 1.25% on US dollar deposits (2012: 1%).

(16) CASH ON HAND AND AT BANKS

	2013	2012
	KWD	KWD
Current accounts	160,045	81,479
Cash on hand	8,173	5,497
	168,218	86,976

(17) PAID-IN CAPITAL

The Company's authorized, and paid in capital amounts to KWD 54,470,000 divided into 5,447 shares at par value of KWD 10,000 per share.

(18) RESERVES

- Statutory reserve

Pursuant to the Company's articles of association, 10% of profit is transferred to statutory reserve. The reserve is not available for distribution to shareholders.

- General reserve

This item represents 10% of the profit starting from the year 2010. This reserve is available for distribution to shareholders.

(19) PROVISION FOR BOD MEMBERS' END OF MEMBERSHIP

	2013	2012
	KWD	KWD
Balance at the beginning of the year	79,696	72,126
Provision for the year	11,000	11,000
Paid from Provision	(84,770)	(3,430)
Balance at the end of the year	5,926	79,696

(20) PROVISION FOR EMPLOYEES' END OF SERVICE INDEMNITY

	2013	2012
	KWD	KWD
Balance at the beginning of the year	582,305	451,835
Provision for the year	127,135	162,427
End of service indemnity paid to employees	(82,183)	(27,563)
Loss on currency exchange	(945)	(4,394)
Balance at the end of the year	626,312	582,305

(21) ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

	2013	2012
	KWD	KWD
Dividends payable to shareholders	469,606	69,750
Board of Directors' remuneration	145,000	112,000
Accounts payable	22,540	1,414
General deposits	12,037	2,153
	649,183	185,317

(22) DIVIDENDS INCOME

	2013	2012
	KWD	KWD
Arab Potash Co. / Jordan	16,477,186	19,571,862
Societe Nationale Industrielle et Miniere / Mauritania	2,031,443	3,193,757
Saudi Co. for preliminary industries / Saudi Arabia	161,818	159,879
Qatar Industry Co. /Qatar	145,420	126,983
Buobyan Petrochemical Co. /Kuwait	135,000	153,300
Arab Detergent Chemicals Co. / Iraq	112,400	250,200
Jordan Phosphate Mines Co./ Jordan	49,625	88,425
Yanbu National Petrochemical Company / Saudi Arabic	14,138	-
	19,127,030	23,544,406

(23) PROFITS ON INVESTMENTS, NET

	2013	2012
	KWD	KWD
Gain from sale of available for Sale Investments (Buobyan Co. shares)	215,210	391,719
Gain from liquidation of GEMAK/ Mauritania	73,617	-
Gain from sale of trading investments (Arab Potash Co. shares)	-	1,966
	288,827	393,685

(24) EMPLOYEES SALARIES, ALLOWANCES AND OTHER BENEFITS

	2013	2012
	KWD	KWD
Salaries and allowances	543,893	516,022
Provision for end of service indemnity	127,135	162,427
Medical treatments and staff insurance	88,401	83,849
Employees' incentive bonus	74,527	77,392
Company's contribution to social security	48,030	45,483
Company's contribution to employees saving fund	37,441	32,792
Private incentive bonus	27,401	28,592
Transportation allowance	12,539	11,398
Provision for employees vacations	9,177	14,937
	968,544	972,892

(25) GENERAL AND ADMINISTRATIVE EXPENSES

	2013	2012
	KWD	KWD
Board of Directors meetings expenses	167,243	156,005
Travel	81,239	60,994
Searching for investment opportunities expenses	28,905	47,092
Part time consultants	22,327	23,523
Depreciation	19,195	17,959
Press and printing	17,346	15,133
Training expenses	22,379	14,664
Maintenance	13,626	13,537
Post and telephone	11,638	12,413
End of service indemnity	11,000	11,000
Hospitality	15,896	9,016
Vehicles expenses	6,485	8,879
Electricity, water and heating	9,291	8,746
Donations	4,010	6,194
Bank charges and finance costs	10,385	5,650
General Assembly expenses	4,696	3,585
Insurance	3,468	3,483
Stationary and office equipment	3,294	2,731
Subscription in Arab unions fees	2,564	2,537
Others	42,561	10,598
	497,548	433,739

(26) RISK MANAGEMENT

Interest rate risk

The Company is exposed to interest rate risk on its interest bearing assets and liabilities (bank deposits and due from related parties).

The following table demonstrates the sensitivity of the income statement to reasonably possible changes in interest rates as of 31 December 2013 and 2012, with all other variables held constant.

The sensitivity of the income statement is the effect of the assumed changes in interest rates on the Company’s profit for one year, based on the floating rate financial assets and financial liabilities held at 31 December 2013 and 2012.

2013		Effect on profit for the year
Currency	Increase in basis points	KWD
KWD	100	280,110
JD	100	18,832
USD	100	150,252

		Effect on profit for the year
Currency	Decrease in basis points	KWD
KWD	100	(280,110)
JD	100	(18,832)
USD	100	(150,252)

2012		Effect on profit for the year
Currency	Increase in basis points	KWD
KWD	100	269,665
JD	100	22,481
USD	100	150,317

		Effect on profit for the year
Currency	Decrease in basis points	KWD
KWD	100	(269,665)
JD	100	(22,481)
USD	100	(150,317)

Equity price risk

The following table demonstrates the sensitivity of the income statement (trading investments) and cumulative changes in fair value (available for sale investments) to reasonably possible changes in equity prices, with all other variables held constant.

2013 -

	Change in equity price	Effect on profit for the year	Effect on equity
	%	KWD	KWD
Amman Stock Exchange	10	227,164	18,545,861
Other markets	10	-	844,967

2012 -

	Change in equity price	Effect on profit for the year	Effect on equity
	%	KWD	KWD
Amman Stock Exchange	10	645,714	30,266,494
Other markets	10	-	844,967

The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increases shown.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company seeks to limit its credit risk with respect to banks by only dealing with reputable financial institutions.

Liquidity risk

The table below summarizes the maturities of the Company's undiscounted financial liabilities at 31 December 2013 and 2012, based on contractual payment dates and current market interest rates.

31 DECEMBER 2013	3 TO 12 MONTHS	TOTAL
	KWD	KWD
Accounts payable	22,540	22,540

31 DECEMBER 2012	3 TO 12 MONTHS	TOTAL
	KWD	KWD
Accounts payable	1,414	1,414

Currency risk

Most of the Company's transactions are in Jordanian Dinars and US Dollars.

The table below demonstrates the sensitivity to a reasonably possible changes of the Kuwait Dinar currency rate against the Jordanian Dinar and US Dollar, with all other variables held constant, on the income statement (due to change in the fair value of monetary assets and liabilities). The effects of changes in the Kuwait Dinar currency rate against the other foreign currencies are not material to the financial statements.

2013	Increase in the foreign exchange rate against the KWD	Effect on profit for the year
Currency	%	KWD
JD	10	485,187
USD	100	1,432,823

	Decrease in the foreign exchange rate against the KWD	Effect on profit for the year
Currency	%	KWD
JD	10	(485,187)
USD	10	(1,432,823)

2012	Increase in the foreign exchange rate against the KWD	Effect on profit for the year
Currency	%	KWD
JD	10	884,340
USD	10	1,503,170

	Decrease in the foreign exchange rate against the KWD	Effect on profit for the year
Currency	%	KWD
JD	10	(884,340)
USD	10	(1,503,170)

(27) FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and bank balances, trading investments, available for sale investments and some other current assets. Financial liabilities consist of accounts payable.

The fair values of financial instruments, with the exception of certain available-for-sale investments are not materially different from their carrying values. As disclosed in note (8), available for sale investments include unquoted investments amounting to KWD 26,387,620 as of 31 December 2013 (2012: KWD 19,717,422). These investments are stated at cost, as their fair values cannot be reliably measured.

(28) CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2013 and 2012.

Capital comprises share capital, statutory and general reserve and retained earnings, and is measured at KWD 108,738,811 as at 31 December 2013 (2012: KWD 101,706,716).

(29) FAIR VALUE HIERARCHY

The following table provides an analysis of the financial assets at fair value based on the evaluation method and the measurement hierarchy are as follows:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 -Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 -Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

	Level 1	Level 2	Level 3	Total
	KWD	KWD	KWD	KWD
31 December 2013				
Financial Assets:				
Financial assets available for sale	195,254,827	26,387,620	-	221,642,447
Financial assets held for trading	2,271,642	-	-	2,271,642
Total	197,526,469	26,387,620	-	223,914,089

31 December 2012

Financial Assets:				
Financial assets available for sale	311,114,607	19,717,422	-	330,832,029
Financial assets held for trading	6,457,136	-	-	6,457,136
Total	317,571,743	19,717,422	-	337,289,165

(30) STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Company's financial position or performance and become effective for annual periods beginning on or after 1 January 2014.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but amendments to IFRS 9 mandatory effective date, issued in December 2011, moved the mandatory effective date to 1 January 2015. In November 2013 the IASB moved the mandatory date and a new mandatory date for IFRS 9 will be determined by the IASB when IFRS 9 is closer to completion.

Investment entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments are effective for annual periods beginning on or after 1 January 2014 provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. It is not expected that this amendment would impact to the Company's financial statements, since none of the entities in the Company's would qualify to be an investment entity under IFRS 10.