ARAB MINING COMPANY

FORTIETH ANNUAL REPORT

2014

ARAB MINING COMPANY

Arab Shareholding Company

Established 1975

Authorized, Subscribed & Paid Up Capital

KWD 54.47 Million

Head Office:

Amman - The Hashemite Kingdom of Jordan

Adress:

Shemeisani - 21 Prince Shaker Bin Zaid St.

P.O.Box: 20198 Amman 11118

Phone:

(+962 6) 5664175, 5663146/8/9

Fax:

(+962 6) 5684114

website:

www.armico.com.jo

e-mail:

armico@armico.com

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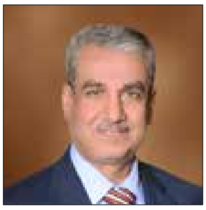
BOARD OF DIRECTORS

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

Mr. Fekry Mohammed Yousef

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

Eng. Faiq Bin Hassan Maddah .... Kingdom of Saudi Arabia

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

Eng. Saad Ameen Faisal .... Republic of Iraq

Mr. Abdulla Hassan Al-Bader .... State of Kuwait

Mr. Moftah Ali Suliaman .... The State of Libya

Mr. Fekry Mohammed Yousef .... Arab Republic of Egypt (from 1/1/2014)

Dr. Hassan Bekhit Abdelrhman .... Arab Republic of Egypt (till 31/12/2013)

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 enhances 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 of the Chairman

In the name of God The Merciful,

Dear Shareholders,

Pursuant to the provisions, Nos. 33 & 47, of the Article of Association of the company, and on behalf of my fellow Board Members, I am pleased to present to you the 40th Annual Report of the Arab Mining Company, with the annual performance of the company's activities and results of the financial statements ended in 31/12/2014.

In spite of the political and economic instability in the Arab Region during 2014, the Company was able to maintain the strength of its financial position, the Net Investment Income amounted to 13.7 million KWD compared to 19.4 million KWD in 2013. The Net Profit amounted to 13 million KWD compared to 18 million KWD for the year 2013. Accordingly, the Board of Directors decided to recommend to the company's General Assembly the distribution of 22% of the capital as cash dividend for the shareholders for the year 2014, compared with 20% for the year 2013. The total retained earnings amounted to 34.2 million KWD compared to 34.8 million KWD in 2013.

Regarding the performance of investee companies, the profits received from the Arab Potash Company in Jordan reached during 2014 about 9.9 million KWD compared to 16.5 million KWD in 2013. As for the Societe National Industrielle et Miniere "SNIM" in Mauritania, the profits received during 2014 was about 2.3 million KWD compared to 2 million KWD in 2013. Also the profits received from the Industries Chimiques Du Fluor Company "ICF" in Tunisia during 2014 was 161 thousand KWD compared to 227 thousand KWD in 2013.

As part of the Company's efforts to strengthen and diversify its portfolio of specialized performance in the shares of Arab Mining and Industrial Enterprises with a distinct financial performance, through 2014 the Company had purchased 43 thousand shares in the Saudi Arabian Mining Company "Ma'aden". The cost of the investment portfolio by the end of 2014 was 8.4 million KWD and the total cumulative dividends received was 2.6 million KWD.

As for the Company's activity in the search for investment opportunities during 2014. The Company has identified a Project for the Production of Soda Ash and Calcium Chloride in Saudi Arabia, the procedures to subscribe in the project's capital by 10%. are underway after economic feasibility has been proven. The Company is also following up other opportunities including Silicon metal and Polysilicon production, needed for PV Projects and Solar Energy Production. Due to events taking place in Yemen, the Company had to freeze activities regarding the Projects to Exploit Quartz, Fluorite and Magnesite. On the other hand, the company by the end of 2014 identified a new investment opportunities related to the exploitation of industrial rocks and minerals in the Emirate of Fujairah, United Arab Emirates and is being followed up. Also the company resumed its contacts with the concerned authorities in the Government of the Kingdom of Morocco to complete the activity search for Fluorite deposits within the areas that have been identified and studied previously.

As for the project implementation of the Arab Mining Industrial Developments Institute and Arab Mining Company buildings, the company has completed all stages for the preparation of studies, designs and tender documents of the project, also the company is currently assessing the submissions received from contractors involved in the implementation of the Project's tender. By God's willing the construction will start during the month of July 2015.

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 and given to the company in carrying out its business within the best conditions possible.

In God we trust,,,,

Farraj Fahed Al- Mutairi
Chairman / Board of Directors

COMPANY INVESTMENTS

Company/ Country	Capital In Local Currency Or Equivalent (Million)	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 National Industielle et Miniere/Mauritania	USD 606	1972	Unlisted	1979	5.66	Iron Ore Concentrates
Gulf Stone Company/Oman	OMR 3.63	1999	Listed	2004	25.00	Engineered Quartz Stone
Al Masane Al Kobra Mining Co. /Saudi Arabia	SAR 740	2007	Unlisted	2011	15.49	Copper Concentrate Zinc Concentrate Gold and Silver Alloys
Industries Chimiques 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 December 2014

Ernst & Young Jordan
P.O.Box 1140
Amman 11118
Jordan

Tel : 00 962 6580 0777/00 962 6552 6111
Fax: 00 962 6553 8300
www.ey.com/me

Building a better working world

90 Years in MENA

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 2014 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 2014 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Amman – Jordan
19 March 2015

Ernst & Young

ARAB MINING COMPANY
STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2014

	Notes	2014 KWD	2013 KWD
ASSETS			
Non-Current Assets			
Property and equipment	6	1,153,412	1,090,368
Investments in associates	7	3,965,383	4,015,910
Available-for-sale investments	8	168,841,888	221,642,447
Long-term employees' housing loans	9	174,012	184,177
		174,134,695	**226,932,902**
Current Assets			
Accounts receivable and other current assets	10	206,575	107,708
Due from related parties	11	488,961	145,638
Trading investments	12	1,640,103	2,271,642
Accrued revenues	13	640,234	583,801
Term deposits	14	47,758,766	44,919,452
Cash on hand and at banks	15	247,032	168,218
		50,981,671	**48,196,459**
TOTAL ASSETS		**225,116,366**	**275,129,361**
EQUITY AND LIABILITIES			
Shareholders' Equity			
Paid-in capital	16	54,470,000	54,470,000
Statutory reserve	17	14,465,869	13,162,771
General reserve	17	7,587,663	6,284,565
Foreign currency translation differences		(944,700)	(703,488)
Cumulative change in fair value	8	113,217,657	165,750,668
Retained earnings		34,207,260	34,821,475
Total Shareholders' Equity		**223,003,749**	**273,785,991**
Liabilities			
Non-Current Liabilities			
Provision for employees' vacation		61,210	53,035
Provision for employees' end of service indemnity	18	775,801	626,312
		837,011	**679,347**
Current Liabilities			
Accounts payable and other current liabilities	19	1,258,602	655,109
Accrued expenses		17,004	8,914
		1,275,606	664,023
Total Liabilities		**2,112,617**	**1,343,370**
TOTAL EQUITY AND LIABILITIES		**225,116,366**	**275,129,361**

The attached notes from 1 to 28 form an integral part of these financial statements

ARAB MINING COMPANY
INCOME STATEMENT
YEAR ENDED 31 DECEMBER 2014

	Notes	2014 KWD	2013 KWD
Dividends income	20	12,799,273	19,127,030
Bank revenues		969,409	927,866
Share of profit of associates	7	214,523	428,532
Profit on investments	21	354,973	288,827
Change in fair value of trading investments		(632,913)	(1,407,649)
Other revenues		4,534	63,940
Net investment income		**13,709,799**	**19,428,546**
Employees salaries, allowances and other benefits	22	(1,092,727)	(968,544)
General and administrative expenses	23	(416,423)	(497,548)
Loss on disposal of property and equipment		(397)	(772)
Gain on currency exchange		830,729	109,413
Board of Directors' remuneration		(145,000)	(145,000)
Profit for the year		**12,885,981**	**17,926,095**

The attached notes from 1 to 28 form an integral part of these financial statements

ARAB MINING COMPANY
STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2014

	Notes	2014 KWD	2013 KWD
Profit for the year		12,885,981	17,926,095
Other comprehensive income			
Foreign currency translation differences	7	(241,212)	(165,842)
Cumulative change in fair value of available for sale investments	8	(52,533,011)	(119,493,224)
Other comprehensive income for the year		**(52,774,223)**	**(119,659,066)**
Total loss and comprehensive income for the year		**(39,888,242)**	**(101,732,971)**

The attached notes from 1 to 28 form an integral part of these financial statements

ARAB MINING COMPANY
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2014

	Paid-in capital KWD	Statutory reserve KWD	General reserve KWD	Foreign currency translation differences KWD	Cumulative change in fair value KWD	Retained earnings KWD	Total KWD
2014 -							
Balance at 1 January 2014	54,470,000	13,162,771	6,284,565	(703,488)	165,750,668	34,821,475	273,785,991
Profit for the year	-	-	-	-	-	12,885,981	12,885,981
Other comprehensive income	-	-	-	(241,212)	(52,533,011)	-	(52,774,223)
Total loss and comprehensive income for the year	-	-	-	(241,212)	(52,533,011)	12,885,981	(39,888,242)
Transfers	-	1,303,098	1,303,098	-	-	(2,606,196)	-
Dividends paid for the year 2013	-	-	-	-	-	(10,894,000)	(10,894,000)
Balance at 31 December 2014	**54,470,000**	**14,465,869**	**7,587,663**	**(944,700)**	**113,217,657**	**34,207,260**	**223,003,749**
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 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**

The attached notes from 1 to 28 form an integral part of these financial statements

ARAB MINING COMPANY
STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2014

	Notes	2014 KWD	2013 KWD
OPERATING ACTIVITIES			
Profit for the year		12,885,981	17,926,095
Adjustments for:			
Depreciation	6	20,880	19,195
Loss on disposal of property and equipment		397	772
Bank revenues		(969,409)	(927,866)
Change in fair value of trading investments		632,913	1,407,649
Share of profit of associates	7	(214,523)	(428,532)
Provision for employees' end of service	18	166,106	127,135
Provision for employees' vacation	22	13,595	9,177
Working capital changes:			
Accounts receivable and other current assets		(98,867)	(18,627)
Due from related parties		(343,323)	(7,512)
Trading investments		(1,374)	(676,176)
Accounts payable and other current liabilities		603,493	390,096
Accrued expenses		8,090	(549)
Employees' end of service indemnity and vacation paid		(22,037)	(92,816)
Net cash flows from operating activities		**12,681,922**	**17,728,041**
INVESTING ACTIVITIES			
Long-term employees' housing loans		10,165	(82,559)
Term deposits		(2,839,314)	(673,105)
Purchase of investments in associates and available-for-sale investments		291,386	(6,879,035)
Purchase of property and equipment	6	(84,321)	(10,193)
Bank revenues received		912,976	892,093
Net cash flows used in investing activities		**(1,709,108)**	**(6,752,799)**
FINANCING ACTIVITIES			
Dividends paid		**(10,894,000)**	**(10,894,000)**
Net cash flows used in financing activities		**(10,894,000)**	**(10,894,000)**
Net increase in cash and cash equivalents		**78,814**	**81,242**
Cash and cash equivalents at the beginning of the year		168,218	86,976
Cash and cash equivalents at the end of the year		**247,032**	**168,218**

The attached notes from 1 to 28 form an integral part of these financial statements

(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 used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2013 except for the following:

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

These amendments are effective for annual periods which started on or after 1 January 2014. The amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. The application of the new amendments did not have any impact on the Company's, financial position or performance.

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. Application of the new amendments did not have any impact on the Company's financial position or performance and became effective for annual periods which started on or after 1 January 2014.

IFRIC 21 Levies

The interpretation clarifies that an entity recognises a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognized before the specified minimum threshold is reached. Application of the interpretation did not have any impact on the Company's financial position or performance and became effective for annual periods which started on or after 1 January 2014.

Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36

These amendments remove the unintended consequences of IFRS 13 Fair Value Measurement on the disclosures required under IAS 36 Impairment of Assets. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognised or reversed during the period. Application of the new amendments did not have any impact on the Company's financial position or performance and became effective for annual periods which started on or after 1 January 2014

(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 impairment is recorded in the statement of comprehensive income.

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 criteria used to determine common influence in associates is simialr to the criteria used to determine the influence of subsidaries.

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 it's 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.

The share of profit or loss of associate is shown on the face of the statement of comprehensive income within operating profit or loss after tax and non-controlling interest in the subsidiaries of the associate.

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.

Impairment losses that were previously recorded in the income statement cannot be retrieved at a later stage within company shares. Gains and losses on exchange relating to the translation of equity instruments in foreign currencies are included in the cumulative change in fair vale 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 (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 Company.

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.

Gains and losses resulting from foreign currency translation are recorded in 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 form translating net investment in associates are included as a separate component of equity.

(6) PROPERTY AND EQUIPMENT

	Lands	Company's building	Furniture and fixtures	Machinery, equipment and Software	Vehicles	Projects under Construction*	Total
	KWD	KWD	KWD	KWD	KWD	KWD	KWD
2014 -							
Cost							
At 1 January	1,023,250	753,949	217,718	125,315	85,306	-	2,205,538
Additions	-	-	-	17,927	-	66,394	84,321
Disposals	-	-	(10,057)	(12,932)	-	-	(22,989)
At 31 December	1,023,250	753,949	207,661	130,310	85,306	66,394	2,266,870
Accumulated depreciation							
At 1 January	-	753,946	211,028	90,528	59,668	-	1,115,170
Depreciation for the year	-	-	988	13,701	6,191	-	20,880
Disposals	-	-	(9,931)	(12,661)	-	-	(22,592)
At 31 December	-	753,946	202,085	91,568	65,859	-	1,113,458
Net book value at 31 December 2014	**1,023,250**	**3**	**5,576**	**38,742**	**19,447**	**66,394**	**1,153,412**
2013 -							
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**

* This item represents the cost of establishment and design of the company's building, in addition to the Arab Mining Industries development cost.

(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 KWD	Increase in capital KWD	Dividend income KWD	Share of profit KWD	Foreign currency translation differences KWD	Balance at the end of the year KWD
Industries Chimiques du Fluor/Tunisia	26.67%	3,230,753	137,600	(161,438)	153,244	(273,501)	3,086,658
Gulf Stone Company/ Oman	25%	785,157	-	-	61,279	32,289	878,725
		4,015,910	**137,600**	**(161,438)**	**214,523**	**(241,212)**	**3,965,383**

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

	2014			2013		
	Gulf Stone Company KWD	Industries Chimiques du Fluor KWD	Total KWD	Gulf Stone Company KWD	Industries Chimiques du Fluor KWD	Total KWD
Non-current assets	2,573,259	10,454,533	13,027,792	2,700,420	9,456,247	12,156,667
Current assets	3,084,176	8,769,260	11,853,436	2,549,096	9,828,594	12,377,690
Non-current liabilities	(395,462)	(2,863,263)	(3,258,725)	(483,244)	(2,646,659)	(3,129,903)
Current liabilities	(1,747,074)	(4,785,564)	(6,532,638)	(1,625,644)	(4,522,858)	(6,148,502)
Net assets	**3,514,899**	**11,574,966**	**15,089,865**	**3,140,628**	**12,115,324**	**15,255,952**
Percentage of ownership	25%	26.67%		25%	26.67%	
Company's share from net assets	**878,725**	**3,086,658**	**3,965,383**	**785,157**	**3,230,753**	**4,015,910**

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

	2014			2013		
	Gulf Stone Company KWD	Industries Chimiques du Fluor KWD	Total KWD	Gulf Stone Company KWD	Industries Chimiques du Fluor KWD	Total KWD
Revenue	3,687,493	11,368,747	15,056,240	2,818,896	11,189,276	14,008,172
Cost of sale	(2,899,859)	(9,919,244)	(12,819,103)	(2,211,492)	(9,923,075)	(12,134,567)
Gross profit	**787,634**	**1,449,503**	**2,237,137**	**607,404**	**1,266,201**	**1,873,605**
Other income (expense)	(511,031)	(827,322)	(1,338,353)	(495,864)	250,154	(245,710)
Profit before tax	**276,603**	**622,181**	**898,784**	**111,540**	**1,516,355**	**1,627,895**
Income tax	(31,487)	(47,516)	(79,003)	(13,604)	(1,369)	(14,973)
Net profit	245,116	574,665	819,781	97,936	1,514,986	1,612,922
Company's share from net profit	**61,279**	**153,244**	**214,523**	**24,484**	**404,048**	**428,532**

(8) AVAILABLE-FOR-SALE INVESTMENTS

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

	2014	2013
	KWD	KWD
a) Unquoted investments * :		
Al Masane Al Kobra Mining Company / Saudi Arabia	18,543,808	18,543,808
Societe Nationale Industrielle et Miniere/ Mauritania	3,662,251	3,662,251
Jordan Abyad Fertilizers and Chemicals Company/ Jordan	3,389,983	3,389,983
Arab Detergent Chemicals Co./ Iraq	791,578	791,578
	26,387,620	**26,387,620**
b) Quoted investments :		
Arab Potash Co./Jordan	132,496,182	183,668,483
Saudi Co. for Preliminary Industries / Saudi Arabia	2,813,909	3,618,151
Qatar Industry Co./Qatar	2,701,440	3,182,640
Buobyan Petrochemical Co./Kuwait	2,047,500	1,950,000
Jordan Phosphate Mines Co./Jordan	1,693,921	1,790,130
Yanbu National Petrochemical Company / Saudi Arabia	701,316	1,045,423
	142,454,268	**195,254,827**
	168,841,888	**221,642,447**

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

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
2014-	KWD	KWD	KWD
Arab Potash Co./ Jordan	162,771,727	(51,172,301)	111,599,426
Saudi Co. for Preliminary Industries/ Saudi Arabia	1,618,129	(804,242)	813,887
Qatar Industry Co./ Qatar	1,683,684	(213,652)	1,470,032
Boubyan Petrochemicals Co./ Kuwait	829,591	97,500	927,091
Jordan Phosphate Mines Co./ Jordan	(1,604,120)	(96,209)	(1,700,329)
Yanbu National Petrochemical Company/ Saudi Arabia	451,657	(344,107)	107,550
	165,750,668	**(52,533,011)**	**113,217,657**
2013-			
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**

(9) 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:

	2014	2013
	KWD	KWD
Balance at the beginning of the year	184,177	101,618
Add: loans granted during the year	8,549	93,520
Less: Installments paid during the year	(18,714)	(10,961)
Balance at the end of the year	**174,012**	**184,177**

(10) ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

	2014	2013
	KWD	KWD
Account receivable	108,333	4,708
Advances to employees	55,901	58,447
Prepaid expenses	36,520	33,981
Saving fund	2,476	7,294
Refundable deposits	1,855	1,788
Mineral samples	1,490	1,490
	206,575	**107,708**

(11) 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:

	2014	2013
	KWD	KWD
Due from related parties		
Jordan Abyad Fertilizers and Chemicals company*	488,961	145,638
Dividends payable to shareholders (included in accounts payable and other current liabilities)	1,089,606	469,606

* At the end of 2010, the Company granted Jordan Abyad Fertilizers and Chemicals Company/ Jordan a loan amounted to JD 300,000 (KWD 123,900). The loan bears annual interest rate of 6%. During October 2014, the Company granted another loan to Jordan Abyad Fertilizers and Chemicals Company /Jordan amounting to JD 800,000 (KWD 330,400) without interest, so that the total amount of loans granted to Jordan Abyad Fertilizers and Chemicals Company/Jordan amounted to JD 1,100,000 (KWD 454,300); the loans will be capitalized by the - Jordan Abyad Fertilizers and Chemicals Company /Jordan during 2015.

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

	2014	2013
	KWD	KWD
Interest income (included in Bank revenues) –		
Jordan Abyad Fertilizers and Chemicals Company	7,164	7,146

Compensation of key management personnel:

	2014	2013
	KWD	KWD
Salaries and other benefits (included in employees salaries, allowances and other benefits)	160,798	142,535

(12) TRADING INVESTMENTS

	2014	2013
	KWD	KWD
Arab Potash Company shares/ Jordan	1,640,103	2,271,642
	1,640,103	2,271,642

(13) ACCRUED REVENUES

	2014	2013
	KWD	KWD
Accrued bank revenues on term deposits	640,234	583,801
	640,234	583,801

(14) TERM DEPOSITS

	2014	2013
	KWD	KWD
Deposits in Kuwaiti Dinar	28,682,353	28,010,987
Deposits in U.S Dollar	13,498,533	15,025,218
Deposits in Jordanian Dinar	5,577,880	1,883,247
	47,758,766	**44,919,452**

Term deposits are for terms ranging from three months to one year at average interest rates ranging from 1.875% to 2.064% on KWD deposits (2013: 1.625% to 1.962%) and ranging from 3.25% to 5.1% on JD deposits (2013: 4.8% to 5.1%) and 0.40% to 1.25% on US dollar deposits (2013: 1% TO 1.25%).

(15) CASH ON HAND AND AT BANKS

	2014	2013
	KWD	KWD
Current accounts	239,224	160,045
Cash on hand	7,808	8,173
	247,032	**168,218**

(16) 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.

(17) 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.

(18) PROVISION FOR EMPLOYEES' END OF SERVICE INDEMNITY

	2014	2013
	KWD	KWD
Balance at the beginning of the year	626,312	582,305
Provision for the year	166,106	127,135
End of service indemnity paid to employees	(2,437)	(82,183)
Loss on currency exchange	(14,180)	(945)
Balance at the end of the year	**775,801**	**626,312**

(19) ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

	2014	2013
	KWD	KWD
Dividends payable to shareholders	1,089,606	469,606
Board of Directors' remuneration	145,000	145,000
General deposits	23,996	12,037
Accounts payable	-	28,466
	1,258,602	**655,109**

(20) DIVIDENDS INCOME

	2014	2013
	KWD	KWD
Arab Potash Co. / Jordan	9,943,323	16,477,186
Societe Nationale Insudtrielle et Miniere / Mauritania	2,286,204	2,031,443
Qatar Industry Co. /Qatar	206,659	145,420
Saudi Co. for preliminary industries / Saudi Arabia	178,474	161,818
Buobyan Petrochemical Co. /Kuwait	135,000	135,000
Yanbu National Petrochemical Company / Saudi Arabic	49,613	14,138
Arab Detergent Chemicals Co. / Iraq	-	112,400
Jordan Phosphate Mines Co./ Jordan	-	49,625
	12,799,273	**19,127,030**

(21) PROFITS ON INVESTMENTS

	2014	2013
	KWD	KWD
Gain from sale of available for sale investment (Qatar Industries Co. Shares)	354,973	-
Gain from sale of available for Sale Investments (Buobyan Co. shares)	-	215,210
Gain from liquidation of GEMAK/ Mauritania	-	73,617
	354,973	**288,827**

(22) EMPLOYEES SALARIES, ALLOWANCES AND OTHER BENEFITS

	2014	2013
	KWD	KWD
Salaries and allowances	553,073	543,893
Provision for end of service indemnity	166,106	127,135
Medical treatments and staff insurance	109,945	88,401
Employees' incentive bonus	80,504	74,527
Company's contribution to social security	50,980	48,030
Company's contribution to employees saving fund	38,527	37,441
Private incentive bonus	26,368	25,607
Transportation allowance	11,940	12,539
Provision for employees' vacations	13,595	9,177
Other Benefits	41,689	1,794
	1,092,727	**968,544**

(23) GENERAL AND ADMINISTRATIVE EXPENSES

	2014	2013
	KWD	KWD
Board of Directors meetings expenses	147,525	178,243
Travel	72,973	81,239
Part time consultants	39,439	22,327
Depreciation	20,880	19,195
Maintenance	16,821	13,626
Training expenses	16,559	22,379
Hospitality	13,553	15,896
Press and printing	12,550	17,346
Electricity, water and heating	11,327	9,291
Post and telephone	10,471	11,638
Vehicles expenses	8,174	6,485
Searching for investment opportunities expenses	7,557	28,905
Bank charges and finance costs	6,820	10,385
Donations	6,372	4,010
General Assembly expenses	6,072	4,696
Insurance	3,145	3,468
Subscription in Arab unions fees	2,573	2,564
Stationary and office equipment	2,023	3,294
Others	11,589	42,561
	416,423	**497,548**

(24) 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 2014 and 2013, 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 2014 and 2013.

2014-

Currency	Increase in basis points	Effect on profit for the year
		KWD
KWD	100	286,824
JD	100	55,779
USD	100	134,985

Currency	Decrease in basis points	Effect on profit for the year
		KWD
KWD	100	(286,824)
JD	100	(55,779)
USD	100	(134,985)

2013-

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

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

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.

2014-			
	Change in equity price	Effect on profit for the year	Effect on equity
	%	KWD	KWD
Amman Stock Exchange	10	164,010	13,419,010
Other markets	10	-	826,417

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	-	979,621

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 2014 and 2013, based on contractual payment dates and current market interest rates.

31 December 2014	3 to 12 months	Total
	KWD	KWD
Accounts payable	-	-

31 December 2013	3 to 12 months	Total
	KWD	KWD
Accounts payable	28,466	28,466

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.

2014

Currency	Increase in the foreign exchange rate against the KWD	Effect on profit for the year
	%	KWD
JD	10	770,694
USD	10	1,349,853

Currency	Decrease in the foreign exchange rate against the KWD	Effect on profit for the year
	%	KWD
JD	10	(770,694)
USD	10	(1,349,853)

2013

Currency	Increase in the foreign exchange rate against the KWD	Effect on profit for the year
	%	KWD
JD	10	430,053
USD	10	1,502,522

Currency	Decrease in the foreign exchange rate against the KWD	Effect on profit for the year
	%	KWD
JD	10	(430,053)
USD	10	(1,502,522)

(25) 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 2014 (2013: KWD 26,387,620). These investments are stated at cost, as their fair values cannot be reliably measured.

(26) 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 2014 and 2013.

Capital comprises share capital, statutory and general reserve and retained earnings, and is measured at KWD 110,730,792 as at 31 December 2014 (2013: KWD 108,738,811).

(27) 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
31 December 2014	KWD	KWD	KWD	KWD
Financial Assets:				
Financial assets available for sale	142,454,268	26,387,620	-	168,841,888
Financial assets held for trading	1,640,103	-	-	1,640,103
Total	**144,094,371**	**26,387,620**	**-**	**170,481,991**
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**

(28) STANDARDS ISSUED BUT NOT YET EFFECTIVE

IFRS 15 Revenue from Contracts with Customers

IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers; and SIC-31 Revenue—Barter Transactions Involving Advertising Services. The standard is effective for annual periods beginning on or after 1 January 2017, and early adoption is permitted.

IFRS 9 Financial Instruments

During July 2014, the IASB issued IFRS 9 " Financial Instruments" with all the three phases. IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 as issued in July 2014 will be implemented at the mandatory date on 1 January 2018, which will have an impact on the recognition and measurement of financial assets.

AMENDMENTS ISSUED BUT NOT YET EFFECTIVE

Equity Method in Separate Financial Statements (Amendments to IAS 27 and IFRS 1)

In August 2014, the IASB amended IAS 27 Separate Financial Statements which restore the option for entities, in the separate financial statements, to account for investments in subsidiaries, associates and joint ventures using the equity method as described in IAS 28 Investments in Associates and Joint Ventures. A consequential amendment was also made to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 allows a first-time adopter accounting for investments in the separate financial statements using the equity method, to apply the IFRS 1 exemption for past business combinations to the acquisition of the investment.

The amendments are effective for annual periods beginning on or after 1 January 2016, must be applied retrospectively and earlier adoption is permitted.

IAS 1 Presentation of Financial Statements – Amendments to IAS 1

The amendments to IAS 1 include narrow-focus improvements related to:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income (OCI) arising from equity accounted investments

These amendments are not expected to impact the Company's financial position or performance. The application of the amendments are not expected to have a significant impact on the Company's disclosures.

The amendments are applicable for annual periods beginning on or after 1 January 2016. Earlier application is permitted.

Investment entities (Amendments to IFRS 10 and IAS 28)

The amendments address the issues arising in practice in the application of the investment entities consolidation exception and clarify that:

- The exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- Subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
- Application of the equity method by a non-investment entity that has an interest in an associate or joint venture that is an investment entity: The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2016. Earlier application is permitted.