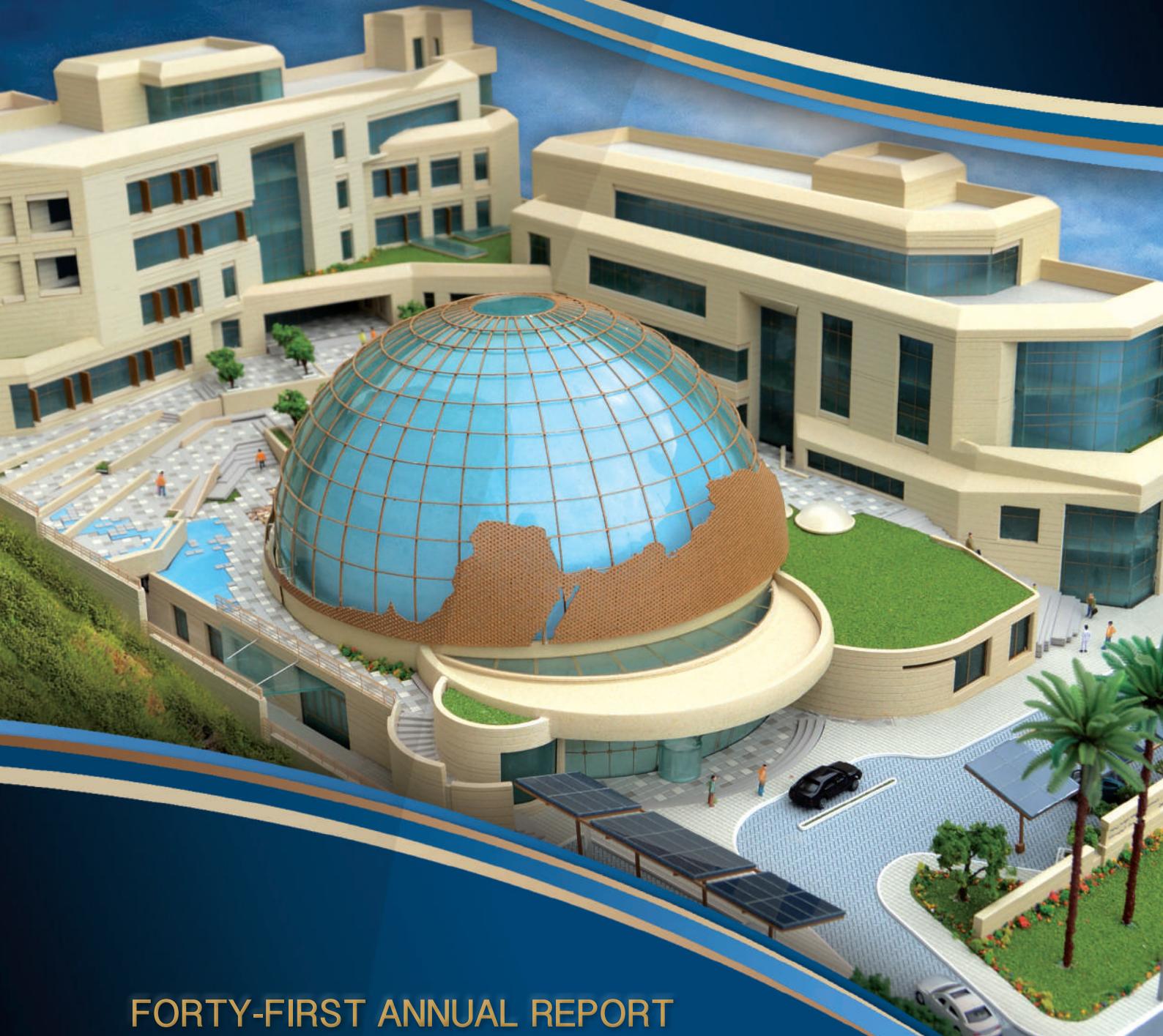




**ARAB MINING COMPANY**



**FORTY-FIRST ANNUAL REPORT**

**2015**



**ARAB MINING COMPANY**  
FORTY-FIRST ANNUAL REPORT  
**2015**

# **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

### **Address:**

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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. Abdoughani 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

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

## ► General Manager

Eng. Talal A. Al-Saadi

## ► Independent Auditors

KPMG Kawasmy & Partners

## 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
<b>TOTAL</b>	<b>5, 447</b>	<b>54, 470 ,000</b>	<b>100.00</b>

## **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 of Articles association of the company (Nos. 33&34) and on behalf of myself and my fellow Board Members, I am pleased to present to you the Annual Report of the Arab Mining company (No. 41) including The annual results of the company's activities and financial statement for the year ended in 31/12/2015.

Arab Mining Company continued its successful performance despite of the various uncertainties governing the investment environment in many areas around the Arab World as well as in the international markets. The joint cooperation between the Board of Directors with the Executive Management together with its professional teams participated towards maintaining the strong financial position of the company.

Regarding the financial performance of the company during 2015, net investment income amounted to 9.9 Million Kuwaiti dinars, as compared with 13.7 million Kuwaiti dinars in 2014, while the net profit for the year amounted to 8.8 million Kuwaiti dinars, as compared to 12.9 million Kuwaiti Dinars in 2014.

The sum of retained earnings for the year amounted to 36.9 Million KWD compared to 34.2 Million KWD in 2014. The Board of Directors decided to recommend to the General Assembly to distribute an amount equal to 22% of its capital, i.e. equivalent to about 12 Million KWD as cash dividends to shareholders for 2015, the same dividends that have been distributed for the year 2014.

Regarding the performance of investee companies, the dividends received in 2015 from Arab Potash Company/Jordan amounted to 8.3 Million Kuwaiti dinars, compared to 9.9 Million Kuwaiti dinars in 2014. In regards to Al Masane Al Kobra Mining Company, the company has adopted a new policy aimed at improving the technical and financial performance after signing an engineering services agreement with one of the specialized international companies, as well as obtaining mining license at the gold deposit of Guyan area within an area of 10 square km. As for the Industries Chimiques due Fluor/Tunisia we have received dividends amounting to 104 thousand Kuwaiti dinars during 2015 compared to about 161 thousand Kuwaiti dinars in 2014. The company's share of dividends received from Gulf Stone Company during 2015 was 69,000 KWD.

As part of the company's efforts to strengthen and diversify the performance of its specialized investment portfolio as shares in selected Arab mining and industrial companies, the company has purchased 142 thousand additional shares during 2015

in the Saudi Arabian Mining Company " Ma'aden ". At the end of 2015 the value of investments in the shares portfolio was 8.7 Million Kuwaiti dinars and the sum of cumulative dividends earned until the end of 2015 amounted to 3.1 Million Kuwaiti dinars.

Regarding the company's activity in seeking for investment opportunities during 2015, Arab Mining Company has continued its tasks of searching for potential investment opportunities in the Arab region focusing on those states that could fit with the parameters to meet the set forward investment criteria. As a result of this, the company identified a number of investment opportunities in the Saudi Arabia, Morocco, the United Arab Emirates and the Tunisian Republic. Accordingly, the company has studied "Al- Hazzim Project" to produce manganese, zinc and copper from its deposits located at Al-Khaneqieh state west of Riyadh in the Kingdom of Saudi Arabia. In addition, The Arab Mining Company also pursued continuous search for fluorite ores to meet the needs of the Industries Chimiques due Fluor/Tunisia , a suitable deposit was identified in the Kingdom of Morocco at Ras Hamda area in Rashidiya region .As a result, the initial positive indicators about the importance of these raw materials in terms of quantity and quality, Arab Mining Company in cooperation and coordination with the Industries Chimiques du Fluor/Tunisia in agreement with the "Al-Ettihad Al-Jadeed" company for metals in Morocco has decided to execute a number of works and studies towards completing the final feasibility study prior to final investment decision.

The company in cooperation and coordination with "Dar Al-Ta'adeen of Saudi Arabia" is studying some important and potential investment opportunities in the Emirate of Al-Fujairah, focusing on exploiting limestone, dolomite and gabbro rocks for projects to produce precipitated calcium carbonate and magnesia in cooperation and coordination with the Al-Fujairah Foundation for Natural Resources.

Regarding the investment opportunities that have been identified in the Republic of Tunisia, exploitation of gypsum ore at Mount Jerimisa- Tataouine region and the opportunity to join as a strategic shareholder in the Tunisian Steel Company " Steel " have been studied, but these opportunities were abandoned for the time being due to the uncertain investment criteria prevailing.

Regarding the implementation and construction of the Arab Mining Industrial Development Institute together with the construction of a new headquarter building for the Arab Mining Company, currently the projects are under construction, expected to be completed before mid 2017 as previously set forward in the project schedule.

In conclusion, I would like to thank the Esteemed Shareholders and in particular the host country, the Hashemite Kingdom of Jordan for their continued support and facilities which participated positively towards our company's achievements.

May God bless us and our company,,,



**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 63.53	2007	Unlisted	2007	10.00	Potassium sulphate, Fertilizers and other chemicals

# **INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS**

**As At 31 December 2015**





Kawasmy & Partners CO.  
Amman - Jordan  
Shmeisani, Al-Shareef Abdul Hameed Sharaf Str. BLD # 28  
Tel : +962 6 5650700, Fax : +962 6 5688598

#### **INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS**

**To the General Assembly  
Arab Mining Company  
(Arab Shareholding Company)  
Amman – Jordan**

We have audited the accompanying consolidated financial statements of **Arab Mining Company-Arab Shareholding Company- and its subsidiary ("The Group")** which comprise the consolidated statement of financial position as of December 31, 2015 and the related consolidated statements of profit or loss, other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

##### **Management's Responsibility for the Consolidated Financial Statements**

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

##### **Independent Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group'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 consolidated 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 consolidated financial statements give a true and fair view of the consolidated financial position of **the group** as of December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Other Matter**

The financial statements of the group as of and for the year ended December 31, 2014 were audited by another auditor who expressed his unqualified opinion on 19 March 2015.

Kawasmy and Partners  
KPMG

Hatem Kawasmy  
License No. (656)

Amman – Jordan  
April 14, 2016



**ARAB MINING COMPANY  
AND IT'S SUBSIDIARY (THE GROUP)  
(ARAB SHAREHOLDING COMPANY)  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

Kuwaiti Dinar	Notes	As of December 31,		
		2015	2014	
<b>Assets</b>				
<b>Non-Current Assets</b>				
Property and equipment	5	1,374,374	1,087,018	
Projects Under Construction		303,754	66,394	
Investments in associates	6	3,712,179	3,965,383	
Financial assets at fair value through other comprehensive income	7	202,809,843	168,841,888	
Long-term employees' housing loans	8	240,069	174,012	
Due from related parties	9	515,626	488,961	
<b>Total non-current assets</b>		<b>208,955,845</b>	<b>174,623,656</b>	
<b>Current Assets</b>				
Accounts receivables and other debit balances	10	193,626	206,575	
Advance payments to contractors		1,587,300	-	
Financial assets at fair value through Profit or Loss	11	1,834,692	1,640,103	
Accrued revenues	12	592,251	640,234	
Deposits	13	43,284,213	47,758,766	
Cash on hand and at banks	14	52,427	247,032	
<b>Total current assets</b>		<b>47,544,509</b>	<b>50,492,710</b>	
<b>Total assets</b>		<b>256,500,354</b>	<b>225,116,366</b>	
<b>Shareholders' equity and liabilities</b>				
<b>Shareholders' Equity</b>				
Paid-in capital	15	54,470,000	54,470,000	
Statutory reserve	16	15,361,704	14,465,869	
General reserve	16	8,483,498	7,587,663	
Foreign currency translation differences		(1,047,334)	(944,700)	
Fair value reserve	7	139,163,279	113,217,657	
Retained earnings		36,852,305	34,207,260	
<b>Total Shareholders' Equity</b>		<b>253,283,452</b>	<b>223,003,749</b>	
<b>Liabilities</b>				
<b>Non-Current Liabilities</b>				
Employees' vacation provision		71,347	61,210	
Employees' end of service provision	17	924,060	775,801	
<b>Total Non-Current Liabilities</b>		<b>995,407</b>	<b>837,011</b>	
<b>Current Liabilities</b>				
Accounts payables and other credit balances	18	2,221,495	1,275,606	
<b>Total Current Liabilities</b>		<b>2,221,495</b>	<b>1,275,606</b>	
<b>Total Liabilities</b>		<b>3,216,902</b>	<b>2,112,617</b>	
<b>Total Shareholders' Equity and Liabilities</b>		<b>256,500,354</b>	<b>225,116,366</b>	

The notes on pages (8) to (29) are an integral part of these consolidated financial statements  
The Consolidated financial statements on pages (3) to (7) were approved by Board of directors of the group on March 17, 2016

**ARAB MINING COMPANY  
AND IT'S SUBSIDIARY (THE GROUP)  
(ARAB SHAREHOLDING COMPANY)  
CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

Kuwaiti Dinar	Notes	For the year ended December 31,	
		2015	2014
Dividends income	19	8,714,630	12,799,273
Interest revenues		968,892	969,409
Share of profit of associates	6	22,397	214,523
Profit on investments	20	-	354,973
Gain (Loss) from change in value of financial assets at fair value through profit or loss		194,589	(632,913)
Other revenues		15,005	4,534
<b>Net investment income</b>		<b>9,915,513</b>	<b>13,709,799</b>
Employees salaries, allowances and other benefits	21	(1,486,723)	(1,092,727)
Administrative expenses	22	(428,260)	(416,423)
Loss on disposal of property and equipment		(1,148)	(397)
Gain on currency exchange		959,237	830,729
Board of Directors' remuneration		(145,000)	(145,000)
<b>Profit for the year</b>		<b>8,813,619</b>	<b>12,885,981</b>

The notes on pages (8) to (29) are an integral part of these consolidated financial statements.

**ARAB MINING COMPANY  
AND IT'S SUBSIDIARY (THE GROUP)  
(ARAB SHAREHOLDING COMPANY)  
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**

Kuwaiti Dinar	Notes	For the year ended December 31,	
		2015	2014
Profit for the year		8,813,619	12,885,981
<b>Other comprehensive income-</b>			
Foreign currency translation differences	6	(102,634)	(241,212)
Cumulative change in fair value of financial assets at fair value through other comprehensive income	7	28,622,922	(52,533,011)
<b>Other comprehensive income for the year</b>		<b>28,520,288</b>	<b>(52,774,223)</b>
<b>Total comprehensive income for the year</b>		<b>37,333,907</b>	<b>(39,888,242)</b>

The notes on pages (8) to (29) are an integral part of these consolidated financial statements.

**ARAB MINING COMPANY  
AND IT'S SUBSIDIARY (THE GROUP)  
(ARAB SHAREHOLDING COMPANY)  
STATEMENT OF CONSOLIDATED CHANGES IN SHAREHOLDER'S EQUITY**

Kuwaiti Dinar	Paid-in capital	Statutory reserve	General reserve	Foreign currency translation differences	Fair Value reserve	Retained Earnings	Total
<b>For the year ended 31 December 2015</b>							
Balance as of 1 January 2015 (Before adjustments)	54,470,000	14,465,869	7,587,663	(944,700)	113,217,657	34,207,260	223,003,749
Effect of Implementation of IFRS (9)	-	-	-	-	(2,677,300)	7,606,496	4,929,196
Balance as of 1 January 2015 (after adjustments)	54,470,000	14,465,869	7,587,663	(944,700)	110,540,357	41,813,756	227,932,945
Profit for the year	-	-	-	-	-	8,813,619	8,813,619
Other comprehensive income	-	-	-	(102,634)	28,622,922	-	28,520,288
Transfer to statutory and general reserve	-	895,835	895,835	-	-	(1,791,670)	-
Dividends Note(25)	-	-	-	-	-	(11,983,400)	(11,983,400)
<b>Balance at 31 December 2015</b>	<b>54,470,000</b>	<b>15,361,704</b>	<b>8,483,498</b>	<b>(1,047,334)</b>	<b>139,163,279</b>	<b>36,852,305</b>	<b>253,283,452</b>
<b>For the year ended 31 December 2014</b>							
Balance as of 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)
Transfer to statutory and general reserve	-	1,303,098	1,303,098	-	-	(2,606,196)	-
Dividends Note(25)	-	-	-	-	-	(10,894,000)	(10,894,000)
<b>Balance at 31 December 2014</b>	<b>54,470,000</b>	<b>14,465,869</b>	<b>7,587,663</b>	<b>(944,700)</b>	<b>113,217,657</b>	<b>34,207,260</b>	<b>223,003,749</b>

The notes on pages (8) to (29) are an integral part of these consolidated financial statements.

**ARAB MINING COMPANY  
AND IT'S SUBSIDIARY (THE GROUP)  
(ARAB SHAREHOLDING COMPANY)  
CONSOLIDATED STATEMENT OF CASH FLOWS**

Kuwaiti Dinar	Notes	For the year ended December 31,	
		2015	2014
<b>Cash flow from operating activities</b>			
Profit for the year		8,813,619	12,885,981
<b>Adjustments:</b>			
Depreciation	5	22,123	20,880
Loss on disposal of property and equipment		1,148	397
Interest revenues		(968,892)	(969,409)
Change in fair value of financial assets at fair value through profit or loss		(194,589)	632,913
Share of profit of associates	6	(22,397)	(214,523)
Employees' end of service provision	17	398,623	166,106
Employees' vacation provision		23,208	13,595
		8,072,843	12,535,940
<b>Changes in:</b>			
Trade and other receivables		12,949	(98,867)
Advance payments to contractors		(1,587,300)	-
Due from related parties		(26,665)	(343,323)
Financial assets at fair value through Profit or Loss		-	(1,374)
Accounts payables and other credit balances		945,889	611,583
Employees' end of service indemnity and vacation paid		(263,436)	(22,037)
<b>Net cash flows from operating activities</b>		<b>7,154,280</b>	<b>12,681,922</b>
<b>Cash flow from investing activities</b>			
Long-term employees' housing loans		(66,057)	10,165
Deposits		4,474,553	(2,839,314)
Financial assets at fair value through other comprehensive income		(242,870)	291,386
Purchase of property and equipment	5	(310,627)	(17,927)
Projects under construction		(237,360)	(66,394)
Interest revenues received		1,016,876	912,976
<b>Net cash flows from (used in) investing activities</b>		<b>4,634,515</b>	<b>(1,709,108)</b>
<b>Cash flow from financing activities</b>			
Dividends paid	25	(11,983,400)	(10,894,000)
<b>Net cash flows used in financing activities</b>		<b>(11,983,400)</b>	<b>(10,894,000)</b>
<b>Net change in cash on hand and at banks</b>		<b>(194,605)</b>	<b>78,814</b>
Cash on hand and at banks at the beginning of the year		247,032	168,218
<b>Cash on hand and at banks at the end of the year</b>	<b>15</b>	<b>52,427</b>	<b>247,032</b>

The notes on pages (8) to (29) are an integral part of these consolidated financial statements.

**ARAB MINING COMPANY  
AND IT'S SUBSIDIARY (THE GROUP)  
(ARAB SHAREHOLDING COMPANY)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**(1) GENERAL**

Arab Mining Company was incorporated as an Arab shareholding company on 1 February 1975, The company head office is located on Jordan. The company authorized capital is KWD 120,000,000, which was determined 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 is exempted 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.

The Consolidated financial statements were approved by the Board of directors on March 17, 2016 and it is subject to the General Assembly approval.

**(2) BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS**

**a- Statement of compliance**

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

**b- Basis of consolidated financial statements**

The consolidated financial statements contain the financial statements of Arab mining company the (Parent company), and its subsidiary together referred to "The Group". Which is subject to it's control.

Control occurs when the parent company has the ability to control the financial and operating policies of the subsidiary.

Thus, the principle of control sets out the following three elements of control:

1- Power over the investee.

2- Exposure, or rights, to variable returns from its involvement with the investee; and

3- The ability to use power over the investee to affect the amount of the investor's returns.

The Group should reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control at each reporting period.

Non-controlling interest are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

The results of the subsidiary are consolidated in the consolidated statements at the date of acquisition, which is the date that actual control is obtained over the subsidiary.

On loss of control, the parent-subsidiary relationship ceases to exist. The parent no longer controls the subsidiary's individual assets and liabilities. Therefore, the parent company:

Derecognizes the assets and liabilities of the former subsidiary from the consolidated statement of financial position.

Recognizes any investment retained in the former subsidiary at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant IFRSs.

Recognizes the gain or loss associated with the loss of control attributable to the former controlling interest.

The consolidated financial statement prepared for the subsidiary company for the same parent company fiscal year and by use the same accounting policies adopted from the parent company.

The Company has the following subsidiary as of December 31, 2015:

Company Name	Authorizd Capital	Acquisition Percentage %	Nature of Activity	Operation Country
Research and mining developments	75,075	100	Consulting, training	Jordan

The following table represents the financial position and financial performance for the subsidiary company as of December 31, 2015:

Kuwaiti Dinar	December 31, 2015			
	Total Assets	Total Liabilities	Total Revenue	Profit for the year
Research and mining developments company	76,112	768	1,307	269

#### c- Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the financial assets at the fair value through profit or loss and financial assets at the fair value through other comprehensive income at fair value and financial assets and liabilities at amortized cost.

#### d- Functional and presentation currency

The financial statements are presented in Kuwaiti Dinar, Jordanian Dinar is the functional currency of the group.

#### e- Use of estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

In particular, information about significant areas of estimation uncertainties and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is summarized as follows:

Management periodically reassesses the economic useful lives of tangible assets based on the general condition of these assets and the expectation for their useful economic lives in the future.

Management frequently reviews the lawsuits raised against the company based on a legal study prepared by the company's legal advisors. This study highlights potential risks that the company may incurred in the future.

Management estimated the recoverable amount of financial assets to determine whether there was any impairment in its value.

#### **Fair value measurement**

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:

- 1- In the principal market for the asset or liability, or
- 2- 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 asset or liability measured at fair value might be either of the following:

- a- A stand-alone asset or liability; or
- b- a group of assets, a group of liabilities or a group of assets and liabilities (eg a cash generating unit or a business).

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the CFO. The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the

requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

**Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs). If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

### **(3) SIGNIFICANT ACCOUNTING POLICIES**

The Group has adopted early international standard to IFRS (9) related to measurement and classification of financial assets in the preparation of the consolidated financial statements starting from January 1, 2015 based on the Board's decision. The mandatory application in the January 1, 2018

The accounting policies applied by the group in these consolidated financial statements for the year ended 31 December 2015 are the same as those applied by the group in its financial statements for the year ended 31 December 2014, except for the following International Financial Reporting Standards effective after January 1, 2015:

- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)
- Annual Improvements to IFRSs 2010–2012 cycle
- Annual Improvements to IFRSs 2011–2013 cycle

The application of these amended standards did not have a significant effect on the consolidated financial statements of the group.

#### **a- Financial instrument**

The group initially recognizes financial assets into these categories: trade and other receivables, accrued revenue, due from related parties, advance payments to contractors. And financial liabilities into trade payables and other credit balances.

## Non-derivative financial assets

- **Financial assets at fair value through other comprehensive income**

These assets represent investments in equity instruments with the intention to keep them as a strategic investment for long term.

When purchasing these assets they are recognized at fair value including acquisition expenses then to be re-evaluated later at fair value, where changes in the fair value appears in the consolidated statement of profit or loss and other comprehensive income and owners equity including the change in fair value resulting from the differences in conversion of non-monetary assets items in foreign currencies, in case of selling such assets or part thereof profits or losses to be recorded in the consolidated statement of profit or loss and other comprehensive income and owners equity where the valuation reserve balance of the sold assets should be directly transferred to the retained earnings and losses and not through the consolidated statement of profit or loss and other comprehensive income.

These assets are not subject to impairment loss testing. Dividends are recorded as a separate line item in the consolidated statement of profit or loss and other comprehensive income.

- **Financial assets at fair value through profit or loss**

These are financial assets acquired by the Group with the objective of resale in the near future and to make profits from short-term market price fluctuations or margin trading profits.

When purchasing these assets they are recognized at fair value (acquisition expenses are recognized in the income statement when purchasing) to be revalued later at fair value. The change in fair value appears in the statement of income including the change in fair value resulting from the differences in conversion of non-monetary assets items in foreign currencies. In the case of selling such assets or part thereof, profits or losses are recorded in the statement of income.

Dividends or interest earned are recognized in the consolidated statement of profit or loss and other comprehensive income.

- **Financial assets and liabilities at amortized cost**

Financial assets are held within the Group in order to collect contractual cash flows, which represent payments of principal and interest on the principal amount outstanding with fixed or determinable payments that are not quoted in an active market and the Group does not intend to sell immediately or in the near term.

When purchasing these assets they are recognized at cost plus acquisition costs, where premium / discount are amortized using the effective interest method, recording or to the interest account, where any provisions resulted from the impairment in its amount leads to the inability to recover the principal

or part of it are deducted, any impairment in its amount to be recognized at the consolidated statement of profit or loss and other comprehensive income.

The impairment amount in the value of these assets represents the difference between the value recorded at the books and the present value of the expected discounted cash flows at the original effective interest rate.

Financial assets should not be reclassified from / to this item except for when the purpose and the way of managing the financial assets is changed.

#### **Non-derivative financial liabilities**

Financial liabilities are initially recognized in fair value net of transaction costs related directly to it, and be re-evaluated later at amortized cost using the effective interest method.

#### **b- Investments in associates**

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

The group investments in its associates are accounted under the equity method of accounting.

Investments in associates in the statement of consolidated 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 group's share of associate's profits is recorded in the statement of profit or loss. In case of change in equity of the associate the change if any appears in the statement of changes in equity for the group. Gains and losses resulting from transactions between the group and its associates are eliminated to the extent of the group's share in the associates.

The financial statements of the associate group 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.

#### **c- Property and equipments**

##### **Recognition and measurement**

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset, and any other costs directly attributable to bringing the asset to a working condition for its intended use

When parts of an item of property and equipment have different useful lives, they are accounted for as items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net within the statement of comprehensive income.

#### **Subsequent costs**

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in statement of comprehensive income as incurred.

#### **Depreciation**

Items of property and equipment are depreciated on a straight-line basis in statement of income over the estimated useful lives of each component.

Items of property and equipment are depreciated from the date that they are installed and are ready for use.

The estimated useful lives of property and equipment for the current and previous year are as follows:

Property and equipment	Percentage of Dep
Group's building	%4
Furniture and fixtures	%9
Machinery, equipment and Software	%20-15
Vehicles	%15

At each financial year-end, the Group reviews the depreciation methods, useful lives and remaining amounts and are adjusted if necessary.

#### **d- Impairment**

##### **- Financial Assets**

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired.

A financial asset is impaired if objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event had an impact on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Losses are recognized in profit or loss and reflected in an allowance account

against loans and receivable. Interest on the impaired asset continues to be recognized. When an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Individually significant financial assets are tested for impairment on an individual basis.

#### **- Non-Financial Assets**

The carrying amounts of the group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or cash generating unit exceeds its estimated recoverable amount.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

All impairment losses are recognized in the statement of income.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

#### **e- Projects under constructions**

Projects under construction presented in cost which consist of the construction cost and any direct expenses. And the projects are not subject to depreciation until it completed and ready for use.

#### **f- Revenue recognition and expenses realization**

Revenue recognition and expenses realization are recognized based on accrual basis.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the group and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts.

Dividends are recognized when the shareholder's right to receive payment is established after it declared by general assembly

Revenue from interest consist of revenue from bank deposit which presented on the consolidated statement profit or loss of below:

#### **g- Foreign Currency Transactions**

Transactions in foreign currencies during the year are translated at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Kuwaiti Dinar at the exchange rate at that date.

The foreign currency gain (loss) on monetary items is the difference between amortized cost in Kuwaiti Dinar at the beginning of the year, adjusted for effective interest rate and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to Kuwaiti Dinar at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognized in the statement of comprehensive income.

#### **h- Fair value for financial instruments**

Fair values represent the amount with which an asset could be exchanged, or a liability settled, in a transaction between knowledgeable, willing parties in an arm's length transaction.

The closing prices (purchase of assets\sale of liabilities) on financial statements date in effective markets, represents the fair value of financial assets and liabilities that have market prices.

In the absence of quoted prices or lack of active trading of some financial assets or the in absence of an active market, fair value is determined by comparing with current market value of financial instrument, or by using the discounted future cash flows discounted at the rate of similar financial instrument or by use the net assets value method of investments.

#### **i- Offsetting**

Financial liabilities are set off against financial assets, and the net amount is shown in the financial position only when the obliging legal rights are available and when settled on net basis or the realization of assets or settlement of liabilities is done at the same time.

#### **j- Date of recognition financial assets**

The recognition of the purchase and sale of financial assets on the trade date (the date of the group's commitment to purchase or sell financial assets).

#### **k- End of service provision**

A provision for end of service indemnity is recognized if, as a result of a past event, and that can be estimated reliably, and it is probable that an outflow of economic benefits will be required. Provisions for end of service indemnity is

calculated bases on the Group's internal bylaw, group policy for calculating end of service base on calculating one month salary per employee per year of the first five years, and one month and a half for second five years and any year more than first ten years based on two months salary per year.

#### I- Provisions

A provision is recognized if, as a result of a past event, the group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

### **(4) New standards and interpretations not yet adopted**

A number of new standards, amendments and improvements to standards and interpretations are effective for annual periods beginning on January 1, 2016, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the group, is set out below.

#### New standards

- IFRS 14 Regulatory Deferral Accounts (effective from 2016)
- IFRS 15 Revenue from Contracts with Customers (effective from 2017)
- IFRS 16 Leases (effective 31 December 2019)

#### Amendments

- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities Applying the consolidation exception. (effective from 2016)
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (effective from 2016)
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization (effective from 2016)
- Amendments to IAS 16 and 41: Bearer plants (effective from 2016)
- Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture (effective from 2016)
- Amendments to IAS 27: Equity method in separate financial statements (effective from 2016)
- Amendments to IAS 1 (effective from 2016)

#### Improvements

- Annual Improvements to IFRSs 2012–2014 cycle (effective from 2016)

## (5) PROPERTY AND EQUIPMENT

Kuwaiti Dinar	Land	group's building	Furniture	Machinery,	Vehicles	Total
			and fixtures	equipment and Software		
<b>Cost</b>						
Balance as of 1 January 2015	1,023,250	753,949	207,661	130,310	85,306	2,200,476
Additions	289,100	-	587	10,718	10,222	310,627
Disposals	-	-	(1,345)	(9,329)	-	(10,674)
<b>Balance as of 31 December 2015</b>	<b>1,312,350</b>	<b>753,949</b>	<b>206,903</b>	<b>131,699</b>	<b>95,528</b>	<b>2,500,429</b>
<b>Accumulated Depreciation</b>						
Balance as of January 1 2015	-	753,946	202,085	91,568	65,859	1,113,458
Depreciation for the year	-	-	931	14,484	6,708	22,123
Accumulated depreciation	-	-	(1,197)	(8,329)	-	(9,526)
<b>Balance as of 31 December 2015</b>	<b>-</b>	<b>753,946</b>	<b>201,819</b>	<b>97,723</b>	<b>72,567</b>	<b>1,126,055</b>
<b>Net book value as of:</b>						
<b>31 December 2015</b>	<b>1,312,350</b>	<b>3</b>	<b>5,084</b>	<b>33,976</b>	<b>22,961</b>	<b>1,374,374</b>
<b>Cost</b>						
Balance as of 1 January 2014	1,023,250	753,949	217,718	125,315	85,306	2,205,538
Additions	-	-	-	17,927	-	17,927
Disposals	-	-	(10,057)	(12,932)	-	(22,989)
<b>Balance as of 31 December 2014</b>	<b>1,023,250</b>	<b>753,949</b>	<b>207,661</b>	<b>130,310</b>	<b>85,306</b>	<b>2,200,476</b>
<b>Accumulated Depreciation</b>						
Balance as of January 1 2014	-	753,946	211,028	90,528	59,668	1,115,170
Depreciation for the year	-	-	988	13,701	6,191	20,880
Disposal	-	-	(9,931)	(12,661)	-	(22,592)
<b>Balance as of December 31, 2014</b>	<b>-</b>	<b>753,946</b>	<b>202,085</b>	<b>91,568</b>	<b>65,859</b>	<b>1,113,458</b>
<b>Net book value as of:</b>						
<b>31 December 2014</b>	<b>1,023,250</b>	<b>3</b>	<b>5,576</b>	<b>38,742</b>	<b>19,447</b>	<b>1,087,018</b>

## (6) INVESTMENTS IN ASSOCIATES

Kuwaiti Dinar	Number of share	Percentage of ownership %	As of 31 December	
			2015	2014
Industries Chimiques due Fluor/Tunisia	560,000	% 26,67	2,850,238	3,086,658
Gulf Stone Company/ Oman	9,075,000	% 25	861,941	878,725
			3,712,179	3,965,383

The following is a summary of the investment in associate investments:

Kuwaiti Dinar	2015	2014
Balance as of 1 January	3,966,383	4,015,910
Share of associate profit	22,397	214,523
Associate distributed dividends	(172,967)	(161,438)
Change in equity	-	137,600
Foreign currency translation difference	(102,634)	(241,212)
<b>Balance as of 31 December</b>	<b>3,712,179</b>	<b>3,965,383</b>

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

Kuwaiti Dinar	Gulf Stone Company	2015			2014		
		Industries Chimiques due Fluor	Total	Gulf Stone Company	Industries Chimiques due Fluor	Total	
Non-current assets	2,463,738	9,962,221	12,425,959	2,573,259	10,454,171	13,027,792	
Current assets	3,112,516	8,148,670	11,262,322	3,084,176	8,768,899	11,853,436	
Non-current liabilities	(304,914)	(3,022,919)	(3,327,833)	(395,462)	(2,863,624)	(3,258,725)	
Current liabilities	(1,823,577)	(4,400,916)	(6,224,293)	(1,747,074)	(4,785,925)	(6,532,638)	
<b>Net assets</b>	<b>3,447,763</b>	<b>10,687,056</b>	<b>14,136,155</b>	<b>3,514,899</b>	<b>11,573,521</b>	<b>15,089,865</b>	
Percentage of ownership	%25	%26.67		25%	%26.67		
<b>Group's share from net assets</b>	<b>861,941</b>	<b>2,850,238</b>	<b>3,712,179</b>	<b>878,725</b>	<b>3,086,658</b>	<b>3,965,383</b>	

The following is a summary of the associates' revenue and income:

Kuwaiti Dinar	2015			2014		
	Gulf Stone Company	Industries Chimiques due Fluor	Total	Gulf Stone Company	Industries Chimiques due Fluor	Total
Revenue	3,889,609	14,168,454	18,058,063	3,687,493	11,368,747	15,056,240
Cost of revenue	(3,251,078)	(12,851,932)	(16,103,010)	(2,899,859)	(9,919,244)	(12,819,103)
<b>Gross profit</b>	<b>638,531</b>	<b>1,316,522</b>	<b>1,955,053</b>	<b>787,634</b>	<b>1,449,503</b>	<b>2,237,137</b>
Other revenue and expenses	(536,040)	(1,301,777)	(1,837,817)	(511,031)	(827,322)	(1,338,353)
<b>Profit before tax</b>	<b>102,491</b>	<b>14,745</b>	<b>117,236</b>	<b>276,603</b>	<b>622,181</b>	<b>898,784</b>
Income tax	(11,003)	(16,526)	(27,529)	(31,487)	(47,516)	(79,003)
Net income(loss)	91,488	(1,781)	89,707	245,116	574,665	819,781
<b>Group's share from net assets</b>	<b>22,872</b>	<b>(475)</b>	<b>22,397</b>	<b>61,279</b>	<b>153,244</b>	<b>214,523</b>

## (7) Financial assets at fair value through other comprehensive income

Kuwaiti Dinar	As of Dec 31	
	2015	2014
<b>a) Unquoted investments * :</b>		
Al Masane Al Kobra Mining Company / Saudi Arabia	7,034,265	18,543,808
Societe Nationale Industrielle et Miniere/ Mauritania	35,115,618	3,662,251
Jordan Abyad Fertilizers and Chemicals Company/ Jordan	1,499,033	3,389,983
Arab Detergent Chemicals Co./ Iraq	2,200,985	791,578
	<b>45,849,901</b>	<b>26,387,620</b>
<b>b) Quoted investments :</b>		
Arab Potash Co./Jordan **	148,216,068	132,496,182
Saudi Co. for Preliminary Industries / Saudi Arabia	2,670,320	2,813,909
Qatar Industry Co./Qatar	1,853,148	2,701,440
Buobyan Petrochemical Co./Kuwait	1,752,975	2,047,500
Jordan Phosphate Mines Co./Jordan	1,476,183	1,693,921
Saudi Arabian Mining- Ma'aden/ Saudi Arabia	497,052	-
Yanbu National Petrochemical Company / Saudi Arabia	494,196	701,316
	<b>156,959,942</b>	<b>142,454,268</b>
	<b>202,809,843</b>	<b>168,841,888</b>

\* Financial assets for unquoted investments calculated using group's share of net assets, due to the inability to determine the fair value by quoted prices.

\*\*Below is the restricted stocks against the group membership of the board of directors of the investee company:

Company	Number of shares	Fair value	Fair value as of 31 Dec 2015
Arab Potash Co./ Jordan ***	1,200,000	9.009	10,810,800
			10,810,800

\*\*\* There are 1.2 million shares restricted for having two membership of the Board of Directors which equal 600,000 shares for each one according to the articles of incorporation.

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

Kuwaiti Dinar	Balance at 1 January 2015	Change in fair value	Balance as of 31 December 2015
<b>31 December 2015</b>			
Arab Potash Co./ Jordan	111,599,426	15,719,886	127,319,312
Saudi Co. for Preliminary Industries/ Saudi Arabia	813,887	(143,589)	670,298
Qatar Industry Co./ Qatar	1,470,032	(848,292)	621,740
Boubyan Petrochemicals Co./ Kuwait	927,091	(294,525)	632,566
Jordan Phosphate Mines Co./ Jordan	(1,700,329)	(217,738)	(1,918,067)
Saudi Arabian Mining- Ma'aden/ Saudi arabia	-	81,215	81,215
Yanbu National Petrochemical Company/ Saudi Arabia	107,550	(207,120)	(99,570)
Al Masane Al Kobra Mining Company / Saudi Arabia	-	(11,509,543)	(11,509,543)
Societe Nationale Industrielle et Miniere/ Mauritania	-	26,524,171	26,524,171
Jordan Abyad Fertilizers and Chemicals Company/ Jordan	-	(1,890,950)	(1,890,950)
Arab Detergent Chemicals Co./ Iraq	-	1,409,407	1,409,407
	<b>113,217,657</b>	<b>28,622,922</b>	<b>141,840,579</b>
Reversed from impairment of fair value ( due to implementation of IFRS 9)			
Arab Detergent Chemicals Co./ Iraq	-	(2,677,300)	(2,677,300)
	<b>113,217,657</b>	<b>25,945,622</b>	<b>139,163,279</b>
<b>31 December 2014</b>			
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
	<b>165,750,668</b>	<b>(52,533,011)</b>	<b>113,217,657</b>

### Effect of implementing international financial standard (9)

The group has adopted the International Reporting Standard No. (9) Starting from 1 January 2015, the effect of implementation is as following:

Financial assets		Measurement base	Book value as of 1 January 2015		Difference	
		IAS (39)	IFRS(9)	IAS (39)	IFRS(9)	KWD
Available for sale	Financial assets at fair value through other comprehensive income			182,439,673	187,368,869	4,929,196
Trading securities	Financial assets at fair value through profit or loss			1,808,319	1,808,319	-

## (8) LONG-TERM EMPLOYEES' HOUSING LOANS

This item represents the balance of housing loans granted to employees in accordance with the group'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:

Kuwaiti Dinar	2015	2014
Balance as of 1 January	174,012	184,177
Add: loans granted during the year	83,961	8,549
Less: Installments paid during the year	(17,904)	(18,714)
Balance at 31 December	240,069	174,012

## (9) 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:

### 9-1) Due from Related Parties

Kuwaiti Dinar	Nature of relationship	Nature of transaction	Volume of transactions		As of 31 December	
			2015	2014	2015	2014
Jordan Abyad Fertilizers and Chemicals company*	Investee	Finance	26,665	343,323	515,626	488,961
					515,626	488,961
Dividends payable to shareholders' (included in payables and other credit balances) (Note 18)					1,784,806	1,089,606

\* The group granted Jordan Abyad Fertilizers and Chemicals Company/ Jordan at the end of 2010 a loan amounted to JD 300,000 (KWD 128,700). with annual interest rate of 6%. During 2014, the group granted another loan to Jordan Abyad Fertilizers and Chemicals Company /Jordan amounting to JD 800,000 (KWD 343,200) without interest. Accordingly, the accumulated balance of loans granted to Jordan Abyad Fertilizers and Chemicals Company/Jordan amounted to JD 1,100,000 (KWD 471,900).

**9-2) Transactions with related parties included in the income statement are as follow:**

Kuwaiti Dinar	2015	2014
Interest revenue (included in Bank revenues) – Jordan Abyad Fertilizers and Chemicals Company	7,434	7,146

The below table summarize Executive management salaries and remunerations:

Kuwaiti Dinar	2015	2014
Salaries and other benefits (included in employees' salaries, allowances and other benefits)	174,321	142,535
Board membersAllowances	145,000	145,000

**(10) ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES**

Kuwaiti Dinar	2015	2014
Account receivable	60,700	108,333
employees receivables	58,627	55,901
Prepaid expenses	40,573	36,520
Saving fund	6,810	2,476
Refundable deposits	25,426	1,855
Others	1,490	1,490
	193,626	206,575

**(11) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

Kuwaiti Dinar	shares	Value	As of 31 December	
			2015	2014
Arab Potash Company shares/ Jordan	203,651	8.8795	1,834,692	1,640,103
			1,834,692	1,640,103

**(12) ACCRUED REVENUES**

Kuwaiti Dinar	2015	2014
Investment Profit KWD	571,162	534,925
Accrued Interest JOD Deposits	12,253	36,317
Accrued Interest USD Deposits	7,591	31,366
Accrued Interest KWD Deposits	1,245	37,626
	592,251	640,234

**(13) DEPOSITS**

Kuwaiti Dinar	2015	2014
Deposits in Kuwaiti Dinar	26,979,437	28,682,353
Deposits in U.S Dollar	11,810,107	13,498,533
Deposits in Jordanian Dinar	4,494,669	5,577,880
	43,284,213	47,758,766

Term deposits are for terms ranging from three months to one year at average interest rates ranging from 0.875% to 2.15% on KWD deposits (2014: 1.875% to 2.064%) and ranging from 2.5% to 4.375% on JOD deposits (2014: 3.25% to 5.1%) and 0.30% to 1.06% on US Dollar deposits (2014: 0.40% TO 1.25%).

#### **(14) CASH ON HAND AND AT BANKS**

Kuwaiti Dinar	2015	2014
Current accounts	40,211	239,224
Cash on hand	12,216	7,808
	52,427	247,032

#### **(15) PAID-IN CAPITAL**

The group'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.

#### **(16) 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.

#### **(17) EMPLOYEES' END OF SERVICE PROVISION**

Kuwaiti Dinar	2015	2014
Balance at the beginning of the year	775,801	626,312
Provision for the year	398,623	166,106
End of service indemnity paid to employees	(238,314)	(2,437)
Loss on currency exchange	(12,050)	(14,180)
Balance at the end of the year	924,060	775,801

## (18) ACCOUNTS PAYABLE AND OTHER CREDIT BALANCES

Kuwaiti Dinar	2015	2014
Dividends payable to shareholders	1,784,806	1,089,606
Board of Directors' remuneration	145,000	145,000
General deposits	284,855	23,996
Accounts payable	6,834	17,004
	2,221,495	1,275,606

## (19) DIVIDENDS INCOME

Kuwaiti Dinar	2015	2014
Arab Potash Co. / Jordan	8,254,541	9,943,323
Societe Nationale Insudtrielie et Miniere / Mauritania	-	2,286,204
Qatar Industry Co. /Qatar	111,939	206,659
Saudi Co. for preliminary industries / Saudi Arabia	185,347	178,474
Buobyan Petrochemical Co. /Kuwait	126,000	135,000
Yanbu National Petrochemical Company / Saudi Arabia	36,803	49,613
	8,714,630	12,799,273

## (20) PROFITS ON INVESTMENTS

Kuwaiti Dinar	2015	2014
Gain from sale of financial assets at fair value through other comprehensive income (Qatar Industries Co.)	-	354,973
	-	354,973

## (21) EMPLOYEES SALARIES, ALLOWANCES AND OTHER BENEFITS

Kuwaiti Dinar	2015	2014
Salaries and allowances	690,669	565,013
End of service provision	398,623	166,106
Medical and staff insurance	123,710	109,945
Employees' incentive bonus	92,034	80,504
Group's contribution to social security	62,441	50,980
Group's contribution to employees saving fund	49,871	38,527
Private incentive bonus	28,879	26,368
Employees' vacations provision	23,208	13,595
Other Benefits	17,288	41,689
	1,486,723	1,092,727

## (22) ADMINISTRATIVE EXPENSES

Kuwaiti Dinar	2015	2014
Board of Directors and committees expenses	186,320	147,525
Travel	60,465	72,973
Part time consultants	10,324	39,439
Depreciation	22,123	20,880
Maintenance	15,896	16,821
Training expenses	22,409	16,559
Hospitality	10,541	13,553
Printing and documentation	12,466	12,550
Electricity, water and heating	11,150	11,327
Post and telephone	12,689	10,471
Vehicles expenses	6,208	8,174
Searching for investment opportunities expenses	12,984	7,557
Bank charges and finance costs	5,856	6,820
Donations	9,505	6,372
General Assembly expenses	3,950	6,072
Insurance	3,559	3,145
Subscription in Arab unions fees	2,674	2,573
Stationary and office equipment	2,145	2,023
Others	16,996	11,589
	428,260	416,423

## (23) RISK MANAGEMENT

The group has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk
- Capital management

This note presents information about the group's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the group's management of capital.

### Risk management framework

The management has overall responsibility for the establishment and oversight of group's risk management framework.

The group's risk management policies are established to identify and analyses the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities. The group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

#### Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables.

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Kuwaiti Dinar	2015	2014
Cash at banks	40,211	239,224
Trade receivables and other debit balances	153,053	170,055
Due from related parties	515,626	488,961
Employees long term loan receivables	240,069	174,012
Depost	43,284,213	47,758,766
	<b>44,233,172</b>	<b>48,831,018</b>

#### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the group maintains line of credit from its bank for sudden cash requirements.

The following are the contracted maturities of financial liabilities, including estimated interest payments:

Kuwaiti Dinar	As of 31 Dec 2015			
	Carrying Amount	Contractual Cash Flows	Less than one year	More than one year
Account payables and other credit balances	2,221,495	(2,221,495)	(2,221,495)	-
Employees vacation provision	71,347	(71,347)	-	(71,347)
End of service provision	924,060	(924,060)	-	(924,060)
	3,216,902	(3,216,902)	(2,221,495)	(995,407)

Kuwaiti Dinar	As of 31 Dec 2014			
	Carrying Amount	Contractual Cash Flows	Less than one year	More than one year
Account payables and other credit balances	1,275,606	(1,275,606)	(1,275,606)	-
Employees vacation provision	61,210	(61,210)	-	(61,210)
End of service provision	775,801	(775,801)	-	(775,801)
	2,112,617	(2,112,617)	(1,275,606)	(837,011)

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rate and equity prices will affect the group's profit or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

### Currency risk

The Group's exposure to foreign currency risk provided to management of the Group from deposit income and purchase, sales and loans which provided in currencies other than functional currency which is Kuwaiti dinar, and foreign currencies which affect group from transaction with are JOD , US Dollar, and the group do not have any hedging agreement to reduce risk of foreign currencies fluctuation.

The group takes the minimum risk possible when dealing with fixed assets and liabilities by having a fixed exchange rate.

	JOD	USD	SAR	IQD	MRO	QAR	Total
<b>31 December 2015</b>							
Cash on hand and at banks	40,057	10,69	-	-	-	-	50,749
Account receivables and other Debit balances	3,231	9,831	-	-	-	592	13,654
Due from related parties	515,626	-	-	-	-	-	515,626
Advance payments contractors	1,587,300	-	-	-	-	-	1,587,300
Employees long term loan receivables	240,069	-	-	-	-	-	240,069
Deposits	4,494,669	11,810,107	-	-	-	-	16,304,776
Financial assets at fair value through profit or loss	1,834,692	-	-	-	-	-	1,834,692
Financial assets at fair value through other comprehensive income	151,191,284	-	10,695,833	2,200,985	35,115,618	1,853,148	201,056,868
End of service and vacation provision	(995,407)	-	-	-	-	-	(995,407)
<b>Total</b>	<b>158,911,521</b>	<b>11,830,630</b>	<b>10,695,833</b>	<b>2,200,985</b>	<b>35,115,618</b>	<b>1,853,740</b>	<b>220,608,327</b>
 <b>31 December 2014</b>							
Cash on hand and at banks	32,366	212,838	-	-	-	-	245,204
Account receivables and other Debit balances	6,615	-	54,461	-	-	-	61,076
Due from related parties	488,961	-	-	-	-	-	488,961
Employees long term loan receivables	174,012	-	-	-	-	-	174,012
Deposits	5,371,380	13,498,533	-	-	-	-	18,869,913
Financial assets at fair value through profit or loss	1,640,103	-	-	-	-	-	1,640,103
Financial assets at fair value through other comprehensive income	137,580,086	-	22,059,033	791,578	3,662,251	2,701,440	166,794,388
End of service and vacation provision	(837,011)	-	-	-	-	-	(837,011)
<b>Total</b>	<b>144,456,512</b>	<b>13,711,371</b>	<b>22,113,494</b>	<b>791,578</b>	<b>3,662,251</b>	<b>2,701,440</b>	<b>187,436,646</b>

10% increase (Decrease) in Kuwaiti dinar exchange rate against other currencies listed below will affect to increase (decrease) income and losses as below:

Kuwaiti dinar	Profit (loss)	
	2015	2014
Currency		
JOD	(15,891,152)	(14,445,651)
USD	(1,183,063)	(1,371,137)
SAR	(1,069,583)	(2,211,349)
IQD	(220,099)	(79,158)
MRO	(3,511,562)	(366,225)
QAR	(185,374)	(270,144)
	(22,060,833)	(18,743,664)

### GROUP CAPITAL MANAGEMENT

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

The group 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 year.

#### Interest rate risk

At the reporting date of consolidated financial statements, the interest rate of the group's interest-bearing financial instruments was as follows:

Kuwaiti Dinar	As of 31 December	
	2015	2014
variable rate instruments:		
Financial Assets	43,284,213	47,758,766
	43,284,213	47,758,766

#### Sensitivity analysis for equity price risk

A change of 5% in fair value of the securities at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates remain constant.

Kuwaiti Dinar	For the year ended 31 December	
	5% increase	5% Decrease
<b>31 December 2015</b>		
Financial assets at fair value through profit or loss	91,735	(91,735)
Financial assets at fair value through other comprehensive income	10,140,492	(10,140,492)
<b>31 December 2014</b>		
Financial assets at fair value through profit or loss	82,005	(82,005)
Financial assets at fair value through other comprehensive income	8,442,094	(8,442,094)

## (24) Fair Value Hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

**Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities

**Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). Prices quoted in active markets for similar instruments or through the use of valuation model that includes inputs that can be traced to markets, these inputs good be defend directly or indirectly.

**Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### a- Financial assets and liabilities that are measured at fair value:

Kuwaiti Dinar	Fair Value			
	Book Value	Level 1	Level 2	Level 3
<b>31 December 2015</b>				
Financial assets at fair value through other comprehensive income	202,809,843	156,959,942	-	45,849,901
Financial assets at fair value through profit or loss	1,834,692	1,834,692	-	-
<b>31 December 2014</b>				
Financial assets at fair value through other comprehensive income	168,841,888	142,454,268	-	26,387,620
Financial assets at fair value through profit or loss	1,640,103	1,640,103	-	-

Management believes that financial assets allocated, as Level 3 valued at historical cost due to that no active market for these assets as of date of the financial assets.

**b- Financial assets and liabilities that are not measured at fair value:**

Management believes that the carrying amount of these financial assets approximate their fair value due to their short-term maturities.

Kuwaiti Dinar	Carrying amount	Fair Value		
		Level (1)	Level (2)	Level (3)
<b>31 December 2015</b>				
Cash on hand and at banks	52,427	52,427	-	-
Account receivable and other debit balances	193,626	-	193,626	-
Advance payments contractors	1,587,300	-	1,587,300	
Due from related parties	515,626	-	515,626	-
Deposits	43,284,213	43,284,213	-	-
Accrued revenue	592,251		592,251	-
Employees long term loan receivables	240,069		240,069	-
Trade payables and other credit balances	2,221,495	-	2,221,495	-
Employees vacation provision	71,347	-	71,347	-
Employees end of service provision	924,060	-	924,060	-
<b>31 December 2014</b>				
Cash on hand and at banks	247,032	247,032	-	-
Account receivable and other debit balances	206,575	-	206,575	-
Due from related parties	488,961	-	488,961	-
Deposits	47,758,766	47,758,766	-	-
Accrued revenue	640,234	-	640,234	-
Employees long term loan receivables	174,012	-	174,012	-
Trade payables and other credit balances	1,275,606	-	1,275,606	-
Employees vacation provision	61,210	-	61,210	-
Employees end of service provision	775,801	-	775,801	-

For items illustrated above, level 2 fair values for financial assets and liabilities have been determined based on effective interest rates and the agreed upon pricing models

The group should disclose for any transfers between fair value level 1 and level 2 and the reason for that transfer in addition to the group policy which state when should be a transfer between fair value levels

## **(24) Dividends**

The group's General Assembly decided in their ordinary meeting held on June 11, 2015 to distribute cash dividends for shareholders equal to 22% of capital share amounted to 11,983,400 KWD.