



ARAB MINING COMPANY

**FORTY-SECOND
ANNUAL REPORT
2016**





**Arab Mining Company
Forty-Second Annual Report
2016**





Arab Mining Company

Arab Shareholding Company

Established in 1975

Authorized, Subscribed & Paid Up Capital

KWD 54.47 Million

Head Office

Amman - The Hashemite Kingdom of Jordan

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Arab Potash Company - The Hashemite Kingdom of Jordan

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Board of Directors



Chairman of the Board
Eng. Mohammed Ahmad Alshehhi



Vice - Chairman
Eng. Majid Yousef M. Almuqla



Directors



Mr. Abdulla Hassan Al-Bader



Mrs. Azza Mohammed Alsuwaidi



Eng. Abdulghani Fakhri Al Jafar



Dr. Mohammed Hashem Abdulkageed



Dr. Ibrahim Bin Saad Almojel



Mr. Mohammed Retha Sultan



Mr. Moftah Ali Suliaman



Mr. Fekry Mohammed Yousef



Mr. Ali Mufleh Gharaibeh

General Manager



Eng. Talal A. AL-Saadi

Chairman of the Board

Eng. Mohammed Ahmad Bin Abdul Aziz Al Shehhi United Arab Emirates (from 2/6/2016)
 Mr. Farraj Fahed Al-Mutairi State of Kuwait (until 1/6/2016)

Vice - Chairman

Eng. Majid Bin Yousef Al-Muqla Kingdom of Saudi Arabia (from 2/6/2016)
 Mr. Mansour Bin Suliman Al-Mebrek Kingdom of Saudi Arabia (until 1/6/2016)

Directors

Name	Representing
Mr. Abdulla Hassan Al-Bader	State of Kuwait
Eng. Abdoulghani Fakhri Al-Jafar	Republic of Iraq
Mrs. Azza Mohammed Al Suwaidi	United Arab Emirates (from 2/6/2016)
Mrs. Hassa Abdulrazzaq Balouma	United Arab Emirates (until 1/6/2016)
Dr. Mohammed Hashem Abdulimageed	Republic of Iraq (from 2/6/2016)
Eng. Saad Ameen Faisal	Republic of Iraq (until 1/6/2016)
Mr. Mohammed Retha Sultan	State of Kuwait (from 2/6/2016)
Dr. Ibrahim Bin Saad Almojel	Kingdom of Saudi Arabia (from 2/6/2016)
Eng. Faiq Bin Hassan Maddah	Kingdom of Saudi Arabia (until 1/6/2016)
Mr. Moftah Ali Suliaman	The State of Libya
Mr. Fekry Mohammed Yousef	Arab Republic of Egypt
Mr. Ali Mufleh Gharaibeh	The Hashemite Kingdom of Jordan (from 2/6/2016)
Dr. Ahmad Tuhater Al-Mashaqbah	The Hashemite Kingdom of Jordan (until 1/6/2016)

General Manager

Eng. Talal A. Al-Saadi

Independent Auditors

KPMG Kawasmy & Partners



Introduction

Based on the Arab Economic Unity Council resolution which was adopted on 10/06/1975, Arab Mining Company was established in order to strengthen cooperative relations between Arab countries in terms of investing in mineral wealth which would result in diverse economic investments in productivity and development projects. This cooperation is essential for achieving economic integration between Arab member countries to accelerate their development.

On 01/02/1975, an agreement on the establishment of the Company as an Arab Joint stock company was signed, whereas Arab governments, or Arab companies and institutions determined by the relevant governments can invest. The company's Articles of Association were issued on 02/08/1975.

With the Company's headquarter in Amman/Jordan; it is allowed to open several branches, agencies or offices in members' corporation countries or abroad. Moreover, the Company is allowed to establish or contribute in the establishment of independent legal personality companies in the contributing countries or abroad.

The Company offers different types of technical, industrial and commercial activities related to and complementary to mining such as its detection and extraction, concentration, processing, transportation, marketing and manufacturing in specific.

Under a General Assembly resolution in its extraordinary meeting on 28/08/1994, the Company's paid-up capital was identified with an amount of (54.47) million Kuwaiti Dinars, i.e. 5,447 shares, where each share's value was ten thousand Kuwaiti Dinars.

Shareholder	Number of 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
General Authority for Investment - Kuwait	1,100	11,000,000	20.20
Libyan Foreign Investment Co - State of Libya	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 of the mining field, providing positive and tangible contributions with the utmost optimal use of mineral wealth. To achieve the expectations of the Company's related parties through upgraded technologies and systems along with a qualified professional team.

Mission

- Expand and diversify the investment base through investing in the exploitation of mineral resources and related industries.
- Promote shareholders' economic investment success.
- Improve the quality of our activities and services, in order to ensure the related parties' satisfaction.
- Gain recognition across the region, as an information center and professional service provider in the mining field and related industries.

Strategic Goals

- Increase capital effectiveness and maximize the Company's value:
 - Follow current investment performances
 - Search for new investment opportunities through focusing on strategic minerals
 - The diversification of the investment portfolio performance in monetary stock and semi- monetary stock/ intangible assets.
- Develop Arab mining industries:
- Create "Arab Mining Industrial Development Institute."
- Raise the Company's institutional and individual performance through continuous learning and development.
- Improve the Company's internal operations' efficiency.
- Promote and activate the Company's role regionally and internationally.
- Prepare specialized studies and research that supports the company's business



Letter of the Chairman

**In the name of God The Merciful,
Dear Shareholders,**

Pursuant to the articles association of the company (No. 33&47) and on behalf of my fellow board members and myself, it gives me great pleasure to submit to your good selves the forty second annual report of the Arab Mining Co. including the Company's performance, activities and financial results for the year ending on 31/12/2016.

Despite the political and economic circumstances that have dominated the Arab region, and their negative impacts reflected in the global and Arab investment atmosphere as well as through the rising investment risks of several sectors in general, and the sectors targeted by the Company in particular, the Arab Mining Co. continued with its steady performance. This success is due in large part to the focused efforts exonerated by the executive management to implement the plans, guidelines, and decisions set by the board aimed at maintaining the Company's solid financial position and meeting the expectations of its shareholders.

With regards to the Company's financial performance during the year 2016, the net investment revenues and the currency differences amounted to approximately KWD 9.7 million in comparison with approximately KWD 10.9 million for the year 2015. Furthermore, the net profit of the year amounted to approximately KWD 7.6 million for 2016 comparison with KWD 8.8 million for the year 2015. Based on these results, the Board recommended the general assembly the distribution of cash profits among shareholders for the year 2016 at the rate of 5% of the capital (equal to approximately KWD 2.7 million). However, the total retained earnings amounted to KWD 30.9 million for the year 2016 as compared with KWD 36.9 for the year 2015.

In terms of the performance of the direct investments in the Companies in which the Company owns shares, the value of the profits earned from the Arab Potash Co. in Jordan during the year 2016 amounted to KWD 8.6 million in comparison with 8.3 million for the year 2015. As for the operational results of Al-Masane Al-Kobra Mining Co., the Company was able to complete the rehabilitation of the mine, the plant, and all the affiliated facilities in addition to initialising the self-operation of the mine and the plant in accordance with best international standards. In addition, the Company completed all the studies related to the gold mineralization at the area of Guyana (about 10 Km²) according to the best international standards. Furthermore, the Industries Chimiques Du Fluor Co. in Tunisia reported profits of approximately KWD 59 thousand in the year 2016 in comparison with approximately KWD 104 thousand for the year 2015. As for Gulf Stone Co., the value of the profits earned for the year 2016 amounted to approximately KWD 36 thousand in comparison with approximately KWD 69 thousand in the year 2015.

Consequently, the value of the investments held at the portfolio of mining stocks reached approximately KWD 9.2 million, while the accrued total profits earned amounted to approximately KWD 3.5 million at the end of the year 2016.

Another aspect of the company's activities is seeking new investment opportunities. Despite the political conditions prevalent in most of the Arab countries, The Arab Mining Co. continued its search for anticipated investment opportunities by adopting a new policy that seeks out investment appealing opportunities in Arab countries that have a conducive investment atmosphere as well as investment opportunities that meet the criteria adopted by the Company. In order to implement this policy, a number of investment opportunities have been identified during the year 2016 in several Arab countries. Such opportunities are currently being examined and evaluated from all aspects and in turn, the investment committee and the Board of Directors shall meet to decide the most appropriate investment opportunity.

In light of the current economic circumstances which have affected the Arab region as well as the lack of investment opportunities, the Council of Arab Economic Unity issued a legal counsel to allow the Company to invest in captivating projects abroad in appreciation of the company's performance, and to expand its investment activities globally.

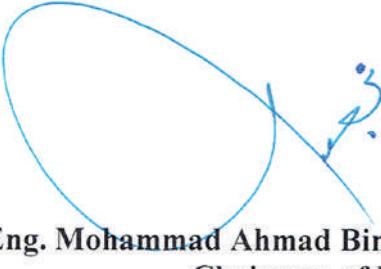
Regarding the progress of the execution of the Arab Mining Industries Development Institute as well as the new building of the Arab Mining Co., the project is currently under construction and is expected to be completed by the end of August 2017 according to the execution plan.

Additionally, the representatives of the Arab countries at the permanent mission in the Council of Arab Economic Unity have thankfully agreed to register the Mining Research and Development Co. affiliated with the Arab Mining Co. as a joint Arab company that enjoys the privileges, exemptions, and immunities vested to the Arab Mining Co. pursuant to the agreement signed between the Council of the Arab Economic Unity and The Hashemite Kingdom of Jordan.

In conclusion, it is with great pleasure and honor that I thank deeply all the parties that contributed to the support of the company's progress. I would particularly like to thank the Hashemite Kingdom of Jordan for the support and facilities offered, which has been supportive of the Company in order to perform smoothly and within the best possible conditions.

We pray to Almighty God to guide our steps in order to continue to lead the progress of the Company.

May God bless us and our company



Eng. Mohammad Ahmad Bin Abdel Aziz Al-Shihi
Chairman of Board

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 Industrielle 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 780	2007	Unlisted	2011	19.50	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



**Consolidated Financial Statements
For The Year Ended December 31, 2016
Together With Independent
Auditor's Report**



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Independent Auditors' Report on Consolidated Financial Statements

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

Opinion

We have audited the accompanying consolidated financial statements of **Arab Mining Company - And It's subsidiary** “the Group” which comprise the consolidated statement of financial position as at December 31, 2016, the consolidated statements of profit or loss, other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the group as at December 31, 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in accordance with International Ethics Standards Board for Accountants Code of Ethics, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other Information

Management is responsible for the other information. The other information does not include the consolidated financial statements and our auditors' report on the consolidated financial statements.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We were not provided with the annual report of the group or any other information as it relates to this paragraph until the date of this report.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's consolidated financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Kawasmy and Partners
KPMG

Hatem Kawasmy
License No. (656)

Amman – Jordan
May 31, 2017



ARAB MINING COMPANY AND IT'S SUBSIDIARY (THE GROUP) (ARAB SHAREHOLDING COMPANY)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Kuwaiti Dinar	Notes	As of December 31,		
		2016	2015	
Assets				
Non-Current Assets				
Property and equipment	4	1,374,018	1,374,374	
Projects Under Construction		2,709,758	303,754	
Investments in associates	5	3,721,791	3,712,179	
Financial assets at fair value through other comprehensive income	6	187,292,262	202,809,843	
Long-term employees' housing loans	7	270,288	224,069	
Due from related parties	8	262,532	515,626	
Total Non-Current Assets		195,630,649	208,939,845	
Current Assets				
Accounts receivables and other debit balances	9	175,696	193,626	
Advance payments to contractors		946,517	1,587,300	
Financial assets at fair value through Profit or Loss	10	1,687,403	1,834,692	
Accrued revenues	11	671,286	592,251	
Short-term employees' housing loans	7	43,686	16,000	
Deposits	12	31,685,000	43,284,213	
Cash on hand and at banks	13	994,521	52,427	
Total Current Assets		36,204,109	47,560,509	
Total Assets		231,834,758	256,500,354	
Shareholders' equity and liabilities				
Shareholders' Equity				
Paid-in capital	14	54,470,000	54,470,000	
Statutory reserve	15	16,140,634	15,361,704	
General reserve	15	9,262,428	8,483,498	
Foreign currency translation differences		(1,020,837)	(1,047,334)	
Fair value reserve	6	117,160,308	139,163,279	
Retained earnings		30,956,427	36,852,305	
Total Shareholders' Equity		226,968,960	253,283,452	
Liabilities				
Non-Current Liabilities				
Employees' vacation provision		61,887	71,347	
Employees' end of service provision	16	893,921	924,060	
Total Non-Current Liabilities		955,808	995,407	
Current Liabilities				
Accounts payables and other credit balances	17	3,909,990	2,221,495	
Total Current Liabilities		3,909,990	2,221,495	
Total Liabilities		4,865,798	3,216,902	
Total Shareholders' Equity and Liabilities		231,834,758	256,500,354	

The notes on pages (24) to (46) are an integral part of these consolidated financial statements

The Consolidated financial statements on pages (19) to (23) were approved by Board of directors of the group on March 30, 2017.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Kuwaiti Dinar	Notes	For the year ended December 31,	
		2016	2015
Dividends income	18	9,002,252	8,714,630
Interest revenues		816,204	968,892
Share of profit of associates	5	78,420	22,397
(Loss) gain from change in value of financial assets at fair value through profit or loss		(147,289)	194,589
Other revenues		3,461	15,005
Net investment income		9,753,048	9,915,513
Employees salaries, allowances and other benefits	19	(1,202,996)	(1,486,723)
General and Administrative expenses	20	(427,340)	(428,260)
Doubtful debt expense		(262,532)	-
Loss on disposal of property and equipment		(1,163)	(1,148)
(Loss) gain on currency exchange		(68,635)	959,237
Board of Directors' remuneration		(145,000)	(145,000)
Profit for the year		7,645,382	8,813,619

The notes on pages (24) to (46) 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,	
		2016	2015
Profit for the year		7,645,382	8,813,619
Other comprehensive income-			
Foreign currency translation differences	5	26,497	(102,634)
Cumulative change in fair value of financial assets at fair value through other comprehensive income	6	(22,002,971)	28,622,922
Other comprehensive income for the year		(21,976,474)	28,520,288
Total comprehensive income for the year		(14,331,092)	37,333,907

The notes on pages (24) to (46) are an integral part of these consolidated financial statements

STATEMENT OF CONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY

Kuwaiti Dinar	Paid-in capital	Statutory reserve	General reserve	Foreign currency translation differences	Fair Value reserve	Retained Earnings	Total
For the year ended 31 December 2016							
Balance as of 1 January 2016	54,470,000	15,361,704	8,483,498	(1,047,334)	139,163,279	36,852,305	253,283,452
Profit for the year	-	-	-	-	-	7,645,382	7,645,382
Other comprehensive income	-	-	-	26,497	(22,002,971)	-	(21,976,474)
Transfer to statutory and general reserve	-	778,930	778,930	-	-	(1,557,860)	-
Dividends Note(23)	-	-	-	-	-	(11,983,400)	(11,983,400)
Balance at 31 December 2016	54,470,000	16,140,634	9,262,428	(1,020,837)	117,160,308	30,956,427	226,968,960
 For the year ended 31 December 2015							
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(23)	-	-	-	-	-	(11,983,400)	(11,983,400)
Balance at 31 December 2015	54,470,000	15,361,704	8,483,498	(1,047,334)	139,163,279	36,852,305	253,283,452

The notes on pages (24) to (46) 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, 2016	2015
Cash flow from operating activities			
Profit for the year		7,645,382	8,813,619
Adjustments:			
Depreciation	4	21,733	22,123
Loss on disposal of property and equipment		1,163	1,148
Interest revenues		(816,204)	(968,892)
Change in fair value of financial assets at fair value through profit or loss		147,289	(194,589)
Provision for doubtful debt		262,532	
Share of profit of associates	5	(78,420)	(22,397)
Employees' end of service provision	16	131,735	398,623
Employees' vacation provision		(697)	23,208
		7,314,513	8,072,843
Changes in:			
Trade and other receivables		17,930	12,949
Advance payments to contractors		640,783	(1,587,300)
Due from related parties		(9,438)	(26,665)
Accounts payables and other credit balances		1,688,495	945,889
Employees' end of service indemnity and vacation paid		(170,637)	(263,436)
Net cash flows from operating activities		9,481,646	7,154,280
Cash flow from investing activities			
Employees' housing loans		(73,905)	(66,057)
Deposits		11,599,213	4,474,553
Financial assets at fair value through other comprehensive income		(6,390,085)	(242,870)
Purchase of property and equipment	4	(22,540)	(310,627)
Projects under construction		(2,406,004)	(237,360)
Interest revenues received		737,169	1,016,876
Net cash flows from investing activities		3,443,848	4,634,515
Cash flow from financing activities			
Dividends paid	23	(11,983,400)	(11,983,400)
Net cash flows used in financing activities		(11,983,400)	(11,983,400)
Net change in cash on hand and at banks			
Cash on hand and at banks at the beginning of the year		52,427	247,032
Cash on hand and at banks at the end of the year	13	994,521	52,427

The notes on pages (24) to (46) are an integral part of these consolidated financial statements

NOTES TO 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 30, March 2017 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 its 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 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.

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.

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:

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

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

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, 2016:

Company Name Jordanian Dinar	Authorizd Capital	Acquisition Percentage %	Nature of Activity	Operation Country
Research and mining developments	175,000	100	Consulting, training	Jordan

The following table represents the financial position and financial performance for the subsidiary company as of December 31, 2016:

Kuwaiti Dinar	December 31, 2016			
	Total Assets	Total Liabilities	Total Revenue	Profit for the year
Research and mining developments company	78,522	1,568	1,836	1,082

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 fainancail 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.

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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.

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3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the group in these financial statements for the year ended 31 December 2016 are the same as those applied by the group in its financial statements for the year ended 31 December 2015, except for the following International Financial Reporting Standards amendments and improvements that become effective after January 1, 2016:

Standards	Effective Date
Amendments to IFRS 10, IFRS 12, and IAS 28 Investment Entities: Applying the Consolidation Exception	January 1st, 2016
Amendments to IFRS 11, Accounting for Acquisition of Interests in Joint Operations	January 1st, 2016
Amendment to IAS 1 Disclosures Initiatives	January 1st, 2016
Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization	January 1st, 2016
Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants	January 1st, 2016
Amendments to IAS 27 Separate Financial Statements	January 1st, 2016
Annual Improvements to IFRSs 2012- 2014 Cycle	January 1st, 2016
IFRS 14 Regulatory Deferral Accounts	January 1st, 2016

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

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

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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

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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
Building	4 %
Furniture and fixtures	9 %
Machinery, equipment and Software	15 -50 %
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.

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

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.

- **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.

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,

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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.

l. 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.

m. 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 15 Revenue from Contracts with Customers (effective from January 2018)
- IFRS 16 Leases (effective 31 January 2019)

Amendments

- IFRS (2): Classification and Measurements of Share-Based Payments (effective on January 1st, 2018 with earlier application permitted).
- IFRS (10) and IAS (28): Sale or Contribution of Assets between and Investor and its Associate or Joint Venture. (Date to be determined).
- IAS (7): Disclosure Initiative (effective on January 1st, 2017 with earlier application permitted).
- IAS (12): Recognition of Deferred Tax Assets for Unrealized Losses (effective on January 1st, 2017 with earlier application permitted).
- IAS (40): Clarify Transfers or Property to, or from, Investment Property (effective on January 1st, 2018)
- Annual Improvements to IFRSs 2014 –2016 Cycle – Amendments to IFRS 12 disclosure of interest of other entities (effective on January 1st, 2017).
- Annual Improvements to IFRSs 2014 –2016 Cycle – Amendments to IFRS 1 First-Time Adoption of IFRSs and IAS 28 Investments in Associates and Joint Ventures (effective on January 1st, 2018)

4. PROPERTY AND EQUIPMENT

	Kuwaiti Dinar	Land	group's building	Furniture and fixtures	Machinery, equipment and Software	Vehicles	Total
Cost							
Balance as of 1 January 2016	1,312,350	753,949	206,903	131,699	95,528	2,500,429	
Additions	-	-	141	8,242	14,157	22,540	
Disposals	-	-	-	(10,346)	(10,834)	(21,180)	
Balance as of 31 December 2016	1,312,350	753,949	207,044	129,595	98,851	2,501,789	
Accumulated Depreciation							
Balance as of 1 January 2016	-	753,946	201,819	97,723	72,567	1,126,055	
Depreciation for the year	-	-	887	12,680	8,166	21,733	
Accumulated depreciation on disposals	-	-	-	(9,184)	(10,833)	(20,017)	
Balance as of 31 December 2016	-	753,946	202,706	101,219	69,900	1,127,771	
Net book value as of:							
31 December 2016	1,312,350	3	4,338	28,376	28,951	1,374,018	
Cost							
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)	
Balance as of 31 December 2015	1,312,350	753,949	206,903	131,699	95,528	2,500,429	
Accumulated Depreciation							
Balance as of 1 January 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 on disposals	-	-	(1,197)	(8,329)	-	(9,526)	
Balance as of December 31, 2015	-	753,946	201,819	97,723	72,567	1,126,055	
Net book value as of:							
31 December 2015	1,312,350	3	5,084	33,976	22,961	1,374,374	

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5. INVESTMENTS IN ASSOCIATES

Kuwaiti Dinar	Number of share	Percentage of ownership %	As of 31 December	
			2016	2015
Industries Chimiques due Fluor/Tunisia	560,000	26,67 %	2,813,786	2,850,238
Gulf Stone Company/ Oman	9,075,000	25 %	908,005	861,941
			3,721,791	3,712,179

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

Kuwaiti Dinar	2016	2015
Balance as of 1 January	3,712,179	3,965,383
Share of associate profit	78,420	22,397
Associate distributed dividends	(95,305)	(172,967)
Foreign currency translation difference	26,497	(102,634)
Balance as of 31 December	3,721,791	3,712,179

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

Kuwaiti Dinar	2016			2015		
	Gulf Stone Company	Industries Chimiques due Fluor	Total	Gulf Stone Company	Industries Chimiques due Fluor	Total
Non-current assets	2,238,080	9,225,337	11,463,417	2,463,738	9,962,221	12,425,959
Current assets	2,767,903	6,748,059	9,515,962	3,112,516	8,148,670	11,261,186
Non-current liabilities	(1,135,832)	(2,308,204)	(3,444,036)	(304,914)	(3,022,919)	(3,327,833)
Current liabilities	(238,132)	(3,114,813)	(3,352,945)	(1,823,577)	(4,400,916)	(6,224,493)
Net assets	3,632,019	10,550,379	14,182,398	3,447,763	10,687,056	14,134,819
Percentage of ownership	25 %	26.67 %		25 %	26.67 %	
Group's share from net assets	908,005	2,813,786	3,721,791	861,941	2,850,238	3,712,179

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

Kuwaiti Dinar	2016			2015		
	Gulf Stone Company	Industries Chimiques due Fluor	Total	Gulf Stone Company	Industries Chimiques due Fluor	Total
Revenue	3,969,451	12,564,481	16,533,932	3,889,609	14,168,454	18,058,063
Cost of revenue	(3,050,345)	(11,365,831)	(14,416,176)	(3,251,078)	(12,851,932)	(16,103,010)
Gross profit	919,106	1,198,650	2,117,756	638,531	1,316,522	1,955,053
Other revenue and expenses	(584,766)	(1,169,781)	(1,754,547)	(536,040)	(1,301,777)	(1,837,817)
Profit before tax	334,340	28,869	363,209	102,491	14,745	117,236
Income tax	(38,012)	(12,604)	(50,616)	(11,003)	(16,526)	(27,529)
Net income(loss)	296,328	16,265	312,593	91,488	(1,781)	89,707
Group's share from net assets	74,082	4,338	78,420	22,872	(475)	22,397

6. Financial assets at fair value through other comprehensive income

Kuwaiti Dinar	As of December 31,	
	2016	2015
a) Unquoted investments * :		
Societe Nationale Industrielle et Miniere/ Mauritania	32,709,824	35,115,618
Al Masane Al Kobra Mining Company / Saudi Arabia	8,643,743	7,034,265
Arab Detergent Chemicals Co./ Iraq	354,723	2,200,985
Jordan Abyad Fertilizers and Chemicals Company/ Jordan **	-	1,499,033
	41,708,290	45,849,901
b) Quoted investments :		
Arab Potash Co./Jordan	136,317,324	148,216,068
Saudi Co. for Preliminary Industries / Saudi Arabia	3,221,161	2,670,320
Qatar Industry Co./Qatar	1,976,350	1,853,148
Buobyan Petrochemical Co./Kuwait	1,637,213	1,752,975
Yanbu National Petrochemical Company / Saudi Arabia	831,137	494,196
Jordan Phosphate Mines Co./Jordan	639,713	1,476,183
Saudi Arabian Mining- Ma'aden/ Saudi Arabia	589,314	497,052
Qatar Fuel company/ Qatar	371,760	-
	145,583,972	156,959,942
	187,292,262	202,809,843

* 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.

** Group recognized impairment for their investment in Jordan Abyad Fertilizers and Chemicals company/ Jordan amount for the whole investment due to the impairment of net equity of the company.

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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 2016
Arab Potash Co./ Jordan ***	1,200,000	8.29	9,942,912
			9,942,912

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.

Except for Arab Potash company, There is no restricted or mortgage shares as per Security Depository Center confirmation for Jordanian shares, or brokers confirmation for foreign invested companies.

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

Kuwaiti Dinar	Balance as of 1 January 2016	Change in fair value	Balance as of 31 December 2016
31 December 2016			
Societe Nationale Industrielle et Miniere/ Mauritania	26,524,171	(2,405,794)	24,118,377
Al Masane Al Kobra Mining Company / Saudi Arabia	(11,509,543)	(4,519,034)	(16,028,577)
Arab Detergent Chemicals Co./ Iraq	(1,267,893)	(1,846,262)	(3,114,155)
Jordan Abyad Fertilizers and Chemicals Company/ Jordan	(1,890,950)	(1,499,033)	(3,389,983)
Arab Potash Co./ Jordan	127,319,312	(11,898,744)	115,420,568
Saudi Co. for Preliminary Industries/ Saudi Arabia	670,298	550,841	1,221,139
Qatar Industry Co./ Qatar	621,740	123,202	744,942
Qatar Fuel company/ Qatar	-	14,882	14,882
Boubyan Petrochemicals Co./ Kuwait	632,566	(115,762)	516,804
Yanbu National Petrochemical Company/ Saudi Arabia	(99,570)	336,941	237,371
Jordan Phosphate Mines Co./ Jordan	(1,918,067)	(836,470)	(2,754,537)
Saudi Arabian Mining- Ma'aden/ Saudi Arabia	81,215	92,262	173,477
	139,163,279	(22,002,971)	117,160,308

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Kuwaiti Dinar	Balance as of 1 January 2015	Change in fair value	Balance as of 31 December 2015
31 December 2015			
Societe Nationale Industrielle et Miniere/ Mauritania	-	26,524,171	26,524,171
Al Masane Al Kobra Mining Company / Saudi Arabia	-	(11,509,543)	(11,509,543)
Arab Detergent Chemicals Co./ Iraq	-	1,409,407	1,409,407
Jordan Abyad Fertilizers and Chemicals Company/ Jordan	-	(1,890,950)	(1,890,950)
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
Yanbu National Petrochemical Company/ Saudi Arabia	107,550	(207,120)	(99,570)
Jordan Phosphate Mines Co./ Jordan	(1,700,329)	(217,738)	(1,918,067)
Saudi Arabian Mining- Ma'aden/ Saudi arabia	-	81,215	81,215
	113,217,657	28,622,922	141,840,579
Reversed from impairment of fair value (due to implementation of IFRS 9)			
Arab Detergent Chemicals Co./ Iraq	-	(2,677,300)	(2,677,300)
	113,217,657	25,945,622	139,163,279

7. 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	2016	2015
Balance as of 1 January	240,069	174,012
Add: loans granted during the year	91,793	83,961
Less: Installments paid during the year	(17,888)	(17,904)
Balance at 31 December	313,974	240,069

The below note represent allocation of employees loans as short term and long term:

Kuwaiti Dinar	Short term		Long term	
	December 31, 2016	2015	December 31, 2016	2015
Employees housing loans	43,686	16,000	270,288	224,069
	43,686	16,000	270,288	224,069

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8. 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:

(8-1) Due from Related Parties

Kuwaiti Dinar	Nature of relationship	Nature of transaction	Volume of transactions		As of 31 December	
			2016	2015	2016	2015
Jordan Abyad Fertilizers and Chemicals company*	Investee	Finance	9,438	26,665	262,532	515,626
					262,532	515,626
Dividends payable to shareholders' (included in payables and other credit balances) (Note 17)					3,690,006	1,784,806

- * 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).
- * Group calculated provision for doubtful debt amount of 262,532 Kuwaiti Dinars for receivables they have doubt to collect from Jordan Abyad Fertilizers and Chemicals Company and it's interest.

(8-2) Transactions with related parties included in the income statement are as follow:

Kuwaiti Dinar	2016	2015
Interest revenue (included in Bank revenues) – Jordan Abyad Fertilizers and Chemicals Company	5,792	7,434

The below table summarize Executive management salaries and remunerations:

Kuwaiti Dinar	2016	2015
Salaries and other benefits (included in employees' salaries, allowances and other benefits)	184,376	174,321
Board members Allowances	145,000	145,000
	329,376	319,321

9. ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES

Kuwaiti Dinar	2016	2015
employees receivables	70,072	58,627
Account receivable	55,717	60,700
Refundable deposits	26,297	25,426
Prepaid expenses	22,120	40,573
Others	1,490	1,490
Saving fund	-	6,810
	175,696	193,626

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10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Kuwaiti Dinar	Number of shares	Fair Value	As of 31 December	
			2016	2015
Arab Potash Company shares/ Jordan	203,651	8.29	1,687,403	1,834,692
			1,687,403	1,834,692

11. ACCRUED REVENUES

Kuwaiti Dinar	2016	2015
Investment Profit KWD Deposits	590,528	571,162
Accrued Interest USD Deposits	70,739	7,591
Accrued Interest JOD Deposits	8,142	12,253
Accrued Interest AED Deposits	1,877	-
Accrued Interest KWD Deposits	-	1,245
	671,286	592,251

12. DEPOSITS

Kuwaiti Dinar	2016	2015
Deposits in Kuwaiti Dinar	24,112,305	26,979,437
Deposits in U.S Dollar	3,052,104	11,810,107
Deposits in AED Dirham	2,362,180	-
Deposits in Jordanian Dinar	2,158,411	4,494,669
	31,685,000	43,284,213

Term deposits are for terms ranging from three months to one year at average interest rates ranging from 1% to 2.2% on KWD deposits (2015: 0.875% to 2.15%) and ranging from 2.125% to 3.25% on JOD deposits (2015: 2.5% to 4.375%) and 0.375% to 1.2% on US Dollar deposits (2015: 0.30% TO 1.06%) and 2.9% on UAE Dirham deposits.

13. CASH ON HAND AND AT BANKS

Kuwaiti Dinar	2016	2015
Current accounts	988,990	40,211
Cash on hand	5,531	12,216
	994,521	52,427

14. 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.

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

15. 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.

16. EMPLOYEES' END OF SERVICE PROVISION

Kuwaiti Dinar	2016	2015
Balance at the beginning of the year	924,060	775,801
Provision for the year	131,735	398,623
End of service indemnity paid to employees	(160,059)	(238,314)
Loss on currency exchange	(1,815)	(12,050)
Balance at the end of the year	893,921	924,060

17. ACCOUNTS PAYABLE AND OTHER CREDIT BALANCES

Kuwaiti Dinar	2016	2015
Dividends payable to shareholders	3,690,006	1,784,806
Board of Directors' remuneration	145,000	145,000
General deposits	66,529	284,855
others	8,455	6,834
	3,909,990	2,221,495

18. DIVIDENDS INCOME

Kuwaiti Dinar	2016	2015
Arab Potash Co. / Jordan	8,574,328	8,254,541
Saudi Co. for preliminary industries / Saudi Arabia	174,531	185,347
Buobyan Petrochemical Co. /Kuwait	132,300	126,000
Qatar Industry Co. /Qatar	82,972	111,939
Yanbu National Petrochemical Company / Saudi Arabia	38,121	36,803
	9,002,252	8,714,630

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19. EMPLOYEES SALARIES, ALLOWANCES AND OTHER BENEFITS

Kuwaiti Dinar	2016	2015
Salaries and allowances	701,862	690,669
End of service provision	131,735	398,623
Medical and staff insurance	113,284	123,710
Employees' incentive bonus	100,614	92,034
Group's contribution to social security	67,062	62,441
Group's contribution to employees saving fund	50,994	49,871
Private incentive bonus	33,240	28,879
Employees' vacations provision	-	23,208
Other Benefits	4,205	17,288
	1,202,996	1,486,723

20. GENERAL AND ADMINISTRATIVE EXPENSES

Kuwaiti Dinar	2016	2015
Board of Directors and committees expenses	182,147	186,320
Travel expenses	68,348	60,465
Depreciation	21,733	22,123
Maintenance	18,155	15,896
Post and telephone	15,198	12,689
Printing and documentation	12,407	12,466
Electricity, water and heating	12,022	11,150
Searching for investment opportunities expenses	12,781	12,984
Others	12,167	16,996
Internal and external audit fees	11,693	3,833
Training expenses	10,826	22,409
Hospitality	9,495	10,541
Legal consultant	7,036	5,294
Bank charges and finance costs	6,105	5,856
Donations	6,991	9,505
General Assembly expenses	5,617	3,950
Vehicles expenses	4,319	6,208
Insurance	3,386	3,559
Subscription in Arab unions fees	2,775	2,674
Stationery and office equipment	2,338	2,145
Other consulting fees	1,801	1,197
	427,340	428,260

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21. 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	2016	2015
Cash at banks	988,990	40,211
Trade receivables and other debit balances	153,576	153,053
Due from related parties	262,532	515,626
Employees long term loan receivables	313,974	240,069
Deposit	31,685,000	43,284,213
	33,404,072	44,233,172

ARAB MINING COMPANY AND IT'S SUBSIDIARY (THE GROUP) (ARAB SHAREHOLDING COMPANY)
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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 2016			
	Carrying Amount	Contractual Cash Flows	Less than one year	More than one year
Account payables and other credit balances	3,909,990	(3,909,990)	(3,909,990)	-
Employees vacation provision	61,887	(61,887)	-	(61,887)
End of service provision	893,921	(893,921)	-	(893,921)
	4,865,798	(4,865,798)	(3,909,990)	(955,808)

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)

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	AED	MRO	QAR	Total
31 December 2016								
Cash on hand and at banks	39,713	38,735	-	-	1,000	-	-	79,448
Account receivables and other Debit balances	2,424	11,095	-	-	-	-	38,133	51,652
Due from related parties	262,532	-	-	-	-	-	-	262,532
Advance payments to contractors	946,517	-	-	-	-	-	-	946,517
Employees housing loan receivables	313,974	-	-	-	-	-	-	313,974
Deposits	2,158,412	3,052,104	-	-	2,362,180	-	-	7,572,696
Financial assets at fair value through profit or loss	1,687,7403	-	-	-	-	-	-	1,687,7403
Financial assets at fair value through other comprehensive income	136,957,037	-	13,285,355	354,723	-	34,821,288	2,348,110	187,766,513
End of service and vacation provision	(955,808)	-	-	-	-	-	-	(955,808)
Total	141,412,204	3,101,934	13,285,355	354,723	2,363,180	34,821,288	2,386,243	197,724,927
31 December 2015								
Cash on hand and at banks	40,057	10,692	-	-	-	-	-	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 housing 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)
Total	158,911,521	11,830,630	10,695,833	2,200,985	-	35,115,618	1,853,740	220,608,327

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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)	
	2016	2015
Currency		
JOD	(14,141,220)	(15,891,152)
USD	(310,193)	(1,183,063)
SAR	(1,328,535)	(1,069,583)
IQD	(35,472)	(220,099)
AED	(236,318)	-
MRO	(3,482,129)	(3,511,562)
QAR	(238,624)	(185,374)
	(19,772,491)	(22,060,833)

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	
	2016	2015
variable rate instruments:		
Financial Assets	31,685,000	43,284,213
	31,685,000	43,284,213

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
31 December 2016		
Financial assets at fair value through profit or loss	84,370	(84,370)
Financial assets at fair value through other comprehensive income	9,364,613	(9,364,613)
31 December 2015		
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)

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22. 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	Book Value	Fair Value		
		Level 1	Level 2	Level 3
31 December 2016				
Financial assets at fair value through other comprehensive income	187,292,262	145,768,706	-	41,523,556
Financial assets at fair value through profit or loss	1,687,403	1,687,403	-	-
31 December 2015				
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	-	-

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

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

Kuwaiti Dinar	Fair Value			
	Carrying amount	Level (1)	Level (2)	Level (3)
31 December 2016				
Cash on hand and at banks	994,521	994,521	-	-
Account receivable and other debit balances	175,696	-	-	175,696
Advance payments to contractors	946,517	-	-	946,517
Due from related parties	262,532	-	-	262,532
Deposits	31,685,000	31,685,000	-	-
Accrued revenue	671,286	-	-	671,286
Employees housing loan receivables	313,974	-	-	313,974
Trade payables and other credit balances	3,909,990	-	-	3,909,990
Employees vacation provision	61,887	-	-	61,887
Employees end of service provision	893,921	-	-	893,921
31 December 2015				
Cash on hand and at banks	52,427	52,427	-	-
Account receivable and other debit balances	193,626	-	193,626	-
Advance payments to 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 housing 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	-

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

23. Dividends

The group's General Assembly decided in their ordinary meeting held on June 2, 2016 to distribute cash dividends for the year 2015 for shareholders equal to 22% of capital share amounted to 11,983,400 KWD, for the year 2014 they decided to distribute cash dividends for shareholders equal to 22% of capital share amount of 11,983,400 KWD

