JORDAN PHOSPHATE MINES CO. PLC
Amman - The Hashemite Kingdom of Jordan

شركة مناجم الفوسفات الأردنية المساهمة العامة المحدودة
عمان - المملكة الأردنية الهاشمية

الرقم: دم/٤/١٢/٧٨٩

التاريخ: ٢٠١٧/٥/٢١

السادة هيئة الاوراق المالية

تحية واحتراماً،،

لاحقاً لكتابنا رقم دم471/12/4 تارخ 2017/3/29، ارفق طياً نسخة عن القوائم المالية الموحدة لشركة مناجم الفوسفات الاردنية مع تقرير مدققي حسابات الشركة للعام 2016 (باللغة الانجليزية).

واقبلوا الاحترام

الدكتور شفيق الاشقر

الرئيس التنفيذي

هيئة الأوراق المالية
الدائرة الادارية / الديوان
٢٢ أيار ٢٠١٧
الرقم المتسلسل: ٢١٤٢
الجهة المختصة: ادارة الافصاح

تلفون: ٥٦٠٧١٤١ ٦ ٩٦٢+ - فاكس: ٥٦٨٢٢٩٠ ٦ ٩٦٢+ - ص.ب: ٣٠ عمان ١١١١٨ الأردن
Tel.: + 962 6 5607141 - Fax: + 962 6 5682290 - P.O.Box: 30 Amman 11118 Jordan
www.jpmc.com.jo

JORDAN PHOSPHATE MINES COMPANY PSC

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2016

Building a better working world

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

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

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Jordan Phosphate Mines Company – Public Shareholding Company
Amman - Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of **Jordan Phosphate Mines Company – Public Shareholding Company** (the "Company") and its Subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Building a better working world

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context .

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Impairment testing on the Group's goodwill - fertilizer's unit

The annual impairment test for the fertilizer's unit performed by Jordan Phosphate Mines Company was significant to our audit because the assessment process is judgmental and is based on assumptions that are affected by expected future economic and market conditions. In performing the impairment testing for goodwill, the company used various assumptions in respect of future economic and market conditions, such as the discount rate, revenue and margin development, expected inflation rates and the terminal value growth.

How the key audit matter was addressed

Our audit procedures included an assessment of the methodology and the appropriateness of key assumptions. We reviewed and challenged management assumptions, including comparing relevant assumptions to industry and economic forecasts. We obtained and evaluated management's sensitivity analyses to ascertain the impact of reasonably possible changes in key assumptions.

The process is complex and includes a high level of estimation, which includes price fluctuations, competition and uncertain economic outlooks. The outcome of impairment testing could vary significantly, if different assumptions applied.

Refer to note 6 to the consolidated financial statements for more details.

Associate impairment testing

One of the Group's interests in associates relate to its 27.38% interest in Jordan Abyad Fertilizers and Chemicals Company, which includes embedded goodwill. Management impairment test for the investment in the associate including the embedded goodwill in the investment account was significant to our audit because the assessment process is complex, judgmental and is based on assumptions that are affected by expected future economic and market conditions. such as the discount rate, revenue, expected inflation rates and the terminal value growth.

How the key audit matter was addressed

Our audit procedures included an assessment of the methodology and the appropriateness of key assumptions. We reviewed and challenged management assumptions, including comparing relevant assumptions to industry and economic forecasts. We obtained and evaluated management's sensitivity analyses to ascertain the impact of reasonably possible changes in key assumptions.

The process is complex and includes a high level of estimation, which includes price fluctuations, competition and uncertain economic outlooks. The outcome of impairment testing could vary significantly, if different assumptions applied.

Refer to note 5 to the consolidated financial statements for more details.

Other information included in the Company's 2016 annual report.

Other information consists of the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. 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 have nothing to report in this regard.

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 IFRSs, 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.

In preparing the consolidated financial statements, 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 financial reporting process.

Auditor's 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 auditor's 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 exist. 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 Group'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 exist, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However future events or conditions may cause the Group 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Building a better working world

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Group maintains proper books of accounts and the accompanying consolidated financial statements and financial information presented in the Board of Directors' report are in agreement therewith.

Ernst & Young/ Jordan

ERNST & YOUNG
Amman - Jordan

Waddah Isam Barkawi
License No. 591

Amman – Jordan
28 March 2017

JORDAN PHOSPHATE MINES COMPANY PSC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016
(In Thousands of Jordanian Dinars)

	Notes	2016	2015
ASSETS			
Non-current assets			
Property, plant and equipment	3	**247,197**	158,552
Projects in progress	4	**30,126**	134,074
Investments in associates and joint ventures	5	**273,466**	236,042
Intangible assets	6	**162,945**	173,378
Deferred tax assets	23	**6,537**	7,090
Employees' housing loans	7	**5,481**	6,378
Financial assets at fair value through other comprehensive income	8	**452**	527
Loans receivable	9	**6,781**	6,576
Long term accounts receivable	12	**5,076**	-
Other current assets	13	**975**	-
Production and development stripping cost	10	**30,060**	28,664
Advance payments on investments		**5,000**	10,000
		774,096	761,281
Current assets			
Inventories, spare parts and supplies	11	**199,894**	210,284
Accounts receivable	12	**123,683**	120,536
Other current assets	13	**24,695**	20,449
Loans receivable	9	**-**	19,562
Financial assets at fair value through profit and loss		**182**	159
Cash on hand and at banks	14	**13,745**	41,912
		362,199	412,902
TOTAL ASSETS		**1,136,295**	1,174,183
EQUITY AND LIABILITIES			
Equity			
Paid-in-capital	15	**82,500**	75,000
Statutory reserve	15	**75,000**	75,000
Voluntary reserve	15	**75,000**	75,000
Special reserve	15	**75,000**	75,000
Fair value reserve		**(227)**	(152)
Retained earnings		**411,076**	507,397
Equity attributable to Company's shareholders		**718,349**	807,245
Non – controlling interests	40	**6,495**	10,973
Total Equity		**724,844**	818,218
Non-current liabilities			
Long-term loans	16	**83,912**	59,414
Compensation and end-of-service indemnity provision	17	**11,338**	15,156
Assets deferral provision	6	**13,775**	12,993
		109,025	87,563
Current liabilities			
Accounts payable	19	**79,215**	79,028
Accrued expenses	20	**54,425**	56,589
Other current liabilities	21	**26,988**	17,398
Due to banks	22	**101,512**	70,417
Employees incentives and retirees grants provision	34	**1,058**	597
Short term early retirement obligations	18	**-**	137
Current portion of long-term loans	16	**38,708**	40,637
Income tax provision	23	**520**	3,599
		302,426	268,402
Total Liabilities		**411,451**	355,965
TOTAL EQUITY AND LIABILITIES		**1,136,295**	1,174,183

The attached notes 1 to 43 form an integral part of these consolidated financial statements

JORDAN PHOSPHATE MINES COMPANY PSC
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016
(In Thousands of Jordanian Dinars)

	Notes	2016	2015
Net sales	24	**549,697**	750,174
Cost of sales	24	**(471,964)**	(564,671)
Gross profit		**77,733**	185,503
Selling and marketing expenses	25	**(9,375)**	(9,445)
New phosphate port terminal expenses	37	**(11,997)**	(11,793)
Aqaba port fees		**(4,074)**	(4,265)
Transportation expenses		**(49,140)**	(51,830)
Administrative expenses	26	**(23,663)**	(28,999)
Russiefah Mine expenses	27	**(1,897)**	(2,537)
Mining fees	28	**(19,195)**	(22,809)
Provision for slow-moving spare parts	11	**(2,045)**	(1,001)
Other provisions	34	**(1,456)**	(1,459)
Pension expense	18	**-**	(90)
Other (loss) income, net	29	**(6,163)**	10,442
Foreign currency exchange differences		**865**	233
Operating (loss) profit		**(50,407)**	61,950
Finance costs	30	**(14,805)**	(11,552)
Finance income	31	**1,306**	2,474
Group share of loss of associates and joint ventures	5	**(12,363)**	(274)
Board of Directors remuneration		**-**	(103)
Gain (loss) from revaluation of financial assets at fair value through profit and loss		**23**	(51)
Goodwill impairment loss	6	**(4,074)**	(1,050)
Investment in associates impairment loss	5	**(4,563)**	(3,000)
(Loss) profit before income tax		**(84,883)**	48,394
Income tax expense	23	**(5,257)**	(13,748)
(Loss) profit for the year		**(90,140)**	34,646
Attributable to:			
Equity holders		**(88,821)**	33,764
Non – controlling interests	40	**(1,319)**	882
(Loss) profit for the year		**(90,140)**	34,646
		JD/Fils	JD/Fils
Basic and diluted (losses) earnings per share attributable to the equity holders	32	**(1/077)**	0/450

The attached notes 1 to 43 form an integral part of these consolidated financial statements

JORDAN PHOSPHATE MINES COMPANY PSC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016
(In Thousands of Jordanian Dinars)

	Notes	**2016**	2015
(Loss) profit for the year		**(90,140)**	34,646
Add: Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Changes in fair value of financial assets at fair value through other comprehensive income	8	**(75)**	(16)
Actuarial loss	17	**-**	(132)
Total comprehensive (loss) income for the year		**(90,215)**	34,498
Total comprehensive (loss) income attributable to:			
Equity holders		**(88,896)**	33,616
Non – controlling interests		**(1,319)**	882
Total comprehensive (loss) income for the year		**(90,215)**	34,498

The attached notes 1 to 43 form an integral part of these consolidated financial statements

JORDAN PHOSPHATE MINES COMPANY PSC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016
(In Thousands of Jordanian Dinars)

	Paid-in capital	Reserves Statutory	Reserves Voluntary	Reserves Special	Fair value reserve	Retained earnings Unrealized*	Retained earnings Realized**	Non - controlling interest	Total
For the year ended 31 December 2016									
Balance at 1 January 2016	75,000	75,000	75,000	75,000	(152)	26,179	481,218	10,973	818,218
Total comprehensive income for the year	-	-	-	-	(75)	-	(88,821)	(1,319)	(90,215)
Paid in capital	7,500	-	-	-	-	-	(7,500)	-	-
Dividends paid by a subsidiary	-	-	-	-	-	-	-	(3,159)	(3,159)
Balance at 31 December 2016	**82,500**	**75,000**	**75,000**	**75,000**	**(227)**	**26,179**	**384,897**	**6,495**	**724,844**
For the year ended 31 December 2015									
Balance at 1 January 2015	75,000	75,000	75,000	75,000	(136)	26,179	447,586	10,323	783,952
Total comprehensive income for the year	-	-	-	-	(16)	-	33,632	882	34,498
Dividends paid by a subsidiary	-	-	-	-	-	-	-	(232)	(232)
Balance at 31 December 2015	75,000	75,000	75,000	75,000	(152)	26,179	481,218	10,973	818,218

* An amount of JD 26,179 thousands is restricted and represents the unrealized gain from the revaluation of investment and acquisition of Indo-Jordan Chemical Co. and Nippon Jordan Fertilizer Co. during 2010 and 2011.

** Included in retained earnings an amount of JD 6,537 thousands which represents deferred tax assets as of 31 December 2016 (31 December 2015: JD 7,090 thousand). An amount of JD 227 thousands from the retained earnings is restricted against the negative balance of fair value reserve for financial assets at fair value through other comprehensive income as of 31 December 2016 (31 December 2015: JD 152 thousands).

The attached notes 1 to 43 form an integral part of these consolidated financial statements

JORDAN PHOSPHATE MINES COMPANY PSC
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016
(In Thousands of Jordanian Dinars)

	Notes	**2016**	2015
OPERATING ACTIVITIES			
(Loss) profit for the year before income tax		**(84,883)**	48,394
Adjustments for:			
Depreciation	3	**25,233**	22,295
Amortization of new phosphate port terminal	6	**6,359**	6,359
Goodwill impairment loss		**4,074**	1,050
Investment in associates impairment loss	5	**4,563**	3,000
Amortization of production stripping costs	10	**13,284**	11,983
Employees compensation fund and end-of-service indemnity	17 , 21	**17,091**	12,500
Finance cost		**9,172**	9,378
Finance income		**(1,306)**	(2,474)
Mining fees		**21,222**	24,914
Group's share of profit of associates and joint ventures		**12,363**	274
Provision for slow-moving spare parts		**2,045**	1,001
Other non-cash items		**6,136**	1,457
Working capital changes:			
Accounts receivable		**(25,386)**	(10,333)
Employees' housing loans		**801**	(1,544)
Other current assets		**(5,580)**	(2,021)
Inventories, spare parts and supplies		**8,345**	38,611
Production stripping cost		**(14,680)**	(7,287)
Accounts payable		**187**	(12,231)
Accrued expenses		**6,533**	(9,083)
Other current liabilities		**7,520**	(13,909)
Employees' compensation and end-of-service indemnity and death fund paid		**(19,794)**	(55,395)
Mining fees paid		**(30,000)**	(21,000)
Early retirement obligations paid		**(118)**	(417)
Income tax paid	23	**(7,783)**	(6,862)
Net cash flows (used in) from operating activities		**(44,602)**	38,660
INVESTING ACTIVITIES			
Property, plant and equipment and payments on projects in progress – net		**(9,929)**	(16,816)
Loans receivable		**547**	9,750
Investment in associates and joint ventures		**(17,000)**	(15,708)
Short term investment		**-**	4,612
Interest received		**1,306**	2,474
Net cash flows used in investing activities		**(25,076)**	(15,688)
FINANCING ACTIVITIES			
Proceeds from loans		**48,684**	54,275
Repayments of loans		**(26,115)**	(26,449)
Dividends of subsidiaries		**(3,064)**	(251)
Interest paid		**(9,089)**	(9,191)
Net cash flows from financing activities		**10,416**	18,384
Net (decrease) increase in cash and cash equivalents		**(59,262)**	41,356
Cash and cash equivalents at 1 January		**(28,505)**	(69,861)
Cash and cash equivalents at 31 December	14	**(87,767)**	(28,505)

The attached notes 1 to 43 form an integral part of these consolidated financial statements

(1) GENERAL

Jordan Phosphate Mines Company was established in 1949, and became a public shareholding company in 1953. The Company's objectives are to mine and market phosphate rock, produce fertilizers and invest in the establishment of related industries. All other business activities of the Company are located in Jordan. The fertilizers production unit is located in the Industrial Complex in Aqaba. The phosphate rock is extracted, to a large extent, from the mines of Al-Abiad, Al-Hasa, Shidiya. In respect of the mining rights granted to the Company, it is subject to annual mining rights fees of JD 500 / squared Kilo meter or any part of squared Kilo meter per mined area payable to the Natural Resources Authorities. The Company produces chemical fertilizers and related by-products through its subsidiaries that are listed in Amman Stock Exchange (Note 2-2).

The head office of the Company is located in Shmeisani, Amman - Jordan.

The consolidated financial statements were authorized for issue by the Board of Directors in their meeting held on 28 March 2017 and they are subject to the approval of the Company's General Assembly.

(2-1) BASIS OF PREPARATION

The consolidated financial statements have been prepared on a historical cost basis, except for the financial assets at fair value through profit and loss and financial assets at fair value through other comprehensive income which have been measured at fair value as of the date of the consolidated financial statements.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS).

The consolidated financial statements are presented in Jordanian Dinars and all values are rounded to the nearest thousand except when otherwise indicated.

(2-2) BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Jordan Phosphate Mines Company “JPMC” and the following subsidiaries:

Company name	Nature of activity	Ownership	Country
Indo-Jordan Chemicals Company Limited	Phosphoric Acid and other chemicals production	100%	Jordan
Ro’ya for Transportation Company Limited	Transportation services	100%	Jordan
Nippon Jordan Fertilizers Company Limited	Fertilizers and chemicals production	70%	Jordan

The control exists when the Group controls the subsidiaries’ significant and relevant activities, and is exposed, or has the rights, to variable returns from its involvement with the subsidiaries, and has the ability to affect those returns. Control over the subsidiaries is exercised when the following factors exist:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

When the Group owns less than a majority of the voting rights in an investee, in this case, the Group considers all factors and circumstances to determine whether it has control over the investee, which include the following:

- Contractual agreements with shareholders that have voting rights in the investee.
- Rights resulting from other contractual arrangements.
- The Group’s current and future voting rights in the investee.

The Group reassesses its control over the investee when circumstances and factors exist that lead to the change in one or more of the three factors listed above.

Subsidiaries are fully consolidated from the date of acquisition being the date on which the Group gains control, and continues to do so until the date when such control ceases. The subsidiaries revenues and expenses are consolidated in the consolidated statement of comprehensive income from the date the Group gains control over the subsidiaries until that control ceases.

Profits, losses, and all other comprehensive income items are attributed to the shareholders' equity of the parent company, and to non-controlling interest, even if this leads to a deficit balance. If need arises, the subsidiaries' financial statements are adjusted accordingly to comply with the Group's accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in the statement of profit or loss and other comprehensive income
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Investors with significant influence on the Group:

Kamil Holding Limited, Government Contribution Management Company, Jordanian Social Security Corporation and Government of Kuwait own 37%, 25.7%, 16.5% and 9.3% of the Company's issued shares, respectively.

(2-3) CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2015 except for the followings starting from 1 January 2016:

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

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

IAS 1 *Presentation of Financial Statements – Amendments to IAS 1*

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

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

Investment entities (Amendments to IFRS 10 and IAS 28)

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

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

Amendments to IAS 16 and IAS 38: *Clarification of Acceptable Methods of Depreciation and Amortization*

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.

Amendments to IFRS 11 *Joint Arrangements: Accounting for Acquisitions of Interests*

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation.

The implementation of the new amendments did not have impact on the Company’s financial position or performance.

(2-4) STANDARDS ISSUED BUT NOT YET EFFECTIVE

IFRS 9 Financial Instruments

During July 2014, the IASB issued IFRS 9 “Financial Instruments” with all the three phases. IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. IFRS 9 replaces IAS 39 “Financial Instruments: Recognition and Measurement”. The Company has implemented the first phase of IFRS 9 as issued during 2009. The date of initial implementation of the first phase of IFRS 9 was 1 January 2011. The new version of IFRS 9 will be implemented at the mandatory date on 1 January 2018, which will have an impact on the recognition and measurement of financial assets.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers; and SIC-31 Revenue—Barter Transactions Involving Advertising Services. The standard is effective for annual periods beginning on or after 1 January 2018, and early adoption is permitted.

IFRS 16 Leases

During January 2016, the IASB issued IFRS 16 “Leases” which sets out the principles for the recognition, measurement, presentation and disclosure of leases.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 introduced a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted.

IAS 7 Disclosure Initiative – Amendments to IAS 7

The amendments to IAS 7 Statement of Cash Flows are part of the IASB’s Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The amendments will be effective for annual periods beginning on or after 1 January 2017, with early application permitted. The application of amendments will result in adding limited amount of disclosure information.

IFRS 2 Classification and Measurement of Share-based Payment Transactions - Amendments to IFRS 2

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

Entities may apply the amendments prospectively and are effective for annual periods beginning on or after 1 January 2018, with early application permitted.

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

In September 2016, the IASB issued amendments to IFRS 4 to address issues arising from the different effective dates of IFRS 9 and the upcoming new insurance contracts standard (IFRS 17). The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, a temporary exemption from implementing IFRS 9 to annual periods beginning before 1 January 2021 at latest and an overlay approach that allows an entity applying IFRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied IAS 39 to these designated financial assets.

Transfers of Investment Property (Amendments to IAS 40)

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively and effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. Entities may apply the amendments on a fully retrospective or prospective basis. The new interpretation will be effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed.

(2-5) USE OF ESTIMATES

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

Useful life of properties, plant and equipment

The Group’s management estimates the useful life for property, plant and equipment for the purpose of calculating depreciation by depending on the expected useful life of these assets. Management reviews the remaining book value and useful life annually. Future depreciation expense is adjusted if management believes that the remaining useful life of the assets differs from previous estimations.

Impairment of goodwill

The Group’s management performs an annual impairment test for the goodwill resulted from the purchase of the fertilizers unit at the date of the consolidated financial statements. Goodwill is impaired if there are indications of impairment, i.e. if the estimated recoverable amount for the fertilizers unit is less than the book value. Impairment is recorded in the consolidated statement of income.

The fair value of recoverable amounts for the fertilizers unit is valued using the discounted value of future cash flows. All assumptions used in the goodwill impairment calculation are indicated in (Note 6).

Provision for slow moving spare parts

The Group’s management performs an annual study which categorizes all spare parts by age groups. Based on the results of the study, a provision is taken against spare parts which have surpassed, at the date of the Group’s financial statements, a certain age from the date of purchase.

Stripping Cost in the Production Phase of Surface Mine

The Group incurs waste removal costs (stripping costs) during the development and production phases of its surface mining operations. During the production phase, stripping costs (production stripping costs) can be incurred both in relation to the production of phosphate in that period or the creation of improved access and mining flexibility in relation to phosphate to be mined in the future.

Production stripping costs are included as part of the costs of inventory, while the stripping costs incurred in the creation of improved access and mining flexibility in relation to phosphate to be mined in future periods are capitalised as a stripping activity non-current asset that is amortized using units of production method.

Costs paid for the removal of overburden in the stripping or the production stages are capitalised as non-current assets at cost and is amortized using the units of production method at each location when the following conditions are met:

- It is probable that the future economic benefit improved access to the phosphate associated with the stripping activity will flow to the entity.

- The entity can identify the amount and type of phosphate for which has been improved; and

- The cost relating to the striping activity associated with the component can be measured reliably.

Significant judgment is required to distinguish between development stripping and production stripping and to distinguish between the production stripping that relates to the extraction of phosphate and what relates to the creation of a stripping activity asset. The Group's management calculates the stripped quantities of overburden for any of the locations based on geological and specialized technical studies conducted on a quarterly basis. Stripping costs are capitalized as a stripping activity asset when the actual stripping ratio is higher than the contracted stripping ratio estimated by geologists and specialised professionals.

The capitalised stripping costs are amortized using the units of production method estimated based on the updated geological studies for the period for each location when the actual stripping ratio is lower than or equal to the contracted stripping ratio.

Provision for doubtful debts

The Group's management reviews the credit limit granted to its customers periodically. When customers do not abide to their obligations to pay, and after the additional grace period granted, and after taking appropriate legal action, a provision is booked against the receivable balance until collected or it will be written off.

Income tax provision

The Group calculates tax expense for the year based on reasonable estimates, for possible consequences of audit by the Income and Sales tax department. The amount of tax provision is based on various factors, such as experience of previous tax audits. Additionally, the Group engages an independent tax specialist to review the tax provision calculations.

Deferred tax assets are recognized for all deductible temporary differences such as unused tax expenses and losses to the extent that it is probable that taxable profit will be available against which the loses can be utilized. Management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits. Details of income tax provision and deferred tax are disclosed in (Note 23).

Indemnity and end-of-service provisions

Indemnity and end-of-service costs are measured using the Projected Unit Credit Method that is calculated by an actuary. All actuarial assumptions are disclosed in (Note 17).

Early retirement obligations

Early retirement obligations are calculated through an actuarial study. Employee benefits are awarded based on the number of years of service. The associated obligations are determined based on the present value of the overall obligation at the date of the financial statements less the unrealized previous service cost. The Group's obligations arising from the early retirement plan are measured using the Projected Unit Credit Method. All associated assumptions are disclosed in (Note 18).

(2-6) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. The cost and accumulated depreciation for a sold or disposed of asset is derecognized and the gain or loss associated is booked in the consolidated statement of income.

Depreciation is calculated on a straight-line basis using the following depreciation rates, (land is not depreciated):

Type of property, plant and equipment	Depreciation rate %
Buildings	2 - 8
Roads and yards	25
Machinery and equipment	5 - 20
Water and electricity networks	5
Furniture and office equipment	9
Medical and lab equipment	10
Communication equipment	12
Computers	12
Vehicles	15
Spare parts reserves	10
Software and programs	20

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

When the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount, and the impairment is recorded in the consolidated statement of income.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the consolidated statement of income when the asset is derecognised.

Projects in progress

Projects in progress are stated at cost, and include the cost of construction, equipment and other direct costs and it is not depreciated until it is available for use.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The consolidated statement of income reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's consolidated statement of other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of income and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as ‘Share of profit of an associate and a joint venture’ in the consolidated statement of income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of income.

Intangible assets

- **New phosphate port terminal**

This item represents the license to use and operate the new phosphate port terminal for a period of 26 years, after that the port will be handed over to Aqaba Development Corporation.

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Intangible assets are amortized over the period in which they are expected to be available for use by the Group and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization expense on intangible assets is recognized in the consolidated statement of income starting on the opening date of the new phosphate port terminal until 28 February 2040.

- **Goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised in either profit or loss or as a change to other comprehensive income . If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Asset deferral cost

The Company recognises and measures asset deferral provision for movable assets as a consequence of the use of the new phosphate port terminal during the operating period in accordance with IAS 37, using the best estimate of the expenditures required to settle the present obligation at the consolidated statement of financial position date.

Financial assets at fair value through other comprehensive income

These are financial assets limited to equity instruments and the management intends to retain those assets in the long term. These financial assets are initially recognized at fair value plus attributable transaction costs and subsequently measured at fair value. The change in fair value of those assets is presented in the consolidated statement of comprehensive income within owners' equity, including the change in fair value resulting from the foreign exchange differences of non-monetary assets.

In case those assets - or part of them - were sold, the resultant gain or loss is recorded in the consolidated comprehensive income statement within owners' equity and the fair value reserve for the sold assets is directly transferred to the retained profit or loss and not through the consolidated statement of income.

- Those financial assets are not subject to impairment testing.
- Dividends income is recorded in the consolidated income statement.
- It is not permitted to reclassify assets to or from this category except in certain circumstances determined in the IFRS 9.

Loans receivable

After initial measurement, loans receivable are subsequently measured at amortised cost using the effective interest rate method, less any impairment.

Inventories and spare parts

Inventories are valued at the lower of cost or net realizable value.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

Raw materials	- Purchase cost using the weighted average cost method.
Finished goods and work in process	- Cost of direct materials, labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs, using the weighted average cost method.
Spare parts and supplies	- Cost using the weighted average cost method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Accounts receivable

Accounts receivable are stated at original invoice amount or the value of shipped goods less any provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount or part of it is no longer probable and bad debts are written off when there is no possibility of recovery.

Financial assets at fair value through profit and loss

Financial assets which are purchased with the aim of resale in the near future in order to generate profit from the short-term market prices fluctuation or the trading profit margins.

Financial instruments at fair value through profit or loss are initially measured at fair value, transaction costs are recorded in the income statement at the date of transaction. Subsequently, these assets are revalued at fair value. Gains or losses arising on subsequent measurement of these financial assets including the change in fair value arising from non-monetary assets in foreign currencies are recognized in the income statement. When these assets or portion of these assets are sold, the gain or loss arising is recorded in the consolidated statement of income.

Dividend and interest income are recorded in the consolidated statement of income.

It is not permitted to reclassify assets to or from this category except in certain circumstances determined in the International Financial Reporting Standards.

Cash and cash equivalents

Cash and cash equivalent in the consolidated statement of financial position comprise cash at banks and at hand and short term deposits with an original maturity of three months or less. If original maturity of deposits exceeds three months, they are classified as short–term investments. For the purpose of the consolidated statement of cash flow, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Long term loans

All term loans are initially recognized at net consideration received and interest is recognized using the effective interest rate method.

Interest on long term loans is recorded during the year when earned. Interest on long term loans for the purpose of financing projects in progress, is capitalized as a part of the project cost.

Employees' benefits

- **End-of-service indemnity**

The liability is valued by professionally qualified independent actuaries. The obligation and costs of pension benefits are determined using a Projected Unit Credit Method. The Projected Unit Credit Method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Past service costs are recognized on a straight-line basis over the average period until the amended benefits become vested. Gains or losses on the curtailment or settlement of pension benefits are recognized when the curtailment or settlement occurs. Actuarial gains or losses are recognized as other comprehensive income item when it occurs. Gain or loss is realized from amendment or payment of the benefits when it occurs. The pension obligation is measured at the present value of estimated future cash flows using a discount rate that is similar to the interest rate on government bonds.

- **Death and Compensation Fund**

Death and Compensation Fund represents a defined contribution plan; the Company calculated its contribution of 25% of gross monthly salaries subject to social security and transfers this contribution to the Fund's bank account. The Fund is independent from the Company (financially and administratively), accordingly, the Company is not legally obligated in case the Fund was not able to pay its obligations. The contribution is recognized as an expense in the consolidated statement of income.

Accounts payable and accruals

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

Provisions

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

Revenue recognition

Revenue from the sale of goods is recognized when significant risks and rewards of ownership of goods have passed to the buyer, usually when goods are shipped and invoices are issued.

Interest income revenue is recognized as interest accrues using the effective interest rate method.

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

Other revenues are recognized on an accrual basis.

Mining Fees

Mining fees paid in respect of phosphate rock used by the Fertilizers Unit are charged to cost of sales. Other mining fees on exported and locally sold phosphate are shown as a separate item in the consolidated statement of income.

Operating Lease

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments made under an operating lease are recognized as an expense over the lease term on a straight-line basis, in the consolidated statement of income.

Income tax

Income tax expense represents current year income tax and deferred income tax.

Accrued tax expenses are calculated based on taxable income, which may be different from accounting income as it may include tax-exempt income, non-deductible expenses in the current year that are deductible in subsequent years, tax-accepted accumulated losses or tax-deductible items.

Current income tax is calculated based on the tax rates and laws that are applicable at the consolidated statement of financial position date and according to IAS 12.

Deferred income taxation is provided using the liability method on all temporary differences at the consolidated financial statement date. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on laws that have been enacted at the financial position date. The carrying values of deferred income tax assets are reviewed at each consolidated statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment of financial assets

The Company assesses at each financial position date whether there is any objective evidence that a financial asset or a group of financial assets are impaired. A financial asset or a group of financial assets are considered impaired when there is objective evidence of impairment as a result of one or more events (loss event) that occur after the asset’s initial measurement, that will have a direct and reasonably estimated impact on its future cash flows. Permanent impairment indicators could comprise of indications that the borrower or a group of borrowers are facing significant financial difficulties, or neglect, or default in making interest or principal payments, and are likely to be subject to bankruptcy or financial restructuring. Furthermore, permanent impairment indicators exist when observable data indicates the existence of a measurable decrease in estimated cash flows such as changes in the Group’s economic conditions due to negligence.

The Group’s management does not believe there were any indications of impairments of its financial assets during 2016 and 2015.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the consolidated statement of financial position date, based on the rates declared by the Central Bank of Jordan.

Fair value

The Group evaluates its financial instruments such as financial assets at fair value through other comprehensive income at the date of the financial statements. Also, the fair value of financial instruments is disclosed in (Note 41).

Fair value represents the price received in exchange for financial assets sold, or price paid to settle a sale between market participants at the date of financial statements.

The fair value is measured based on the assumption that the sale or purchase transaction of financial assets is facilitated through an active market for financial assets and liabilities respectively. In case there is no active market, a market best fit for financial assets and liabilities is used instead. The Group needs to acquire opportunities to access the active market or the best fit market.

The Group measures the fair value of financial assets and liabilities using the pricing assumptions used by market participants to price financial assets and liabilities, assuming that market participants behave according to their economic interests.

The fair value measurement of non-financial assets considers the ability of market participants to utilize the assets efficiently in order to generate economic benefits, or to sell them to other participants who will utilize them in the best way possible.

The Group uses valuation techniques that are appropriate and commensurate with the circumstances, and provides sufficient information for fair value measurement. Also, it illustrates clearly the use of inputs that are directly observable, and minimizes the use of inputs that are not directly observed.

The Group uses the following valuation methods and alternatives in measuring and recording the fair value of financial instruments.

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

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

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

For the disclosure of fair value, the Group classifies assets and liabilities based on their nature, their risk, and the level of fair value measurement.

Segment reporting

For the purpose of reporting to management and the decision makers in the Group, a business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

Offsetting

Offsetting between financial assets and financial liabilities and presenting the net amount on the consolidated statement of financial position is performed only when there are legally-enforceable rights to offset, the settlement is on a net basis, or the realization of the assets and satisfaction of the liabilities is simultaneous.

(In Thousands of Jordanian Dinars)

(3) PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Roads & Yards	Machinery & equipment	Water & electricity network	Office equipment	Medical equipment	Communication equipment	Computers	Vehicles	Spare parts reserves	Software and programs	Total
2016													
Cost:													
At 1 January 2016	1,299	129,848	18,802	419,639	37,068	6,252	1,010	1,314	3,664	13,517	39,825	1,913	674,151
Additions	-	19	-	522	-	176	7	10	121	535	5,151	-	6,541
Transfers from projects in progress (Note 4)	-	160	6,602	55,391	45,261	12	-	-	-	124	-	-	107,550
Disposals	-	-	-	-	-	-	-	-	-	(54)	-	-	(54)
Transferred to expenses	-	-	-	-	-	-	-	-	-	-	(204)	-	(204)
At 31 December 2016	**1,299**	**130,027**	**25,404**	**475,552**	**82,329**	**6,440**	**1,017**	**1,324**	**3,785**	**14,122**	**44,772**	**1,913**	**787,984**
Accumulated Depreciation:													
At 1 January 2016	-	73,661	10,771	355,887	32,414	3,597	825	1,271	3,300	10,327	21,634	1,912	515,599
Depreciation for the year	-	5,672	2,495	11,658	1,436	393	32	26	182	1,010	2,329	-	25,233
Related to disposals	-	-	-	-	-	-	-	-	-	(45)	-	-	(45)
At 31 December 2016	-	79,333	13,266	367,545	33,850	3,990	857	1,297	3,482	11,292	23,963	1,912	540,787
Net book value													
At 31 December 2016	1,299	50,694	12,138	108,007	48,479	2,450	160	27	303	2,830	20,809	1	247,197

The estimated value of fully depreciated property, plant and equipment is JD 425,974 at 31 December 2016.

(In Thousands of Jordanian Dinars)

	Land	Buildings	Roads & Yards	Machinery & equipment	Water & electricity network	Office equipment	Medical equipment	Communication equipment	Computers	Vehicles	Spare parts reserves	Software and programs	Total
2015													
Cost:													
At 1 January 2015	1,299	128,776	12,612	413,942	36,157	5,864	944	1,303	3,583	12,542	35,310	1,913	654,245
Additions	-	183	-	1,875	-	279	68	15	95	961	4,552	-	8,028
Transfers from projects in progress (note 4)	-	889	6,190	3,829	911	111	-	-	-	195	-	-	12,125
Disposals	-	-	-	(7)	-	(2)	(2)	(4)	(14)	(181)	(37)	-	(247)
At 31 December 2015	1,299	129,848	18,802	419,639	37,068	6,252	1,010	1,314	3,664	13,517	39,825	1,913	674,151
Accumulated Depreciation:													
At 1 January 2015	-	68,971	9,411	344,519	31,144	3,277	802	1,254	3,118	9,527	19,552	1,912	493,487
Depreciation for the year	-	4,690	1,360	11,373	1,270	332	23	18	183	964	2,082	-	22,295
Related to disposals	-	-	-	(5)	-	(12)	-	(1)	(1)	(164)	-	-	(183)
At 31 December 2015	-	73,661	10,771	355,887	32,414	3,597	825	1,271	3,300	10,327	21,634	1,912	515,599
Net book value													
At 31 December 2015	1,299	56,187	8,031	63,752	4,654	2,655	185	43	364	3,190	18,191	1	158,552

The estimated value of fully depreciated property, plant and equipment is JD 411,217 at 31 December 2015.

(In Thousands of Jordanian Dinars)

(3) PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation in the consolidated statement of income is as follows:

	2016	2015
Cost of sales	24,376	21,472
Administrative expenses	585	587
Selling and marketing expenses	82	40
Russiefah mine expenses	32	27
Other	158	169
	25,233	22,295

(4) PROJECTS IN PROGRESS

Movement on the projects in progress is as follows:

	Balance at 1 January 2016	Additions	Transferred to property plant & equipment	Transferred to others	Balance at 31 December 2016
Aqaba Industrial Complex Projects	80,200	119	(53,389)	-	26,930
Shidiya Mine Projects	44,862	1,527	(45,065)	(1,177)	147
Indo-Jordan's Projects	2,237	2,512	(2,437)	-	2,312
Head Office, Hasa & Abiad mines	6,761	366	(6,602)	-	525
Nippon's Projects	14	255	(57)	-	212
	134,074	4,779	(107,550)	(1,177)	30,126

The estimated cost to complete the projects in progress as of 31 December 2016 amounted to JD 935 thousand for JPMC related projects, JD 3,043 thousand for Indo-Jordan related projects and JD 150 thousand for Nippon related projects.

(In Thousands of Jordanian Dinars)

(5) INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The below schedules summarizes the Group's investment in associates and joint ventures:

	2016	2015
Investment in associates (A)	228,567	204,365
Joint projects (B)	44,899	31,677
	273,466	236,042

A. INVESTMENTS IN ASSOCIATES:

The below schedules summarizes financial information for the Group's investment in associates:

	Country of incorporation	Nature of activity	Ownership	2016	2015
			%		
Manajim for Mining Development Company "Manajim"	Jordan	Mining services	46	41,192	38,662
Jordan Abyad Fertilizer Company "JAFCCO"	Jordan	Fertilizers production	27.38	1,626	9,262
Jordan India Fertilizer Company "JIFCO"	Jordan	Phosphoric acid production	48	162,896	136,053
Kaltime Jordan Abdi Company	Indonesia	Phosphoric acid production	40	612	708
Arkan Company for Construction "Arkan"	Jordan	Mining contracting	46	22,241	19,680
				228,567	204,365

(In Thousands of Jordanian Dinars)

Movements on the investment in associates were as follows:

	2016	2015
At 1 January	204,365	207,621
The Group's share of current year losses	(2,856)	(720)
Investment in Kaltime Jordan Abdi Company	-	708
Impairment of the investment in JAFCCO	(4,563)	(3,000)
Elimination of Group's share of JIFCO income related to transactions between the Group and associate	(13)	(189)
Increase investment in Indo Jordan*	31,605	-
Addition (Elimination) of Group's share of JAFCCO's income related to transactions between the Group and associate	29	(55)
At 31 December	228,567	204,365

* On August 9th 2016 it was approved to increase Indo Jordan capital by JD 65,844 thousand bringing the total paid in capital to JD 371,346 thousand with JPMC's share of the increase amounted to JD 31,605 thousand. The Company had capitalized the value of its loans and accounts payable balances.

Group's share of associate company's results:

	2016	2015
Group's share of loss for the year	(2,856)	(720)
(Elimination) addition of Group's share of associate's income related to transactions between the Group and associate	(34)	441
	(2,890)	(279)

(In Thousands of Jordanian Dinars)

The below schedules summarizes financial information for the Group's investment in associates:

	2016					
	Manajim for Mining Development	Jordan Abyad Fertilizers and Chemicals Company	Jordan India Fertilizers Company	Arkan Company for Construction	Kaltime Jordan Abdi Company	Total
Group's share in net equity:						
Current assets	77,560	3,235	48,287	31,693	1,616	162,391
Non-current assets	28,250	100,667	542,893	31,282	-	703,092
Current liabilities	(24,354)	(26,928)	(71,361)	(14,559)	(86)	(137,288)
Non-current liabilities	-	(36,483)	(180,032)	-	-	(216,515)
Partners current account	-	(46,427)	-	-	-	(46,427)
Net equity	81,456	(5,936)	339,787	48,416	1,530	465,253
Percentage of ownership	46%	27.38%	48%	46%	40%	
Group's share in net equity	37,470	(1,625)	163,098	22,271	612	221,826
Adjustments due to change in ownership percentage	(4,078)	(98)	-	14	-	(4,162)
Group's net share in partner's current account	-	3,375	-	-	-	3,375
Elimination of Group's share of association related to transaction between the Group and associate	-	(26)	(202)	-	-	(228)
Imbedded goodwill	7,800	-	-	(44)	-	7,756
Net investment as at 31 December	41,192	1,626	162,896	22,241	612	228,567
Group's share from associates revenues and profits:						
Revenues	84,838	4,740	178,807	50,526	-	318,911
Cost of sales	(75,396)	(10,290)	(102,367)	(42,592)	-	(230,645)
Administrative, selling and distribution expenses	(501)	(1,284)	(86,149)	(820)	(293)	(89,047)
Interest income	163	-	-	-	33	196
Finance expenses	(30)	(4,093)	-	(396)	(1)	(4,520)
Other (expenses) revenues, net	35	-	-	-	-	35
Currency difference	-	-	-	-	(27)	(27)
Profit (loss) for the year before income tax	9,109	(10,927)	(9,709)	6,718	(288)	(5,097)
Income tax expense	(2,037)	-	-	(1,344)	-	(3,381)
Profit (loss) for the year	7,072	(10,927)	(9,709)	5,374	(288)	(8,478)
Percentage of ownership	46%	27.38%	48%	46%	40%	-
Group's share from current year income	3,253	(2,992)	(4,660)	2,472	(115)	(2,042)
Group's share from prior years income*	(723)	(110)	(90)	90	19	(814)
Elimination of Group's share of associate's income related to transactions between the Group and associates	-	-	-	(34)	-	(34)
Group's share of associates' profit (loss)	2,530	(3,102)	(4,750)	2,528	(96)	(2,890)

(In Thousands of Jordanian Dinars)

	2015					
	Manajim for Mining Development	Jordan Abyad Fertilizers and Chemicals Company	Jordan India Fertilizers Company	Arkan Company for Construction	Indonesia project Kaltime Jordan Abdi Co.	Total
Group's share in net equity:						
Current assets	68,829	3,005	42,182	30,719	1,770	146,505
Non-current assets	34,031	101,268	564,730	15,747	-	715,776
Current liabilities	(26,552)	(35,217)	(80,368)	(3,618)	-	(145,755)
Non-current liabilities	(351)	(34,114)	(242,707)	-	-	(277,172)
Partners current account	-	(29,549)	-	-	-	(29,549)
Net equity	75,957	5,393	283,837	42,848	1,770	409,805
Percentage of ownership	46%	27.38%	48%	46%	40%	
Group's share in net equity	34,940	1,477	136,242	19,710	708	193,077
Elimination of Group's share of associates related to transactions between the group and associates	-	(55)	(189)	-	-	(244)
Adjustments due to change in ownership percentage	(4,078)	(98)	-	14	-	(4,162)
Group's net share in partner's current account	-	3,375	-	-	-	3,375
Imbedded goodwill	7,800	4,563	-	(44)	-	12,319
Net investment as at 31 December	38,662	9,262	136,053	19,680	708	204,365
Group's share from associates revenues and profits:						
Revenues	82,224	16,721	183,518	53,240	-	335,703
Cost of sales	(67,530)	(21,074)	(141,609)	(43,397)	-	(273,610)
Administrative, selling and distribution expenses	(640)	(1,996)	(55,174)	(505)	-	(58,315)
Interest income	148	-	-	-	-	148
Finance expenses	(38)	(4,016)	-	-	-	(4,054)
Profit (loss) for the year before income tax	14,164	(10,365)	(13,265)	9,338	-	(128)
Income tax expense	(2,830)	-	-	(1,867)	-	(4,697)
Profit (loss) for the year	11,334	(10,365)	(13,265)	7,471	-	(4,825)
Percentage of ownership	46%	27.38%	48%	46%	-	-
Group's share from current year income	5,214	(2,838)	(6,367)	3,437	-	(554)
Group's share from prior years income*	-	(77)	(89)	-	-	(166)
Elimination of Group's share of associate's income related to transactions between the Group and associates	-	-	-	441	-	441
Group's share of associates' profit (loss)	5,214	(2,915)	(6,456)	3,878	-	(279)

* Prior year adjustments represent differences between draft financial statements and final audited financial statements of the Company.

(In Thousands of Jordanian Dinars)

JOINT VENTURES:

The below schedule presents the Group's investment in joint ventures noting that Jordan Industrial Ports Co. and PT Kaltim Jordan Abadi Co. have not yet commenced operations:

	Country of incorporation	Nature of activity	Ownership	2016	2015
			%		
Indonesian project – Petro Jordan Abadi Company	Indonesia	Phosphoric Acid production	50	9,951	19,222
Jordan Industrial Ports Company	Jordan	Shipping services	50	34,948	12,455
				44,899	31,677

The movement on the investment in joint ventures is as follows:

	2016	2015
At 1 January	31,677	26,941
Group's share of (loss) profit for the year	(9,473)	5
Increase in investment in Industrial Ports Company**	22,000	5,000
Addition (elimination) of Group's share of associate's income related to transactions between the Group and joint venture	695	(269)
At 31 December	44,899	31,677

** Industrial ports Company has increased its paid in capital during 2016 by JD 44,000 thousand to reach JD 70,000 thousand. JPMC's share of the increase amounted to JD 22,000 thousand.

(In Thousands of Jordanian Dinars)

The below schedules summarizes financial information for the Group's major joint ventures:

	2016		
	Indonesian project – Petro Jordan Abadi Company	Jordan Industrial Ports Company	Total
Current assets	24,707	31,468	56,175
Non-current assets	141,434	56,586	198,020
Current liabilities	(73,659)	(18,158)	(91,817)
Non-current liabilities	(71,930)	-	(71,930)
Net equity	20,552	69,896	90,448
Percentage of ownership	50%	50%	
Group's share in net equity	10,276	34,948	45,224
Elimination of group's share of the income related to transactions between the Group and joint ventures	(325)	-	(325)
Group's share in net equity	9,951	34,948	44,899
<u>Group's share in revenues and joint ventures</u>			
Revenues	54,919	4,208	59,127
Cost of sales	(68,528)	(3,185)	(71,713)
Administration expenses	(1,566)	(735)	(2,301)
Interest income	9	-	9
Finance expense	(4,326)	-	(4,326)
Other revenues	158	924	1,082
(Loss) profit for the year	(19,334)	1,212	(18,122)
Percentage of ownership	50%	50%	
Group's share of the year results	(9,667)	606	(9,061)
Group's share of prior year results***	(299)	(113)	(412)
Group's share of (loss) profit from joint ventures	(9,966)	493	(9,473)

(In Thousands of Jordanian Dinars)

	2015		
	Indonesian project – Petro Jordan Abadi Company	Jordan Industrial Ports Company	Total
Current assets	29,864	35,080	64,944
Non-current assets	148,659	23,845	172,504
Current liabilities	(55,887)	(22,015)	(77,902)
Non-current liabilities	(82,153)	-	(82,153)
Net equity	40,483	36,910	77,393
Percentage of ownership	50%	50%	
Group's share in net equity	20,242	18,455	38,697
Group's share from partner's current account	-	(6,000)	(6,000)
Elimination of group's share of income related to transactions between the Group and joint ventures	(1,020)	-	(1,020)
Group's share in net equity	19,222	12,455	31,677
<u>Group's share in revenues and joint ventures</u>			
Revenues	24,471	-	24,471
Cost of sales	(21,131)	-	(21,131)
Administration and selling and distribution expenses	(1,322)	(403)	(1,725)
Interest revenue	7	-	7
Finance cost	(1,996)	-	(1,996)
Other revenues, net	496	-	496
Profit (loss) for the year	525	(403)	122
	50%	50%	
Group's share of the year results	263	(202)	61
Group's share of prior year results***	-	(56)	(56)
Group's share of profit (loss) from joint ventures	263	(258)	5

*** Prior year adjustments represent differences between draft financial statements and final audited financial statements of Jordan Industrial Ports Company.

The estimated cost to renovate the industrial port of Aqaba as of 31 December 2016 is approximate JD 79,728 thousand where JPMC's share of which is JD 39,864 thousand.

(In Thousands of Jordanian Dinars)

(6) INTANGIBLE ASSETS

The details of this item is as follows:

	2016	2015
Fertilizers unit goodwill*	16,680	20,754
New phosphate port**	146,265	152,624
	162,945	173,378

* FERTILIZERS UNIT GOODWILL:

During 1986 the Group acquired Jordan Fertilizers Industry Company (“JFIC” or “the Fertilizers Unit”) regarding the Economic Security Committee decision no. 16/86 dated 15 June 1986, whereby all assets and certain liabilities have been transferred to the Group.

Goodwill represents the excess of the cost of purchase over the Group's interest in the net fair value of the JFIC identifiable assets and liabilities at the date of acquisition in 1996.

Impairment test of goodwill

The recoverable amount of the Fertilizers Unit has been determined based on the value in use calculation using the projected cash flows based on financial budgets and projections prepared by the Group. The pre-tax discount rate applied is 14.1%. The projections were prepared based on the production capacity and the expected prices of raw material and finished goods as published by specialized international organization. Based on the impairment test of goodwill an impairment loss of 4,074 thousand was recorded.

Key assumptions used:

The key assumptions to calculate the value in use for the Fertilizers Unit and which were used by management to prepare the projected cash flows for the impairment test of goodwill were as follows:

Projected sales:

The quantities sold during 2016 were used to build up the projected 5 years future sales.

Projected costs:

Except for raw material prices, the actual levels of costs in 2016 were used to build up the projected 5 years cost.

Discount rate:

The discount rate used reflects the management's estimate of the risks specific to the fertilizer unit and to the industry to determine the weighted average cost of capital which represent the discount rate used of 14.1%.

Raw materials and selling prices:

Estimated selling prices and prices of raw materials are based on management expectations. Fertilizers chemical products prices are obtained from published information issued from international specialized organization and it has been adjusted on historical cost to reflect the purchase prices including Cost and Freight (CFR) Aqaba / Jordan.

Sensitivity to changes in assumptions:

With regard to the assessment of value in use of the fertilizer unit, management believes that no reasonably possible changes in any other above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

**** NEW PHOSPHATE PORT:**

During 2014, the Company capitalized the new phosphate port project as intangible assets in accordance with IFRIC 12 (Service Concession Arrangements), where the total cost of the project represents the license to use and operate the new port for a period of 26 years, after that the port will be handed over to Aqaba Development Corporation / Aqaba Special Economic Zone Authority. The Company started to amortize the intangible assets related to the new phosphate port terminal from the first of January 2014. The amortization expense for the year ended 31 December 2016 amounted to JD 6,359 thousand (2015: JD 6,359 thousand) was recorded within new phosphate port terminal expenses (Note 37).

(In Thousands of Jordanian Dinars)

Movement on new phosphate port is as follows.

	2016	2015
At 1 January	152,624	158,983
Amortization for the year	(6,359)	(6,359)
At 31 December	146,265	152,624

The asset deferral provision when the license to use and operate the new port expires is JD 13,775 thousand as 31 December 2016 (2015: JD 12,993 thousand). The obligation is measured at the present value of estimated future cash flows using an average interest rate of 6.5%.

The movement on the asset deferred provision is as follows:

	2016	2015
At 1 January	12,993	12,197
Present value discount	782	796
At 31 December	13,775	12,993

(7) EMPLOYEES' HOUSING LOANS

	2016	2015
At 1 January	6,378	6,199
Net movement during the year	(801)	1,544
Present value discount	(96)	(1,365)
At 31 December	5,481	6,378

The Group grants its classified employees, who have been in service with the Group for not less than seven years, interest-free housing loans at a maximum amount of JD 30 thousand per employee. The loans are repayable in monthly installments, deducted from the employees' monthly salaries over a period not to exceed 15 years. These loans are guaranteed by a mortgage over the real estate.

Housing loans are initially recorded at fair value which is calculated by discounting the monthly installments to their present value using an interest rate which approximates the interest rate for similar commercial loans, and subsequently measured at amortized cost using the effective interest rate method.

(In Thousands of Jordanian Dinars)

(8) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2016	2015
Quoted shares	174	249
Unquoted shares*	278	278
	452	527

* Unquoted financial assets at fair value through other comprehensive income are recorded at cost, the Group's management believes that book values of these assets do not materially vary from their fair value as of 31 December 2016 and 2015.

The Group's ownership percentage in some of these investments exceeds 20% of investees' net assets, and are not classified as investments in associates due to a board decision. Therefore, these investments are classified as financial assets at fair value through other comprehensive income.

(9) LOANS RECEIVABLE

The balance represents loans granted to associated companies of the Group (Jordan Abyad Fertilizers and Chemicals Company, Manajim for Mining Improvements Company and Jordan India Fertilizers Company). Long-term loans receivable are subject to annual interest rates between 6% and 8.25%.

		2016		2015	
		Loan payments		Loan payments	
	Currency	Due within one year	long-term	Due within one year	Long-term
Jordan India Fertilizers Company (Note 5)	USD	-	-	16,312	-
Jordan Abyad Fertilizers and Chemicals Company – net*	USD	-	3,564	-	2,174
Jordan Abyad Fertilizers and Chemicals Company – net*	JD	-	3,217	-	4,402
Manajim for Mining Improvements	JD	-	-	3,250	-
		-	6,781	19,562	6,576

* Included in this item an amount of JD 2,498 thousand, which represents the net present value of the debit loans related to Jordan Abyad Fertilizers and Chemicals Company, calculated based on the expected future cash inflows using the market weighted average interest rate.

(In Thousands of Jordanian Dinars)

(10) PRODUCTION AND DEVELOPMENT STRIPPING COSTS

Movement on the production stripping cost is as follows:

	2016	2015
At 1 January	28,664	33,360
Additions for the year	14,680	7,287
Amortization for the year	(13,250)	(12,424)
(Elimination) addition of Group's share of associate's income related to transactions between the Group and associates	(34)	441
At 31 December	30,060	28,664

(11) INVENTORIES, SPARE PARTS AND SUPPLIES

	2016	2015
Finished goods	54,081	61,009
Work in progress (Note 35)	35,775	44,455
Raw materials	24,424	19,893
Inventory held by contractors	12,534	11,392
Spare parts and supplies	95,789	94,199
	222,603	230,948
Provision for slow moving spare parts*	(22,709)	(20,664)
	199,894	210,284

* Movement in the provision for slow-moving spare parts was as follows:

	2016	2015
At 1 January	20,664	19,663
Provision for the year	2,045	1,001
At 31 December	22,709	20,664

(In Thousands of Jordanian Dinars)

(12) ACCOUNTS RECEIVABLE

	2016	2015
Trade receivables	60,129	68,333
Due from associated companies (Note 39)*	81,891	65,718
Other	7,700	7,446
	149,720	141,497
Allowance for doubtful debts	(20,961)	(20,961)
	128,759	120,536

* Included in this item an amount of JD 5,076 thousand which represents the net present value of the amount due from Jordan Abyad Fertilizers and Chemicals Company, calculated based on the expected future cash inflows using the market weighted average interest rate.

The Group's policy with regard to trade receivables and related parties receivables is a collection period that does not exceed 90 days.

As at 31 December, the aging analysis of trade receivables is as follows:

	Neither past due nor impaired			
	Less than 90 days	90 – 180 days	More than 180 days	Total
2016	16,461	30,407	81,891	128,759
2015	47,164	7,654	65,718	120,536

The management of the Group expects unimpaired receivables, on the basis of past experience, to be fully recoverable. The majority of the Group’s sales are made through letter of credits.

(In Thousands of Jordanian Dinars)

(13) OTHER CURRENT ASSETS

	2016	2015
Payments on letters of credit	10,872	7,073
Advance payments on sales tax	6,934	6,113
Prepaid expenses	4,987	4,020
Accrued interest revenue*	2,452	2,859
Others	425	384
	25,670	20,449

* Included in this item an amount of JD 975 thousand which represents the net present value of the accrued interest of debit loan related to Jordan Abyad Fertilizers and Chemicals Company, calculated based on the expected future cash inflows using the market weighted average interest rate.

(14) CASH ON HAND AND AT BANKS

For the purpose of the consolidated statement of cash flow, cash and cash equivalents consist of the following amounts which appears in the consolidated statement of financial position:

	2016	2015
Cash at banks*	13,682	41,814
Cash on hand	63	98
	13,745	41,912
Less: Bank overdrafts (Note 22)	(101,512)	(70,417)
	(87,767)	(28,505)

* Cash at banks include current accounts in United States Dollars bearing annual average interest rate of maximum 1% for the years ended 31 December 2016 and 2015.

Cash at banks include short-term deposits accounts in Jordanian Dinars bearing annual interest rate average between 3% and 3,75% (2015: Between 4% and 5%).

(15) EQUITY ATTRIBUTABLE TO EQUITY HOLDERS

Paid-in capital

The Group's authorized, subscribed and issued capital amounted to JD 82,500 thousand which comprises of 82,500 thousand shares at par value of JD 1 per share. The general assembly for JPMC plc shareholders has decided in the normal meeting held on April 14th 2016 to officially approve a capitalization of JD 7,500 thousand from retained earnings and distribution as free share on shareholders.

Statutory reserve

As required by the Jordanian Companies Law, 10% of the annual net income for the year before income tax is to be transferred to the statutory reserve until it reaches 25% of the Group capital. However the Group may continue transferring to the statutory reserve up to 100% of the Group capital if general assembly approval is obtained. This reserve is not available for distribution to the shareholders.

Voluntary reserve

The amount accumulated in this reserve represents the transfers from net income before income tax at a maximum of 20%. This reserve is available for distribution to the shareholders.

Special reserve

The amount accumulated in this reserve represents the transfers from net income before income tax at a maximum of 20%. This reserve is available for distribution to the shareholders.

(In Thousands of Jordanian Dinars)

(16) LOANS

		2016		2015	
	Currency	Due within one year	long-term	Due within one year	Long-term
International Finance Corporation	USD	11,681	11,625	11,680	23,306
Arab Bank loan (1)	USD	-	40,427	-	-
Arab Jordanian Investment Bank	USD	-	2,124	-	-
Arab Bank loan	USD	-	-	4,885	-
Housing Bank for Trade and finance Loan	USD	7,080	21,240	7,080	24,780
Union Bank Loan	USD	2,832	8,496	2,832	11,328
Arab Banking Corporation revolving loan	USD	7,074	-	7,080	-
Arab Bank revolving loan (2)	USD	7,080	-	7,080	-
Capital Bank	USD	2,961	-	-	-
		38,708	83,912	40,637	59,414

International Finance Corporation (IFC) Loan

On 26 March 2010, Group signed a loan agreement with the International Finance Corporation (IFC) in the amount of USD 110 million for a period of nine years including two years grace period and payable in 14 equal semi-annually installments amounting to JD 5,840 thousand for each installment at an interest rate of six months LIBOR +3.5%. The loan is divided into two parts: loan (A) in the amount of USD 50 million and loan (B) in the amount of USD 60 million. The purpose of the loan agreement is to finance the construction and operation of new rock phosphate terminal in the southern industrial zone in the port of Aqaba on (Building Operating and Transfer) BOT basis. The new terminal total cost was JD 153,144 thousand. The first installment for both loans (A) and (B) was paid on 15 June 2012, and the last installment for both loans (A) and (B) will be due on 15 December 2018.

Arab Bank Loan (1)

Jordan Phosphate Mining Company signed a USD 96 Million loan agreement with Arab Bank. On January 5, 2016 the first part of the loan agreement with the amount of USD 50 Million was signed between the group and Arab Bank. On July 21, 2016 the second part of the loan agreement with the amount of USD 46 Million was signed between the Group and the Arab Bank, in order to fully finance Jordan Phosphate Mining Company's share in industrial Jordanian Ports Company to develop and update the industrial port in Aqaba. The loan holds a LIBOR interest rate of 6 months adding to it Margin of 2.75% for the first 7 years of loan period. With Libor price of 6 months adding the margin of 2.8% from the 8th year till the end of loan period, the loan has a 15 years period including 2 years grace period. The loan is paid through equally semiannually installments, the value of each USD 3,65 Million. The first installment is due on January 15, 2018, and the last installment is payable on July 15, 2030. The first part of the loan was with routed during the first quarter of 2016. An amount of USD 7.1 Million was dratted from second part of the loan during the first Quarter of 2016.

Certain loan agreements contains coveralls relating to financial periods in the Groups financial statements, other terms apply. Moreover, these loan agreements gives the lender the whole right to ask for full payment of loans amount in case covenants of non – compliance with the agreed upon terms.

Arab Jordanian Investment Bank

On December 27, 2016 a loan agreement was signed with Arab Jordanian Investment Bank with the amount of USD 3 Million, having the LIBOR interest rate of 3 months+ 3%, with a minimums of 3% annual interest loan for a 4 years period that includes a one year grace period. The loan is payable through quarterly paid installments, that starts after the passing of 12 months of singing the agreement. The first installments is due on January 15 2018, and the last installment is due on July 15, 2020.

Housing Bank for Trade and Finance Loan

On 22 December 2015, the Group signed a loan agreement with Housing Bank (Bahrain Branch) in the amount of USD 50 million to finance employees end-of-service expense bearing an interest rate of 3 months LIBOR + 3% with a minimum interest rate of 4% yearly. The loan is payable in 10 equal semiannual installments of USD 5 million. The loan was fully utilized on 6 January 2015. The first installment was paid on 22 December 2015 and the last installment will be due on 15 May 2020. The Bank is entitled to guarantee claims in case the average price per phosphate ton decrease by less than USD 60.

(In Thousands of Jordanian Dinars)

Union Bank Loan

On 6 October 2015, the Group signed an agreement with Union Bank in the amount of USD 20 million to finance the compensation and end-of-service fund bearing an interest rate of 3 months LIBOR + 2.75% with a minimum interest rate of 3.25% yearly. The loan's duration is 6 years with a grace period of 1 year. The loan is payable in 5 annual installments of USD 4 million. First installment is payable on 6 October 2016 and last installment on 6 October 2020.

Arab Banking Corporation Revolving Loan

On 22 May 2014, the Group signed a revolving loan agreement with Arab Banking Corporation with a ceiling of USD 10 Million to finance the working capital, at an annual interest of one month LIBOR + 1.5%. The loan was fully utilized during 2014 and should be fully paid within maximum 13 months from the utilization date.

Arab Bank Revolving Loan (2)

On 3 July 2014, the Group signed a revolving loan agreement with Arab Bank with a ceiling of USD 10 Million to finance to finance letters of credit, at an annual interest of one month LIBOR +2%. The loan was fully utilized during 2014 and should be fully paid within 1 month from the utilization date and / or the collection date of the letter of credit from customers, whichever is earlier.

Capital Bank Loan

On November 27, 2016 the Group has used credit with the amount at USD 4,183 thousand with 3.6% interest rate. The loan is due within 6 months of withdrawal date.

Loans repayments schedule:

The aggregate amounts of annual principal maturities of long-term loan are as follows:

Year	Amount in JD' 000
2018	25,146
2019	13,520
Thereafter	45,246
	83,912

Certain loan agreements contain covenants relating to financial ratios and others relating to additional borrowings. The loan agreements give the lender the right to ask for full repayment of the loans in case of non-compliance with the stated covenants.

The loan agreement with the International Finance Corporation stipulates that the Group do not enter into any agreement or arrangement to lease any property or equipment of any kind, except the Land Lease and only to the extent the aggregate lease payments do not exceed the equivalent of USD 10,000,000 (equivalent to JD 7,080,000) in any Financial Year. Furthermore, the agreement stipulates that the Group does not enter into any Derivative Transaction or assume the obligations of any party to any Derivative Transaction. The agreement also stipulates that the JPMC should maintain a debt service ratio of not less than 1.5 times, a current ratio of not less than 1.5 times and liabilities to net equity ratio not more than 2 times.

The Group did not comply with the covenants of the International Finance Corporation loan agreement, when current assets to current liabilities ratio has reached 1.2 as of December 31, 2016, noting that the Group has received a waiver letter form loan the IFC on March 17 2016, where the current assets to current liabilities ration was adjusted to be 1.2 instead of 1.5 for 18 months period starting from January 1, 2016 till June 30, 2017. Also, the Group didn’t comply with the debt service coverage ratio which have reached 0.73 point instead of 1.5 points, the group is working with the International Finance Corporation to obtain a waiver letter during April 2017.

The loan agreement with Arab Bank stipulates that the Group do not enter into an agreement with another bank for an amount exceeding USD 50 million without the bank’s prior approval, Furthermore, the agreement stipulates that JPMC should maintain a debt service ratio of not less than 1.25 times and a current ratio of not less than 1.2 times and liabilities to net equity ratio not more than 1.5 times. Furthermore, the agreement stipulates that the group does not pledge it’s shares in the Industrial Ports Company to other party without the bank’s prior approval, also the Group do not distribute Dividends exceeding 75% of the Company’s capital, also no distributions should be made when loan installments are due.

The Group did not comply with some of the Arab Bank covenants, when debt service coverage ratio was 0.73 points instead of 1.5 points. The Group has received a waiver letter from Arab Bank in16 March 2017 for a year starting 1 January 2017.

(In Thousands of Jordanian Dinars)

(17) COMPENSATION AND END-OF-SERVICE INDEMNITY PROVISIONS

The movement on the end-of-service indemnity provision is as follow:

	2016				
	Compensation Fund**	Engineers Specialty Allowances****	End of Service Bonus Compensation* ****	Six months Bonus compensation	Total
	Thousand	Thousand	Thousand	Thousand	Thousand
At 1 January	4,233	18	10,625	280	15,156
Provision during the year	30	-	197	56	283
Payments during the year	(4,080)	-	-	(21)	(4,101)
At 31 December	183	18	10,822	315	11,338

	2015					
	Compensation Fund**	Employee End-of-Service Indemnity***	Engineers Specialty Allowances ****	End of Service Bonus Compensation ****	Six months Bonus compensation	Total
At 1 January	4,333	74	18	29,201	2,649	36,275
Provision during the year	577	13	-	1,141	318	2,049
Transfers to employees*	-	-	-	(19,427)	(2,499)	(21,926)
Payments during the year	(677)	(87)	-	(422)	(188)	(1,374)
Actuarial gain	-	-	-	132	-	132
At 31 December	4,233	-	18	10,625	280	15,156

(In Thousands of Jordanian Dinars)

* Transfers includes the following:

	2016	2015
Transferred to Death and Compensation Fund (note 21)	-	15,762
Transferred to employee incentive provision (note 34)	-	3,509
Released during the year	-	2,655
	-	21,926

****** Starting on 1 January 1981, all employees became entitled to be included in the Compensation Fund (ESCF). The Fund contributions were divided between the employee and the employer. Effective 1 August 1999, the employer’s share was amended to become JD 310 and the employee share JD 140 as the total entitlement became JD 450 annually. The Fund balance as of 31 December 2016 represents the accumulated funds that have vested to some employees; the Company’s contributions are recognized as an expense when incurred, under administrative expenses.

*** During 1999 the Company calculated the engineers specialty allowances provision, per a value form count of cassation that includes a final verdict to previous Company’s employee that makes the Company pay a premium for spatiality for employees as part of end of service indemnity.

**** The Company calculated the provision for employees’ end-of-service bonus based on JD 1,000 per each service year for each employee in accordance with the signed agreement with the Jordanian Mines Employees Labor Union on 9 June 2011 and according to the Board of Directors decisions made on the 2 July, 2011 and 28 July 2011 which set the end of service bonus basis.

End-of-service bonus is earned based on years of service. The Company determined its liability for defined end of service bonus as the present value of the obligation at the date of the consolidated financial statements. The obligation resulting from the end-of-service bonus compensation plan is determined using the projected unit credit method and it is computed by an actuarial expert.

This provision includes a surplus of JD 9 Million no decision was taken to transfer this surplus to death and compensation Fund.

(In Thousands of Jordanian Dinars)

Details of employees end-of-service indemnity expense as presented on the consolidated statement of income is as follows:

	2016	2015
Interest cost	90	511
Cost of current service	107	630
Reversed employees incentives provision	-	(19,427)
	197	(18,286)

(18) EARLY RETIREMENT OBLIGATIONS

The following table reconciles the funded status of the defined benefit plan (early retirement plan) to the amount recognized in the statement of financial position:

	2016	2015
Present value of unfunded obligation	137	1,382
Curtailments and settlements	(137)	(1,245)
Liability recognized in the consolidated statement of financial position	-	137

The movements in the liability recognized in the consolidated statement of financial position were as follows:

	2016	2015
At 1 January	137	1,382
Early retirement expense	-	90
Payments of bonuses and salary difference to retirees	(118)	(417)
Provision reduction during year*	(19)	(918)
Net liability at 31 December	-	137

(In Thousands of Jordanian Dinars)

(19) ACCOUNTS PAYABLE

	2016	2015
Due to associates (Note 39)	49,270	51,040
Due to contractors	13,817	8,084
Due to foreign suppliers	3,418	870
Due to local suppliers	1,620	2,492
Electricity company	5,926	13,090
Other	5,164	3,452
	79,215	79,028

(20) ACCRUED EXPENSES

	2016	2015
Mining fees	8,846	17,623
Inventory held by contractors	12,534	11,392
Accrued contractors expense	6,721	6,725
Accrued production bonus	40	766
Accrued rent	139	2,568
Interest expense	476	393
Sales agents' commissions	543	614
Freight and transportation fees	4,417	3,902
Demurrage and unloading expense	1,306	1,393
Sales rebates	1,481	1,368
Port fees	1,466	1,087
Fuel, electricity and water expenses	1,491	1,484
Accrued medical insurance	1,313	1,203
Accrued agriculture service fees	2,990	2,099
Accrued balances for affiliate companies	7,373	-
Other	3,289	3,972
	54,425	56,589

(In Thousands of Jordanian Dinars)

(21) OTHER CURRENT LIABILITIES

	2016	2015
Advanced collected payments	10,349	750
Deposits and other provisions	5,493	5,556
Death and compensation fund	2,982	1,431
Contractor retention	2,217	3,394
Cash received under letters of guarantees	2,357	2,357
Other	3,590	3,910
	26,988	17,398

* The movement on the Death and Compensation Fund is as follows:

	2016	2015
At 1 January	1,431	-
Company's contribution	15,640	10,677
Employees contribution	862	1,105
Transferred form compensation and end-of-service provision (Note 17)	-	15,762
Transferred from other period	-	101
Paid during the year	(14,951)	(26,214)
	2,982	1,431

During March 2015, the Group established a Death and Compensation Fund in accordance with the Board of Directors resolution dated 12 March 2015. The Fund is independent from the Group (financially and administratively) and is effective starting 1 April 2015.

The Fund resources consist of the following:

- Employees' contribution of 1% of gross salary subject to social security with a minimum annual contribution of JD 240.
- Company's contribution of 25% of gross monthly salaries subject to social security.
- Donations and grants.

The Fund grants the employees included in this Fund upon their end-of-service, an average of two-month salary bonus for each service year with a maximum of 23 service years. The salary bonus is determined based on the last salary subject to social security with a maximum salary of JD 4,000.

The Company's financial obligations toward the Fund is limited to the contribution of 25% of gross monthly salaries subject to social security. Accordingly, the Company is not legally obligated in case the Fund was not able to pay its obligations.

(In Thousands of Jordanian Dinars)

(22) DUE TO BANKS

This balance represents the utilized amount of overdraft facilities granted by local banks with a ceiling of JD 37,500 thousand as of 31 December 2016 (2015: JD 46,500 thousand) for the JD accounts, and USD 71,500 thousand as of 31 December 2016 (2015: USD 60,500 thousand) for the USD accounts. The Group had an agreement with a local bank to exceed the ceiling of the USD overdraft facility by USD 18,000 thousand guaranteed by the export letters of credit received by the Company. Average interest rates on those overdrafts facilities ranged between 7.25% and 8.5% in 2016 (2015: between 7.25% and 8.5%) for the JD accounts, and LIBOR plus 1% to 2% for the USD accounts with a maximum of 4.875%.

(23) INCOME TAX

Income tax expense (benefit) presented in the consolidated income statement represents the following:

	2016	2015
Current year income tax	4,704	9,757
Amount released from deferred tax asset	1,147	8,261
Prior year tax	-	270
Deferred tax assets	(594)	(4,540)
	5,257	13,748

(A) Income tax payable

Movement in the provision for income tax was as follows:

	2016	2015
At 1 January	3,599	434
Income tax expense for the year	4,704	9,757
Prior year’s tax	-	270
Income tax paid	(7,783)	(6,862)
At 31 December	520	3,599

(In Thousands of Jordanian Dinars)

(B) Reconciliation of the accounting profit to taxable profit

The details of computed income tax is as follows:

	2016					
	Phosphate	Fertilizer	Indo Jordan*	Nippon Jordan*	Al Ro'ya	Total
Accounting profit	(14,148)	(47,515)	(19,057)	(4,117)	(46)	(84,883)
Non-taxable profits	(10,662)	(3,463)	19,057	4,117	-	9,049
Non-deductible expenses	35,495	1,611	-	-	1,937	39,043
Taxable income	10,685	(49,367)	-	-	1,891	(36,791)
Provision for income tax	4,326	-	-	-	378	4,704
Effective income tax rate	-	-	-	-	-	-
Enacted income tax rate	24%	5%	-	-	20%	

	2015					
	Phosphate	Fertilizer	Indo Jordan*	Nippon Jordan*	Al Ro'ya	Total
Profit before tax	51,414	(17,642)	11,038	3,598	(14)	48,394
Non-taxable profits	(56,343)	(13,835)	(11,038)	(3,598)	-	(84,814)
Non-deductible expenses	30,553	4,289	-	-	1,232	36,074
Taxable income	25,624	(27,188)	-	-	1,218	(346)
Provision for income tax	9,513	-	-	-	244	9,757
Effective income tax rate	18.5%	-	-	-	-	20.2%
Enacted income tax rate	24%	5%	-	-	20%	-

* No income tax is calculated on Indo-Jordan's and Nippon Jordan's results because both companies are registered in the free zone which is exempted from the income tax at 100%.

(In Thousands of Jordanian Dinars)

(C) Deferred tax assets

Movement in the provision for income tax was as follows:

	2016	2015
At 1 January	7,090	10,811
Additions during the year	594	4,540
Released during the year	(1,147)	(8,261)
At 31 December	6,537	7,090

The income tax provision for the year ended at 31 December 2016 has been calculated in accordance with the Income Tax Law No. (34) of 2014 and in accordance with the Aqaba Special Economic Authority Law (32) of 2000 for the Fertilizers Unit.

The income tax provision for the year ended at 31 December 2015 has been calculated in accordance with the Income Tax Law No. (34) of 2014 and in accordance with the Aqaba Special Economic Authority Law (32) of 2000 for the Fertilizers Unit.

Phosphate Unit

The Company submitted its' tax declarations for the Phosphate Unit for the years 2014, 2013 and 2012. The Income and Sales Tax Department has reviewed the tax returns for the yeas 2013 and 2012 without final settlement as of the date of the consolidated financial statements, the tax return for the year 2014 has been accepted on the sample basis system. Regarding 2015, the Income and Sales Tax Department has not reviewed the records of the Phosphate Unit up to the date of the consolidated financial statements. The Company reached a final settlement with the income tax department for the Phosphate Unit up to 2011.

Fertilizer Unit

The Company submitted its' tax declarations for the Fertilizers Unit for the years 2015, 2014, 2013 and 2012. The Income and Sales Tax Department / Aqaba Special Economic Zone Authority has not reviewed the records of the Fertilizers Unit up to the date of the consolidated financial statements. The Income and Sales Tax Department / Aqaba Special Economic Zone Authority have reviewed the records of the Fertilizer Unit for the year 2011 and did not issue its' final report up to the date of the consolidated financial statements. The Company reached a final settlement with the income tax department / Aqaba Special Economic Zone Authority for the fertilizers Unit up to 2010.

(In Thousands of Jordanian Dinars)

(24) SALES/ COST OF SALES

	Sales	Cost of sales	Gross profit
Phosphate unit	367,040	(235,718)	131,322
Fertilizers unit	99,172	(137,811)	(38,639)
Indo Jordan	40,875	(55,297)	(14,422)
Nippon	35,870	(37,448)	(1,578)
Trading in raw materials	6,740	(5,690)	1,050
	549,697	(471,964)	77,733

	2016	2015
Finished goods at 1 January	61,009	53,247
Production costs (Note 35)	465,036	572,433
Finished goods at 31 December	(54,081)	(61,009)
	471,964	564,671

Included in the Fertilizer Unit's production costs are amounts of JD 2,012 thousand and JD 2,105 thousand for 2016 and 2015 respectively, which represent mining fees on rock phosphate used in the fertilizer unit production (Note 28).

(25) SELLING AND MARKETING EXPENSES

	2016	2015
Sales commissions	2,347	2,733
Export department	906	1,665
Packaging materials	501	686
Income tax on marine freight	280	345
Demurrage and unloading expenses	53	185
Bank charges on letters of credit	726	845
Governmental fees on agriculture services	891	876
Other sales and marketing expenses	3,671	2,110
	9,375	9,445

(In Thousands of Jordanian Dinars)

(26) ADMINISTRATIVE EXPENSES

	2016	2015
Salaries and wages	8,058	8,955
End-of-service benefits and compensation fund contributions	3,726	7,730
Paid vacations and end-of-service benefits	49	161
Employees Saving Fund contributions	370	384
Post-Retirement Health Insurance contributions	2,251	2,739
Employees' Health Insurance Fund contributions	345	393
Employer's Social Security contributions	962	880
Medical expenses	422	299
Travel and per diems	736	669
Depreciation	585	587
Post and telephone	163	173
Subscriptions and exhibitions	270	164
Legal expenses and lawyer fees	531	459
Rent	82	170
Advertising	133	203
Stationery	94	117
Utilities	224	241
Hospitality	219	202
Maintenance and spare parts	292	291
Scientific research and development	823	918
Fees, taxes and stamps	487	346
Insurance fees	72	109
Other	2,769	2,809
	23,663	28,999

(27) RUSSIEFAH MINE EXPENSES

	2016	2015
Salaries and wages	320	511
Employer's social security contributions	32	64
Employees Saving Fund contributions	12	18
Employees Health Insurance Fund contributions	28	35
Medical expenses	21	11
Scientific research and development	1,326	1,433
Depreciation	32	27
Other	126	438
	1,897	2,537

(In Thousands of Jordanian Dinars)

(28) MINING FEES

The Group is subject to mining fees to the Jordanian Government on each ton of phosphate rocks exported, sold locally or used in the Group's projects. Mining fees is calculated as 5% of gross revenue or JD 1.42 per ton of phosphate, whichever is higher.

Mining fees incurred for the years 2016 and 2015 are as follows:

	2016	2015
Mining fees on exported and locally sold Phosphate	19,195	22,809
Mining fees on Phosphate used by the Fertilizers Unit (Note 24)	2,012	2,105
	21,207	24,914

(29) OTHER INCOME, NET

	2016	2015
Net income from sales of supplies	(1,929)	1,091
Early vessels revenue	824	474
Dividends income	90	219
Reversed slow moving provision	(10,063)	-
Excess provisions released	-	4,206
Settlement of insurance claims	1,478	324
Other	3,437	4,128
	(6,163)	10,442

(30) FINANCE COSTS

	2016	2015
Interest on loans	4,216	3,894
Bank interest	4,956	5,484
Present value discount for phosphate port	782	796
Present value discount on due from related parties amounts	4,727	-
Other	124	1,378
	14,805	11,552

(In Thousands of Jordanian Dinars)

(31) FINANCE INCOME

	2016	2015
Interest income on banks' current accounts and deposits	715	1,344
Interest on loans receivable	591	1,130
	1,306	2,474

(32) EARNINGS PER SHARE

	2016	2015
Profit for the year attributable to Company's shareholders (thousand JD's)	(88,821)	33,764
Weighted average number of shares during the year (thousand shares)	82,500	75,000
	JD/Fils	JD/Fils
Basic earnings per share*	(1/077)	0/450

* The diluted losses / earnings per share attributable to Company's shareholders are equal to the basic earnings per share.

(33) SEGMENT INFORMATION

The operating segments are organized and managed separately according to the nature of the products and service provided. Each segment represents a separate unit which is measured according to the reports used by the chief operating decision maker of the Group.

The Phosphate Unit extracts mines and sells phosphate in the local and international market as well as to associated companies.

The Fertilizer Unit purchases the phosphate from the Phosphate Unit and uses it in the production of Fertilizers and Phosphoric Acid and Aluminum Fluoride to be sold to the international and local markets as well as the associated companies.

Indo-Jordan (Subsidiary) produces phosphoric acid and other chemicals by-products and sells to international and associated companies.

Nippon (Subsidiary) produces fertilizers and other chemical by-products and sells to international and associated companies

The raw material trading unit purchases raw materials and explosives and uses them in mining and fertilizers production as well as selling them in the local and international market as well as the associated companies.

(In Thousands of Jordanian Dinars)

	Phosphate unit	Fertilizers unit	Indo-Jordan	Nippon	Other	Trading in Raw Materials	Eliminations	Total
31 December 2016								
Revenues								
External sales	367,040	99,172	40,875	35,870	-	6,740	-	549,697
Inter-segment sales	57,116	18,538	6,174	-	-	-	(81,828)	-
Total Sales	424,156	117,710	47,049	35,870	-	6,740	(81,828)	549,697
Cost of sales	(235,718)	(137,811)	(55,297)	(37,448)	-	(5,690)	-	(471,964)
Gross profit	188,438	(20,101)	(8,248)	(1,578)	-	1,050	(81,828)	77,733
Segment results								
(Loss) profit before tax, finance costs, interest income and exchange difference	(1,092)	(48,437)	(19,011)	(4,713)	(46)	1,050	-	(72,249)
Finance (costs) income and exchange difference	(13,002)	(182)	(46)	596	-	-	-	(12,634)
(Loss) profit before tax	(14,094)	(48,619)	(19,057)	(4,117)	(46)	1,050	-	(84,883)
(Loss) profit for the year	(18,924)	(48,667)	(19,057)	(4,117)	(425)	1,050	-	(90,140)
Share of profit of associates and joint ventures	(12,363)	-	-	-	-	-	-	(12,363)
Non-controlling interest	-	-	-	(1,319)	-	-	-	(1,319)
Other segment information								
Capital expenditures	1,909	4,979	2,308	700	33	-	-	9,929
Depreciation	7,224	8,310	8,550	995	154	-	-	25,233

(In Thousands of Jordanian Dinars)

	Phosphate unit	Fertilizers unit	Indo-Jordan	Nippon	Other	Trading in Raw Materials	Eliminations	Total
31 December 2015								
Revenues								
External sales	423,614	113,459	90,270	96,090	-	26,741	-	750,174
Inter-segment sales	74,946	36,116	11,128	-	-	-	(122,190)	-
Total Sales	498,560	149,575	101,398	96,090	-	26,741	(122,190)	750,174
Cost of sales	(245,426)	(127,562)	(75,966)	(90,488)	-	(25,229)	-	(564,671)
Gross profit	253,134	22,013	25,432	5,602	-	1,512	(122,190)	185,503
Segment results								
Profit (loss) before tax, finance costs, interest income and exchange difference	60,629	(18,823)	11,166	2,769	(14)	1,512	-	57,239
Finance (costs) income and exchange difference	(9,208)	(338)	(128)	829	-	-	-	(8,845)
Profit (loss) before tax	51,421	(19,161)	11,038	3,598	(14)	1,512	-	48,394
Profit (loss) for the year	38,531	(19,775)	11,038	3,598	(258)	1,512	-	34,646
Share of profit of associates and joint ventures	(274)	-	-	-	-	-	-	(274)
Non-controlling interest	-	-	-	882	-	-	-	882
Other segment information								
Capital expenditures	8,333	4,727	3,431	323	2	-	-	16,816
Depreciation	6,415	6,217	8,526	980	157	-	-	22,295

	Phosphate unit	Fertilizers unit	Indo-Jordan	Nippon	Other	Total
Assets and Liabilities as at 31 December 2016						
Assets	532,031	213,142	87,273	29,303	1,080	862,829
Investment in associates and joint ventures	273,466	-	-	-	-	273,466
Liabilities	371,399	28,236	7,842	2,638	1,336	411,451
Assets and Liabilities as at 31 December 2015						
Assets	577,608	212,737	102,084	44,542	1,170	938,141
Investment in associates and joint ventures	236,042	-	-	-	-	236,042
Liabilities	328,074	21,978	4,890	249	774	355,965

(In Thousands of Jordanian Dinars)

Geographical segments

Following is a summary of sales by geographical areas:

	Phosphate unit	Fertilizers unit	Indo-Jordan	Nippon	Raw Materials	Total
2016						
Asia	261,322	93,041	34,095	28,455	-	416,913
Australia	5,462	-	-	-	-	5,462
Europe	11,894	5,237	-	5,439	-	22,570
Africa	-	88	1,528	1,831	-	3,447
Associated and joint ventures companies in Jordan	88,361	-	-	-	-	88,361
Other	1	806	5,252	145	6,740	12,944
	367,040	99,172	40,875	35,870	6,740	549,697
2015						
Asia	321,612	89,687	52,037	44,851	-	508,187
Australia	6,355	-	-	5,086	-	11,441
Europe	15,757	13,985	33,081	45,392	-	108,215
Africa	-	9,190	-	642	-	9,832
Associated companies, Jordan	79,890	-	-	-	-	79,890
Other	-	597	5,152	119	26,741	32,609
	423,614	113,459	90,270	96,090	26,741	750,174

The Group operates in the Hashemite Kingdom of Jordan, accordingly all of its assets and liabilities are within the territory of Jordan, except for the Indonesian project – Petro Jordan Abadi Company which is located in Indonesia.

(34) OTHER PROVISIONS

The details of other provisions included in the consolidated statement of income are as follows:

	2016	2015
Employees' incentives provision*	1,203	-
End-of-service bonus compensation provision (Note 17)	197	1,141
Bonus compensation – six months for subsidiaries (Note 17)	56	318
	1,456	1,459

(In Thousands of Jordanian Dinars)

The details of employees' incentives and retirees grants provision included in the consolidated statement of financial position are as follows:

	2016	2015
Employees' incentives provision*	489	12
Employees' grants provision**	569	585
	1,058	597

* The employees' incentives provision for the year 2011 was calculated based on the Company's Board of Directors decision on 2 July 2011 approved an Early Retirement Incentive Plan for the year 2011 and its associated by-laws (the "Plan"). The Plan is applicable only to those employees who meet its conditions, whereby the Plan may not be combined with either the early retirement incentive plan for the year 2000 or with the end of service bonus. The Plan provides the following benefits to those employees who meet the conditions of the plan:

1- Granting a JD 1,000 bonus for each year of service as of the hiring date and until the termination date.

2- Granting a JD 1,000 bonus for each year of service as of the termination date until attaining the age of seniority (60 years of age for males and 55 years of age for females).

3- Granting a bonus equivalent to four salaries for each year in respect of the first five years of service, a bonus equivalent to three salaries for each year in respect of the second five years of service, a bonus equivalent to two salaries for each year in respect of the third five years of service. For purposes of computing the incentive provided for under the Plan, the remaining years of service must not, in all cases, exceed 10 years for females and 15 years for males.

4- Benefiting from the medical insurance coverage after retirement. Additionally, the employee who does not meet the conditions of the Plan, or the employee who chooses to leave the company but not take advantage of the early retirement program, still has the right to subscribe to the medical insurance coverage after retirement provided that the subscription must be paid for in advance.

Whereby eligibility to the Plan and its entitlements shall not affect the eligible employee's rights to receive his/her end-of-service benefits including the six-month bonus, the compensation and death fund entitlements, or the savings fund entitlements.

(In Thousands of Jordanian Dinars)

Movement on the employees' bonus provision is as follows:

	2016	2015
At 1 January	12	24,310
Provision for the year	1,203	-
Transferred from end-of-service indemnity provision (Note 17)	-	3,509
Paid during the year	(726)	(27,807)
At 31 December	489	12

** On 29 February 2012, the Company's Board of Directors approved the decision to grant the Company's early retirees who retired on early retirement plan for the year 2000 an amount of JD 5,000 for each retiree.

On 20 February 2012, the Company's Board of Directors approved the decision to grant the Company's retirees who retired between the period from 1 January 2002 and 4 June 2011. The amount is calculated based on the following formula and the minimum amount is JD 8,000 for each retiree:

((50% x salary subject to social security x years of service) + (25% x salary subject to social security x remaining years from the termination date until the age of seniority)).

Movement on the employees' grants provision is as follows:

	2016	2015
At 1 January	585	585
Paid during the year	(16)	-
At 31 December	569	585

(In Thousands of Jordanian Dinars)

(35) PRODUCTION COSTS

	2016	2015
Work in progress beginning balance	44,455	78,021
Add:		
Mining contractors	171,377	162,266
Raw materials	74,572	134,611
Raw materials purchases	5,690	25,229
Salaries and other benefits	89,399	90,066
Utilities	35,134	36,147
Fuel and oil	12,455	23,753
Spare parts and consumables	26,364	27,997
Depreciation	24,376	21,472
Other	16,989	17,326
Less: Work in progress ending balance	(35,775)	(44,455)
	465,036	572,433

(36) SALARIES AND EMPLOYEES BENEFITS

	2016	2015
Salaries and allowances	74,661	82,794
Present value of end-of-service bonus compensation	197	1,141
End-of-service and indemnity Fund	15,634	11,041
Social security	8,673	8,788
Saving Fund	2,710	2,930
Employees medical expenses	3,541	2,897
Employees families health insurance	3,356	3,401
The Company's share in the Health Insurance Fund / retirees	2,284	2,767
Employees meals subsidy	918	1,341
Paid end-of-service indemnity	2,286	6,552
	114,260	123,652

(In Thousands of Jordanian Dinars)

(37) NEW PHOSPHATE PORT TERMINAL EXPENSES

	2016	2015
Salaries, wages and other benefits	2,873	2,632
Water and electricity	1,279	1,341
Amortization (Note 6)	6,359	6,359
Property and equipment insurance	524	891
Rent	601	399
Other	361	171
	11,997	11,793

(38) COMMITMENTS AND CONTINGENCIES

Guarantees and letters of credit

As of 31 December 2016, the outstanding letters of credit and letters of guarantee were JD 14,955 thousand and JD 2,856 thousand respectively (2015: JD 12,358 thousand and JD 2,868 thousand; respectively).

The Group has guaranteed 27.38% (Group's share of investment) of the syndicated loans and credit facilities managed by Jordan Ahli Bank, given to Jordan Abyad Fertilizers and Chemicals Company (Affiliate Company), amounting to JD 13,758 thousand as of 31 December 2016. On 6 November 2016, Jordan Ahli Bank credited JD 7,639 thousand to the Company's account, which represents the Company's share of the syndicated loan installment, the credit facilities granted and the accrued interest on Jordan Abyad Fertilizers and Chemicals Company. The company do not have any accounts at Al-Ahli Bank as of 31 December 2016.

The Group has guaranteed 50% of a guarantee issued to Aqaba development Company form Jordanian Industrial Ports Company (affiliate Company) as of December 31, 2016 amounting to JD 2,600 Thousand.

Operating Leases

During 2008, the Group had renewed the agreement with Aqaba Development Company by entering into an operating lease agreement for an area of 3,043 square meters for a period of forty nine years with an annual lease of JD 570 thousands, starting of 2016 the leased area was decreased to 3,022 square meters with the same terms with an annual lease of JD 567 thousands.

Litigation

The Group is a defendant in a number of lawsuits and claims in the ordinary course of business of approximately JD 1,626 thousand. The management of the Group believes that these lawsuits will not have a material effect on the financial statements.

During 1999, the Group withdrew the cash received under letters of guarantee that were issued by the German KHD Company in favor of the Group due to KHD's noncompliance with the terms and conditions of the contract agreement. KHD is the prime contractor of the Company's beneficiation and flotation plant project in the Shidiya.

During January 2000, KHD initiated a lawsuit in a Jordanian court against the Group's withdrawal of the amount of the letters of guarantee and during February 2000, the Group filed a counter suit. Further, during March 2000, KHD started an arbitration procedure to be heard by the International Chamber of Commerce. The Jordanian Supreme Court had decided that KHD had waived its right to arbitration in the International Chamber of Commerce and, accordingly, Jordanian Courts are the relevant legal jurisdiction to hear the lawsuit and the case is still pending.

During October 2004, KHD filed a lawsuit against the Group, claiming amounts under the contract signed between the two parties in respect of the beneficiation and flotation plant project at Shidiya mine.

The total amount of claims relating to lawsuits relating to KHD is JD 12,564 thousand. The Group filed a counter-claim that has reached JD 27,659 thousand representing the cost incurred by the Group in fixing the errors made by KHD during the construction of the project.

Obligations related to rehabilitation of mines and factories

The Group's activities are represented in industrial and mining rights, which may have an impact on the environment. The Group does not have a reliable estimate of this impact. The Group will perform a study to determine the environmental obligations "if any" as a result of the Group's business.

(In Thousands of Jordanian Dinars)

(39) RELATED PARTY TRANSACTIONS

Related parties represent balances with associated companies, major shareholders, directors and key management of the Group and the companies in which they are major shareholders in.

The Group entered into transactions with the associates, related parties and the Hashemite Kingdome of Jordan government in its normal course of business with pricing, policies and term.

The following is a summary of related parties transactions for the years ended 31 December 2016 and 2015:

	Related parties			Total	
	Associated Companies and Joint Ventures	Government of Jordan*	Others**	2016	2015
Consolidated statement of financial position items:					
Accounts receivable	81,891	-	17,433	99,324	87,405
Accounts payable	49,270	-	755	50,025	51,683
Debit loans	6,781	-	-	6,781	26,138
Accrued expenses	7,373	12,826	-	20,199	-
Off consolidated statement of financial position items:					
Guaranteed loans	16,358	-	-	16,358	11,777
Consolidated statement of income items:					
Sales	88,361	-	130,101	218,462	214,831
Purchases	153,820	-	5,695	159,515	152,086
Mining fees	21,207	-	-	21,207	24,914
Port fees	4,074	-	-	4,074	4,265
Other income	18,760	-	371	19,131	19,526
Land lease	-	4,568	-	4,568	4,708

The following transactions have been entered into with related parties:

* The Group purchases goods and services from companies /institutions owned by the Government of Jordan (Major shareholders). The total amounts paid to these companies / institutions amounted to JD 120,360 thousand and JD 98,766 thousand for the years ended 31 December 2016 and 2015 respectively.

** Others include balances and transactions with Jordan Phosphate Mines Company partners in associated companies and projects.

Compensation of the key management personnel was as follows:

	2016	2015
Benefits (Salaries, wages, and other benefits) of senior executive management	1,048	1,056

End-of-service indemnity paid to key management personnel for the year 2016 amounted to JD Zero (2015: JD 441 thousand).

Main transactions with the Government of Jordan:

The nature of the main transactions with related parties was as follows:

- The Company is liable to pay mining fees to the Government of Jordan at rates determined by the government from time to time.
- The Company has an operating lease with the Government of Jordan / Aqaba Special Economic Zone Authority for the land which the Industrial Complex is built on.
- The Company has an operating lease with the Government of Jordan / Aqaba Special Economic Zone Authority for the land which the New Phosphate Port is built on (Note 6).

(In Thousands of Jordanian Dinars)

(40) MATERIAL PARTY-OWNED SUBSIDIARIES

Financial information of subsidiaries in which non-controlling interest is material is as follows:

Company name	Country of incorporation	Nature of activity	Non-controlling interest 2016	Non-controlling interest 2015
Nippon Jordan Fertilizers Company Limited	Jordan	Production and sale of fertilizers and chemical by-products	30%	30%

Summarized financial information of these subsidiaries are provided below. This information is based on amounts before inter-company elimination.

Accumulated balances of material non-controlling interest	2016	2015
Nippon Jordan Fertilizers Company Limited	6,495	10,973

(Loss) profit attributable to material non-controlling interest	2016	2015
(Loss) profit of Nippon Jordan Fertilizers Company Limited	(1,319)	882
Dividends of Nippon Jordan Fertilizers Company Limited	(3,159)	(232)

A. Summarized statement of financial position

	Nippon Jordan Fertilizers Company Limited 2016	Nippon Jordan Fertilizers Company Limited 2015
Current assets	21,123	36,232
Non-current assets	7,951	8,219
Current liabilities	(7,217)	(7,702)
Non-current liabilities	(315)	(280)
Difference between book and market value at acquisition	107	107
Total equity	21,649	36,576
Non-controlling interest in equity	6,495	10,973

(In Thousands of Jordanian Dinars)

B. Summarized statement of profit and loss

	Nippon Jordan Fertilizers Company Limited	
	2016	2015
Sales revenue	35,870	96,090
Cost of sales	(37,745)	(91,144)
Gross profit	(1,875)	4,946
Sales and marketing expenses	(909)	(1,393)
Administrative expenses	(1,676)	(1,602)
Operating profit	(4,460)	1,951
Interest revenue	583	923
Finance cost	(7)	(86)
Other (expense) revenue	(511)	153
Net (Loss) income for the year	(4,395)	2,941
Other comprehensive income	-	-
Total comprehensive income	(4,395)	2,941
Total comprehensive income attributable to non-controlling interest	(1,319)	882

C. Summarized statement of cash flow

	Nippon Jordan Fertilizers Company Limited	
	2016	2015
Operating activities	(1,031)	9,697
Investing activities	202	625
Financing activities	(8,959)	(859)
Net (decrease) increase in cash and cash equivalents	(9,788)	9,463

(In Thousands of Jordanian Dinars)

(41) FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments include financial assets and financial liabilities.

Financial assets include cash on hand and at banks, trade receivables, debt loans and selected other current assets as well as employee housing loans, financial liabilities include due to banks, accounts payable and other current liabilities.

Book values of financial instruments do not materially vary from their fair value.

The Group uses the following methods and alternatives of valuating and presenting the fair value of financial instruments:

– Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

– Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

– Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

	Level 1	Level 2	Level 3	Total
2016	JD ('000)	JD ('000)	JD ('000)	JD ('000)
Financial assets				
Financial assets at fair value through other comprehensive income	174	-	-	174
Financial assets at fair value through profit and loss	182	-	-	182
2015				
Financial assets				
Financial assets at fair value through other comprehensive income	249	-	-	249
Financial assets at fair value through profit and loss	159	-	-	159

(42) RISK MANAGEMENT

A) Interest rate risk

Credit risk is the risk that results from the changes in market value or future cash flows of financial instruments as a result of changes in interest rate.

The Group is exposed to interest rate risk on its interest-bearing assets and liabilities (bank deposits, bank overdraft and term loans).

The following table summaries the sensitivity analysis for the changes in the interest rates over the profit and loss for the Group as of 31 December computed on the Group's assets and liabilities bearing a variable interest rate, with all other variables held constant, on the consolidated statement of income:

Currency	*Increase in interest rates*	*Effect on profit*
	Basis points	*JD'(000)*
2016		
JOD	100	(348)
USD	100	(1,771)
Euro	100	-
2015		
JOD	100	(102)
USD	100	(1,027)
Euro	100	1

The effect of decreases in interest rates by 100 basis points is expected to be equal and opposite to the effect of the increases shown above.

(In Thousands of Jordanian Dinars)

B) Equity price risk

The following table demonstrates the sensitivity of the Group's consolidated statement of income (for financial assets at fair value through profit and loss) and cumulative changes in fair value (for financial assets at fair value through other comprehensive income to reasonably possible changes in equity prices, with all other variables held constant.

	Change in Index	*Effect on Profit*	*Effect on Equity*
2016	*%*	*JD ('000)*	*JD ('000)*
Index			
Amman Stock Exchange	5	9	9
2015			
Index			
Amman Stock Exchange	5	8	12

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

C) Credit risk

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

The Group seeks to limit its credit risk with respect to banks by only dealing with reputable banks and with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables. The majority of the Group's sales are carried out through letters of credit.

The Group sells its products to a large number of phosphate and fertilizers customers. Its largest 8 customers account for 68% of outstanding accounts receivable at 31 December 2016 (2015: largest 8 customers 91%).

(In Thousands of Jordanian Dinars)

D) Liquidity risk

Liquidity risk is defined as the Group failure to provide the required funding to cover its obligations at their respective due dates.

The Group limits its liquidity risk by ensuring bank facilities are available.

The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 December 2016 and 2015, based on contractual payment dates and current market interest rates.

As of 31 December 2016	Less than 3 months	3 to 12 months	1 to 5 years	Total
Due to banks	2,030	107,603	-	109,633
Accounts payable	68,802	10,413	-	79,215
Term loans	-	40,004	87,049	127,053
Total	70,832	158,020	87,049	315,901

As of 31 December 2015	Less than 3 months	3 to 12 months	1 to 5 years	Total
Due to banks	1,408	74,643	-	76,051
Accounts payable	68,615	10,413	-	79,028
Term loans	1,640	40,272	61,693	103,605
Total	71,663	125,328	61,693	258,684

E) Currency risk

Most of the Group's transactions are in Jordanian Dinars and US Dollars and Euro. The Jordanian Dinar exchange rate is fixed against the US Dollar (USD 1/41 JD). Accordingly, the Group is not exposed to significant currency risk in relation to the US Dollar.

(43) CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains 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 years ended 31 December 2016 and 31 December 2015.

During its meeting held on 19 March 2016, the Company's Board of Directors approved the recommendation to the general assembly to capitalize an amount of JD 7,500 thousand from the retained earnings and distribute them to shareholders as stock dividends.

Capital comprises paid in capital, statutory reserve, voluntary reserve, special reserve and retained earnings, and is measured at JD 718,576 thousand as at 31 December 2016 (2015: JD 807,397 thousand).