ARAB POTASH COMPANY
(PUBLIC SHAREHOLDING COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

31 MARCH 2023

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REPORT ON THE REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE CHAIRMAN AND MEMBERS OF THE BOARD OF DIRECTORS OF ARAB POTASH COMPANY
(PUBLIC SHAREHOLDING COMPANY)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Arab Potash Company - Public Shareholding Company ("the Company") and its subsidiaries (together the "Group") as at 31 March 2023, and the related interim condensed consolidated statement of income, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in shareholders' equity and cash flows for the three-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard (IAS) 34 (Interim Financial Reporting). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the independent Auditor of the Entity". A review of Interim financial statements consists of making inquiries, primarily of persons responsible for the financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 (Interim financial reporting).

For and on behalf of PricewaterhouseCoopers "Jordan"

Hazem Hanna Sababa
License No (802)

Certified Public Accountants
pwc
Amman - Jordan

Amman – Jordan
30 April 2023

ARAB POTASH COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023 (UNAUDITED)

	Notes	31 March 2023	31 December 2022
		JD"000" (Unaudited)	JD"000" (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	4	649,920	633,631
Rights of use	5	14,989	15,342
Right of use of leased asset	16	3,184	3,356
Investment in associates	8	6,126	5,902
Investment in joint ventures	8	257,997	231,517
Financial assets at amortized cost	6	20,523	20,555
Deferred tax assets		22,021	22,316
Employees' housing loans		13,181	13,404
Other non-current assets		89,008	88,001
Financial assets at fair value through other comprehensive income		835	835
		1,077,784	1,034,859
Current assets			
Inventories		51,873	42,406
Spare parts and supplies		52,172	52,725
Employees' housing loans		2,700	2,738
Accounts receivable		336,764	282,897
Other current assets	9	40,033	79,130
Cash on hand and bank balances	10	540,997	531,040
		1,024,539	990,936
TOTAL ASSETS		2,102,323	2,025,795
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Paid in share capital		83,318	83,318
Statutory reserve	7	50,464	50,464
Voluntary reserve		80,699	80,699
Fair value reserve		178	178
Re-measurement of post-employment benefit Obligations		(8,155)	(8,155)
Retained earnings		1,332,631	1,368,824
NET SHAREHOLDERS' EQUITY		1,539,135	1,575,328

The attached notes from 1 to 18 are part of these interim condensed consolidated financial statements.

	Notes	31 March 2023	31 December 2022
		JD"000" (Unaudited)	JD"000" (Audited)
Liabilities			
Non-current liabilities			
Death and compensation fund obligations	11	48,489	50,048
Lease liabilities	16	2,363	3,193
Other non-current liabilities		18,514	19,465
		69,366	72,706
Current liabilities			
Lease liabilities	16	893	893
Death and compensation fund obligations	11	3,676	3,731
Potash mining fees due to the government of the Hashemite Kingdom of Jordan		21,399	77,133
Trade payables		18,311	15,055
Other current liabilities	12	266,536	84,671
Income tax provision	14	183,007	196,278
		493,822	377,761
TOTAL LIABILITIES		563,188	450,467
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		2,102,323	2,025,795

General Manager

Senior Executive Vice President of financial and support services

The attached notes from1 to 18 are part of these interim condensed consolidated financial statements.

	Notes	For the three-month period ended 31 March 2023 JD"000" (Unaudited)	2022 JD"000" (Unaudited)
Revenue from contracts with customers	13	230,044	313,817
Cost of sales		(77,107)	(96,648)
Gross profit		152,937	217,169
Administrative expenses		(4,586)	(4,223)
Selling and distribution expenses		(4,888)	(4,664)
Corporate social responsibility expenses		(2,482)	(2,674)
Impairment loss of non-financial assets		(632)	(459)
Potash mining fees	1	(21,399)	(30,395)
Operating profit		118,950	174,754
Interest income		8,073	2,276
Finance costs		(1,807)	(1,313)
Other income, net		777	84
Profit before the Group's share of profit from associates and joint ventures and income taxes		125,993	175,801
Group's share of profit from associates and joint ventures	8	26,704	23,666
Profit before income tax		152,697	199,467
Income tax expense	14	(38,919)	(54,811)
Profit for the period		113,778	144,656
Earnings per share		JD / Fils	JD / Fils
Basic and diluted earnings per share for the period	17	1.366	1.736

The attached notes from 1 to 18 are part of these interim condensed consolidated financial statements.

ARAB POTASH COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023 (UNAUDITED)

	For the three-month period ended 31 March	
	2023	2022
	JD"000" (Unaudited)	JD"000" (Unaudited)
Profit for the period	113,778	144,656
Add: other comprehensive income		
Items that will not be reclassified to profit or loss:		
Actuarial gain from re-measurement of post-employment benefit obligations after tax	-	-
Effect of tax	-	-
Total comprehensive income for the period	113,778	144,656

The attached notes from 1 to 18 are part of these interim condensed consolidated financial statements.

	Paid in share capital	Statutory reserve	Voluntary reserve	Fair value reserve	Re-measurement of post-employment benefit obligations	Retained Earnings	Net Shareholders equity
	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"
For the three months ended 31 March 2023 (unaudited)							
Balance at 1 January 2023	83,318	50,464	80,699	178	(8,155)	1,368,824	1,575,328
Profit for the period	-	-	-	-	-	113,778	113,778
Total comprehensive income for the period	-	-	-	-	-	113,778	113,778
Transactions with shareholders in their capacity as owners:							
Dividends distribution (Note 18)	-	-	-	-	-	(149,971)	(149,971)
Balance at 31 March 2023	83,318	50,464	80,699	178	(8,155)	1,332,631	1,539,135
For the three months ended 31 March 2022 (unaudited)							
Balance at 1 January 2022	83,318	50,464	80,699	133	(14,781)	867,577	1,067,410
Profit for the period	-	-	-	-	-	144,656	144,656
Total comprehensive income for the period	-	-	-	-	-	144,656	144,656
Transactions with shareholders in their capacity as owners:							
Dividends distribution (Note 18)	-	-	-	-	-	(99,981)	(99,981)
Balance at 31 March 2022	83,318	50,464	80,699	133	(14,781)	912,252	1,112,085

The attached notes from 1 to 18 are part of these interim condensed consolidated financial statements.

	Notes	For the three-month period ended 31 March	
		2023	2022
		JD"000" (Unaudited)	JD"000" (Unaudited)
OPERATING ACTIVITIES			
Profit for the period before income tax		152,697	199,467
Adjustments for			
Depreciation of property, plant and equipment		13,787	12,507
Depreciation on right of use of leased asset		172	169
Amortisation		1,078	954
Interest income		(8,073)	(2,276)
Finance costs		1,807	1,313
Group's share of profit from associates and joint ventures	8	(26,704)	(23,666)
End of service indemnity provision		(189)	26
Potash mining fees		21,399	30,395
Provision for slow moving spare parts and Inventory		250	250
Provision for employees' unpaid leaves		(141)	(77)
Employees' legal cases compensation provision		1,835	1,846
Death and compensation provision		-	(58)
Working capital changes:			
Inventories		(9,467)	1,919
Spare parts and supplies		303	(2,333)
Accounts receivable		(53,867)	(74,787)
Other current assets		41	(12,839)
Trade payables		3,256	10,191
Other current liabilities		31,272	(1,477)
Net cash flows generated from operating activities before income tax, mining fees and death and compensation fund obligations paid		129,456	141,524
Income tax paid		(51,892)	(22,943)
Potash mining fees paid		(77,133)	(29,382)
Death and compensation fund obligations paid		(3,449)	(2,029)
Lease liability paid		(894)	-
Net cash flows (used in) generated from operating activities		(3,912)	87,170

The attached notes from 1 to 18 are part of these interim condensed consolidated financial statements.

	Notes	For the three-month period ended 31 March	
		2023	2022
		JD "000" (Unaudited)	JD "000" (Unaudited)
Investing Activities			
Purchases of property, plant and equipment and acquisition of Projects in progress	4	(30,076)	(29,217)
Dividends received from associates and joint ventures		37,807	-
Employees' housing loans granted		(465)	(484)
Proceeds from employees housing loans		726	805
Short term deposits with original maturities of more than 3 months		43,411	(45,466)
Interest received		7,622	2,276
Net cash flows generated from (used in) investing activities		59,025	(72,086)
Financing Activities			
Repayment of loans		-	(1,624)
Payments for obligations against capital projects		-	(809)
Interest paid		(1,744)	(1,238)
Net cash flows used in financing activities		(1,744)	(3,671)
Net change in cash and cash equivalents		53,369	11,413
Cash and cash equivalents at 1 January		75,327	53,017
Cash and cash equivalents at 31 March	10	128,696	64,430

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

(1) GENERAL INFORMATION

Arab Potash Company "APC", the "Company", is a public shareholding company that was founded and registered on 7 July 1956 in Amman – Jordan. During 1958, the Company was granted a concession from the Government of the Hashemite Kingdom of Jordan to exploit the minerals and salts of the Dead Sea brine. The concession expires after 100 years from the grant date, after which, the Company's factories and installations become the property of the Government of the Hashemite Kingdom of Jordan. Based on the agreement, the Company will not be responsible for any decommissioning costs. The concession agreement was amended during 2003 in accordance with the Temporary Law Number (55) of 2003, whereby amendments included the annual rent fees for lands within the concession area, the concession area borders, and the exclusive rights given to the Company. On 11 May 2010 the Government of Jordan and APC agreed to amend the lease fee of the concession land in Ghour Al Safi site to JD 1.5 million per annum; and the lease fee shall be increased annually in accordance with the Consumer Price Index to become JD 1.9 million as at 31 March 2023.

Under the terms of the concession, the Government of the Hashemite Kingdom of Jordan is entitled to a royalty of JD 8 for each ton of potassium chloride, ("Potash") exported by the Company. On 12 February 2008 the Council of Ministers resolved to increase the royalty fees to JD 15 for each ton mined, effective 17 March 2008. On 5 August 2008 the Council of Ministers resolved to increase the royalty fees to JD 125 for each ton mined, effective 16 September 2008 with maximum royalty payable limited to 25% of the Company's net profit after tax for the year excluding the Company's share in the results of its subsidiaries and associates.

The Company calculated the potash mining fees for the three months period ended on 31 March 2023 and 2022 at 25% of the net profits of the Arab Potash Company after tax and before the company's share of the results of the subsidiaries and affiliates' businesses, and it was presented in a separate item in the interim condensed consolidated statement of income.

The authorized and paid in share capital is JD 83,317,500 distributed into 83,317,500 shares with a par value of JD 1 per share, that are all listed in Amman stock exchange market-Jordan.

The Company and its subsidiaries (the "Group") produce and market Potash, Salt, Potassium Nitrates, Di-Calcium Phosphate, mixed salts and mud in the international market.

The registered address of the Company is P. O. Box 1470 Amman 11118, the Hashemite Kingdom of Jordan,

The consolidated financial statements were authorized for issue by the audit committee on 26 April 2023.

(2) SIGNIFICANT ACCOUNTING POLICIES

2-1 Basis of Preparation

The interim condensed consolidated financial statements for the three months period ended 31 March 2023 have been prepared in accordance with International Accounting Standard 34 (Interim Financial Reporting).

The interim condensed consolidated financial statements are presented in Jordanian Dinars, which is the functional currency of the Group.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2022. In addition, results for the three months period ended 31 March 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

2-2 Basis of Consolidation

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, expenses and Income of a subsidiary acquired or disposed of during the year are included in the income statement from the date the Group gains control until the date the Group ceases to control the subsidiary.

The interim condensed consolidated financial statements comprise the financial statements of Arab Potash Company and its subsidiaries as at 31 March 2023:

	Paid in capital	Percentage of Ownership
	(Thousands of shares)	%
Arab Fertilizers and Chemicals Industries (KEMAPCO)	29,000	100
Numeira Mixed Salts and Mud Company	800	100
Dead sea for chemicals & fertilizers	50	100

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- 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, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of Arab Potash Group.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

Shareholders with significant influence over the Group

The authorized and paid-in capital of the company is JD 83,317,500 divided into 83,317,500 shares with a par value of JD 1 per share.

The following table shows the shareholders with significant impact on the Group:

	Number of shares	Ownership
		%
Man Jia Industrial Development Limited	23,294,614	28
Governmental Investments Management Company	21,782,437	26
Arab Mining Company	16,633,897	20
Social security department	8,679,641	10

2-3 Changes in Accounting Policies

(a) New standards issued and applicable for the annual periods starting on or after 1 January 2023 which has been followed by the Group:

New standard	Description	Effective date
IFRS 17 Insurance Contracts	IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are remeasured in each reporting period. Contracts are measured using the building blocks of: ● discounted probability-weighted cash flows ● an explicit risk adjustment, and ● a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period. The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short-duration contracts, which are often written by non-life insurers. There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. Targeted amendments made in July 2020 aimed to ease the implementation of the standard by reducing implementation costs and making it easier for entities to explain the results from applying IFRS 17 to investors and others. The amendments also deferred the application date of IFRS 17 to 1 January 2023. Further amendments made in December 2021 added a transition option that permits an entity to apply an optional classification overlay in the comparative period(s) presented on initial application of IFRS 17. The classification overlay applies to all financial assets, including those held in respect of activities not connected to contracts within the scope of IFRS 17. It allows those assets to be classified in the comparative period(s) in a way that aligns with how the entity expects those assets to be classified on initial application of IFRS 9. The classification can be applied on an instrument-by-instrument basis.	1 January 2023

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	**The IASB amended IAS 1** to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.	1 January 2023
Definition of Accounting Estimates – Amendments to IAS 8	**The amendment to IAS 8 Accounting Policies,** Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	**The amendments to IAS 12 Income Taxes** require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with: • right-of-use assets and lease liabilities, and • decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.	1 January 2023

The above amendment and interpretation did not have significant impact on the financial statements.

New standards issued and not yet applicable or early adopted by the Company for the periods starting on or after 1 January 2024:

Standard	Description	Effective date
Non-current liabilities with covenants – Amendments to IAS 1	Amendments made to IAS 1 Presentation of Financial Statements in 2020 clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarified what IAS 1 means when it refers to the 'settlement' of a liability. The amendments were due to be applied from 1 January 2022. However, the effective date was subsequently deferred to 1 January 2023 and then further to 1 January 2024. In October 2022, the IASB made further amendments to IAS 1 in response to concerns raised about these changes to the classification of liabilities as current or non-current. The new amendments clarify that covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current, even if the covenant is only tested for compliance after the reporting date. The amendments require disclosures if an entity classifies a liability as noncurrent and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include: ● the carrying amount of the liability ● information about the covenants, and ● facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants. The amendments must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Special transitional rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or noncurrent.	1 January 2024
Lease liability in sale and leaseback – amendments to IFRS 16	In September 2022, the IASB finalised narrow-scope amendments to the requirements for sale and leaseback transactions in IFRS 16 Leases which explain how an entity accounts for a sale and leaseback after the date of the transaction. The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognizing any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.	1 January 2024

Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	The IASB has made limited scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively. *** In December 2015, the IASB decided to defer the application date of this amendment until such time	1 January 2024

Management doesn't believe that the above standards will have any impact on the interim condensed financial statements of the Group once adopted or become effective.

There are no other standards that are not yet effective and that are expected to have a material impact on the Group in the current or future reporting periods, and on projected future transactions.

(3) KEY ACCOUNTING ESTIMATES AND JUDGMENTS

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

In preparing these condensed interim financial statements, significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the Group's audited consolidated financial statements as at and for the year ended 31 December 2022.

(4) PROPERTY, PLANT AND EQUIPMENT

During the three months ended 31 March 2023 the Group acquired property, plant and equipment with a cost of JD 3,071 thousand (31 March 2022: JD 2,268 thousand).

Projects in progress are shown at cost and include the cost of construction, equipment and direct expenses. Projects in progress that are to be used by the Group are not depreciated until they are ready for intended use and they are transferred to property, plant and equipment.

During the three months ended 31 March 2023, the Group initiated new/ additional projects in progress at a cost of JD 27,005 thousand (31 March 2022: JD 26,949 thousand).

(5) RIGHTS OF USE AND OBLIGATIONS AGAINST CAPITAL PROJECTS

A- Right of use of natural gas pipeline

On 19 February 2014, Arab Potash Company signed an agreement stating the construction of Gas pipelines, to provide the Company with natural gas as a source of energy. This agreement resulted in an obligation against capital projects of JD 15,583 thousand with an annual interest rate of LIBOR 6 months plus 5% marginal fixed interest rate. This commitment will be settled over a period of 60 monthly payments starting 31 October 2017. And the last instalment payment was paid during the last year 2022.

Amortization is calculated on a straight-line basis to allocate the cost over the entire term of the access right's contract of 15 years. The amortisation expense during the three months ended on 31 March 2023 amounted to JD 260 thousand (31 March 2022: JD 260 thousand).

B- Right of use of electricity from "NEPCO" Company

Arab Potash Company has signed an agreement with National Electrical Power Company (NEPCO) during 2017 as a contingent option to be able to use the electricity as an alternative source of power in case of any malfunctions in the currently used gas turbine. The agreement requires NEPCO to keep its generators stand-by and ready for immediate use by Arab Potash Company for 20 years for one-time payment of JD 7,420 thousand that was paid during December 2018 and will be amortised over the contract period. The amortisation expense for the three months ended 31 March 2023 amounted to JD 93 thousand (31 March 2022: JD 93 thousand).

(6) FINANCIAL ASSETS AT AMORTIZED COST

	31 March 2023	31 December 2022
	JD"000" (Unaudited)	JD"000" (Audited)
Unquoted financial assets – governmental bonds*	20,523	20,555

* This item represents governmental bonds that mature on 29 January 2026 and bearing annual interest rate of 6.15% and payable every six months.

Financial assets at amortized cost are neither recoverable nor impaired.

All investments held at amortized cost are denominated in USD. As a result, there is no exposure to foreign currency risk. There is also no exposure to price risk as the investments will be held to collect contractual cash flows.

The amortization value of the premium for issuing these assets during the three months ended on 31 March 2023 amounted to 32 JD thousand (2022: 30 JD thousand).

The fair value of these bonds approximates the book value.

These financial assets were taken into consideration when calculating the expected credit losses, and no losses were recorded as their impact is not material on these consolidated financial statements.

(7) STATUTORY RESERVE

The accumulated amounts in this account of JD 50,464 thousand represent 10% the Group's net income before income tax which were deducted during the previous year's according to the Companies Law. The Group has the option to cease such appropriations when the balance of this reserve reaches 25% of the Group's authorized capital. The Group decided in 2005 to cease appropriations to the statutory reserve. The statutory reserve is not available for distribution to equity shareholders.

(8) THE GROUP'S SHARE OF PROFIT FROM ASSOCIATES AND JOINT VENTURES

This item represents the Group's share of profit from investments in associates and joint ventures and any adjustment:

	For the three months period ended 31 March	
	2023	2022
	JD"000" (Unaudited)	JD"000" (Unaudited)
Jordan Bromine Company*	26,213	22,715
Nippon Jordan Fertilizer Company	203	722
Jordan Industrial Ports Company	267	226
Jordan Investment and Southern Development Co.	21	3
	26,704	23,666

* The joint venture agreement signed between the Company and Albemarle Holding stipulates that the Company's share in Jordan Bromine profit and loss is 30% until 2012 and 40% of revenue starting from 2013, and the group's share in finance cost, interest revenue and other income and expenses is 50%.

(9) OTHER CURRENT ASSETS

	31 March 2023	31 December 2022
	JD"000" (Unaudited)	JD"000" (Audited)
Advance Payment to Vendor	6,235	7,607
Due from Sales Tax Department	22,374	21,064
Prepaid expenses	3,116	4,638
Dividends receivable	-	37,762
Others	8,308	8,059
	40,033	79,130

(10) CASH ON HAND AND BANK BALANCES

	31 March 2023	31 December 2022
	JD"000" (Unaudited)	JD"000" (Audited)
Cash on hand	231	177
Cash at banks	32,577	58,935
Short term deposits*	95,888	16,215
Cash and cash equivalents	128,696	75,327
Short term deposits with original maturities of more than 3 months**	419,202	461,982
Expected credit loss as per IFRS 9	(6,901)	(6,269)
	540,997	531,040

Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the interim condensed consolidated statement of cash flows at the end of the financial period as follows:

	31 March 2023	31 December 2022
	JD"000" (Unaudited)	JD"000" (Unaudited)
Cash on hand	231	177
Cash at banks	32,577	58,935
Short term deposits*	95,888	16,215
Cash and cash equivalent	128,696	75,327

* This item represents deposits in Jordanian Dinars at local banks with an interest rate of 5.5% (2022: 4%-5.7%) and mature within one to three months.

** This item represents deposits in Jordanian Dinars at local banks with an interest rate of 5.4% (2022: 5.3%) and mature within a period more than three to twelve months.

(11) DEATH AND COMPENSATION FUND OBLIGATIONS

The following table shows movement on the provision recognized in the interim condensed consolidated statement of financial position:

	31 March 2023	31 December 2022
	JD"000" (Unaudited)	JD"000" (Audited)
Beginning balance	53,779	59,148
Current and past service cost	849	4,184
Discount value	986	3,580
Actuarial gains resulting from the remeasurement of the defined benefit plans	-	(7,949)
Paid during the period/year	(3,449)	(5,184)
Ending balance	52,165	53,779

The classification of death and compensation fund obligations are as follows:

	31 March 2023	31 December 2022
	JD"000" (Unaudited)	JD"000" (Audited)
Non- current		
Death and compensation fund obligations	48,489	50,048
Current		
Death and compensation fund obligations	3,676	3,731
	52,165	53,779

(12) OTHER CURRENT LIABILITIES

	31 March 2023	31 December 2022
	JD"000" (Unaudited)	JD"000" (Audited)
Accrued expenses	99,660	64,336
Contractors' retentions	3,933	3,424
Employees' legal cases compensation provision	5,312	5,464
Dividends payable*	151,385	1,418
Others	6,246	10,029
	266,536	84,671

* The General Assembly resolved in its ordinary meeting held on 21 March 2023 to distribute an amount of JD 149,971 thousand (equivalent to 180% of the Company's share capital) as cash dividends to the shareholders. (JD 2021: 99,981 thousand).

(13) SEGMENT INFORMATION

A business segment is a group of assets and processes that jointly engage in the rendering of products or services subject to risks and rewards that are different from those of other business segments, and which are measured according to reports used by the Group's chief executive officer and chief decision maker.

A geographical segment is associated with the provision of products or services in a specific economic environment that is subject to risks and rewards that differ from those of business segments in economic environments.

The Group is comprised of the following operating segments:

- Producing potash and salt through Arab Potash Company.
- Producing potassium nitrate and di-calcium phosphate through Arab Fertilizers and Chemicals Industries (KEMPACO).
- Producing mixed salts and mud through Numeira Mixed Salts and Mud Company.

The following is a breakdown of the segment information for the above operating segments:

	Three months ended 31 March 2023 (Unaudited)					
	Arab Potash Co.	KEMAPCO	Numeira Co.	Total	Eliminations	Total
	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"
Sales to external customers	210,723	19,129	192	230,044	-	230,044
Inter-company sales	10,291	-	323	10,614	(10,614)	-
Total sales	221,014	19,129	515	240,658	(10,614)	230,044
Segment gross profit	150,299	2,779	22	153,100	(163)	152,937
Results						
Share of profits of associates and joint ventures	26,704	-	-	26,704	-	26,704
Depreciation and amortization	14,183	871	3	15,057	(20)	15,037
Capital expenditures:						
Property, plant and equipment and project in progress	29,047	1,029	-	30,076	-	30,076

	As at 31 March 2023 (Unaudited)						
	Arab Potash Co.	KEMAPCO	Numeira Co.	Dead sea for chemicals & fertilizars	Total	Eliminations	Total
	JD "000"	JD "000"	JD "000"	JD "000	JD "000"	JD "000"	JD "000"
Total Assets	2,019,760	106,507	4,223	50	2,130,540	(28,217)	2,102,323
Total Liabilities	549,312	23,008	5,155	666	578,141	(14,953)	563,188
Investments in associates and joint ventures	264,123	-	-	-	264,123	-	264,123

	Three months ended 31 March 2022 (Unaudited)					
	Arab Potash Co.	KEMAPCO	Numeira Co.	Total	Eliminations	Total
	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"
Sales to external customers	288,171	25,309	337	313,817	-	313,817
Inter-company sales	15,296	-	371	15,667	(15,667)	-
Total sales	303,467	25,309	708	329,484	(15,667)	313,817
Segment gross profit	216,273	5,288	161	221,722	(4,553)	217,169
Results						
Share of profits of associates and joint ventures	23,666	-	-	23,666	-	23,666
Depreciation and amortization	12,826	864	19	13,307	(79)	13,630
Capital expenditures:						
Property, plant and equipment and project in progress	29,106	103	8	29,217	-	29,217

	As at 31 March 2022 (Unaudited)						
	Arab Potash Co.	KEMAPCO	Numeira Co.	Dead sea for chemicals & fertilizers	Total	Eliminations	Total
	JD "000"	JD "000"	JD "000"	JD "000	JD "000"	JD "000"	JD "000"
Total Assets	1,423,035	109,405	4,014	50	1,536,504	(28,083)	1,508,421
Total Liabilities	379,714	30,947	4,918	591	416,170	(19,834)	396,336
Investments in associates and joint ventures	234,224	-	-	-	234,224	-	234,224

INDUSTRY SEGMENT AND GEOGRAPHICAL ALLOCATION

Following is a summary of sales by the Group based on customers' geographical location for the three-months ended 31 March 2023 and 2022:

	For the three months ended 31 March 2023 (unaudited)				For the three months ended 31 March 2022 (unaudited)			
	Arab Potash Co.	KEMAPCO	Numeira Co.	Total	Arab Potash Co.	KEMAPCO	Numeira Co.	Total
	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"
China & India	74,273	349	-	74,622	108,203	1,036	4	109,243
Far East	42,113	763	-	42,876	42,606	1,807	-	44,413
Middle East	18,800	1,871	79	20,750	12,573	2,306	148	15,027
Africa	21,873	4,176	-	26,049	37,020	2,343	5	39,368
Europe	21,562	9,652	113	31,327	15,853	14,336	180	30,369
Southeast Asia	17,302	2,146	-	19,448	21,482	-	-	21,482
America & Australia	14,800	-	-	14,800	50,434	3,334	-	53,768
Canada	-	172	-	172	-	147	-	147
Total	210,723	19,129	192	230,044	288,171	25,309	337	313,817

All assets and liabilities of the Group are located inside the Hashemite Kingdom of Jordan.

The Group derives revenue from the transfer of goods at a point in time in the following major product lines:

	Sale of Potash	Sale of potassium	Mixed salts and mud	Revenue from freight	Total
For three Months ended 31 March 2023	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"
Revenue from contracts with customers					
Timing of revenue – At a point in time	200,234	18,332	192	-	218,758
Timing of revenue – Over time	-	-	-	11,286	11,286

	Sale of Potash	Sale of potassium	Mixed salts and mud	Revenue from freight	Total
For three Months ended 31 March 2022	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"
Revenue from contracts with customers					
Timing of revenue – At a point in time	270,636	23,886	337	-	294,859
Timing of revenue – Over time	-	-	-	18,958	18,958

(14) INCOME TAX

The income tax provision for the period ended 31 March 2023 and 2022, has been calculated in accordance with the income tax law No, (38) of the year 2018 and its subsequent amendments.

- **Arab Potash Company**

The Income and Sales Tax Department has reviewed the Company's records for the years 2017, 2018 and has issued the final tax clearance for those years. As for the years 2019, 2020,2021 and 2022 the tax return has been submitted but the final report was not issued until the date of preparing these interim condensed consolidated financial statements.

Due from Sales Tax Department

Other receivables include a balance of JD 22.3 million as at 31 March 2023 (31 December 2022: JD 21.1 million) representing the general sales tax authorities paid by the Company over the past years. These amounts are refundable under the provisions of the General Sales Tax Law.

- **Numeira Mixed Salts and Mud Company**

The Income and Sales Tax Department has reviewed and has issued the final tax clearance of the Company's records for the year 2017, 2018, 2019. As for the years 2020,2021 and 2022 the tax return has been submitted but the final report was not issued until the date of preparing these interim condensed consolidated financial statements.

- **Arab Fertilizers and Chemicals Industries (KEMAPCO)**

The Arab Fertilizers and Chemicals Industries Company (KEMAPCO - a subsidiary) is a company registered with the Jordanian Group for Free Zones and Development Zones. It is therefore exempt from income and social service taxes for a period of 12 years starting from the year of estimation following the start of production (April 2003). Profits are excluded from this exemption. Commercial storage projects for goods that are put for local consumption. According to Income Tax Law No. (38) of 2018, the income generated from export sales is subject to income tax as of January 1, 2019. In the opinion of management and the tax and legal advisor, this income is not subject to tax as the company is registered in the free zones and is subject to the provisions of Investment Law No. (14) for the year 2014 and its amendments, and accordingly the management did not calculate a provision for this income.

A final clearance was obtained from the Income and Sales Tax Department for the years (2001-2016), and the declarations for the years 2017 and 2018 were accepted according to the sample system. Income tax returns have been submitted within the legal deadline for the years 2019, 2020 and 2021, and the tax examination has not yet been conducted. In the opinion of the company's management and the tax consultant, the company will not have any obligations in excess of the provision calculated as of December 31, 2022.

The company signed an agreement with the Free Zones Corporation, whereby the company was exempted from income tax for a period of 12 years starting from the first day of actual production on the first of April 2003. During 2016, the company began calculating the income tax provision for the year 2016 on local sales in accordance with the applicable income tax law.

(15) CONTINGENCIES AND COMMITMENTS

The Group had the following contingencies and commitments:

	31 March 2023	31 December 2022
	JD"000" (Unaudited)	JD"000" (Audited)
Letters of Guarantees	11,917	11,886
Letters of Credit	30,550	29,487

Legal claims

There are a number of individual claims filed against Arab Potash Company that are related to the ordinary course of business. The Company estimates the total amount of these compensations at about JD 5,312 thousand as at the date of the interim condensed consolidated financial statements (31 December 2022: JD 5,464 thousand), which have been provided for.

(16) RIGHT OF USE OF LEASED ASSETS / LEASE LIABILITIES

(i) The Group's leasing activities and how these are accounted for

The Group recognized the right to use assets against lease commitments under the long-term lease signed between Kemapco (a subsidiary of Arab Potash Company) and Aqaba Development Company (ADC).

The two parties signed long-term land lease contracts for the site where Kemapco performs all its operations in Aqaba. The contract effective start date was 1st of January 2008 and the contract's duration is 20 years. The Company has an option to extend the contract for an additional 29 years, however the option's validity is neither obligatory nor certain. The annual rent installments amount to JD 505 thousand paid at the beginning of each year; and a 9% interest rate implicit in the lease contract is used as the rate for discounting being the finance liability for delays in payment.

During 2019, an additional area of land was agreed and signed between Kemapco and ADC and was added to the right of use of leased asset and the lease liability recorded as of 1 January 2019. The agreement follows the same terms and conditions as the original contract; the duration of the contract and the interest rate used is the same as the original contract. The annual rent payment amounts to JD 414 thousand paid at the beginning of each year.

The Group recognized a right of use asset and a lease liability as of 1 January 2019, which is the present value of all the minimum lease payments for the remaining 8 years representing the maximum contract duration excluding the extension option (which is non-obligatory). Amortization is calculated on a straight-line basis to allocate the cost over the entire term of the right of use asset of 9 years. The interest of the lease obligation is calculated using a 9% interest rate implicit in the lease contract as the discount rate that represents the interest rate applicable to the delay in the lease payments.

A- Amounts recognised in the interim condensed consolidated statement of financial position:

The interim condensed consolidated statement of financial position shows the following amounts relating to lease:

	31 March 2023	31 December 2022
	JD"000" (Unaudited)	JD"000" (Audited)
Right of use of leased assets	3,184	3,356
Lease liabilities		
Current portion	893	893
Non-current portion	2,363	3,193
	3,256	4,086

B- Amounts recognised in the interim condensed consolidated statement of income:

	31 March 2023	31 March 2022
	JD"000" (Unaudited)	JD"000" (Unaudited)
Depreciation charge of right-of-use assets	(172)	(169)
Interest expense	(63)	(75)
	(235)	(244)

(17) BASIC AND DILUTED EARNINGS PER SHARE

	For the three months period	
	31 March 2023	31 March 2022
	JD "000" (Unaudited)	JD "000" (Unaudited)
Total comprehensive income for the period	113,778	144,656
Weighted average number of shares	83,318	83,318
	Fills/ JD	Fills/ JD
Basic and diluted earnings per share (JD / Fils)	1/366	1/736

Basic earnings per share for the Group equals the diluted earnings per share, whereas, the Group has not issued any diluting financial instruments that can affect the basic earnings per share.

(18) DIVIDENDS

The General Assembly resolved in its ordinary meeting held on 21 March 2023 to distribute an amount of JD 149,971 thousand (equivalent to 180% of the Company's share capital) as cash dividends to the shareholders. (2021: 99,981 JD thousand).