البوتاس العربية
Arab Potash

Partners in **Food Security**

ANNUAL REPORT **2017**

His Majesty
King Abdullah II Bin Al Hussein

His Royal Highness Crown

Prince Al Hussein Bin Abdullah II

SIXTY-ONE
ANNUAL REPORT

Of the Board of Directors and the consolidated financial statements of the Company for the year ended 31 December 2017, presented at the Ordinary General Assembly Meeting in Amman at 10:00 morning on Wednesday 25 April 2018 AD, 09 Sha'aban 1439 H.

TABLE OF CONTENTS

1 Million Working hours without a lost time injury

Operating Revenue JD **423** Million

Operating Income JD **64** Million

Record Sales Volume **2.36** Million tons

Production Volume **2.32** Million tons

Affiliates' Profits JD **32.4** Million

Net Profits after Taxes JD **90** Million

Earnings per share JD **1.08**

STRATEGIC REPORT

MESSAGE FROM THE CHAIRMAN

Message from the Chairman

In the name of God the Compassionate the Merciful

The Members of the Board of Directors and the Executive Management of the Arab Potash Company (APC) and I are delighted and honored to submit to you the 61st annual report for the year 2017 on the operations of the Arab Potash Company (APC), including its consolidated financial statements for the year ended 31/12/2017. The report also contains a review of the past year's achievements and an outlook for future years.

I am glad to start my remarks by informing you that, after the crisis of the global potash market in the past years, which saw global prices drop to a ten-year low, global economic activity improved in 2017, albeit slowly. This recovery seems set to continue into 2018. Growth was driven by improved demand, with considerable regional growth potential for potash. There has been growth in usage in 2017 across most regions. As far as prices are concerned, APC began to see higher prices only later in the third and fourth quarters of 2017 as it completed previous commitments and contracts and as it signed contracts in India and China mirroring the new international levels.

Another piece of good news is that APC realized JOD 90 million in net profit after taxes, provisions and royalties for the year 2017, an increase of 44% over the past year. In 2017, APC also achieved a record sales volume of potash of 2.36 million tons, 16% more than last year.

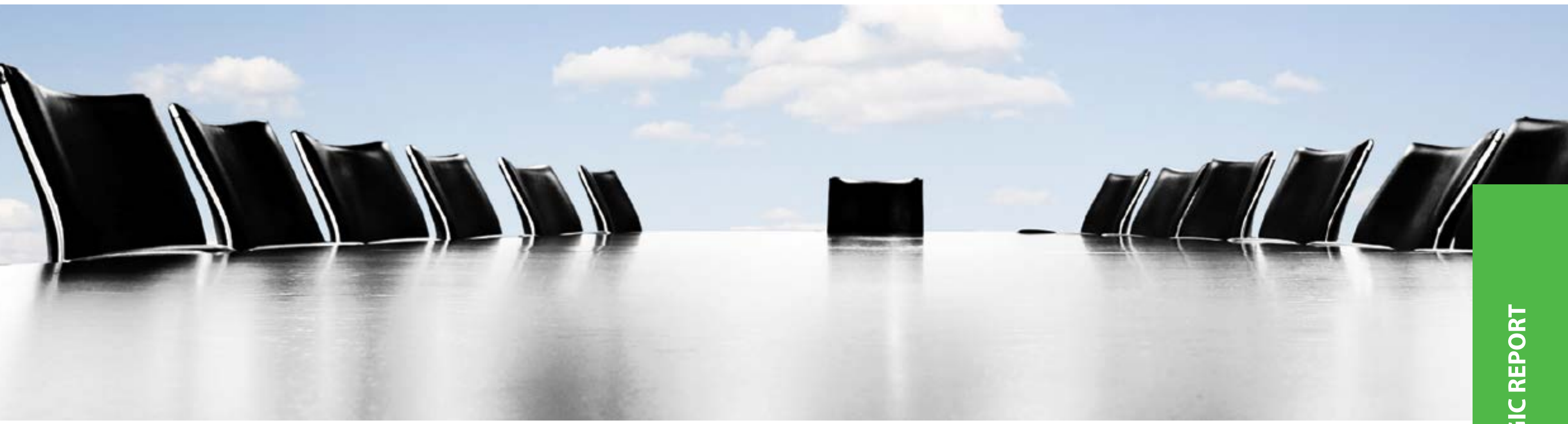
Operationally, the first priority of APC continues to be the safety and wellbeing of its employees, and through using the annual lost time injury frequency rates of accidents frequency as a benchmark in 2017; the rate was 0.66 accidents per 200 thousand work hours for person compared to 0.71 in 2016.

APC also succeeded in optimizing and lowering its production costs per ton, which decreased by 10%. The largest savings were related to energy and the use of natural gas instead of heavy fuel oil. In addition, APC's effective employment of manpower in dredging salt last year instead of outsourcing the task to external contractors also achieved significant savings in the Company's production costs.

Efforts to reduce production costs over the past five years, succeeded in reducing production costs by 33%, which made a number of expansion projects economically feasible and improved the company's position within the production cost curve compared with other international producers.

APC will continue to implement cost reduction projects in the coming years, and I avail myself of this opportunity to express my sincerest thanks to all members of the Arab Potash family for their diligent efforts in reducing production costs.

The Arab Potash Company also continued to be one of the largest contributors to the National Treasury, a position which will be enhanced by the expansion projects which the Company plans to implement in the coming years. Direct transfers to the Treasury during the past five years reached about JOD 296 million, which amounts to 65.5% of the Company's net profits.



"Another piece of good news is that APC realized JOD 90 million in net profit after taxes, provisions and royalties for the year 2017, an increase of 44% over the past year. In 2017, APC also achieved a record sales volume of potash of 2.36 million tons, 16% more than last year."

APC's economic role also includes supporting the Kingdom's hard currency reserves, having contributed, with its subsidiaries and affiliates, about USD 845 million in 2017.

Regarding expansion of production, APC has also completed the expansion of granular potash production at the end of the fourth quarter of 2017, raising the production capacity of granular potash by 250 thousand tons annually, and it is moving ahead with another project to increase total potash production capacity by about 180,000 tons per year at a cost of about JOD 130 million. The increase in production will reflect positively on the Company's profits, especially with the gradual improvement in global fertilizer prices. The project will also positively contribute to enhancing the competitive position of the Jordanian potash industry among global producers.

In addition, technical studies of potash reserves in the Lisan area are one of the most important projects at present. APC is working closely, in cooperation with the Jordanian government, to conduct technical studies in this region. The preliminary technical study is expected to cost about JOD 12 million and its aim is to identify scientifically and conclusively the volume, nature and composition of potash reserves in the Lisan area. Additional investments will need to be allocated if the technical study shows that the project is economically feasible, and if the Government of Jordan grants APC mining rights in this area.

More expansion is planned in the potash downstream industries within the Company's vision to maximize value added, returns, and economic impact. The Arab Fertilizers and Chemicals Industries (KEMAPCO), which is wholly owned by the Arab Potash Company, is about to complete the works to expand production of potassium nitrate from 130,000 tons to 175,000 tons per year. The expansion work is expected to be completed in the first quarter of 2018. Also, Jordan Bromine Company which is 50% owned by APC is also working on an expansion project to produce bromine-derived products.

Moreover, the project to develop, modernize and expand the current industrial port in the Governorate of Aqaba started some time ago. Its estimated cost of JOD 125 million is financed equally by APC and the Jordan Phosphate Mines Company (JPMC). The project is expected to be completed in 2018, and it will ensure the effective export of potash and other materials at present and in the future. It will also absorb the production and export capacity of the Aqaba Industrial Port users in general.

The challenges of the past year did not prevent APC from continuing to work pursuant to its mission to help local communities not only in its vicinity but in all parts of Jordan. In this work, APC is guided by His Majesty King Abdullah II's vision that the priority is a better life for all Jordanians, and by the Company's core values which include partnership with local communities.

APC was compelled to reduce its budget for social responsibility and investment in local community development last year, compared to previous years. However, when this budget is measured as a percentage of the company's profits, it remains one of the highest corporate social responsibility budgets worldwide. The table below shows a breakdown of social responsibility expenditure over the past five years, 2013 – 2017.

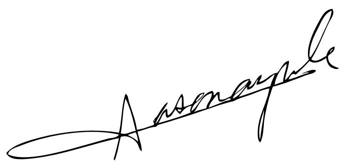
	2017	2016	2015	2014	2013	Total	Yearly Average	%
Education	2,307,600	2,323,760	2,162,372	2,203,257	2,331,820	11,328,809	2,265,762	26%
Social Development	1,699,667	1,184,220	1,670,855	1,554,419	1,848,901	7,958,302	1,591,612	18%
Official Bodies	780,882	1,092,692	2,914,094	1,683,948	2,054,591	8,526,207	1,705,241	19%
Water & Environment	111,243	68,400	711,320	256,147	1,241,700	2,388,810	477,762	5.5%
Health	1,484,060	2,521,744	1,809,400	831,740	1,328,170	7,975,114	1,595,023	18%
Sports	929,906	432,915	372,484	604,550	487,500	2,827,355	565,471	6.5%
Houses of Worship	203,400	176,348	219,568	186,899	356,673	1,142,888	228,578	3%
Culture	254,300	244,215	240,000	209,340	312,150	1,260,005	252,001	3%
Trade Unions	79,000	73,806	38,605	102,700	38,495	332,606	66,521	1%
Total	**7,850,058**	**8,118,100**	**10,138,698**	**7,633,000**	**10,000,000**	**43,739,856**	**8,747,971**	**100%**

> “The Arab Potash Company also continued to be one of the largest contributors to the National Treasury, a position which will be enhanced by the expansion projects which the Company plans to implement in the coming years.”

As the figures show, our programs in 2017 continued to focus on education, social development and health care. APC also made contributions in other areas including water, environment and sporting activities. We look forward to a bright future for the Company and for our nation, God willing.

In conclusion, I would like to extend, in my own name and on behalf of Members of the Board of Directors and Executive Management, as well as all members of the Arab Potash family my sincere thanks to the Company’s shareholders and our valued customers for their continued trust in APC and its products. I also express my sincere appreciation and pride in the staff of the Company for their outstanding achievements. I pray to God Almighty to bless us and grant us success in the coming years so that we may continue to realize our objectives and make greater contributions in the service of our cherished Jordan, in keeping with the vision of His Majesty King Abdullah II Ibn Al Hussein, may God protect him.

May God’s peace and blessings be with you



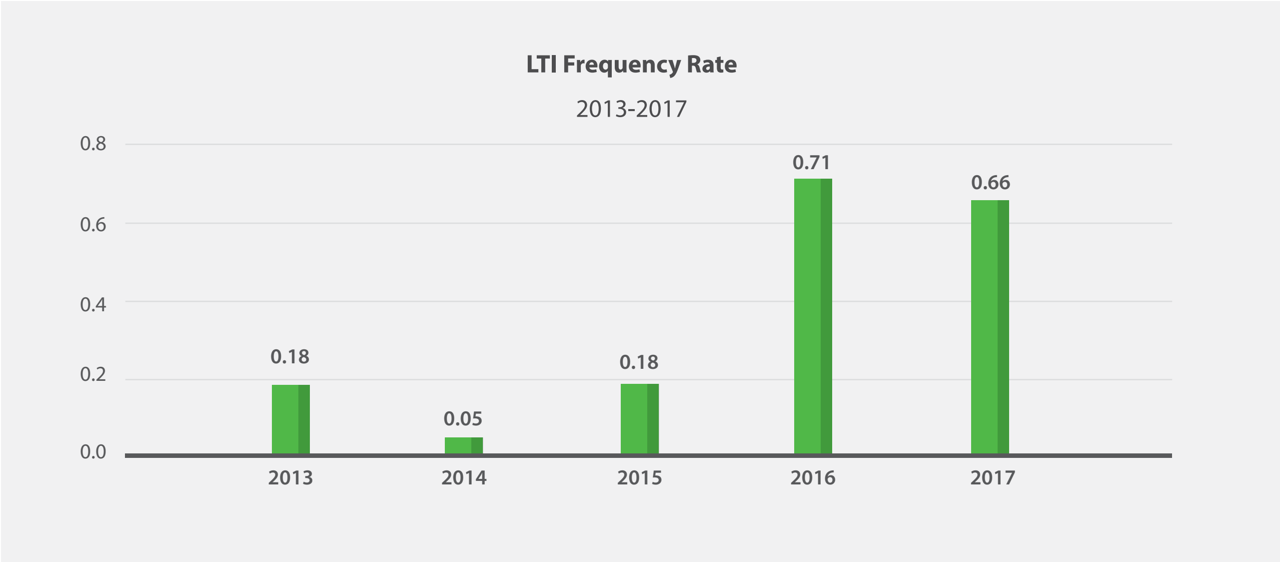
Chairman of the Board
Jamal Ahmad Al Sarayrah

APC PERFORMANCE IN 2017

The Arab Potash Company (APC) was established on July 7th, 1956 in Hashemite Kingdome of Jordan as a Pan-Arab venture, APC operates under a concession from the Government of Jordan that grants it exclusive rights to extract, manufacture and market minerals from the Dead Sea until 2058. In addition to its potash operations, APC also invests in several downstream and complementary industries related to Dead Sea salts and minerals, including potassium nitrate, bromine and other derivatives. Arab Potash Company (APC) is one of the top ten potash producers worldwide by volume of production and the sole producer of potash in the Arab World.

The following charts summarize APC's performance in certain fields over the past 5 years:

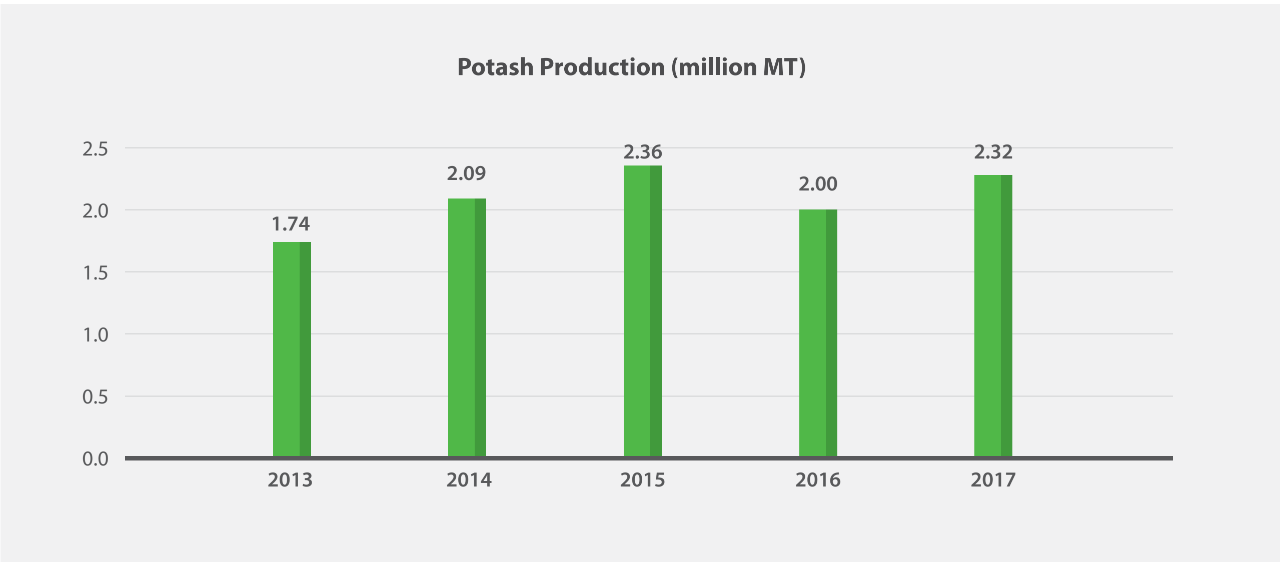
Safety



* Frequency of accidents of work injuries ending with lost working days equals the number of work injuries per every 200,000 hours worked.

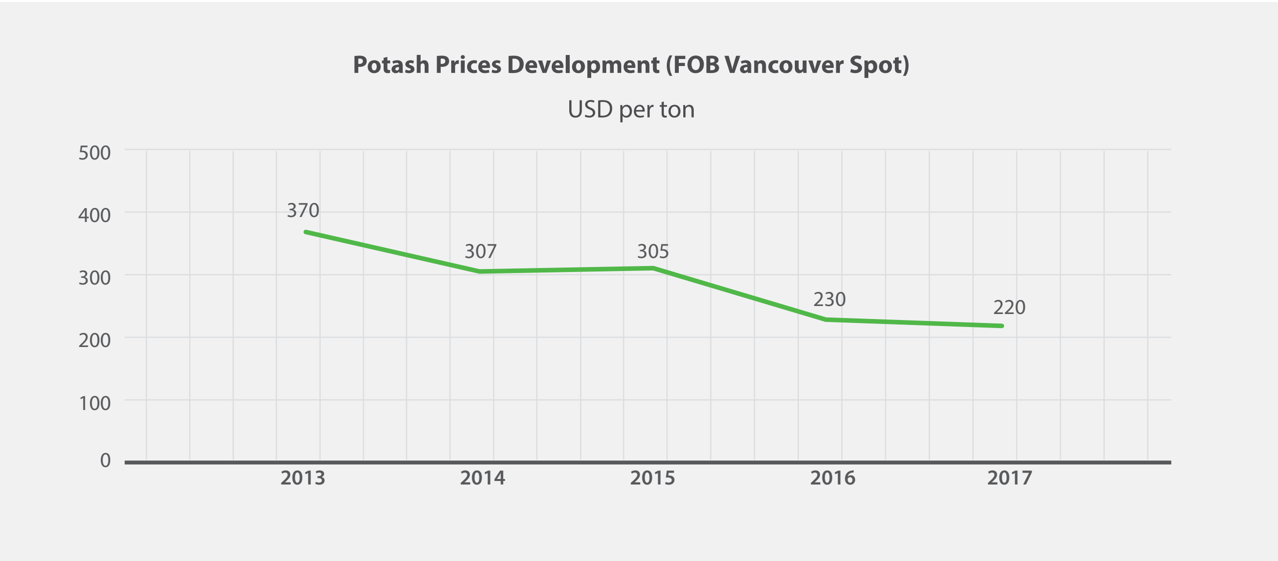
Production

The total production in the year 2017 was 2.32 million tons which is equal to 103.1% of the annual production plan of 2.25 million tons. The surplus in production is equal to 70 thousand tons. In 2017, APC has achieved the second best production volume after the record achieved in 2015.

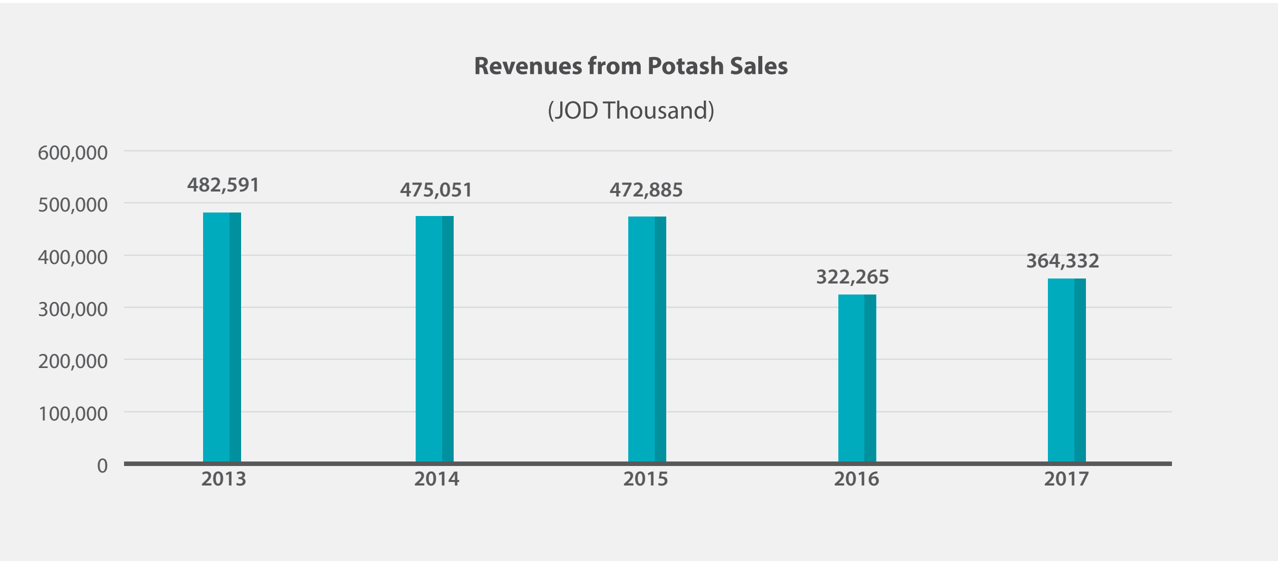


Prices

Demand and supply came into play early in 2017 as spot prices benefited from the tight supply situation and the attractive affordability of potash. The contract discussions between the Chinese and the suppliers were prolonged for several reasons that included tactics and positioning, but the month of July culminated in a new contract price with an 11 USD increase soon followed by a new Indian contract price with a 13 USD increase. These contracts set the scene for the remainder of the year as spot prices strengthened skirting the 300 USD CFR level by year end.

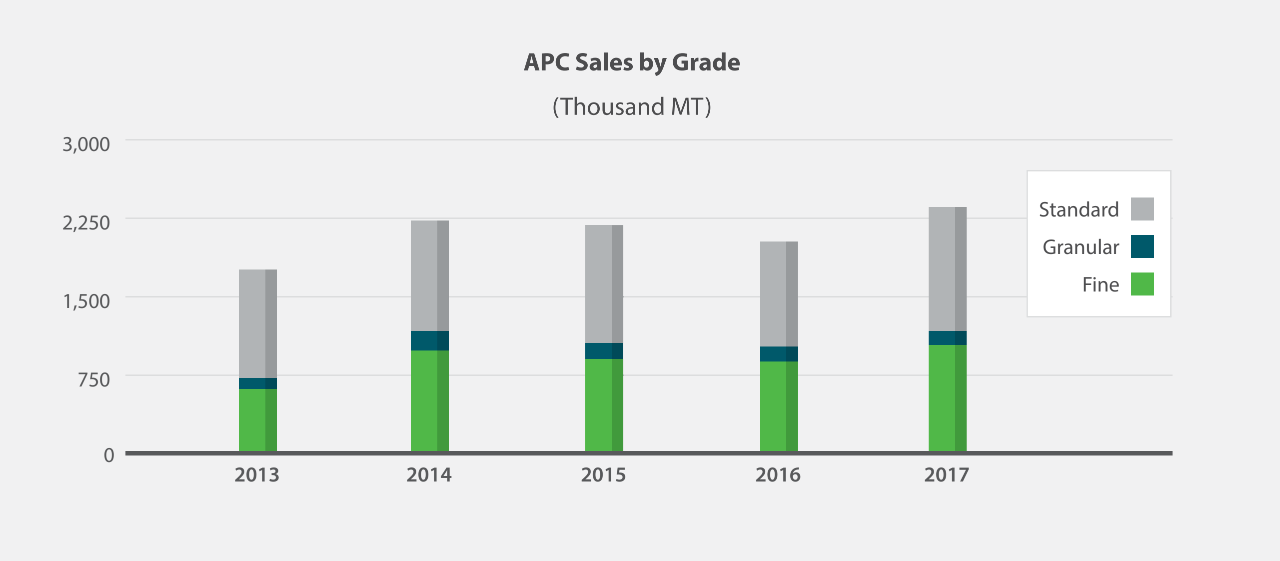


Revenues from Potash Sales

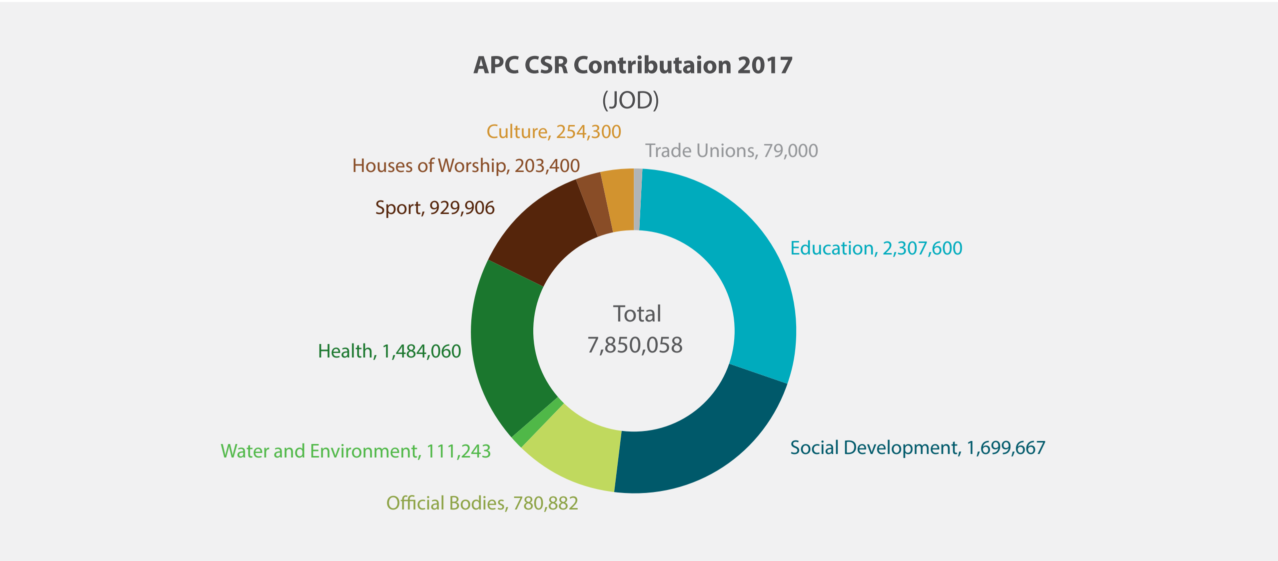


Sales Volume

In 2017, APC achieved a record sales volume of 2.36 Million tons of potash. The Company's sales increased by 16% over the previous year. This increase is in line with the estimated growth in global potash deliveries.



Contributions to local community development



Contributions to the Treasury of the Hashemite Kingdom of Jordan 2013 – 2017 (JOD Thousand)

Year	Dividends	Income Tax	Royalties	Other Fees	Total
2013	33,601	17,212	25,949	6,357	83,119
2014	26,881	10,529	13,330	7,338	58,078
2015	26,881	31,691	23,698	7,640	89,910
2016	22,401	2,499	4,063	7,275	37,863
2017	-*	16,354	7,339	3,563	27,256
Total	**109,764**	**78,285**	**74,379**	**32,173**	**296,226**

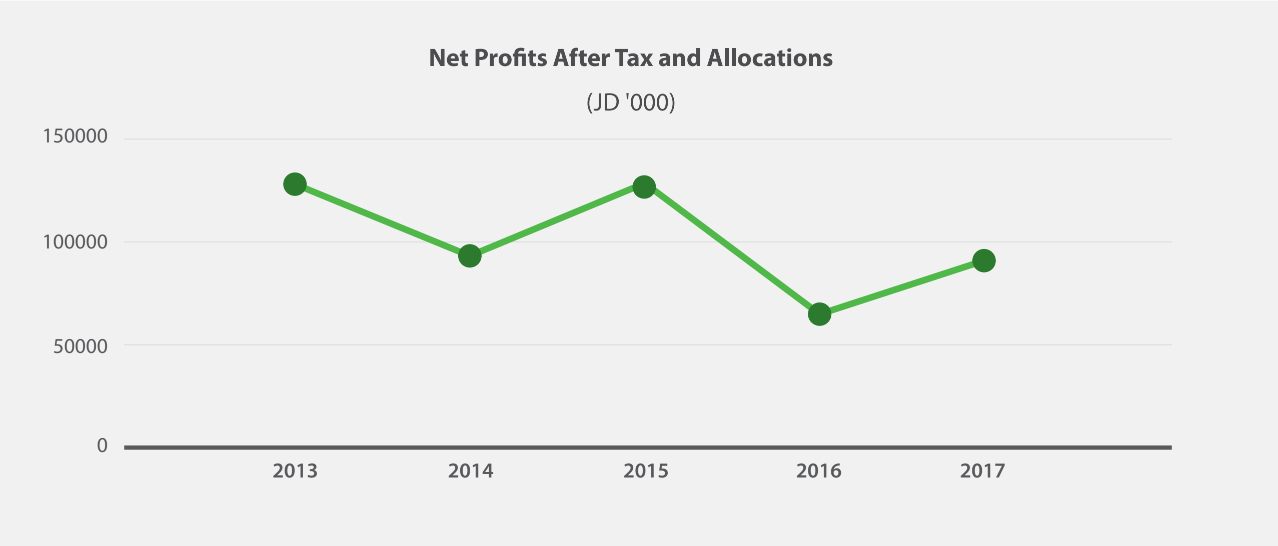
*2017dividend payout ratio will be announced in the Annual General Assembly Meeting.

STRATEGIC REPORT

Net Consolidated Profits 2013 – 2017

2017 witnessed a growth in APC's profitability. The company's net profit stood at JOD 90 million. The high demand on potash was the main reason behind the increase in the Company's profitability from its core operations. Global potash deliveries in the first half of 2017 were about 5 million tons ahead of the first half of 2016 which represents a 20% increase. This growth in profitability was not only driven by the high demand on potash, but also due to other factors such as restocking by our customers at favorable prices as well expectations of imminent price adjustments. Strong shipments and demand continued into the second half of the year after the major contracts were settled. The total potash deliveries in 2017 is estimated to have hit an all-time record and surpassed the benchmark 65-million-ton mark.

On another side, APC's strategy of relying on natural gas to secure its energy needs instead of using other high cost energy sources such as heavy fuel oil participated in reducing the production costs and increasing the company's gross margins. Also, the sale of APC's share in Jordan Magnesium Company increased the company's non-recurring income and its profitability.



Major Financial Indicators 2013 – 2017 in Thousands of Dinars except Financial Ratios, Share Data, Production and Sales Numbers

Details	2017	2016	2015	2014	2013
Potash Production (Million Tons)	2.32	2.00	2.36	2.09	1.74
Potash Sales (Million Tons)	2.36	2.03	2.19	2.24	1.77
Consolidated Sales Revenue	423,277	369,651	527,527	535,465	521,209
Potash Sales Revenue	364,332	322,265	472,885	475,051	482,591
Gross Profit	104,755	65,635	213,413	140,507	183,296
Profit from Operations	64,076	25,582	145,611	85,681	122,986
Financing Charges	6,853	5,754	609	641	1,027
Other Revenues	11,489	16,269	1,887	3,338	1,588
Net Profit After Tax	89,843	62,244	131,133	99,676	130,661
Net Fixed Assets	219,481	232,078	244,082	291,846	33,947
Long Term Loans & Other Long Term Obligations	77,648	64,503	9,377	9,919	12,266
Shareholders' Equity	807,885	805,065	892,190	860,982	886,488
Debt: Equity Ratio	1.24%	0%	0%	0.01%	0.15%
Return On Assets	10%	7%	13%	11%	13%
Return On Shareholders' Equity	10%	8%	15%	12%	15%
Current Ratio	7.9	8.3	4.7	6.2	5.1
Closing Share Price/JOD	16.85	19.18	21.00	19.50	28.05
Dividends	*	83,317	99,981	99,981	124,977
Dividends Percentage	*	100%	120%	120%	150%
Earnings Per Share/JOD	1.08	0.8	1.6	1.2	1.6
Market Price to Earnings Ratio	15.6	23.7	13.3	16.25	17.9
Royalty JOD/ton produced	3.16	2.0	10.1	6.4	14.6

* Dividends ratio for 2017 will be determined at the Annual General Assembly Meeting.

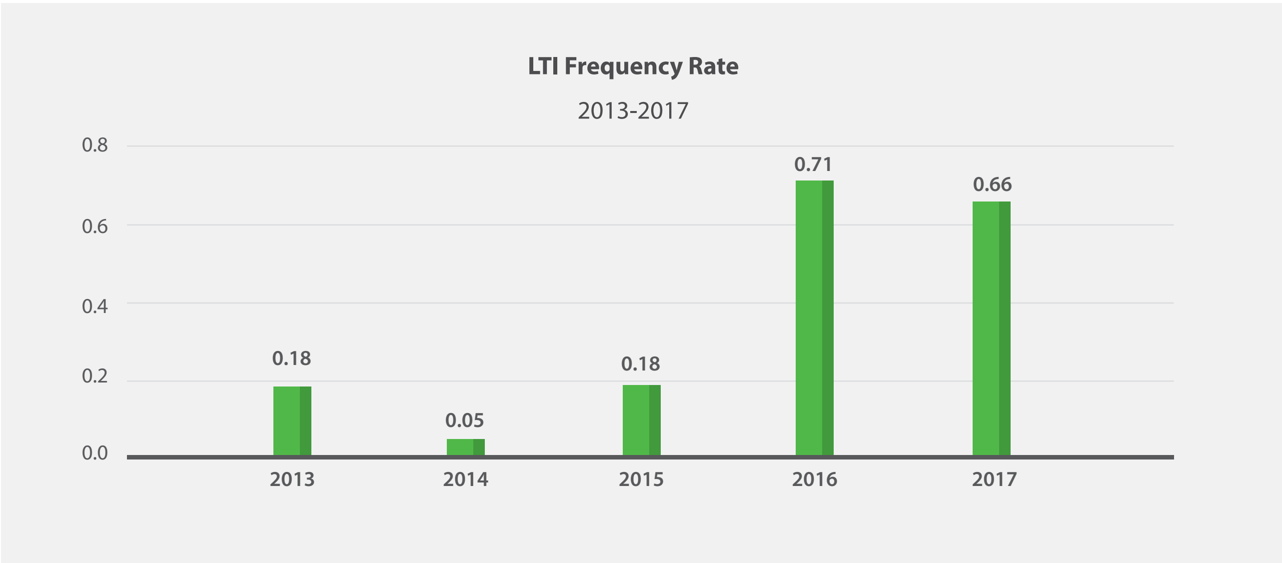
SAFETY & ENVIRONMENT

1 Million
working hours without a lost time injury

SAFETY & ENVIRONMENT

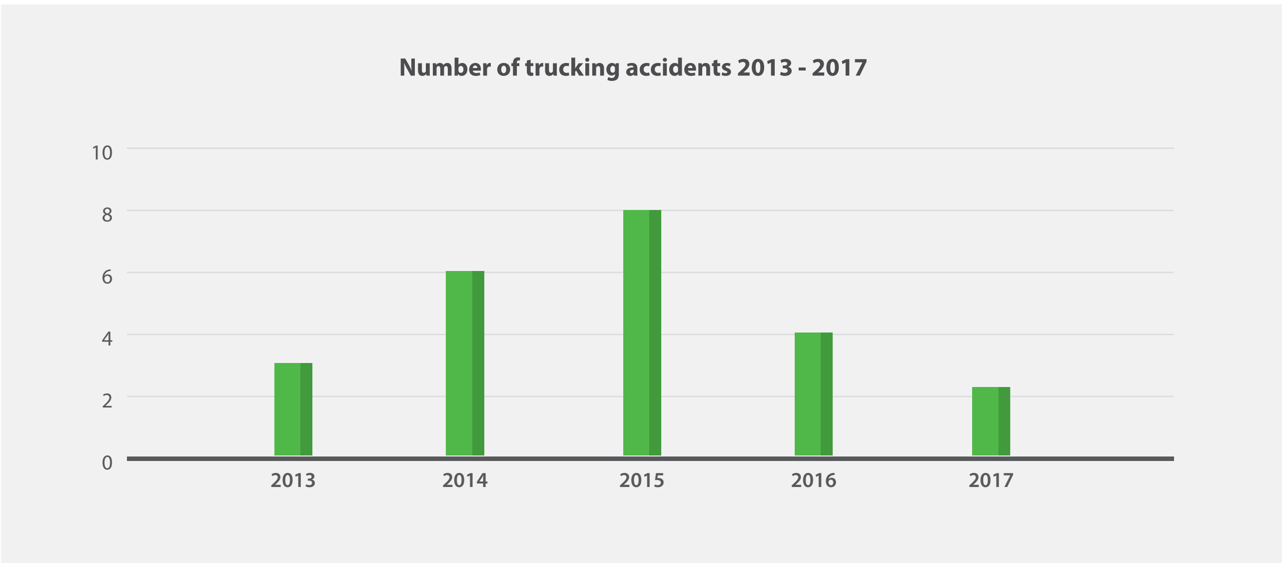
The Arab Potash Company considers the safety of employees, contractors and visitors as the company's top priority and core value. The Board of Directors and senior management give the utmost care of people to return safely to their families and loved ones every day by focusing on providing safe environment in the workplaces and apply the appropriate control engineering and administrative procedures besides application of work permits, guidance, training, qualification and awareness as well as providing personal safety equipment suitable for the place of work.

The following chart shows the annual lost time injury frequency rates of accidents frequency. In 2017; the rate was 0.66 accidents per 200 thousand work hours for person.



*** Frequency of accidents of work injuries ending with lost working days equals the number of work injuries per every 200,000 hours worked.**

The following chart shows number of potash truck accidents since 2013. There were two truck accidents for 2017, one of them was caused by an external cause.



2017 Occupational Health, Safety and Environment achievements:

1. In 2017, APC achieved one million work hours without lost time injuries, in addition, there was an improvement in the safety level. The registered injuries were with low severity. Quality, Safety and Environmental management have started to improve performance depending on preventive programs and leading key performance indicators to prevent incidents from occurrence.
2. Improved the management of injury reporting in workplace and improved the safety and environmental incidents investigation methodology by training and engaging a new staff from other APC departments to use the updated (TapRoot) system to identify and address the root causes of incidents to prevent their recurrence.
3. Improved the compliance of the contractors' employees with the occupational health and safety requirements at all APC locations, through raising the awareness level, and the implementation of effective induction programs before work commencement. In addition, consistent follow-up has been performed to intervene and stop violations before occurrence.
4. Issued the safety meetings policy by the departments in the workplace as part of enhancing preventive safety and for immediate action on unsafe working conditions and at-risk behavior by the same departments and at any time. In addition, (Toolbox Talks) Program have been activated to identify workplace hazards and take actions to control risks before work starting, especially hazardous ones.
5. Issued the office safety calendar to enhance the awareness of safety management at the supervisory level, as well as the preparation of the safety Arabic calendar to raise the awareness level of technical safety concepts for first line workers.
6. Three forums were conducted for supervisors and superintendents and one for APC drivers as part of continual program for employees' engagement in occupational health & safety, addressing selected safety issues and listen to proposals to be implemented directly with senior management as one team for action without delay.
7. Enhancement of Road Safety Program by intensive monitoring through (GPS) on vehicles and trucks, as well as intensifying the winter driving campaign and the constant commitment to wear the seat belt and not using cell phone while driving.

8. Improved the safety inspection program to comply with occupational health & safety requirements by changing the work form from monitoring and reporting style to the supporting style to enhance compliance and improve safety directly to unsafe conditions and stop at risk behaviors. Also improved housekeeping according to the 5S Approach in the workplaces to improve safety, environment and productivity in cooperation with other departments.

9. Continued in a periodic program of monitoring and measuring the environmental aspects by the Royal Scientific Society as a third party to satisfy the legal requirements and apply APC environmental controls. Accordingly, in 2017, environmental projects were implemented to reduce the dust emissions from plants upon recommendations in previous years.

10. A specialized course was held to rehabilitate a team of APC employees in the Radiation Protection System held by the Energy & Minerals Regulatory Commission, and licensing a number of radioactive measuring equipment that used in production processes.

11. Improved monitoring the compliance program for safety and health policies and requirements through monitoring all unsafe conditions.

12. Rescued drills were carried out at the three work sites (Amman Administrative Offices, Ghor Safi Plants and the Aqaba site) and conducting a training scenario for the fall of a radioactive source in addition to a person with a radiation overdose in collaboration with the Civil Defense.

13. As part of the continual logistical support for the Arab Potash Company's Defense Center of firefighting, diving, rescuing and medical supplies; a fully equipped firefighting vehicle with latest equipment was donated to increase readiness.

14. Cooperation with the local community in dealing with environmental issues in collaboration with the Ministry of Environment and the Ministry of Health.

15. The old fire extinguishing hydrant system and the related main pumps have been replaced in the production areas.

PRODUCTION

Achieving the second highest annual production volume in 2017

2.32 Million tons

New Expansion Project to Increase the Production Capacity by

180 Thousand

tons of Potash / Annually

PRODUCTION

The total production in the year 2017 was 2,320,000 tons which is equal to 103.1% of the annual production plan of 2,250,000 tons. The surplus in production is equal to 70,000 tons.

The following table and chart show the quantities of potash produced by type and the corresponding ratios of the total 2017 production.

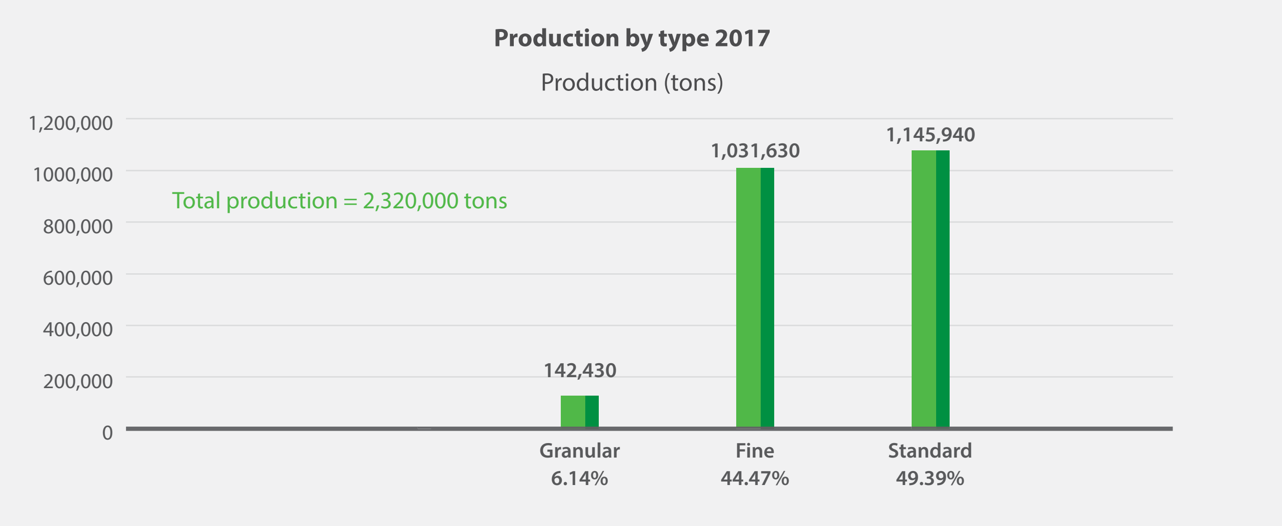
Potash Production by type in 2017

Type	Quantity (ton)	Ratio (%)
Standard	1,145,940	49.39
Fine	1,031,630	44.47
Granular	142,430	6.14
Total	**2,320,000**	**100%**

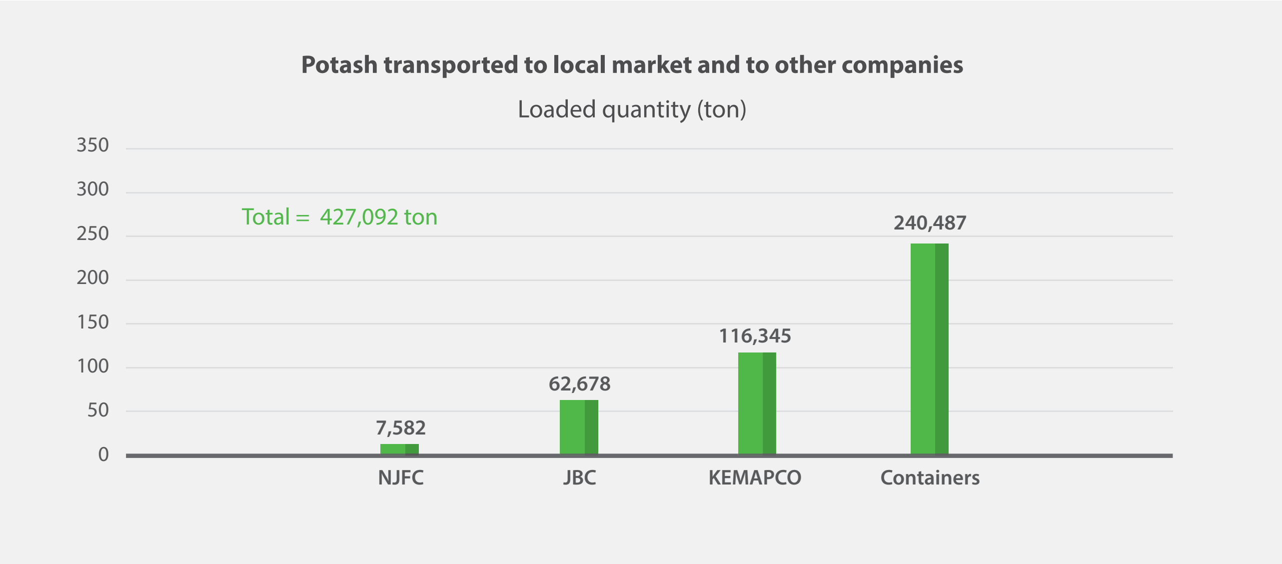
Potash is transported to Aqaba Warehouse, KEMAPCO, NJFC and JBC by APC fleet of trucks while products transported by containers are loaded at Safi site. Quantities transported in 2017 are shown in the following table and chart:

Quantities transported by destination

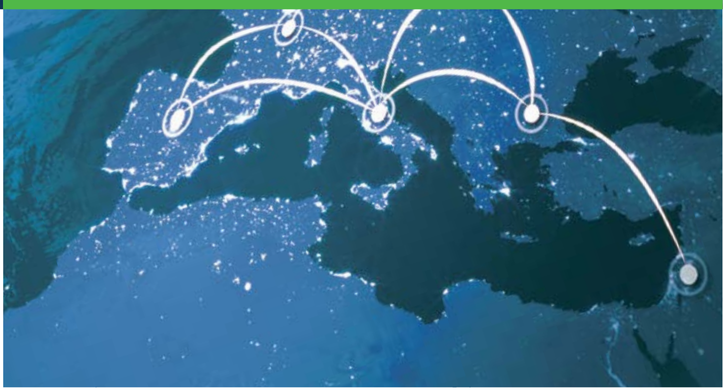
Destination	Quantity (ton)	Ratio (%)
Aqaba warehouse	1,851,506	81.25
Containers	240,487	10.55
KEMAPCO	116,345	5.1
JBC	62,678	2.75
NJFC	7,582	0.35
Total	**2,342,958**	**100%**



Quantities transported to the local market and quantities transported by containers amounted to 427,092 tons as shown in the following chart:



SALES & MARKETING



A Historical Record Sales Volume of Potash

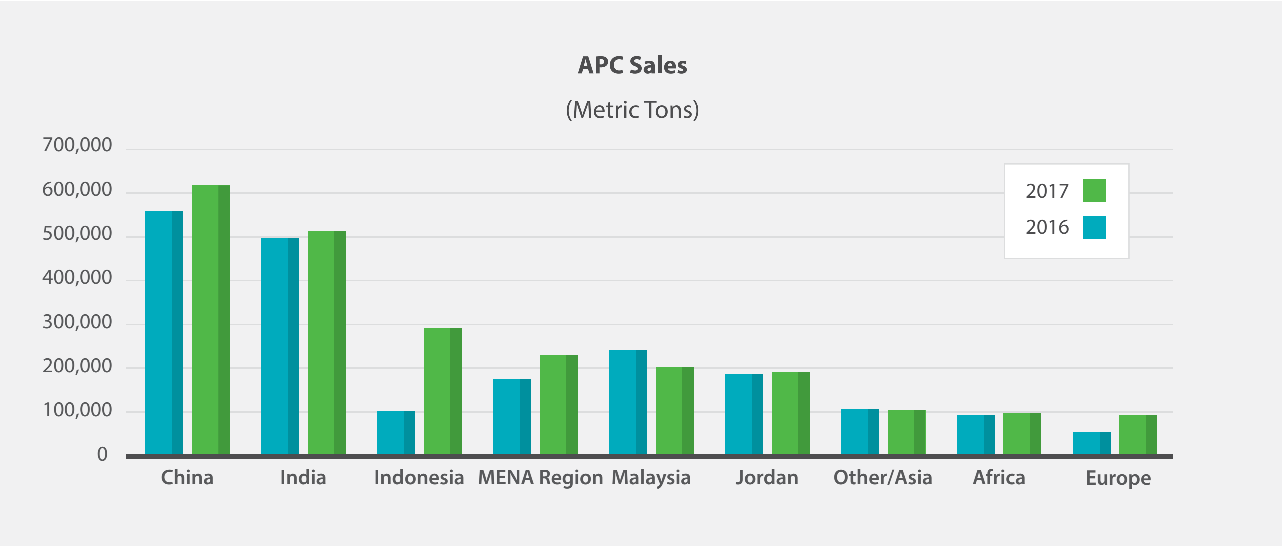
2.36

Million Tons for the year 2017

SALES & MARKETING

Global potash production grew by 4.5% in 2017 and hit an all-time record. This was driven by strong demand in most markets. Potash deliveries also registered a record and outpaced production surpassing 65 million tons of product. The longer-term outlook for potash growth was estimated by the International Fertilizer Association (IFA) at a compounded annual potash rate of 2.5%. Potash prices began to stabilize towards the second half of 2017 and new contracts were agreed with the major buyers in China and India with increases of 11 and 13 dollars respectively. Spot market prices also increased towards the end of the year as supply tightened.

APC sales in 2017 were also at an all-time record registering 2.36 million tons and increasing 16% over the previous year. Notably, sales to Indonesia increased by 180% in 2017 due to new marketing arrangements and sales to private and government fertilizer channels. The sales patterns to India and China were in line with the Long-Term Agreements in both markets and are expected to follow the same lines in the near future. The growth of sales in the local and regional markets was about 13% and APC continued to play a leading role in supplying the region. Potash demand growth is projected to continue in Jordan, Egypt, and Saudi Arabia with expansions in Potassium Sulfate, Potassium Nitrate, and NPK production coming on stream. Sales into Europe and Africa maintained a steady pattern while the overseas offices in New Delhi and Kuala Lumpur served to consolidate customer service and relations. Granular potash sales fell slightly in 2017 but are expected to witness a significant increase in 2018 with a new compactor beginning production at the end of 2017. About 67% of granular sales were to Europe and Africa while 7.1% of all potash sales were to non-fertilizer users. APC chartered 56 vessels in 2017 and these carried about 88% of the product shipped bulk out of Aqaba. Bulk container shipments grew by about 4.5% and represented about 11% of total shipments. New logistic solutions are being adopted whenever feasible. APC continues to pay attention to promotion activities targeted at its main markets and customers through partnerships in India, Egypt, and Africa. APC maintained its high International profile through work with AFA, and IFA.



COMPLIANCE WITH NATIONAL AND INTERNATIONAL QUALITY STANDARDS

Update the Quality Assurance System to conform to the updated International Standard

ISO-9001:2015

COMPLIANCE WITH NATIONAL AND INTERNATIONAL QUALITY STANDARDS

The Arab Potash Company recognizes the importance of customer satisfaction as a basis for enhancing productivity and profitability. Maintaining quality is pivotal factor in achieving this objective through continual commitment of conformity and accreditation certificates by international registration bodies. The company started implementing the quality assurance management system since 1998 in order to enhance the performance of the production processes and support the high quality of the outputs in accordance with the technical specifications required in all stages of production. The quality assurance system is now being updated to comply with ISO 9001:2015.

Continual compliance with Jordan Quality Mark Certificate (JQM) requirements granted by the Jordan Standards Institution for quality of Potash that is used as Agricultural and Industrial Products. The Directorate of Conformity Certificates and the Jordanian Quality Mark Department conduct annual audit of these requirements during production, handling, storage, shipment and final testing of potash products.

To support the APC position to export potash products to Australian markets, which are classified as highly sensitive to the quality of products as Free of organic materials, APC Continues compliance with AQIS requirements for potash exported for agricultural purposes where handling, storage, transport and shipment at plant sites and Aqaba are subjected to annual visit by the Australian Accreditation Representative to ensure compliance with certificate requirements, with emphasis on all manufacturing and quality requirements And hygiene at all stages of production.

In order to enhance customer confidence in the final certificates of potash products and to comply with the approved specifications and quality assurance of inspection and testing processes; the quality management system for the technical laboratories has been updated in 2017 to renew the accreditation certificate for new five years in accordance with ISO 17025. This accreditation will be granted by the Accreditation Unit in the Jordan Standards Institution as a national accreditation body and a member of the International Laboratory Accreditation Cooperation (ILAC).

Continual compliance with the requirements of the International Certificate of Product Sustainability by (IFA) approved by the International Fertilizer Association (IFA). This program focusses on product care and maintaining the quality, safety, security and sustainable environment requirements during the product life cycle process.

The Arab Potash Company recognizes that the safety and health of the employees, contractors and visitors is a top priority and core value. APC is one of the first who implements the Occupational Health and Safety Management System (OHSAS1800: 12007) since 2004 to ensure a safe working environment based on hazards analysis in the workplace and evaluate risks to put the necessary engineering and administrative control procedures. APC is fully committed to apply the best global safety practices and provide continuous training in all workplaces where QES is working on updating the system to match with new version of the Standard ISO45001: 2016. APC strive to focused communicate the safety culture to all contractors and visitors so to extent at the Jordan level.

The Arab Potash Company started implementing the environmental management system since 2001 and got certificate according to ISO 14001. EMS is now in update to the 2015 version. And as confirmation on the sustainable environment in all its operations also supports the efforts to use the available sources efficiently and to prevent pollution in compliance with legal requirements.

Continue to review the APC policies and procedures instructions that represent a reference for compliance by all departments to ensure the high performance of processes that directly affecting quality of potash products and services and to improve the compliance with occupational health, safety and environment in the workplace in compliance with legal requirements.

For continuous improvement; QES Performance is measured periodically and policies are checked for implementation through internal audits organized at workplaces. Also management review meetings are held periodically as a commitment and emphasis to support of best practices and standards in Quality, environment and safety.

APC CORPORATE SOCIAL RESPONSIBILITY (CSR)

8.7 Million JOD

Yearly average paid for social responsibility programs from 2013-2017

APC CORPORATE SOCIAL RESPONSIBILITY (CSR)

The challenges of the past year did not prevent APC from continuing to work pursuant to its mission to help local communities not only in its vicinity but in all parts of Jordan. In this work, APC is guided by His Majesty King Abdullah II's vision that the priority is a better life for all Jordanians, and by the Company's core values which include partnership with local communities.

APC had to reduce its budget for social responsibility and investment in local community development last year, compared to previous years. However, when this budget is measured as a percentage of the company's profits, it remains one of the highest corporate social responsibility budgets worldwide.

APC has provided through its CSR programs in the period from 2013-2017 an average of nearly JOD 9 million annually for social responsibility programs, distributed as follows:

	2017	2016	2015	2014	2013	Total	Yearly Average	%
Education	2,307,600	2,323,760	2,162,372	2,203,257	2,331,820	11,328,809	2,265,762	26%
Social Development	1,699,667	1,184,220	1,670,855	1,554,419	1,848,901	7,958,302	1,591,612	18%
Official Bodies	780,882	1,092,692	2,914,094	1,683,948	2,054,591	8,526,207	1,705,241	19%
Water & Environment	111,243	68,400	711,320	256,147	1,241,700	2,388,810	477,762	5.5%
Health	1,484,060	2,521,744	1,809,400	831,740	1,328,170	7,975,114	1,595,023	18%
Sports	929,906	432,915	372,484	604,550	487,500	2,827,355	565,471	6.5%
Houses of Worship	203,400	176,348	219,568	186,899	356,673	1,142,888	228,578	3%
Culture	254,300	244,215	240,000	209,340	312,150	1,260,005	252,001	3%
Trade Unions	79,000	73,806	38,605	102,700	38,495	332,606	66,521	1%
Total	**7,850,058**	**8,118,100**	**10,138,698**	**7,633,000**	**10,000,000**	**43,739,856**	**8,747,971**	**100%**

BOARD OF DIRECTORS REPORT

According to the Requirements of the Jordan Securities Commission

Honorable shareholders,

The Board of Directors welcomes you to this ordinary annual General Assembly Meeting and presents to you the sixty-first APC Annual Report and the consolidated financial statements for the year ended December 31, 2017 in accordance with the Companies Law, Jordan Securities Commission Law and APC by-laws.

Arab Potash Company Addresses

Head Office
Amman

Al Shmeisani - Aljaheth St.
P.O. Box 1470 Amman 11118 Jordan
Tel.: +96265200520
Fax: +96265200080
Website: www.arabpotash.com

Plant Site
Al Karak - Ghor Al Safi

Tel.: +96265200520
Fax: +96265200290

Aqaba Site
Aqaba - Southern Industrial Zone - Industrial Port

Tel.: +96265200520
Fax: +96265200299

1. COMPANY ACTIVITIES

The Arab Potash Company (APC) was established on July 7th, 1956, and in 1958 the Government of the Hashemite Kingdom of Jordan granted APC an exclusive concession for the exploitation of Dead Sea salts and minerals. Upon termination of the concession, 100 years from the date it was granted, ownership of all plants and installations will be transferred to the government of the Hashemite Kingdom of Jordan at no cost to the latter.

The operational objectives of the Company include the extraction of salts and minerals from the Dead Sea and establishing industries that use these salts and minerals. The activities of APC and its subsidiaries concentrate on the production of potash, potassium nitrate and other derivatives and to market them both domestically and internationally.

B. Capital Investment

The value of property, plant and equipment amounted to JOD 937 million in 2017, compared with JOD 916 million at the end of 2016. Net book value of assets after deduction of consolidated accumulated depreciation was JOD 219.5 million compared with JOD 232 million at the end of 2016.

A. Number of employees by geographic location

Allocation of employees by geographic location

Company	Ghor Al Safi	Aqaba	Amman	Total
APC	1,630	59	122	1,811
KEMAPCO	-	244	11	255
Numeira	64	-	14	78
Total	**1,694**	**303**	**147**	**2,144**
Percentage	**79%**	**14%**	**7%**	**100%**

2. SUBSIDIARY AND AFFILIATE COMPANIES

A. Subsidiaries

1. Arab Fertilizers and Chemicals Industries (KEMAPCO) Limited Liability Company, P.O. Box 2564, Aqaba 77110

KEMAPCO (share capital 100% owned by APC) was established in 1999 with a share capital of JOD 29 million and today it employs 255 people. In 2017, sales reached JOD 74.4 million, which consisted mainly of 139 thousand tons of potassium nitrate (NOP) and achieved a net profit of JOD 23.7 million. Production in 2017 amounted to 130 thousand tons of NOP. Europe, Mediterranean countries and Asia are KEMAPCO's main markets.

2. Numeira Mixed Salts and Mud Company, Limited Liability Company, P.O. Box 941681, Amman 11118

Numeira was established in 1997 to extract, buy, and package mud from the Dead Sea for the cosmetic industry. APC owns 100% of its JOD 800,000 share capital. Numeira employs a staff of 78. The Company achieved a net profits of JOD 36 thousand by the end of 2017.

B. Affiliates

1. Jordan Bromine Company (JBC)

Jordan Bromine (JBC) was incorporated in 1999 based on a Joint Venture Agreement between Arab Potash Company and Albemarle Holdings. JBC's capital amount to JOD 30 million and a JOD 24.7 million additional pain in capital distributed equally between the two shareholders, APC and Albemarle. The Company produces bromine and its derivatives such as tetra bromide, sodium bromide, calcium bromide, hydrogen bromide, and potassium hydroxide.

2. Nippon-Jordan Fertilizers Company

The Company was established in 1999 to produce NPK and ammonium phosphate fertilizers, which are marketed in Japan. With regard to the Company's JOD 16.7 million of paid-in-capital, APC and the Jordan Phosphate Mines Company (JPMC) hold 20% and 70%, respectively while Mitsubishi Corporation holds the remaining 10%.

3. Jordan Industrial Ports Company (JIPC)

To ensure continuity of potash exports, and in light of the Government's intention to upgrade the operations of Aqaba ports, particularly in the Aqaba Industrial Terminal on the southern beach, APC and the Jordan Phosphate Mines Company (JPMC) signed a memorandum of understanding with the Aqaba Development Corporation (ADC) and the Aqaba Special Economic Zone Authority (ASEZA) on August 31, 2008 to refurbish, develop, upgrade and expand the existing jetty under the joint venture umbrella of JIPC, which was established on May 17, 2009 with an authorized and paid in capital of JOD 1 million, shared equally between APC and JPMC. Implementation started immediately after signing

the operating and management agreements with ADC on July 8, 2014. The project is scheduled to be completed in 2018. On February 1, 2015, JIPC signed an agreement with the Spanish consortium of TECNICAS REUNIDAS, S.A. - PHB WESERHUTTE, S.A for the overhauling and expansion of the industrial port on the southern part of The Gulf of Aqaba, we lease it to import production inputs and export finished products through a dedicated industrial port. APC's investment in JIPC at the end of 2017 was JOD 57.5 million.

4. Jordan Safi Salt Company (under liquidation)

In 2016, APC decided to appoint a new Liquidation Committee, which has partially finalized the majority of liquidation procedures during the year. JOD 3.2 million were paid to APC, representing part of the debts owed by Jordan Safi Salt Company. The Liquidation Committee is expected to finalize the remaining procedures by the end of 2018.

3. BOARD OF DIRECTORS

A. Members of the Board of Directors

Name	Representative of	Position	Committees	Nationality	Independent/ Not Independent	Membership Executive/ Non-Executive
H.E Jamal Ahmad Mufleh Al Sarayrah	Ministry of Finance - Shareholdings Management Company from 16/05/2017	Chairman of the Board	Chairman of: Nomination and Remuneration Committee CSR and Donations Committee	Jordanian	Not Independent	Executive
(Ahmad Jamal) Nawaf Moh'd Bataineh	Shareholdings Management Company	Board Member	Chairman of Governance Committee Board of: Nomination and Remuneration Committee Audit Committee CSR and Donations Committee	Jordanian	Not Independent	Non-Executive
Saad Saleh Al Alqan Abu Hammour	Shareholdings Management Company	Board Member as of 16/05/2017	Governance Committee	Jordanian	Not Independent	Non-Executive
Mofreh Dakhilallah Jum'a Al Tarawneh	Shareholdings Management Company	Board Member as of 20/06/2017	Chairman of: Risk Management Committee Vice Chairman of Audit Committee Member of: Nomination and Remuneration Committee Governance Committee	Jordanian	Not Independent	Non-Executive
Mustafa Mohammad Abdel Latif Al Barari	Shareholdings Management Company	Board Member until 20/6/2017	Vice Chairman of the Audit Committee	Jordanian	Not Independent	Non-Executive
Brent Edward Heimann	PCS Jordan LLC	Board Member, President and CEO	Risk Management Committee CSR and Donations Committee	American	Not Independent	Executive
Wayne Brownlee	PCS Jordan LLC	Board member		Canadian	Not Independent	Non-Executive
Iain Guille	PCS Jordan LLC	Board member until 15/10/2017		British	Not Independent	Non-Executive
Reem Haitham Jamil Goussous	PCS Jordan LLC	Board Member as of 16/10/2017	Nomination and Remuneration Committee	Jordanian	Not Independent	Non-Executive
Mohammad R A H Sultan	Arab Mining Company	Vice Chairman		Kuwaiti	Not Independent	Non-Executive
Azza Mohammad Saeed Rashed Al Suwaidi	Arab Mining Company	Board Member		UAE	Not Independent	Non-Executive
Ma'en Fahed Abdel Karim Nsour	Social Security Corporation	Board Member until 15/08/2017	Chairman of the Audit Committee Member of Nomination and Remuneration Committee	Jordanian	Not Independent	Non-Executive
Fadi Abdel Wahab Abdel IFattah Abu Ghaush	Social Security Corporation	Board member as of 15/08/2017	Chairman of Audit Committee Member of Risk Management Committee	Jordanian	Not Independent	Non-Executive
Abdul Wadoud Abdul - Sattar Mahmoud Al - Dulaimi	Government of Iraq	Board Member until 05/02/2017		Iraqi	Independent	Non-Executive
Saffa Al Din Fakhri Abdul Majeed Al Fouad	Government of Iraq	Board Member as of 05/02/2017	Governance Committee	Iraqi	Independent	Non-Executive
Salem Husni Salem Braibish	Libyan Arab Foreign Investment Company	Board Member until 28/05/2017	Audit Committee	Libyan	Independent	Non-Executive
Najib Mohamed Mohamed Ohida	Libyan Arab Foreign Investment Company	Board Member as of 28/05/2017	Audit Committee	Libyan	Independent	Non-Executive
Fahad Majid Al Sultan Al Salim	Kuwait Investment Authority - Kuwait	Board Member	Nomination and Remuneration Committee	Kuwaiti	Independent	Non-Executive

B. Biography of Members of the Board of Directors

H.E. Jamal Ahmad Mufleh Al-Sarayrah

Representative of	Ministry of Finance in lieu of the Shareholdings Management Company on 16/5/2017
Position	Chairman of the Board
Other positions in APC Group	Chairman of the Board of Jordan Bromine Company KEMAPCO Al Numeira for Mixed Salts & Mud
Board member at	JIPC
Committees Chairman for	Remuneration and Nomination Committee CSR and Donations Committee
Date of birth:	10/08/1954

Mr. Jamal Al Sarayrah has assumed charges as Chairman of the Arab Potash Company (APC) Board of Directors since 13/6/2012, a member of the Board of Directors of the International Fertilizer Association (IFA) and a former Chairman of Arab Fertilizers Association (AFA) during 31/10/2013 – 31/12/2014. Has 30 years of experience in politics and business strategy development. He chaired a number of companies in the public and private sectors in the post and communications, transportation, regulation, and oil and gas. Mr. Al Sarayrah held a number of ministerial and parliamentary positions that included Minister of Post and Communication and Minister of Transportation, First Deputy Chief and a member of the Lower House of Parliament of Jordan, member of the Royal Commission for the Jordanian National Charter, Chairman of Jordan Telecom, Senior Advisor for business strategy development in telecommunication, oil, and gas (Reliance Globalcom, Dubai), and GM of ARAMCO office (Jordan, Lebanon, Syria and Turkey). He holds a post-graduate diploma in international law and international relations from the Aberystwyth University in Wales and a BA in English Literature from the University of Kuwait.

"Ahmad Jamal" Nawaf Moh'd Bataineh

Representative of	Shareholdings Management Company
Position	Board Member
Other positions in APC Group	Board Member of: KEMAPCO
Committees	Chairman for Corporate Governance Committee Vice Chairman of Audit Committee Remuneration and Nomination Committee CSR and Donations Committee
Date of birth	05/11/1948

General «Ahmad Jamal" Bataineh Member of the Board of Directors as of 12/8/2012. During his 32 years of service (1968-2000), Major General Ahmed Batayneh held a number of military positions at Jordan's Arab Army, such as Jordanian Military Attaché in the United Kingdom and Director of Military Intelligence. He served as President of the Jordanian Basketball Association and General Manager of National Resources Development Company (King Abdullah II Design and Development Bureau (KADDB)) and he received number of medals of honor during his service in Jordan's Arab Army.

STRATEGIC REPORT

Eng. Saad Saleh Al-Alqan Abu Hammour

Representative of	Shareholdings Management Company
Position	Board Memeber
Committees	Corporate Governance Committee
Date of birth	15/03/1956

APC Board Member since 16/05/2017, Secretary General of Jordan Valley Authority (JVA) of the Ministry of Water & Irrigation, as well as Chairman of the Jordanian Steering Committee and Head of the Special Tendering Committee and Joint Administration Body of the Red - Dead Sea Project. Mr. Abu Hammour occupied many positions in the public and private sectors which included CEO of Jordan Water Company (MIYAHUNA), Deputy CEO and Production and Quality Director of MIYAHUNA, Water Production and Quality Director and Assistant Executive Director at LEMA Water Company, Water Director at Water Authority of Jordan and Operation and Maintenance Manager at the Water Authority of Jordan. He is also a member of a number of local and regional water committees. He was awarded the Hashemite Kingdom of Jordan's Independence Medal of the third degree.

Mr. Abu Hammour is a certified expert engineer in mechanical engineering in water and wastewater and author of many technical papers on reducing algae count in drinking water treatment plants. He received a BSc in mechanical engineering from Pakistan 1981 and a Master's degree in Sanitary Engineering from Netherlands University 1998.

Eng. Mofareh Dakhilallah Jum'a Al-Tarawneh

Representative of	Shareholdings Management Company
Position	Board Member
Other positions in APC Group	Board Member of: KEMAPCO Jordan Industrial Ports Company P.S.C.
Committees	Chairman of Risk Management Committee Vice-Chairman of Audit Committee Remuneration and Nomination Committee Corporate Governance Committee
Date of birth	28/04/1961

Member of APC Board of Directors since 20/6/2017. Major General Engineer Mofareh Al-Tarawneh joined Jordan's Arab Army in 1978 where he served until his retirement with the rank of Major General. He held many posts that included Assistant to the Chairman of the Royal Jordanian National Defence College, Deputy General Manager of the King Abdullah II Design and Development Bureau (KADDB), Board Member of KADDB affiliated companies, Chief of Military Cooperation Strategic Planning, and Assistant Defense Attaché in Pakistan. General Tarawneh was also Project Manager of the transfer of Challenger CD1 tanks from the UK to Jordan project, and he participated internationally in the peace keeping mission in Croatia (UNPROFOR) as well as several military cooperation missions. General Tarawneh has a BSc in Mechanical Engineering from the UK, and an Executive MBA from Pakistan. He also received Military and Technical training at national military schools and international military academies in the U.S.A and U.K.

Dr. Mustafa Mohammad Abdul Latif Al Barari

Representative of	Shareholdings Management Company
Position	Board member until 20/06/2017
Other positions in APC Group	Board member at: KEMAPCO JIPC
Committees	Vice Chairman of Audit and Risk Management Committee
Date of birth	09/05/1960

APC Board Member from 12/6/2016 until 20/6/2017, and currently a Member at the Jordanian House of Senates. He held the post of the President of the Ombudsman Bureau until June 2016, and earlier served as President of the Audit Bureau, and as Secretary General of the Audit Bureau, and General Manager of Financial Affairs at the Aqaba Special Economic Zone Authority (ASEZA), and Audit Manager and Financial and Economic Expert at Osama El-Khereiji -certified auditors and business consultants in Saudi Arabia, also worked as Sr. Audit Manager at Deloitte.

Dr. Al-Barari has a PhD in Law from University of Riverside, California, USA, an MBA in Business Administration - Accounting and Finance from the same university, and a Master's degree in Financial and Administrative Sciences, and a BSC in Accounting and Economics from the University of Jordan. Dr. Al-Barari is also qualified as a Certified Public Accountant (CPA) in USA and Jordan.

Brent Edward Heimann

Representative of	PCS Jordan LLC
Position	Board Member, President & CEO
Other positions in APC Group	Chairman of: Jordan Industrial Ports Company P.S.C.
Board member of	KEMAPCO
Committees	Risk Management Committee CSR and Donations Committee
Date of birth	04/12/1960

Arab Potash Company President and CEO as of 03/12/2014, Brent Heimann had served as APC General Manager from October 2003 until February 2007. On 01/11/2013, he was seconded as APC Acting General Manager by Potash Corporation, where he was working as the President of both PCS Phosphate and PCS Nitrogen. Subsequently Mr. Heimann became APC General Manager and Board Member on 01/07/2014. Mr. Heimann holds a BSc in chemical engineering from the University of Cincinnati, USA, and his experience in the fertilizers industry spans over 25 years.

Wayne Richard Brownlee

Representative of	PCS Jordan LLC
Position	Board member
Date of birth	17/01/1953

Board member as of 01/02/2016. Executive Vice President, Treasurer and Chief Financial Officer of PotashCorp of Saskatchewan (PCS). Prior to that he served PotashCorp for seven years as Senior Vice President, Treasurer and Chief Financial Officer. He also held the positions of Senior Vice President- Expansion and Development; Vice President- Expansion and Development; and Director- Business Development.

Reem Haitham Jamil Goussous

Representative of	PCS Jordan LLC
Position	Board Member as of 16/10/2017
Other positions in APC Group	Board member of: Al Numeira for Mixed Salts & Mud
Committees	Remuneration and Nomination Committee
Date of birth	16/11/1971

Board Member from 16/10/2017. Ms. Goussous is currently the Managing Director of Endeavor, a global organization that works to catalyze long-term economic growth by selecting, mentoring, and accelerating fast-growing startups and SMEs.

With over 20 years of industry experience, Goussous has established a strong track record in economic impact analysis, economic development policy formulation strategies, market research and intelligence, and investment and export development. She has managed over 80 projects and consultancy assignments, and spearheaded the establishment of a number of research units, directing teams of economists, analysts and researchers in developing economic studies, and company valuation reports. Ms. Goussous managed and took part in conducting feasibility studies for a number of multi-million dollar projects in the financial, manufacturing, mining, and renewable energy sectors. She has also acquired thorough knowledge of the various components of the Jordanian economy leading to a strong ability and expertise in sector and industry analysis. Reem Goussous was the Senior Manager and Lead Economist at Al Jidara, a regional consultancy firm that provides governments and organizations within the public and private sectors with economic, development, and management consulting services. She also spearheaded the establishment of several research and reporting units, as well as worked as a policy advisor for the Minister of Planning and International Cooperation.

Ms. Goussous is a Board Member of Capital Bank, the Jordan River Foundation, and Capital Investments. She holds a Bachelor's degree in Economics and a Master's degree in Economic Development and International Trade from Boston University.

Iain Ronald Guille

Representative of PCS Jordan LLC
Position Board member until 15/10/2017
Date of birth 10/01/1960

Board member from 21/4/2016 until 15/10/2017. Iain Guille is the General Manager of PCS New Brunswick division, a role he has been in since September 2015. Prior to that he held the position of General Manager of PCS Rocanville division from July 2013 to August 2015. Iain Guille holds a BSc in chemical engineering from the University of Strathclyde, Scotland, UK. His experience in mining and mineral processing of a variety of commodities spans more than 25 years.

Mohammad R. A. H. Sultan

Representative of Arab Mining Company
Position Vice- Chairman
Date of birth 03/04/1971

Mohammad Sultan was appointed as Board member on 02/06/2016, Vice Chairman as of 03/08/2016. Mr. Sultan is a Senior Investment Manager at the Equities Department in the General Reserve Sector of the Kuwait Investment Authority (KIA), where he has worked since 1997. In the context of his work at KIA, he served in Cairo as the Chairman and CEO of Logistics Co. for Cold Storage Services, the Liquidator of the Kuwaiti Egyptian Co. for Pipes (Eslone Misr), and the CEO of the Kuwaiti Egyptian Investment Co. Mr. Sultan also serves KIA as a member of the Board of APC and the Arab Mining Company (Jordan), and previously of the Kuwaiti Egyptian Investment Co., the Kuwaiti Moroccan Consortium for Development (CMKD), and the International Group for Hotels and Tourism – Egypt, Mr. Sultan graduated with a Bachelor of Science degree from the University of Central Florida – USA, with a double major in Finance and Hospitality Management.

Azza Mohammad Saeed Rashed Al Suwaidi

Representative of Arab Mining Company
Position Board Member
Date of birth 02/07/1978

Board Member from 02/06/2016. Azza Al Suwaidi has worked since 2012 as Director of Revenue Development Department at Ministry of Finance (MoF) of the United Arab Emirates (UAE), where Ms. Al Suwaidi has served since 2003 in numerous positions that included: Deputy Director of Revenue Development Department, Head of the General Taxes Division, Project Manager of Taxes Systemization in the UAE, and Member of the Country Team for the Project on Implementation of VAT in the UAE and GCCC. Ms. Al Suwaidi has a BSc in business administration and a higher diploma in business administration, and she graduated from the United Arab Emirates Leaders Program (UAEGLP Future Leaders Program).

Fadi Abdel-Wahab Abdel-Fattah Abu Ghaush

Representative of	Jordan Social Security Corporation
Position	Board Member as of 15/08/2017
Committees	Chairman of Audit Committee Member of Risk Management Committee
Date of birth	05/03/1979

Fadi Abu Ghaush became a member of the APC Board of Directors on 15/8/2017. He works as Section Head of the Internal Audit Department of the Social Security Investment Fund (SSIF), a position which he has held since 2009. Before joining SSIF as an Internal Auditor in 2005, he worked as an Accountant at Sabbagh Drugs Store, as Deposit Department Officer, Accountant, Retail Officer, and Relationship Officer at the International Islamic Arab Bank (2002-2005), and as a Financial Implementation Officer at Houston Technologies Ltd. in Amman (2001). He is also an Instructor in internal audit and accounting professional certification CMA, CPA, JCPA, internal audit, money laundering, fraud issues, and internal control. Mr. Abu Ghaush is qualified as a Jordanian Certified Public Accountant (JCPA) in 2012 and a Certified Internal Auditor in 2007, and he received a BSc in Accounting from Al Al-Bayt University in Jordan in 2001. He is also a founding member and Board Member of the Jordan Internal Auditors Association (JIA).

Dr. Ma'en Fahed Abdel Karim Nsour

Representative of	Jordan Social Security Corporation
Position	Board Member until 15/08/2017
Other positions in APC Group	Board Member of: Al Numeira for Mixed Salts & Mud Board KEMAPCO Jordan Bromine Company
Committees	Chairman of Audit Committee Member of Remuneration and Nomination Committee
Date of birth	01/11/1961

APC Board Member from 15/8/2013 until 15/8/2017, Dr. Nsour received a Ph.D. in political economy from George Mason University in Virginia, USA in 1998, and currently works as President for Global Academy for Training and Consultancy, Chairman of the Executive Board of Sweimeh Development for Investment Company, and member of the Board of the Kingdom Investment Group. He worked previously as Director-General of the Social Security Corporation, Acting Director of the Social Security Investment Fund, member of the Ministerial Economic Development Committee, member of the Economic Social Council, Special Advisor and Chief-of- Staff to the Prime Minister, Chief Executive Officer of the Jordan Investment Board, and Senior Advisor of Programming at the UNDP in New York. Before joining UNDP, he was Director of Studies and Policies and Director of the Aid Coordinating Unit at the Jordan Ministry of Planning. He also taught political economy, international trade and investment, and public policy at George Mason University and international economics at the University of Jordan. He now teaches international business and globalization for the MBA Program in business administration at the German Jordanian University, and public policy at the University of Jordan.

Dr. Saffa Aldin Fakhri Abdul-Majeed Al Fouad

Representative of	Government of Iraq
Position	Board Member as of 05/02/2017
Committees	Corporate Governance Committee
Date of birth	24/08/1957

Board Member from 05/02/2017. Dr. Saffa Aldin is the Acting Director General of Iraq Geological Survey Department of the Ministry of Industry and Minerals, where he has worked since 1984, and managed several detailed geological survey and mineral exploration programs including field operations, geological survey and mapping, mineral and construction materials exploration and evaluation, and structural and tectonic studies of most parts of Iraq. Dr. Al Fouad studied at the University of Baghdad, where he received a BSc in Geology (1979), an MSc in Structural Geology (1983), and a PhD in Structural Geology and Tectonics (1997).

Abdul Wadoud Abdul-Sattar MahmoudAl-Dulaimi

Representative of	Government of Iraq
Position	Board Member until 05/02/2017
Date of birth	15/11/1954

APC Board Member from 25/12/ 2003 until 05/02/2017. Mr. Al-Dulaimi holds a BSc Degree in Electrical Engineering from the University of Baghdad (1977). Mr. Dulaimi was Director General for the Iraqi Phosphate Public Company. He currently works as the Chairman of the Board of Directors and General Manager of Diala Company for Electrical Industries.

Eng. Najib Mohammed Mohammed Ohida

Representative of	Libyan Arab Foreign Investment Company
Position	Board Member as of 28/05/2017
Committees	Audit Committee
Date of birth	22/12/1953

Board Member from 28/05/2017. Eng. Najib Ohida has worked at the Libyan Arab Foreign Investment Company (AFIC) as General Manager of the Office of Consultants since 1/1/2017. Mr. Ohida joined LAFICO in 1982, where he held number of positions that included: Chairman and General Manager of the Arab Agricultural Projects Company in Alexandria, Egypt, founding Vice-Chairman and General Manager of the National Development Company for Food Import of the Fund for Economic and Social Development, General Manager of the Office of Expertise and Consultancy, Chairman and General Manager of Astris in Athens – Greece, Member of the Board of Directors of the Arab Agricultural Investment Company in Bahrain, Managing Director of the Libyan Turkish Company for Agricultural and Livestock Production in Ankara Turkey. He worked with Universal Inspectorate in Rome – Italy, Non-resident Chairman of the Board of Directors of the Libyan Beninese Agricultural Company, Non-resident Vice Chairman of the Libyan Togolese Agricultural Company, Member of the Board of the Libyan Ghanaian Agricultural Company, and Member of the Board of Libyan Nicaraguan Agriculture Development Company.

Eng. Ohida graduated in 1976 with a BS Degree in Soil and Water Sciences from the Faculty of Agriculture of the Libyan University.

Salem Husni Salem Braibish

Representative of	Libyan Arab Foreign Investment Company
Position	Board Member until 28/05/2017
Committees	Audit Committee
Date of birth	28/08/1976

APC Board Member from 10/12/2014 until 28/05/2017. Mr. Braibish holds a BSc in Accounting from the "Al Jabal Al Gharbi" University / Gharyan – Libya 1999. He occupied several positions and he is currently the Director of Finance and Public Administration at the Libyan Arab Foreign Investment Company since 01/01/2014. Mr. Braibish participated as a board member at the Syrian–Libyan Company for Industrial and Agricultural Investments Damascus and the Yamani–Libyan Holding Company. Currently Mr. Braibish is a board member at the Libya Company for Investment / Egypt and the Arab Company for Agricultural Projects; whereas both companies are subsidiaries of the AFICO.

Fahad Majid Al Sultan Al Salim

Representative of	Kuwait Investment Authority- Kuwait
Position	Board Member
Committees	Member of Remuneration and Nomination Committee
Date of birth	05/11/1955

APC Board Member since 12/04/2012. Mr. Al Salim holds a BSc in Business Administration from Ohio University, USA, and former Director of Strategy and Planning at the Public Investment Commission of Kuwait, former board member at United Arab Shipping Co., Kuwait Company for Development of SMEs, Metalgeslschaft – Germany, Kuwait Investment Company, and Sassoon Holdings Co. – Singapore.

Mohammed Abd Al Rahman Al Razem

Position	Secretary of the Board of Directors
Other positions in APC Group	Board Member of: Nippon Jordan Fertilizer Co. Jordan Bromine Company
Committees	Risk Management Committee
Date of birth	22/12/1979

VP Finance and Support Services since 19/04/2017. Mohammed Razem is a Chartered Financial Analyst (CFA) and a Certified Public Accountant (CPA) in the United States of America. Mohammed holds a Bachelor's Degree in Accounting from the University of Jordan. Mohammed has over 17 years of experience in many fields: Mining, Real Estate, Public Accounting, Telecommunication, Financial Services and Investments.

Mohammed started his career in the Telecommunication sector where he worked for Zain Jordan as an Accountant. Later Mohammed worked for Ernst & Young Middle East specializing in External Audit, Due Diligence, Valuations and other special assignments. Mohammed joined Arab Potash Company in 2011, where he held the position of Finance Director. Mohammed also acts as the Secretary of the Board.

4. EXECUTIVE MANAGEMENT

A. Members of the Executive Management

Name	Position	Nationality	Committees
Brent Edward Heimann	Board Member, President, & CEO	American	Risk Management Committee CSR and Donations Committee
Lane Bernard Knorr	VP Operations until 20/12/2017	Canadian	-
Scott Raymond Maczka	VP Finance and Support Services until 19/04/2017 VP Strategy and Corporate Development as of 19/04/2017 until 01/12/2017	American	-
Jafar Mohammad Hafez Salem	VP Marketing and Sales	Jordanian	-
Adnan Sulaiman Faris Al Ma'aitah	VP Human Recourses and Corporate Affairs	Jordanian	-
Mohammad Abd Al Rahman Al Razem	VP Finance and Support Services as of 19/04/2017	Jordanian	Risk Management Committee
Mohammad Abu Gheyab	Acting VP Operations as of 20/12/2017	Jordanian	-

B. Biography of Members of the Executive Management

Brent Edward Heimann

Representative of	PCS Jordan LLC
Position	Board Member, President & CEO
Other positions in APC Group	Chairman of: Jordan Industrial Ports Company P.S.C.
Board member of	KEMAPCO
Committees	Risk Management Committee CSR and Donations Committee
Date of birth	04/12/1960

Arab Potash Company President and CEO as of 03/12/2014, Mr. Brent Heimann had served as APC General Manager from October 2003 until February 2007. On 01/11/2013, he was seconded as APC Acting General Manager by Potash Corporation, where he was working as the President of both PCS Phosphate and PCS Nitrogen. After that Mr. Heimann became APC General Manager and Board Member on 01/07/2014. Mr. Heimann holds a BSc in chemical engineering from the University of Cincinnati, USA, and his experience in the fertilizers industry spans over 25 years.

Lane Bernard Knorr

Position	VP Operations until 20/12/2017
Date of birth	23/05/1964

Mr. Lane Knorr began his career at PotashCorp in 1989 as an Electrical Engineer at the Lanigan Mine after graduating with a BSc in Electrical Engineering from the University of Saskatchewan. He was promoted to Electrical General Foreman in the Mill in 1995, Maintenance Superintendent in 2000, and was the Mill General Superintendent from 2003 – 2015.

Mohammad Abu Gheyab

Position	Acting VP Operations from 20/12/2017
Date of birth	17/12/1955

Mr. Mohammad Abu Gheyab joined the APC's management team as "Acting VP Operations" on 20/12/2017, after 36 years of service at the company, where he started as a Mechanical Engineer at the Maintenance Department in 1981.

Mr. Abu Gheyab worked in different areas; as a Maintenance Supervisor, and was promoted to Offsite (harvesters, pump stations, utilities) Maintenance Superintendent, and was promoted to Assistant Maintenance Manager for Engineering (Development and Inspection), and Assistant Maintenance Manager for mechanical works in all the plant, and Deputy Maintenance Manager. In 1999, he was promoted to Maintenance Manager. In 2004, Mr. Abu Gheyab was promoted to Maintenance Director. In December 2007 he was relocated to the Production Department and assumed charges as Production Director. He assumed charges as Maintenance Director in trust in addition to his post as Production Director from 2014 until 2016. In 2015, Mr. Abu Gheyab was promoted to Senior Production Director.

Mr. Abu Gheyab holds B.Sc. in Mechanical Engineering from Boumerdes, Algeria. He is also a member of the Jordanian Engineering Association (JEA).

Scott Raymond Maczka

Position	VP Finance and Support Services until 19/04/2017 and VP Strategy and Corporate Development from 19/04/2017 until 01/12/2017.
Date of birth	03/02/1974

Scott Maczka holds a BSc. Degrees in Accounting and Finance from Marquette University as well as Certified Public Accountant (Wisconsin) and Chartered Global Management Accountant designations. He worked for PotashCorp since May, 2000 in Corporate Taxation, Budgeting & Forecasting, Project Management, and Supply Chain Planning & Analysis covering Nitrogen, Phosphate, and Potash nutrients. He worked as an expatriate for two years on assignment in Saskatoon, Saskatchewan Canada and has over 5 years of Big Four accounting firm experience.

Mohammed Abd Al Rahman Al Razem

Position	VP Finance and Support Services as of 19/04/2017
Other positions in APC Group	Board Member of: Nippon Jordan Fertilizer Co. Jordan Bromine Company
Committees	Risk Management Committee
Date of birth	22/12/1979

VP Finance and Support Services since 19/04/2017. Mohammed Razem is a Chartered Financial Analyst (CFA) and a Certified Public Accountant (CPA) in the United States of America. Mohammed holds a Bachelor's Degree in Accounting from the University of Jordan. Mohammed has over 17 years of experience in many fields: Mining, Real Estate, Public Accounting, Telecommunication, Financial Services and Investments.

Mohammed started his career in the Telecommunication sector where he worked for Zain Jordan as an Accountant. Later Mohammed worked for Ernst & Young Middle East specializing in External Audit, Due Diligence, Valuations and other special assignments. Mohammed joined Arab Potash Company in 2011, where he held the position of Finance Director. Mohammed also acts as the Secretary of the Board.

Jafar Mohammad Hafez Salem

Position	VP Marketing and Sales
Other positions in APC Group	Board Member of: KEMAPCO
Date of birth	04/05/1958

VP Marketing and Sales Jafar Salem since October 2003. He holds a BSc in Chemical Engineering from Aston University in Birmingham, UK (1981), and has worked for APC since 1984 in the Marketing Department. He represents the Company at the Arab Fertilizer Association (AFA) and its Economic Committee, at the International Trade Committee of International Fertilizers Association (IFA), and also a member of the Board of the International Plant Nutrition Institute (IPNI).

Adnan Sulaiman Faris Al Ma'aitah

Position	VP Human Recourses and Corporate Affairs
Other positions in APC Group	Board Member of: Al Numeira for Mixed Salts & Mud
Date of birth	16/12/1971

VP Human Recourses and Corporate Affairs since 01/11/2012. He holds an MBA in Human Resources Management from New York Institute of Technology, and a BSc. in Industrial Engineering (Engineering Management) from the University of Jordan. He has more than 22 years of experience in human resources management, and he worked as an HR Manager in several international companies in Jordan and GCC Countries.

5. MAJOR SHAREHOLDERS

	31-12-2017		31-12-2016	
Shareholder	No. of Shares	Percentage	No. of Shares	Percentage
PCS Jordan LLC	23,294,614	28%	23,294,614	28%
Shareholdings Management Company - Gov't of Jordan	21,782,437	26%	22,382,437	27%
Arab Mining Co.	16,655,651	20%	16,655,651	20%
Social Security Corporation	8,642,968	10%	8,642,968	5%
Iraqi Government	3,920,707	5%	3,920,707	5%
Libyan Company for Foreign Investment	3,386,250	4%	3,386,250	4%
Kuwait Investment Authority - Kuwait	3,286,095	4%	3,286,095	4%
Private Sector	1,730,035	2%	1,730,035	2%
Ministry of Finance – Jordan	618,743	1%	18,743	0%

* Shareholdings Management Company transferred 600,000 shares to the Jordanian Ministry of Finance on 17/04/2017.

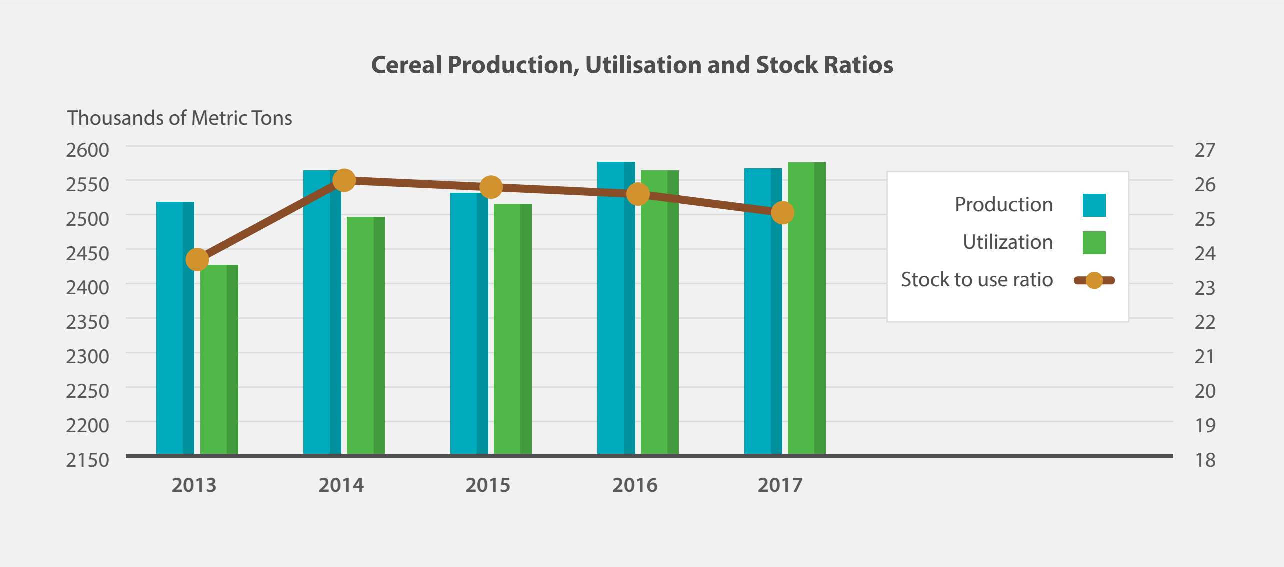
6. COMPETITIVE POSITION WITHIN SECTOR

A. The International Scene

Global economic activity improved slowly in 2017. The growth was driven by emerging countries. The recovery seems set to continue into 2018. This bodes well for agriculture as cereal output is estimated to be close to the record levels of the previous season. Demand for cereals has also grown marginally according to aggregated estimates from the International Fertilizer Association where the demand for grains has slightly surpassed production for the first time in four years. Stocks have therefore decreased to 25% of demand. Despite these events, the prices of cereal stayed stable.

The environment is a major focus for policy makers in the next few years and it is expected to be one of the major factors influencing agriculture patterns and trends in the next decade. This will impact the fertilizer industry in several ways. Cereals, oilseeds, fruits, and vegetables account for about 78% -80% of fertilizer use. The share of cereals is declining slowly as dietary patterns transform gradually and as fruits and vegetables claim higher prominence.

The top five regions, China, US, Brazil, India and EU continue to account for 70% of fertilizer use. This is expected to continue although types and application methods of fertilizers and agriculture are slowly changing in favor of precision techniques, value, and specialties. Potash is expected to play an increased role as the need for and the added value of balanced fertilization grows.



B. World Potash Production

Potash Production by Country in Millions of Tons KCL

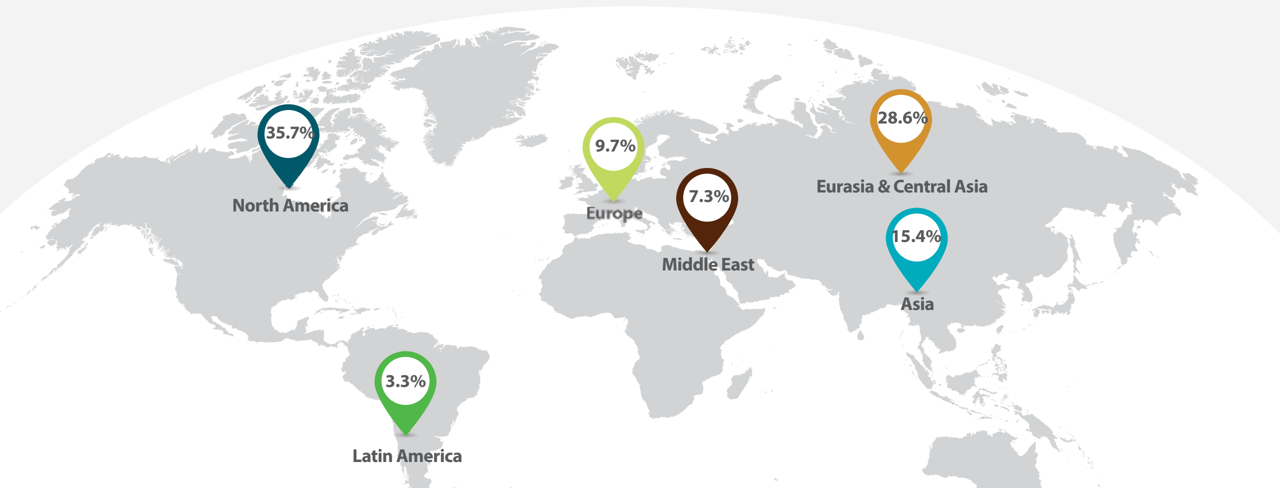
World Potash Production in 2017 hit an all-time record. The increase of 2.8 million tons from the previous year was 4.5%. Production in 2017 was also 2.5% more than the previous record year of 2015. The International Fertilizer Association (IFA) estimates the increase of the first half of 2017 over the same period in 2016 at over 16%. The increase slowed down in the second half of the year as Canadian production was optimized to reduce costs drawing more tons from the newly commissioned Rocanville expansions and slowing production from other high cost mines. The new German owned mine in Canada began production in the last quarter of 2017 and is estimated to have made about 300K tons. Production in Chile, Germany, UK, Spain, Brazil, and Israel fell back during 2017 while all other producers increased output. A new mine in Turkmenistan also began production in 2017 and is expected to ramp up in 2018 to about one million tons. The new Eurochem mine in Russia is also expected to come on stream in 2018, while some higher cost facilities will start to fade out in Germany and the UK. The Chilean producer has announced plans to reduce Potash output in favor of other products in their portfolio.

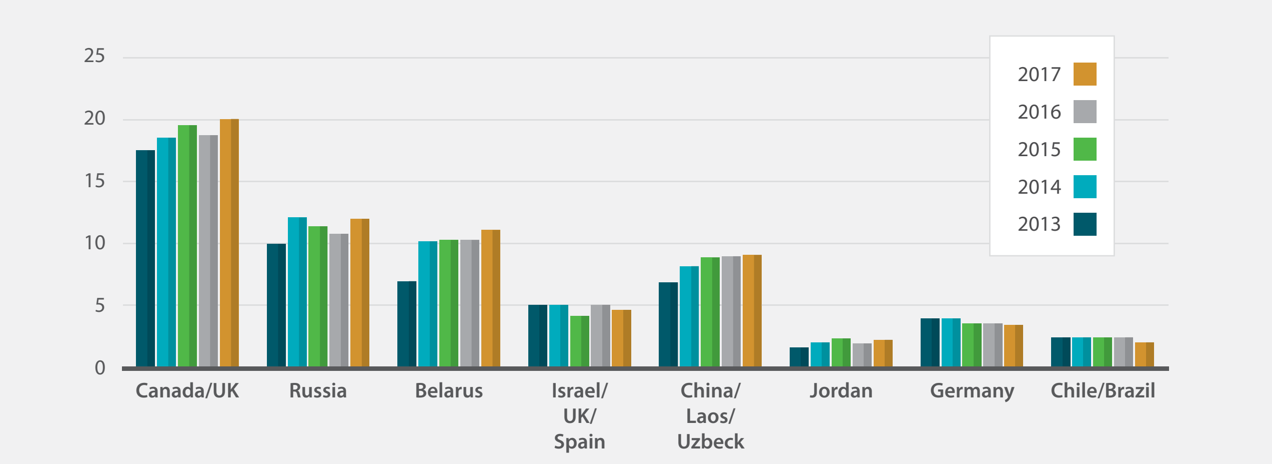
	2017	2016	2015	2014	2013
Canada /US	20	18.7	19.5	18.5	17.5
Russia	12	10.8	11.4	12.1	10
Belarus	11.1	10.3	10.3	10.2	7
Israel/UK/Spain	4.7	5.1	4.2	5.1	5.1
China/Laos/ Uzbek	9.1	9	8.9	8.2	6.9
Jordan	2.3	2	2.4	2.1	1.7
Germany	3.5	3.6	4	4	4
Chile /Brazil	2.1	2.5	2.5	2.5	2.5
Total	**64.8**	**62**	**63.2**	**62.7**	**54.7**

Source: (IFA;Fertecon)

STRATEGIC REPORT

Worldwide Potash Producers Production Capacity

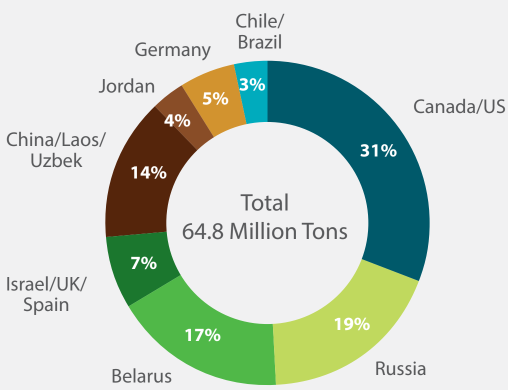




Potash Production

C. Potash deliveries and demand

The nameplate capacity of Potash production in 2017 is estimated at about 88-94 million tons with actual production capability estimated at 78-79 million tons in 2017. This is expected to increase by 7 million tons in the next five to six years from the ramping up of the K+S Bethune Mine in Canada, the Turkmen mine, and the new Eurochem operations in Russia.



Global Potash Production share in 2017

Deliveries in the first half of 2017 were about 5 million tons ahead of the first half of 2016. This represents a 20% increase on the previous year. This is not all fundamental growth as several factors contributed to this including restocking at favorable prices as well expectations of imminent price adjustments. Strong shipments and demand continued into the second half of the year after the major contracts were settled. The total potash deliveries in 2017 is estimated to have hit an all-time record and surpassed the benchmark 65-million-ton mark.

Global deliveries of Potash 2013 - 2017 (MMT of KCL)

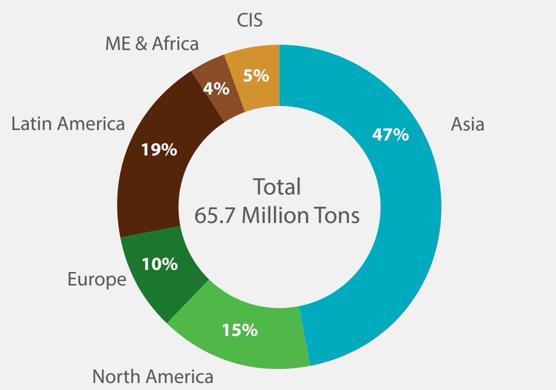
	2017	2016	2015	2014	2013
Asia	31	29	31	30.5	24
North America	10	10	8.5	10.5	8.9
Europe	6.3	6.3	6.7	6.8	6.4
Latin America	12.5	12	11.3	11.7	10.7
ME & Africa	2.4	2.3	1.8	2.2	1.5
CIS	3.5	3.3	3.6	3.1	3.7
TOTAL	**65.7**	**62.9**	**62.9**	**64.8**	**55.2**

Growth was driven by improved demand as well as some stocking drivers. The need to balance fertilizer use also played an important role in improving Potash demand. The International Fertilizer Association's (IFA) long term compounded annual growth rate for potash is about 2.5 % per year for the next 5 years. This would translate into a 73 – 75 million-ton market in 2022.

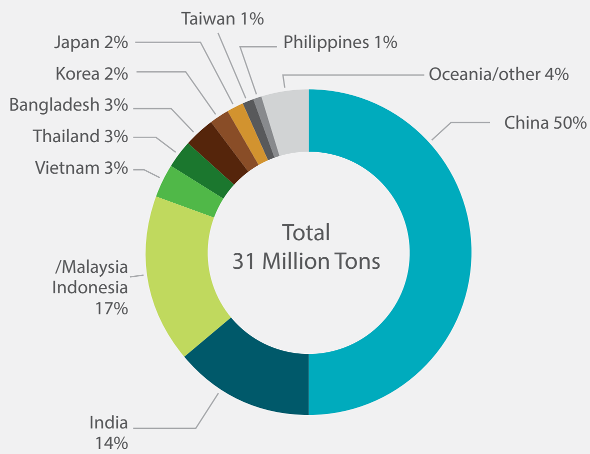
The world varies in terms of potential growth of potash. There has been growth in usage in 2017 across most regions except for North America and Europe being mature markets. Africa and The Middle East have seen growth especially in Morocco and Egypt. This trend is set to continue further with downstream production capacities doubling in both countries.

It is expected that growth in potash usage in Asia will continue at a stable pace and the same would apply to Latin America, Russia, and Belarus. There are expectations that Chinese demand for potash will increase in line with dietary changes and usage on fruits and vegetables. Potash is also benefitting from the limits placed on nitrogen usage by the government in an eco-effort to reduce overuse. Potash balances the nutrient usage efficiency and hence Nitrogen utilization. Indian usage of potash has the potential to grow by more than two million tons. Areas in Pakistan, Iran and Central Asia will increase potash usage if and when cultivated areas are increased together with improved agriculture efficiency and upgraded application methods. Asia represented about 47% of global demand with Latin America growing to about a 19% market share.

Global Potash Deliveries by Region in 2017

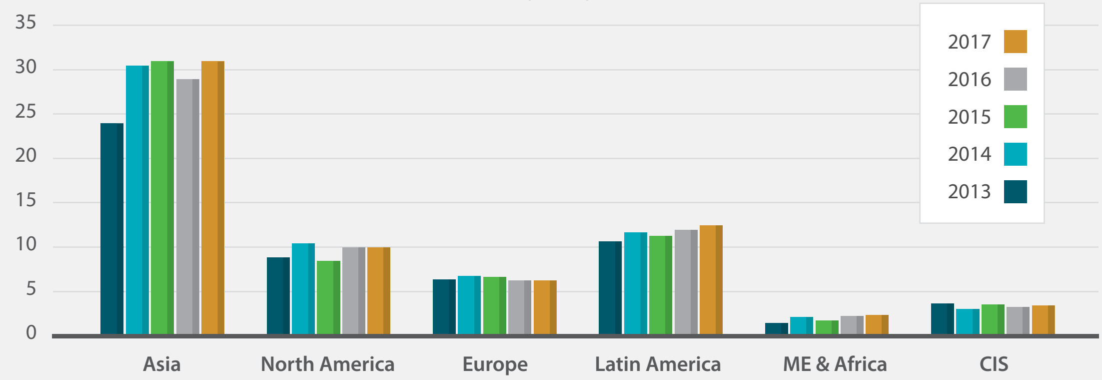


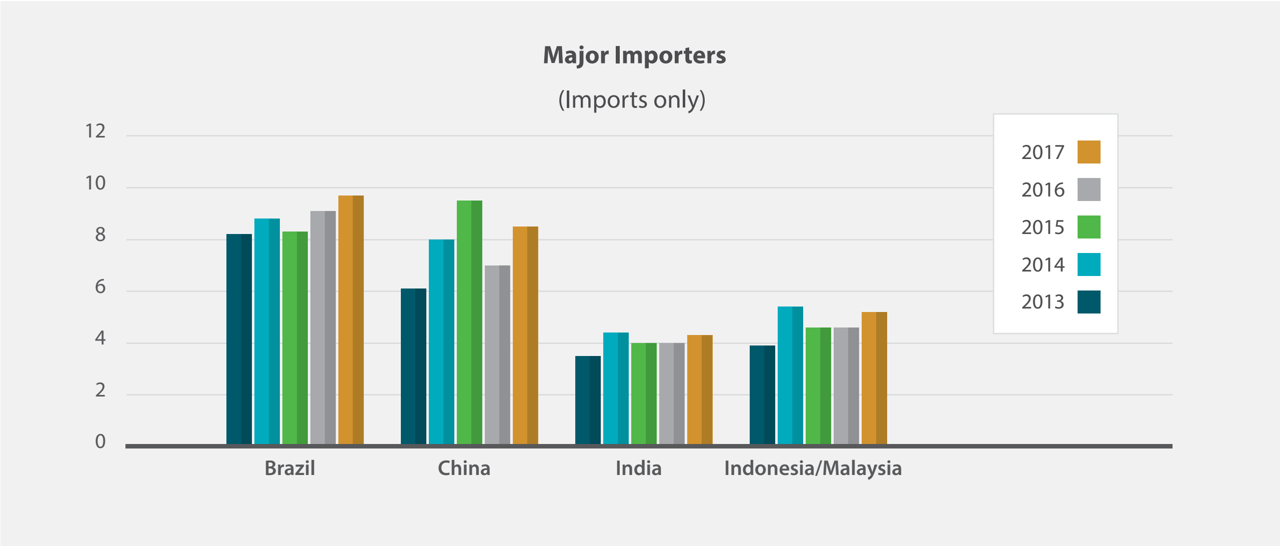
Potash Deliveries in Asia - 2017



Global Potash Deliveries

(MMT)





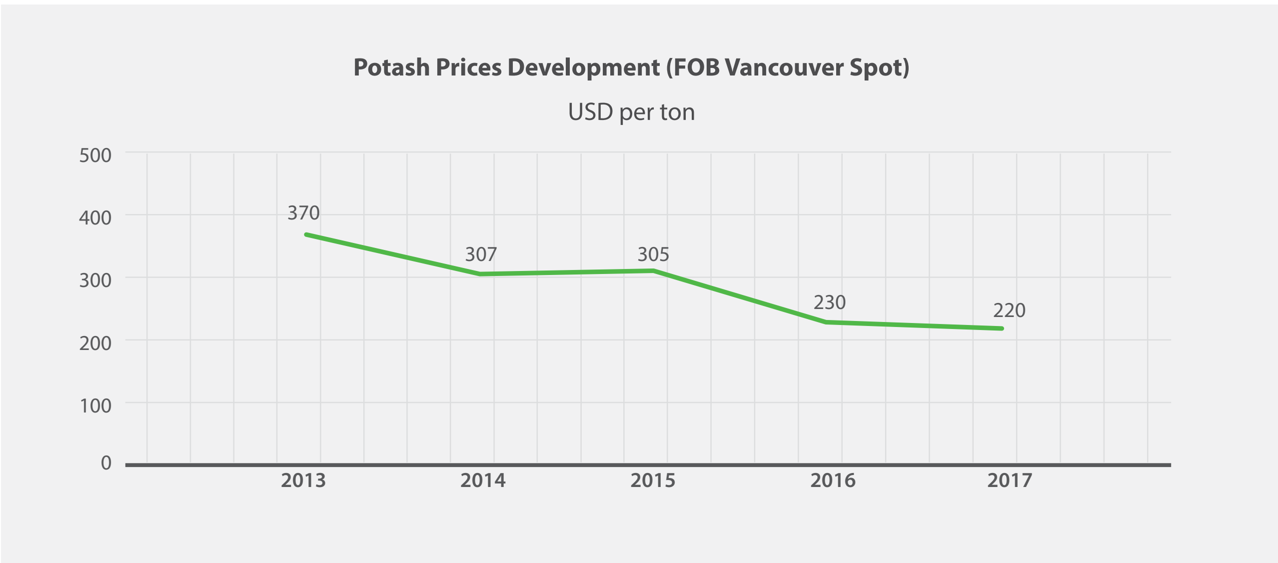
D. Prices

Demand and Supply came into play early in 2017 as spot prices benefitted from the tight supply situation and attractive affordability of Potash. The contract discussions between the Chinese and the suppliers were prolonged for several reasons that included tactics and positioning, but the month of July culminated in a new contract price with an USD 11 increase soon followed by a new Indian contract price with a USD 13 increase. These contracts set the scene for the remainder of the year as spot prices strengthened skirting the USD 300 CFR level by years' end.

The tightness of supply as well curtailments by Canadian producers, and cutbacks in production in the UK, Chile, Brazil, Israel and Germany offset new production from the new Bethune mine in Canada.

APC began to see higher prices only later in the third and fourth quarters, as it completed previous commitments and contracts, and as it signed contracts with India and China mirroring the international levels.

While prices only began to climb back up in the second half of 2017, the average prices declined in the first half of 2017 compared to 2016 due to the timing and shipping contracts concluded per 2016 prices.



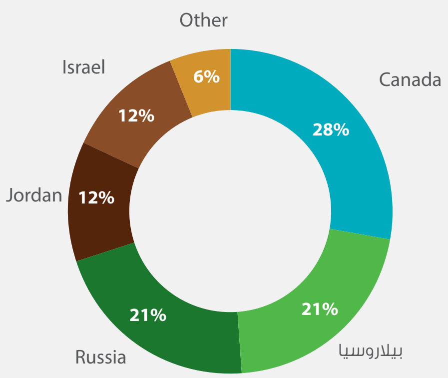
E. Developments in APC's main markets

India

Potash usage was resilient in 2017 despite the disparity of prices paid by the farmers compared to Urea. The value of balanced fertilization, the relative affordability, and the proven returns provided by potash was evident. There was also a move from traditional crops towards higher value fruits and vegetables which also favored potash use. The imports during 2017 are estimated to have grown by 300 thousand tons over the year before. The potential for potash consumption in India is in the region of 7 million tons and the current serious restructuring of the subsidies as well as the rebuilding of the Fertilizer industry will help potash towards this goal. Usage of Urea is being optimized through several initiatives and new investment in the sector brings more indigenous capacity into play. The payment of subsidies will change over time and will become a direct payment to the farmer thus insulating the industry from the heavy burden of financial and monetary uncertainty leaving it free to maintain and grow its core business. Several players including APC are making efforts and conducting programs to promote the responsible use of fertilizer and highlighting the role of Potash in this sequence.

There was no marked change in the supply pattern nor in the market shares of suppliers into India in 2017 as APC maintained a 12% - 13% share and continued to partner with Indian Potash Limited and The Zuari Industries group.

India Approximate Market share



China

Imports into China in 2017 recovered from the 7.1 million tons in 2016 to about 8.5 Million tons. This is a growth of about 20% but is influenced by seasonal factors, inventory levels, and timing of contracts. The China buying consortium once again played the leading role in establishing a contract price and agreed after several months of discussion to a new contract price in July which will remain valid until the middle of 2018. Potash consumption in China is robust and expected to maintain its growth potential in light of its importance to achieve balanced and responsible fertilization. Developments designed to help the environment have seriously impacted the production and the use of Nitrogen fertilizers and other industrial products in the country. This trend will continue and is expected to benefit the eco-friendly and optimizing Potash. The practice of Bulk Blends is witnessing growth in China and therefore granular potash usage and share will grow in the next few years. Production from the Qinghai Lake in China is reported to have been stable in 2017 and is expected to maintain current levels of production going forward. Inventories at ports at the end of 2017 were average at about 2.2 million tons of product.

Malaysia and Indonesia

Potash consumption and deliveries recovered sharply in this region during 2017. The main consumers of Potash are the palm oil plantations which saw prices of the oil firming with production costs stabilizing. The local currencies appreciated against the US dollar as the year progressed leading to affordability and an increase in Potash value. Volumes are expected to hit records and to surpass the 2014 totals which were over 5.5 million tons. The estimate is for deliveries to have been over three million tons in Indonesia and over two million tons in Malaysia. Delivery pattern were stable and no major changes are expected in 2018.

The production of NPK in Indonesia continues to grow to above 3 million tons with overseas shipments becoming an option when the local markets are supplied.

Europe and Africa

European deliveries recovered in terms of volumes from 2016 levels. There was robust demand in the second half of the year. Deliveries to Germany were markedly higher. There is no change of pattern detected but some shifting NPK and fertilizer production continues to fluctuate depending on import availability and currency values. No major changes are expected in the medium term

for Potash demand in Europe. Some changes in import patterns may emerge as new production in Russia comes on stream later in 2018. APC sales in Europe recovered to normal levels but will be dependent on logistics and ability to service smaller customers and in time demand. In Africa and as expected, Potash demand grew significantly as Morocco and Egypt processed more potash for their ambitious NPK and SOP production. This trend is set to continue. APC did not supply Morocco in 2017 due to expected low returns. The East African region underuses Potash and merits more promotion and distribution attention as the potential for growth is evident. The imbalance and efficiency of potash are obvious drivers for increased consumption.

There was also focus on East and South Africa and a continuous search for logistical solutions to help the commitment to the farmers and Agriculture in that region.

Local and Regional Markets

Once more, SOP production grew in the region both in Egypt and in Saudi Arabia. This trend is set to continue and major NPK production will probably make a strong debut in 2018/2019.

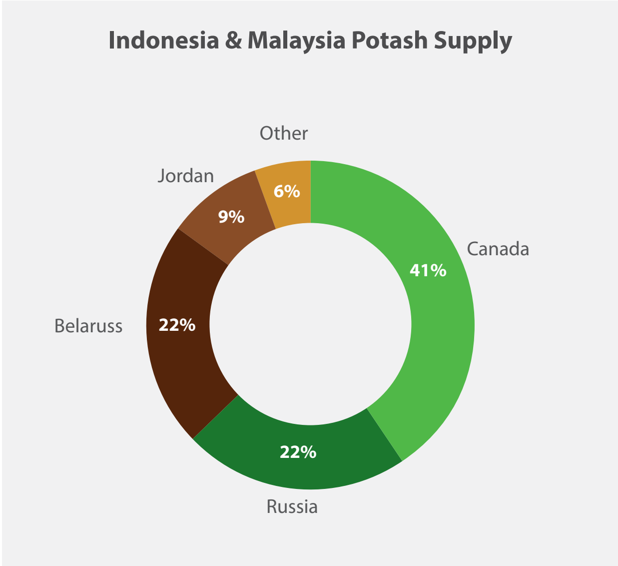
APC consolidated its market share in Egypt through partnering with all the SOP producers and supporting the growth of Evergrow which has become a world leader in SOP production.

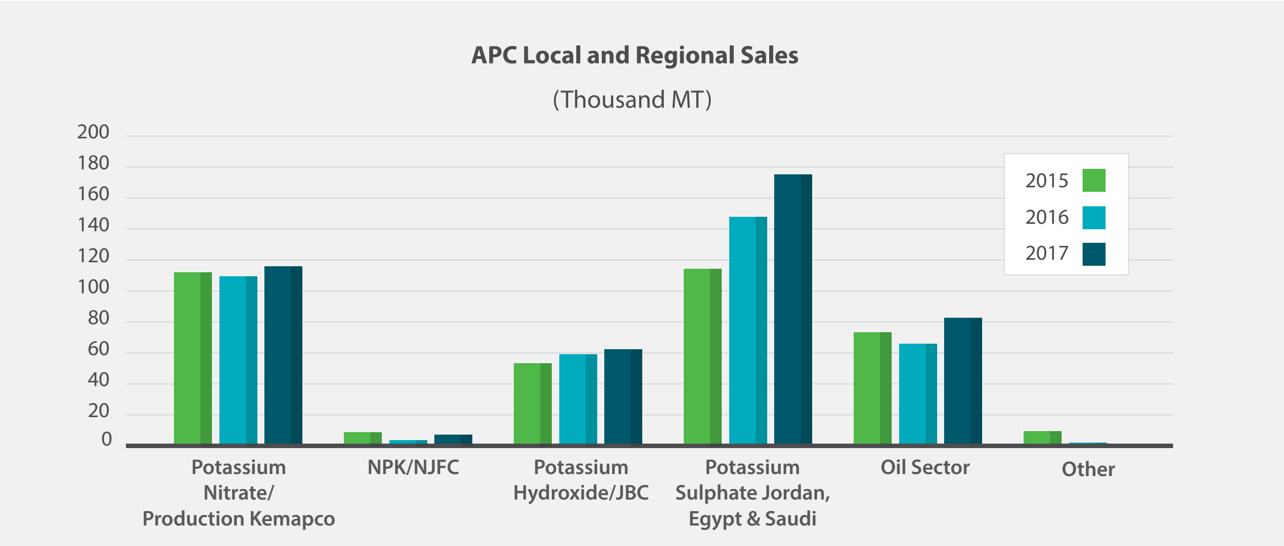
The SOP unit in Jordan was not active for most of 2017 but restarted in the last days of the year and will be back on line in 2018 as part of APC's portfolio of supply in Jordan.

The two other major customers and partners grew in demand in 2017 (KEMAPCO and JBC). We are expecting more volumes for both in 2018 as they expand production.

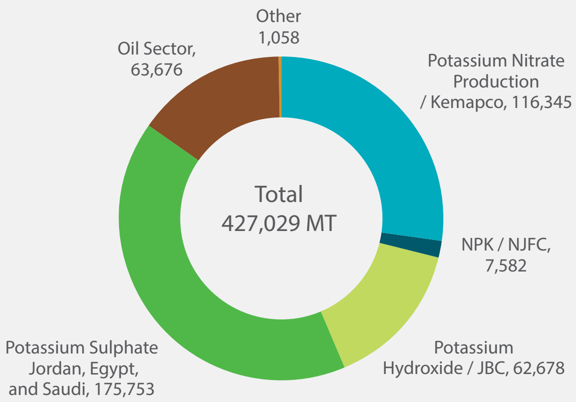
The Oil drilling volumes stabilized towards the middle of the year and prices recovered. APC emphasized long term relations in the region as it renewed several long-term supply contracts.

Total sales in this region reached 446K tons which is the highest volume ever. This represents about 19% of total APC sales.





Local & Regional Sales Distribution in 2017 (MT)



F. APC Sales and Marketing

APC sales increased by 16% over the previous year. This increase is in line with the estimated growth in global deliveries. The growth in most regions was not structural but related to shipping times and logistics. APC share in Indonesia grew more than the average growth of the market but is still lower than volumes registered by APC some 15 years ago. Partnerships with NPK producers in that market were the reasons behind the growth. Shipments to Europe increased significantly but are also short of historical levels for APC in Europe. Our volumes increased in China and India in line with contractual commitments and shipping schedules as well as long term supply agreements.

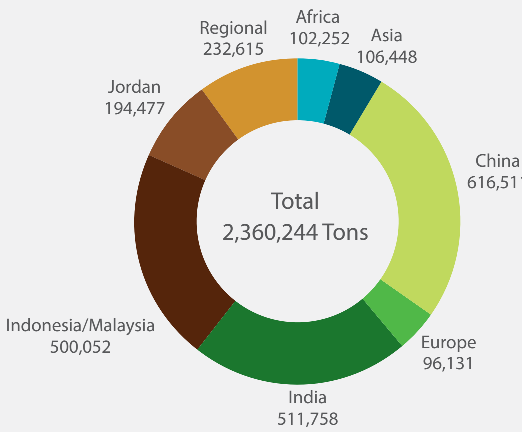
Sales increased in the local market and in Egypt. The growth of sales in the Local and Regional sector was about 13% and this growth is expected to continue as emphasis is placed on these growing areas where geography provides an advantage. The top ten Markets for APC had a concentration of 91% of the total compared to 93% the year before.

The top ten customers for APC were at 80% of the total sales compared to 79% the year before. The two Overseas offices in Kuala Lumpur and New Delhi played an important role in maintaining market presence, information, customer service, and expanding specialty customers and logistics services.

Granular grade sales fell slightly in 2017 compared to the previous year. This was mainly due to technical issues with the compactors. However, a new unit was brought on stream at the end of 2017 and hence sales in 2018 are expected to increase significantly. Europe and Africa represented about 67% of the total granular sales in 2017 compared to 45% the year before, mainly due to the increase in granular sales to East Africa and reduction in sales to certain destinations in Asia.

APC direct sales to non-fertilizer customers reached around 168K MT compared to 165K MT the previous year. This represents 1.8% of APC total sales. Jordan Bromine, Halliburton, the major oil drilling services companies in the Middle East and the industrial customers in Asia accounted for most of these sales.

APC's Sales Distribution in 2017 (MT)



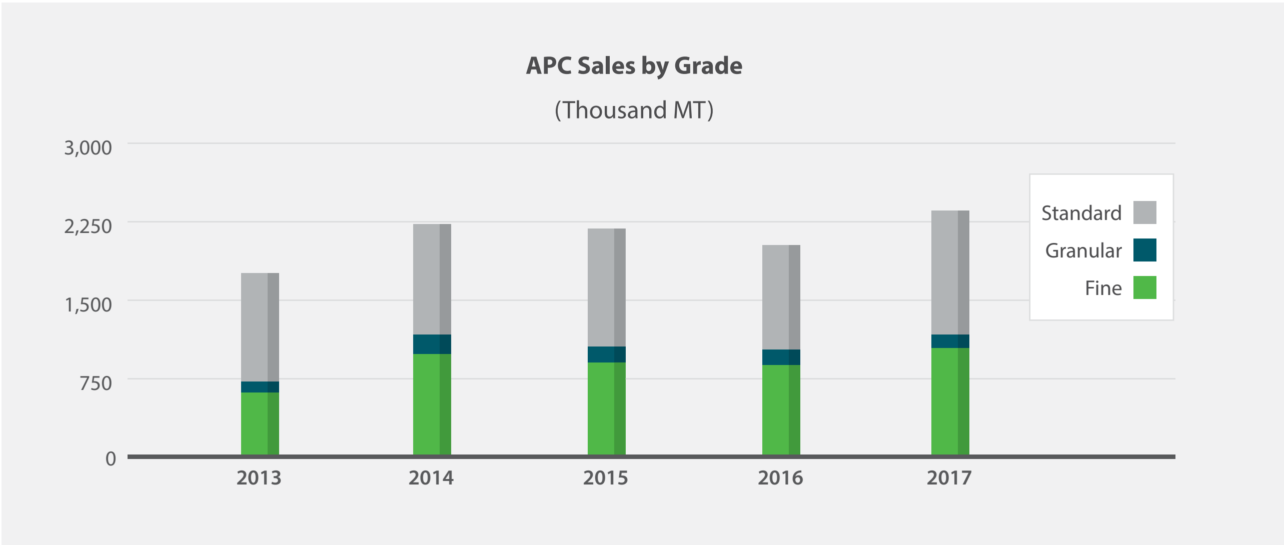
STRATEGIC REPORT

1- APC Sales Distribution in the top ten markets 2017 vs. 2016

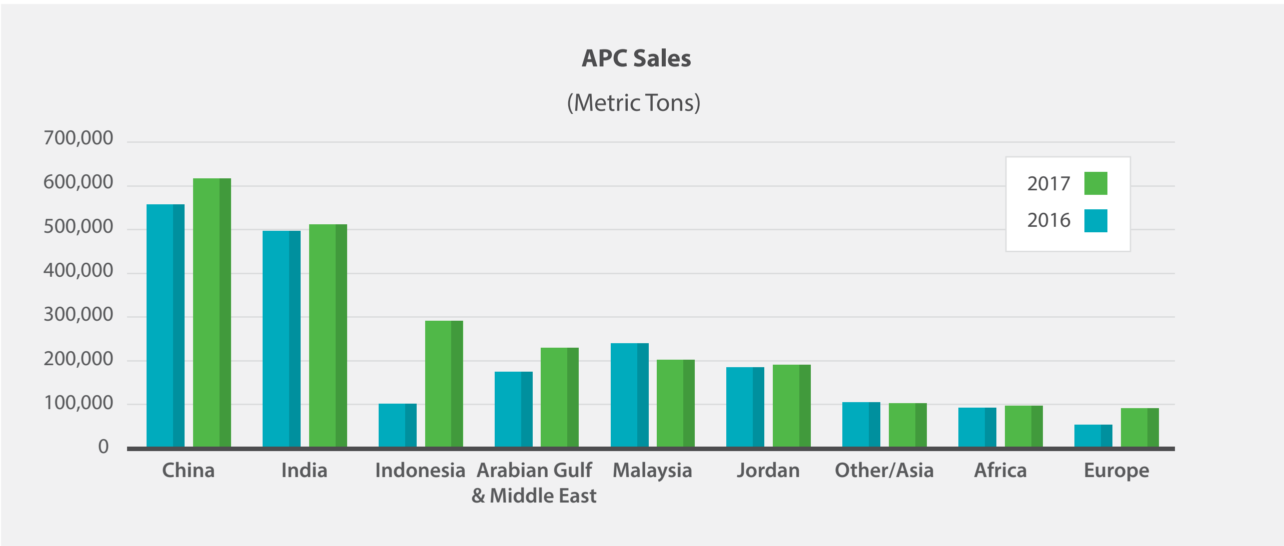
	2017		2016	
Rank	Quantity MT	Country	Quantity MT	Country
1	616,551	China	553,574	China
2	511,759	India	498,089	India
3	294,049	Indonesia	242,551	Malaysia
4	206,004	Malaysia	188,565	Jordan
5	194,477	Jordan	136,000	Egypt
6	164,016	Egypt	104,808	Indonesia
7	61,401	S. Africa	68,185	S. Africa
8	39,479	Mozambique	41,065	Pakistan
9	32,311	Pakistan	28,512	Mozambique
10	46,472	Saudi Arabia	26,000	Taiwan
	2,166,519	**Top Ten Total**	**1,887,348**	
	92%	**Top Ten % of Sales**	**93%**	
	2,360,244	**Year Sales Total**	**2,030,202**	

2- APC Sales by the top ten customers 2017 vs. 2016

	2017		2016	
Rank	Quantity MT	Country	Quantity MT	Country
1	616,511	Sinochem/China	553,574	Sinochem / China
2	320,360	Indian Potash Ltd/India	267,750	Indian Potash Ltd / India
3	177,501	Wilmar/Indonesia	198,850	Zuari / India
4	172,620	Zuari/India	150,274	Behn Meyer / Malaysia
5	130,756	Behn Meyer/Malaysia	109,993	KEMAPCO / Jordan
6	123,900	Ever Grow/Egypt	107,000	Ever Grow / Egypt
7	116,345	KEMAPCO/Jordan	59,608	Jordan Bromine
8	109,575	Petrokimia Gresik/ Indonesia	50,859	Omnia / S. Africa
9	71,809	Omnia/S. Africa	48,360	Union Harvest / Malaysia
10	63,854	Union Harvest/Malaysia	43,171	Felcra / Malaysia
	1,903,232	**Top Ten Total**	**1,589,440**	
	81%	**Top Ten % of Sales**	**78%**	
	2,360,244	**Year Sales Total**	**2,030,202**	



*The Fine totals include all other grades such as Industrial or special grades

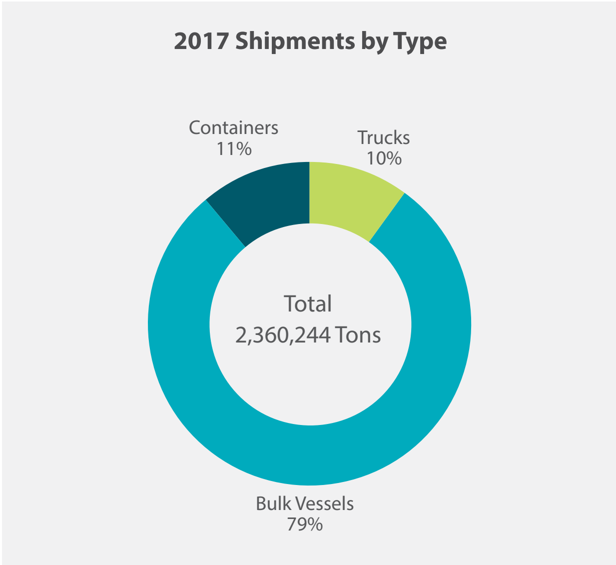


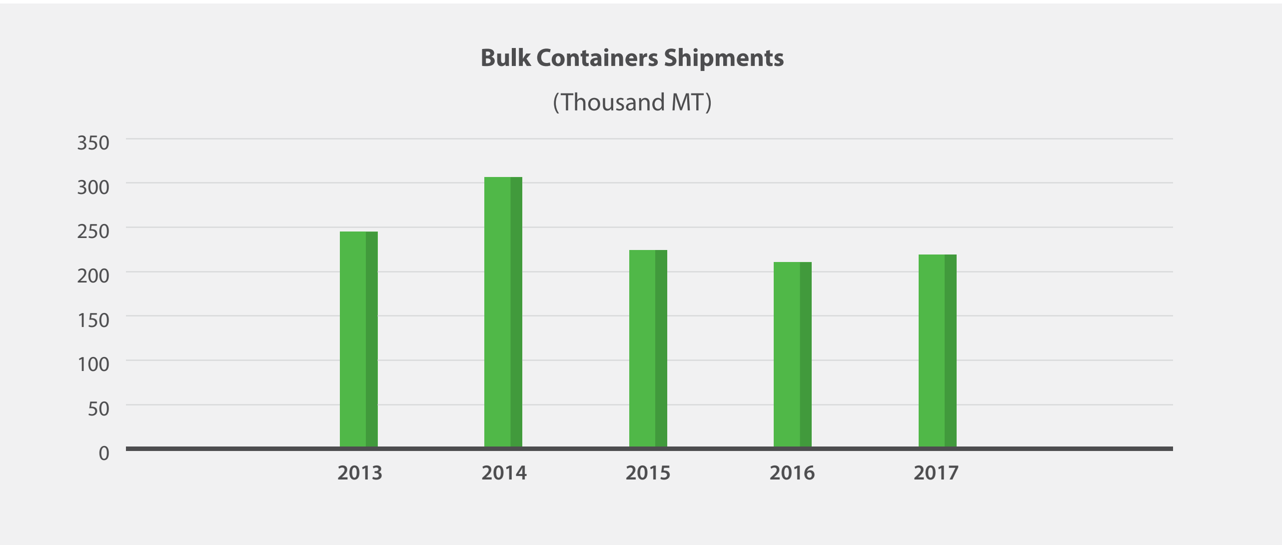
G. Shipping and Logistics

Freight rates registered an average increase of 20% - 25% during 2017 rising from historic lows. The reasons were a combination of improving economies as well as firming energy prices. The supply of new built vessels also slowed down after the heavy deliveries of vessels in 2012-2016.

APC shipped its bulk volumes of 1,859,546 MT from The Aqaba Terminal on 95 vessels of which 56 were chartered by APC, while 39 were shipped on an FOB basis mainly to Egypt and Japan. Tonnage shipped on chartered vessels represented 88% of the total volume shipped from Aqaba. The new facilities at Aqaba are expected to be operational in the middle of 2018 which will improve efficiency and cut loading time and increase speed of turnaround for vessels. This facility will be the newest loading facility for potash in the world.

Bulk container operations also featured and played an important part of sales. Volumes increased slightly despite the several obstacles faced by trucking locally. There were also about 43,815 MT of bagged product shipped in containers bringing the total containers to around 263,961 MT.





H. International Activities and Promotion

APC was represented and took an active role in the International Fertilizer Association (IFA), The Arab Fertilizer Association (AFA), as well as the International Plant Nutrition Institute (IPNI). It also played an important role in the workshops, committees, conferences, and meetings of these Organizations. Promotion programs and activities for the responsible and scientific application and usage of potash were adopted and supported by APC in several regions including partnerships in India, Africa, Pakistan, and the Middle East.

APC sponsored and co-sponsored several promotion and training programs in Jordan and the Region.

7. COMPANY'S DEPENDENCE ON A LOCAL OR FOREIGN SUPPLIER OR CUSTOMER

Major suppliers to APC's total purchases:

	Supplier	Percentage
1	Jordan Petroleum Products Marketing Company (JPPMC)	6.3%
2	Megha Engineering & Infrastructures Limited	5.5%
3	Jordan Petroleum Refinery Company (JOPETROL)	4.7%

Customers who constitute 10% or more of APC's total sales:

	Customer	Percentage
1	Sinochem	26.2%
2	Indian Potash Limited	13.6%

8. GOVERNMENT PROTECTION OR CONCESSIONS TO THE COMPANY OR ITS PRODUCTS

The Arab Potash Company was established on July 7th, 1956 and in 1958 it received an exclusive concession for one hundred years from the Government of the Hashemite Kingdom of Jordan, after which ownership of all plants and installations shall be transferred to the Government of the Hashemite Kingdom of Jordan at no cost to the latter.

The operational objectives of the Company include the extraction of salts and minerals from the Dead Sea and establishing industries that use these salts and minerals. The activities of APC and its subsidiaries concentrate on the production of potash, potassium nitrate and other derivatives and market them internationally.

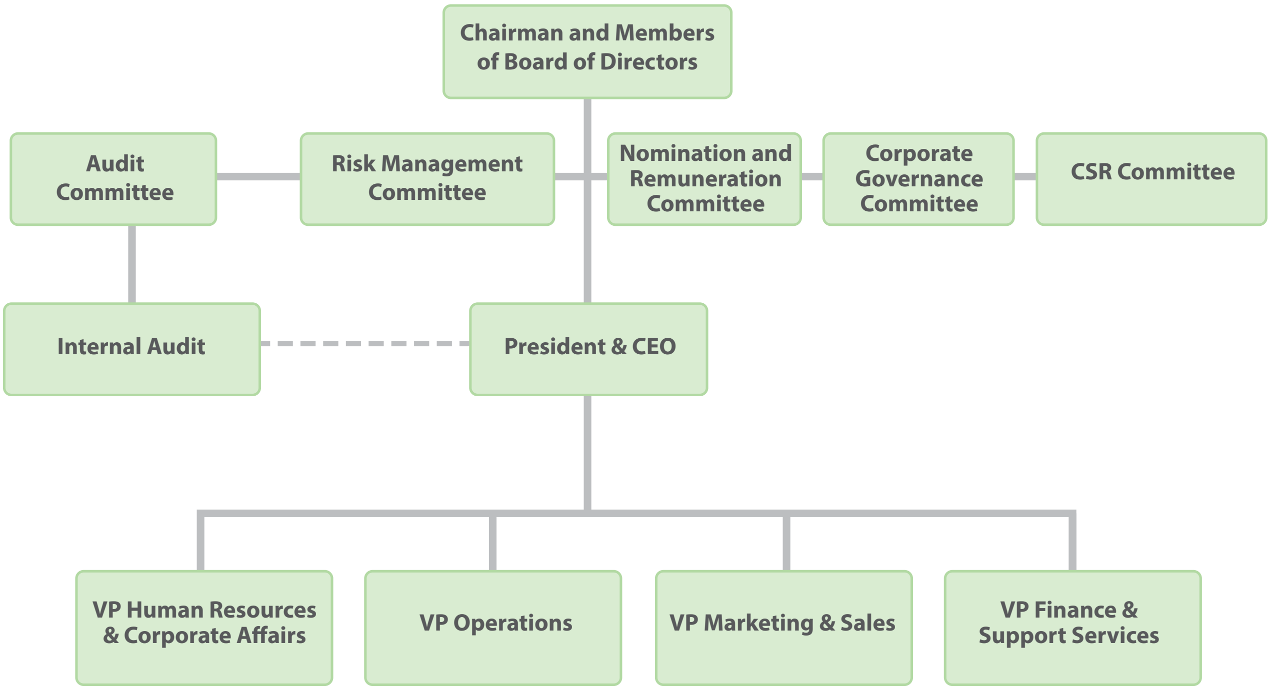
9. DECISIONS BY THE GOVERNMENT OR INTERNATIONAL ORGANIZATIONS THAT HAD A MATERIAL EFFECT ON THE OPERATIONS OF THE COMPANY OR ITS COMPETITIVENESS

There are no decisions in 2017 that had any impact on APC.

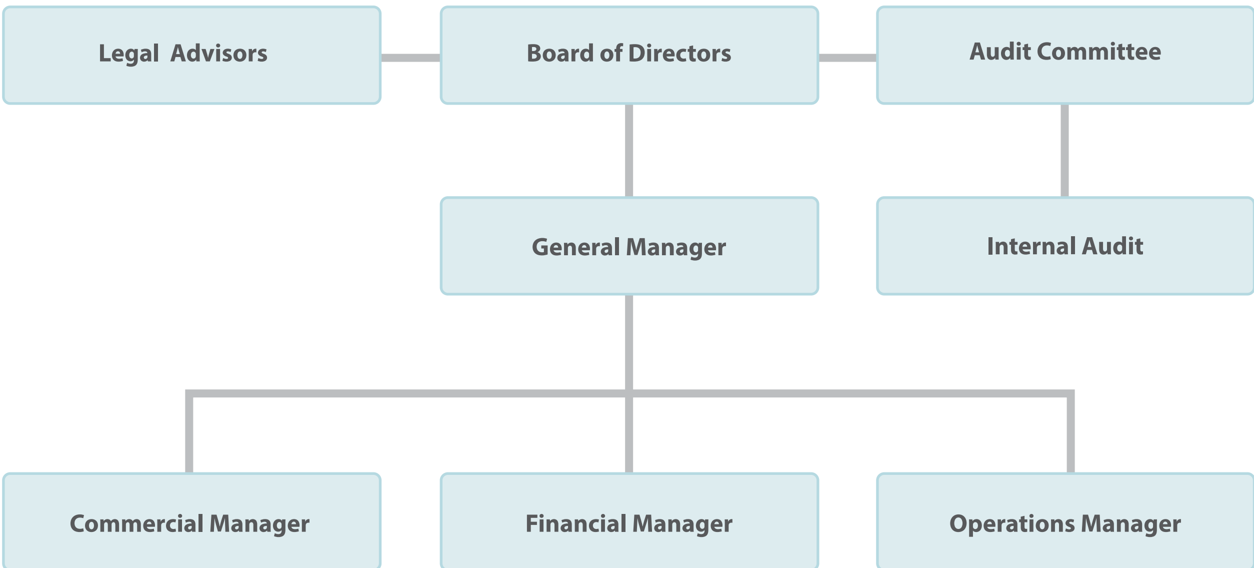
10. ORGANIZATIONAL STRUCTURE

A. Organizational Charts

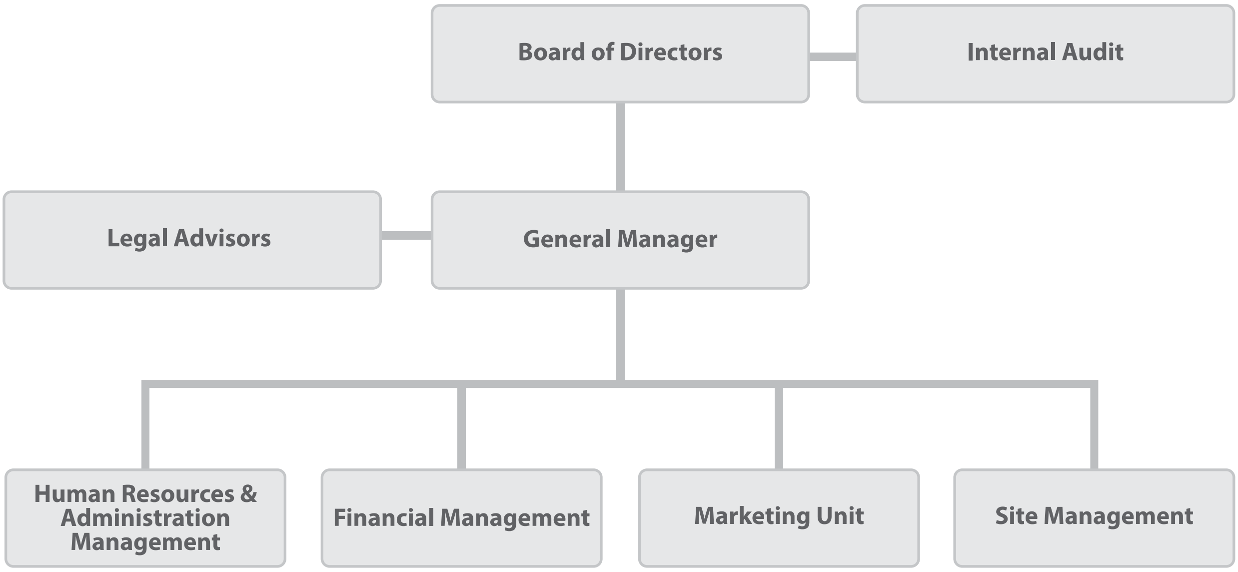
1. Organizational Chart for Arab Potash Company



2. Organizational Chart for Arab Fertilizers and Chemicals Industries (KEMAPCO)



3. Organizational Chart for Numeira Mixed Salts and Mud Company



B. Number and Qualifications of Company's Employees

APC total number of employee stood at 1,811 employees by the end of 2017.

Distribution of Employees by Academic Qualification

Company Name	PhD	MA / MSc	High Diploma	BA / BSc	Diploma	High School	Total
Arab Potash Company (APC)	9	41	5	303	362	1,091	1,811
Arab Fertilizers and Chemicals Industries (KEMAPCO)	1	10	-	79	46	119	255
Numeira Mixed Salts and Mud Company	-	1	-	15	3	59	78
Total	**10**	**52**	**5**	**397**	**411**	**1,269**	**2,144**
Percentage	**0.4%**	**2.4%**	**0.3%**	**18.5%**	**19.2%**	**59.2%**	**100%**

APC turnover rate for 2017 was 12.8%.

C. Training Courses for APC Employees

Training Courses for APC Employees 2017

Activity	No. of Subjects	No. of Participants	No. of activities
Internal Training	75	897	21
Training in Jordan	38	117	38
Training Abroad	13	19	13
Local Community Training	-	158	5
Other Activities	47	729	-
Total	**173**	**1,920**	**77**

D. Other Benefits and Housing

The Company continues to provide housing loans to its employees. The total number of beneficiaries was 1,915 employees. Total housing loans granted in 2017 increased by JOD 1.83 million to a total of JOD 59.23 million.

11. RISK MANAGEMENT STRUCTURE

The nature of the Arab Potash Company's (APC) activities exposes the Company to many factors beyond its control. Accordingly, the APC risk management team studies and assesses these risks on a regular basis in coordination with the Risk Management Committee and Executive Management for its review and discussion. The following are the main risk areas:

Factors affecting Potash sales

These factors include price volatility in global markets and a slowing of the global economy, which may result in decreased demand for potash. Since potash is mainly used as a fertilizer, any changes that may impact this sector, such as a decline in agriculture output, produce prices, weather related events like draught and floods, or other events that may lead farmers to plant less and consequently reduce their use of fertilizers.

Changes and amendments to the laws and governmental regulations, which include two parts:

First, local laws and regulations including changes to the taxation and customs or the regulations that may affect the company business, activities, or rights. In addition to regulations that may affect the concessions and permits provided by the government for the company to conduct its work.

Second, importing countries' government policies, specifically subsidies for the agricultural sector, may impact the amount of agricultural crops and as a result, sales of fertilizer products.

High cost of electricity and the scarcity of water

The process of extraction and production of potash consumes large quantities of water and energy. Accordingly, significant shortages or price increases of water and/or electricity may impact production cost and/ or quantities.

APC continues to explore alternative and cheaper sources of energy. Where APC started using natural gas in its operations which is more cost efficient and cleaner than heavy fuel oil, and installed electricity generators, fueled by diesel oil. In addition to that, APC has started installing gas turbine (which can be operated on diesel) to generate electricity and steam, and expected to be in operation in August 2018.

Also, APC is working on utilizing underground water in Samar and Ein Younis areas, and using the valleys water and the excess water of Ein Maghjara. In addition to that, APC is funding building Wadi ibn Hammad Dam which will help to satisfy the water needs of the local communities as well as some of APC's needs. Also APC provides technical support whenever problems occur on Tannour Dam in order to restore normal water flow process.

Dependence on seaport for loading and transporting

APC is heavily dependent on the Aqaba seaport for the loading and shipping of potash. Currently APC is working with Jordan Phosphate Mining Company (JPMC) on building a new jetty to ease and improve the shipping process via JIPC joint venture. As well as the potential to use some limited land routes to supply nearby markets. This will increase distribution flexibility.

Labor disputes and the political situation

Potential labor strikes and disputes at the Company's facilities and the public service sector due to the general economic, political, and social conditions which may impact commercial and investment activities in the region.

Currently APC's employee-benefit packages are among the highest in the region. In addition, management keeps open channels of communication with labor unions and worker representatives. Every two years APC and the union sign a labor agreement that covers all needs and concerns of the workers and the union to ensure smooth and uninterrupted operations.

Collapse of Perimeter dikes

In recent years and due to the decrease in the water level at the Dead Sea, sinkholes were discovered in the site area which may cause harm to some of APC's perimeter dikes. APC conducts daily inspections on these dikes to ensure their stability. In addition to that, APC is in the process of a major rehabilitation for these dikes.

Vulnerability to environment and natural disasters

In the area of Ghor Safi where APC's plants are located, there are occasional flash floods and the area is susceptible to earthquakes. All buildings at the site were built in accordance to the required safety building codes at the time of construction. Also APC has insurance to cover this risk. And APC management is currently studying preparing a Business Continuity Plan and a Disaster Recovery Plan.

12. APC'S MAIN ACHIEVEMENTS IN 2017

A. **Controlling the production costs** per ton in 2017 through diversifying the use of energy sources, in addition to the efficient use of the company's human resources for the works which were performed previously by external contractors such as the dredging activities.

B. APC managed to **record noticeable operating profits from potash production operations** in 2017 after the modest operating profits recorded in 2016. This is due to higher quantities produced in 2017, after the shutdown that took place last year due to maintenance and development purposes. Also, the strong demand on potash worldwide and the cost control strategy contributed in achieving a positive profit margin in 2017.

C. APC achieved a **historical record sales volume** of 2.36 million tons of potash for the year 2017.

13. FINANCIAL IMPACT OF NON-RECURRING ACTIVITIES THAT OCCURRED DURING THE FINANCIAL YEAR AND ARE NOT PART OF THE COMPANY'S CORE ACTIVITY

APC sold its share in Jordan Magnesia Company after obtaining all required governmental, legal, regulatory and institutional approvals. The Company recorded a nonrecurring profits of JOD 7.9 million. Jordan Magnesia Company suspended its operations since 2005.

14. TREND OF MAJOR FINANCIAL INDICATORS FOR THE PERIOD 2013 - 2017 IN THOUSANDS OF JODS EXCEPT FINANCIAL RATIOS, SHARE DATA, PRODUCTION AND SALES

Details	2017	2016	2015	2014	2013
Potash Production (Million Tons)	2.32	2.00	2.36	2.09	1.74
Potash Sales (Million Tons)	2.36	2.03	2.19	2.24	1.77
Consolidated Sales Revenue	423,277	369,651	527,527	535,465	521,209
Potash Sales Revenue	364,332	322,265	472,885	475,051	482,591
Gross Profit	104,755	65,635	213,413	140,507	183,296
Profit from Operations	64,076	25,582	145,611	85,681	122,986
Financing Charges	6,853	5,754	609	641	1,027
Other Revenues	11,489	16,269	1,887	3,338	1,588
Net Profit After Tax	89,843	62,244	131,133	99,676	130,661
Net Fixed Assets	219,481	232,078	244,082	291,846	33,947
Long Term Loans & Other Long Term Obligations	77,648	64,503	9,377	9,919	12,266
Shareholders' Equity	807,885	805,065	892,190	860,982	886,488
Debt: Equity Ratio	1.24%	0%	0%	0.01%	0.15%
Return On Assets	10%	7%	13%	11%	13%
Return On Shareholders' Equity	10%	8%	15%	12%	15%
Current Ratio	7.9	8.3	4.7	6.2	5.1
Closing Share Price/JOD	16.85	19.18	21.00	19.50	28.05
Dividends	*	83,317	99,981	99,981	124,977
Dividends Percentage	*	100%	120%	120%	150%
Earnings Per Share/JOD	1.08	0.8	1.6	1.2	1.6
Market Price to Earnings Ratio	15.6	23.7	13.3	16.25	17.9
Royalty JOD/ton produced	3.16	2.0	10.1	6.4	14.6

* Dividends ratio for 2017 will be determined at the Annual General Assembly Meeting.

15. FINANCIAL PERFORMANCE ANALYSIS

A. Property, Plant and Equipment

APC's net book value of property, plant and equipment after deduction of consolidated accumulated depreciation was JOD 219 million compared with JOD 232 million at the end of 2016 a decrease of 6% from the previous year due to annual depreciation.

B. Inventory

Potash ending Inventory in 2017 stood at JOD 11.5 million, or 144,000 tons, compared with JOD 20 million, and 198,000 tons at the end of 2016.

C. Investments

The Company's investments in affiliates and joint ventures increased from JOD 140 million in 2016 to JOD 159 million in 2017, an increase of 13%, after recoding APC's share of profits in these investments and deducting the cash dividends paid (equity method) according to the International Financial Reporting Standards.

D. Loans

The balance of consolidated long term loans increased from JOD 34 thousand in 2016 to JOD 11.6 million in 2017.

E. Sales Revenues

Consolidated revenues for the year 2017 stood at JOD 423.3 million compared to JOD 369.7 million in 2016 reflecting a growth of 15% in consolidated revenues. The growth achieved in 2017 can be attributed to the higher sales volume due to higher demand from the major markets like China and India, and due to higher potash prices in 2017 after reaching historical low levels in 2016. Revenues from potash sales were 83% of the total sales. The revenues of KEMAPCO is about 17%.

F. Gross Cost (JOD million)

Details	2017	2016	2015	2014	2013
Consolidated Gross Cost	359	343	395	460	411.1
Consolidated Cost of Goods Sold	319	304	314	395	338
Selling and Distribution Expenses	19.4	17.9	20.1	18.9	17
Royalty	7.3	4.1	23.7	13.3	25.9
General and Administrative Expenses	14	18	23.9	22.6	17.3

G. Profits

The Company realized a consolidated net income of JOD 106.2 million before income tax for 2017. After tax the net Income amounted to JOD 89.8 million, compared with JOD 62.2 million for 2016.

H. Shareholders' Equity

Shareholders' Equity at the end of 2017 amounted to JOD 808 million, compared with JOD 805 million in 2016. The book value per share of the Company's equity amounted to JOD 9.7 at the end of 2017.

16. FUTURE PLANS

The Arab Potash Company has short, medium and long term strategies in place to maintain the continuity of the company and to allow it to grow with the global demand for potash. The short medium term plans focus on cost reduction due to competitive pressure and shrinkage profitability from potash operations.

A. Safety:

The Arab Potash Company continues to consider safety as its top priority. It continues to develop sound rules for the safety of workers and the workplace. The company currently focuses on developing an injury-free work environment in the coming years by changing the work culture and investing in a safer workplace.

B. Diversifying Energy Resources:

Currently, APC relies on natural gas to secure its energy needs instead of using other high cost energy sources such as heavy fuel oil, the construction of the gas pipeline to the company's plants in Ghor Al Safi has been completed on January 2017. This has brought significant savings to the company and should result in maximizing the profits and maintaining the continuity of the company's operations. The equipment installation in the plants has been done in a way that will provide the flexibility to work on two types of fuel (Heavy fuel oil and natural gas) based on the source with the lowest cost.

C. Electricity cost:

Power generation: In order to reduce the production costs, APC started the process of installing a new Gas Turbine. This Turbine will generate electricity and steam by burning either natural gas or diesel. The startup of the new gas turbine is planned for Q3 2018.

D. Water resources:

APC has contributed JOD 26 million to Wadi Ibn Hammad dam project which has a capacity of four million cubic meters. APC started to benefit from Wadi Ibn Hammad Dam project as of the end of 2017 based on the agreement signed in this regards which stipulates that the recovery of the construction costs of the dam paid by APC will be through reducing the tariff of water imposed on APC by Jordan Valley Authority (JVA).

Also, APC has signed an agreement to finance the construction of the Wadat dam which will be built by JVA. It is expected that the construction cost of the dam will reach JOD 4 million and it is expected to be completed in two years. This Dam should provide additional water capacity of 500,000 cubic meters to be used by farmers and manufacturers.

E. Production:

APC works on a regular basis to study all available options which would increase its production capacity through reviewing the alternatives to increase the plants' efficiencies and the area of its solar ponds.

- In 2017, APC completed an expansion project to increase the productive capacity of Granular Potash from 250 thousand tons per year to reach 500 thousand tons per year.
- Arab Potash Company signed an agreement with HIDROCONSTRUCTIA S.A. Company - Romania to rebuild two dams at the company's concession area. Once completed; this project should increase APC's production capacity by 180 thousand tons annually.
- The Lisan area: The Lisan area is located outside APC's concession area. It is expected that the Jordanian government will conduct a technical study for this area in order to identify the potash quantities and the feasibility of extracting them. APC has allocated an amount of money to fund the feasibility study that will be conducted by a specialized international company through the Government of Jordan. Based on the technical and financial feasibility study, APC's board of directors will study whether the company

should compete for the rights of this concession area should the government decide to open this area to the private sector.

F. Downstream Industries:

A Memorandum of Understanding has been signed between APC and Yara International - Norway to increase the production capacity of Arab Fertilizers and Chemicals Company (KEMAPCO) which produces Potassium Nitrate (SOP) by 175 thousand tons to reach 350 thousand tons annually. This project will include constructing a new plant with a new production line in addition to the existing plant. APC's Board of Directors will wait for the technical and financial feasibility of this project before making a decision during the last quarter of 2018 of whether the company should proceed in this project or not.

G. Aqaba Port:

APC continues to work on implementing the Aqaba industrial port expansion and rehabilitation project through its investment in the Jordan industrial Ports Company (JIPC), which is entrusted with the project. On February 1st, 2015, an agreement between JIPC and a consortium formed by Técnicas Reunidas and PHB, was signed to refurbish and expand the industrial port on the southern coast of Aqaba. JIPC is owned equally by Arab Potash Company and Jordan Phosphate Mines Company, for the purposes of serving the import of production inputs and export of finished products through a specialized industrial port.

H. APC's Board of Directors approved to start with preliminary designs in order to construct a new water pumping station that will pump the salt water from the Dead Sea to the Company's ponds. This project is a critical project that plays a major role in protecting the continuity of the company's future operations.

I. APC's management has approved the construction of new warehouses in Gor Al Safi for APC's various products. The new warehouses will be equipped with the latest technology used at the international level in order to achieve the best quality for the exported products in terms of the purity or packaging methods that conforms to the international specifications. This project will enhance APC's creditability and will help achieving a high level of confidence and satisfaction for the company's customers in different markets across the world.

17. AUDITING FEES AND LEGAL AND PROFESSIONAL CONSULTING FEES FOR THE COMPANY AND THE SUBSIDIARY COMPANIES

A. External Auditing Fees and Professional Consulting Fees for the Company and the Subsidiary Companies

External Auditing Fees for 2017 in Thousands of JODs

APC	KEMAPCO	Numeira	Total
42	20	15	77

B. Internal Auditing Fees and Professional Consulting Fees for the Company and the Subsidiary Companies

Internal Auditing Fees for 2017 in Thousands of JODs

APC	KEMAPCO	Numeira	Total
83.5	0	0	83.5

C. Legal Fees

Legal Fees for 2017 in Thousands of JODs

APC	KEMAPCO	Numeira	Total
358	17.4	10.7	386.1

18. NUMBER OF SHARES HELD BY MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

A. Shares owned by Members of the Board of Directors

Name	Position	Nationality	Number of Shares as at 31/12/2017	Number of Shares as at 31/12/2016	Companies they control
H.E. Jamal Ahmad Mufleh Al-Sarayrah	Chairman of the Board	Jordanian	0	0	N/A
"Ahmad Jamal" Nawaf Moh'd Bataineh	Board Member	Jordanian	0	0	N/A
Saad Saleh Al Alqan Abu Hammour	Board Member as of 16/05/2017	Jordanian	0	0	N/A
Mofareh Dakhilallah Jum'a Al-Tarawneh	Board Member as of 20/06/2017	Jordanian	0	0	N/A
Mustafa Mohammad Abdul Latif Al Barari	Board Member until 20/06/2017	Jordanian	0	0	N/A
Brent Edward Heimann	Board Member, President and CEO	American	0	0	N/A
Wayne Richard Brownlee	Board Member	Canadian	0	0	N/A
Iain Ronald Guille	Board member until 15/10/2017	British	0	0	N/A
Reem Haitham Jamil Goussous	Board member as of 16/10/2017	Jordanian	0	0	N/A
Mohammad R. A. H. Sultan	Vice Chairman	Kuwaiti	0	0	N/A
Azza Mohammad Saeed Rashed Al-Suwaidi	Board Member	UAE	0	0	N/A
Ma'en Fahed Abdel-Karim Nsour	Board Member until 15/08/2017	Jordanian	0	0	N/A
Fadi Abdel- Wahab Abdel-Fattah Abu- Ghaush	Board member as of 15/08/2017	Jordanian	0	0	N/A
Abdul Wadoud Abdul - Sattar Mahmoud Al – Dulaimi	Board Member until 05/02/2017	Iraqi	0	0	N/A
Saffa Aldin Fakhri Abdul-Majeed Al Fouad	Board Member as of 05/02/2017	Iraqi	0	0	N/A
Salem Husni Salem Braibish	Board Member until 28/05/2017	Libyan	0	0	N/A
Najib Mohammed Mohammed Ohida	Board Member as of 28/05/2017	Libyan	0	0	N/A
Fahad Majid Al Sultan Al Salim	Board Member	Kuwaiti	0	0	N/A

B. Shares Owned by Members of the Executive Management

Name	Title	Nationality	Number of Shares as at 31/12/2017	Number of Shares as at 31/12/2016	Companies they control
Brent Edward Heimann	Board Member, President, & CEO	American	0	0	N/A
Scott Raymond Maczka	VP Finance and Support Services until 19/04/2017	American	0	0	N/A
Lane Bernard Knorr	VP Operations until 20/12/2017	Canadian	0	0	N/A
Jafar Mohammad Hafez Salem	VP Marketing and Sales	Jordanian	0	0	N/A
Adnan Sulaiman Faris Al Ma'aitah	VP Human Recourses and Corporate Affairs	Jordanian	0	0	N/A
Mohammed Abd Al Rahman Al Razem	VP Finance and Support Services as of 19/04/2017	Jordanian	0	0	N/A
Mohammad Abu Gheyab	Acting VP Operations as of 20/12/2017	Jordanian	2,085	2,085	N/A
Total			**2,085**	**2,085**	

19. SHARES OWNED BY INSIDERS

Name	Title	Nationality	Number of Shares as at 31/12/2017	Number of Shares as at 31/12/2016	Companies they control
N/A	–	–	–	–	–

20. SHARES OWNED BY RELATIVES OF MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

A. Relatives of Board Members

Name	Title	Nationality	Number of Shares as at 31/12/2017	Number of Shares as at 31/12/2016
N/A	–	–	–	–

B. Relatives of Executive Management Members

Name	Relative of	Nationality	Number of Shares as at 31/12/2017	Number of Shares as at 31/12/2016
Lubna Marawan Abedlaulfatah Abu Zahra	Wife of Jafar Mohammad Hafez Salem	Jordanian	800	800
Alia Mustafa Abdel Fattah Nassar	Wife of Mohammad Abu Gheyab	Jordanian	155	155
Total			**955**	**955**

21. COMPENSATIONS AND BENEFITS

A. Compensations and Benefits to Chairman and Members of the Board of Directors in JOD

Name	Position	Nationality	Total Annual salaries	Annual Transportation and Committees Allowances	Represent-ation Fees	Annual Bonus	Per diem	Other allowances	Total Annual Remuneration
Ministry of Finance			-	**15,000**	**26,100**	**5,000**	-	-	**46,100**
H.E. Jamal Ahmad Mufleh Al-Sarayrah (a)+(b)	Chairman of the Board	Jordanian	207,000	3,000	6,750	-	26,000	-	242,750
Representatives of Shareholdings Management Company			-	**41,250**	**21,500**	**15,000**	-	-	**77,750**
"Ahmad Jamal" Nawwaf Al Bataineh (b)	Board Member	Jordanian	-	3,000	2,250	-	-	-	5,250
Mustafa Mohammad Abdel Latif Al Barari – until 19/06/2017 (b)	Board Member	Jordanian	-	3,000	3,000	-	-	-	6,000
Mofareh Dakhilallah Jum'a Al-Tarawneh – as of 20/06/2017	Board Member	Jordanian	-	-	-	-	-	-	-
Saad Saleh Al Alqan Abu Hammour – as of 16/05/2017	Board Member	Jordanian	-	-	-	-	-	-	-
Representatives of PCS Jordan LLC			-	**49,500**	-	**13,958**	-	-	**63,458**
Brent Edward Heimann	Board Member	American	-	-	-	-	-	-	-
Wayne R. Brownlee	Board Member	Canadian	-	-	-	-	10,000	-	10,000
Iain R. Guille – until 15/10/2017	Board Member	British	-	-	-	-	5,000	-	5,000
Reem Haitham Jamil Goussous – as of 16/10/2017	Board Member	Jordanian	-	3,750	1,200	1,042	-	-	5,992
Representatives of Arab Mining Company			-	-	-	**10,000**	-	-	**10,000**
Mohammad R. A. H. Sultan	Vice Chairman	Kuwaiti	-	18,000	-	-	8,750	-	26,750
Azza Mohammad Saeed Rashed Al-Suwaidi	Board member	UAE	-	18,000	-	-	10,000	-	28,000
Representatives of Jordan Social Security Corporation			-	-	-	**5,342**	-	-	**5,342**
Maen Fahad Abdul-Karim Nsour – until 14/08/2017	Board Member	Jordanian	-	-	-	-	5,750	20,000	25,750
Fadi Abdel- Wahab Abdel-Fattah Abu- Ghaush – as of 15/08/2017	Board Member	Jordanian	-	-	-	-	-	-	-
Representative of Government of Iraq			-	-	-	**5,000**	-	-	**5,000**
Abdul Wadoud Abdul - Sattar Mahmoud Al – Dulaimi – until 05/02/2017	Board Member	Iraqi	-	1,750	-	-	-	-	1,750
Saffa Aldin Fakhri Abdul-Majeed Al Fouad – as of 06/02/2017	Board Member	Iraqi	-	16,250	-	-	8,750	-	25,000

Name	Position	Nationality	Total Annual salaries	Annual Transportation and Committees Allowances	Represent-ation Fees	Annual Bonus	Per diem	Other allowances	Total Annual Remuneration
Representative of Libyan Arab Foreign Investment Company			-	-	-	**5,000**	-	-	**5,000**
Salem Husni Salem Braibish – until 27/05/2017	Board Member	Libyan	-	7,350	-	-	2,500	-	9,850
Najib Mohammed Mohammed Ohida – as of 28/05/2017	Board Member	Libyan	-	10,650	-	-	6,250	-	16,900
Representative of Kuwait Investment Authority - Kuwait			-	**18,000**	-	**5,000**	-	-	**23,000**
Fahad Majid Al Sultan Al Salim	Board Member	Kuwaiti	-	-	-	-	10,000	-	10,000
Total			**207,000**	**226,500**	**72,000**	**65,000**	**93,000**	**20,000**	**683,500**

Other Benefits:

(a) The Chairman has two chauffeur-driven cars

(b) Transportation, committee allowance, and representation allowance are paid directly to ministry of Finance as of March, 2017

B. Compensations and Benefits to the Members of the Executive Management

Name	Position	Nationality	Total Annual salaries	Representation Fees	Per diem	Housing and Utilities	Indemnity	Total Annual Remuneration
Brent Edward Heimann (a)	President, & CEO	American	173,616	-	13,000	52,565	-	239,181
Scott Raymond Maczka (a)	VP Finance and Support Services until 19/04/2017, VP Strategy and Corporate Development from 19/04/2017 until 01/12/2017	American	97,033	-	-	55,302	-	152,335
Lane Bernard Knorr (a)	VP Operations	Canadian	99,307	-	5,400	41,465	-	146,172
Mohammed Abd Al Rahman Al Razem (b)	VP Finance and Support Services as of 19/04/2017	Jordanian	63,610	9,617	3,000	-	-	76,227
Jafar Mohammad Hafez Salem (b)	VP Marketing and Sales	Jordanian	136,228	6,000	9,600	-	-	151,828
Adnan Sulaiman Faris Al Ma'aitah (b)	VP Human Recourses and Corporate Affairs	Jordanian	120,750	6,500	-	-	-	127,250
Total			**690,545**	**22,117**	**31,000**	**149,332**	**-**	**892,994**
Grand Total								**1,576,494**

Other Benefits:

(a) The CEO and VP's have two chauffeur-driven cars

(b) Other Executive Management Members have one chauffeur-driven car

22. SUMMARY OF THE ARAB POTASH COMPANY'S DONATIONS DURING THE YEARS 2013-2017

In 2017, Arab Potash Company continued to work on its approach to inform all concerned parties in a transparent and constant way about the latest updates in the International Potash Markets and the Company's plans to deal with these updates.

The challenges of the past year did not prevent APC from continuing to work pursuant to its mission to help local communities not only in its vicinity but in all parts of Jordan. In this work, APC is guided by His Majesty King Abdullah II's vision that the priority is a better life for all Jordanians, and by the Company's core values which include partnership with local communities.

APC was compelled to reduce its budget for social responsibility and investment in local community development compared to previous years. However, when this budget is measured as a percentage of the company's profits, it remains one of the highest corporate social responsibility budgets worldwide.

APC has provided through its CSR programs in the period from 2013-2017 an average of JOD 9 million annually for social responsibility programs, distributed as follows:

	2017	2016	2015	2014	2013	Total	Yearly Average	%
Education	2,307,600	2,323,760	2,162,372	2,203,257	2,331,820	11,328,809	2,265,762	26%
Social Development	1,699,667	1,184,220	1,670,855	1,554,419	1,848,901	7,958,302	1,591,612	18%
Official Bodies	780,882	1,092,692	2,914,094	1,683,948	2,054,591	8,526,207	1,705,241	19%
Water & Environment	111,243	68,400	711,320	256,147	1,241,700	2,388,810	477,762	5.5%
Health	1,484,060	2,521,744	1,809,400	831,740	1,328,170	7,975,114	1,595,023	18%
Sports	929,906	432,915	372,484	604,550	487,500	2,827,355	565,471	6.5%
Houses of Worship	203,400	176,348	219,568	186,899	356,673	1,142,888	228,578	3%
Culture	254,300	244,215	240,000	209,340	312,150	1,260,005	252,001	3%
Trade Unions	79,000	73,806	38,605	102,700	38,495	332,606	66,521	1%
Total	**7,850,058**	**8,118,100**	**10,138,698**	**7,633,000**	**10,000,000**	**43,739,856**	**8,747,971**	**100%**


البوتاس العربية
Arab Potash
تم تشيد هذا البناء في عهد
جلالة الملك عبدالله الثاني بن الحسين
على نفقة شركة البوتاس العربية 2017
مدرسة حليمة السعدية الأساسية المختلطة

23. APC CONTRIBUTIONS TO THE PROTECTION OF THE ENVIRONMENT AND LOCAL COMMUNITIES

A. APC Contributions to the Protection of the Environment

Environmental commitment and compliance is a major concern at all company levels. Sustainable development is necessary so that future generations can enjoy the natural resources while providing energy for company operations. Our company is determined to treat nature with the highest degree of respect and care. Therefore, APC's activities have been planned carefully in the area of the Dead Sea and Aqaba in order to reduce environmental impacts and to preserve the enjoyable magnificent landscapes in the region. Our company commits to maintain international standards with regards to environmental responsibility and to obtain the global certificate of conformity (ISO: 14001).

At the local level, the company is focused on preventing pollution that would impact the surrounding environment of air, water and soil through monitoring of all the solutions and strategies for this purpose. This is reflected by the project of installing ambient air quality stations that are directly connected with the Ministry of Environment to ensure our adherence to legal requirements, APC also performs periodic environmental measurements and housekeeping inspections in various departments and plants to ensure a safe and clean work environment for all APC employees. On the energy and environmental level, APC is currently proceeding in the fuel oil replacement project with natural gas which will provide savings as well as minimize pollutants from the stacks to the air.

The Company's environmental initiatives are not limited to its immediate locality. APC communicates with schools and local communities to lead and inspire sustainable initiatives throughout the region. We concentrate on building environmental solutions in order to serve and motivate.

B. APC Contributions to Community Service

The Arab Potash Company stands out as one of the largest enterprises in Jordan while its plants are located in the largest concentration of poverty and unemployment in the Kingdom. This means we as an organization have a responsibility to work for the improvement of living standards of local communities most affected by APC's activities.

In response, the Arab Potash Company provided in the period 2013 – 2017 an average of nearly JOD 9 million per year for Social Responsibility Programs.

24. GENERAL ASSEMBLY MEETINGS

The Company is generally committed to the general rules of The General Assembly Meetings where meetings are arranged in a way that allows shareholders to actively participate and express their views freely and to get answers to their questions and receive sufficient information to make their decisions.

An Extraordinary General Assembly Meeting was held in this year on 15/10/2017.

25. RELATED PARTY TRANSACTIONS

There are no contracts, projects or engagements concluded by the Company with its subsidiaries, sister companies, affiliates or with the Chairman of the Board of Directors, members of the Board of Directors, the CEO, any employee of the Company or relatives thereof except as disclosed in the Consolidated Financial Statements.

26. DECLARATIONS AND RECOMMENDATIONS

Declarations of the Board of Directors

1- The Board of Directors of the Arab Potash Company hereby declares that according to the best of its information and in its opinion, there are no substantial matters that may affect the Company as a going concern during 2018. The Company's Board of Directors hereby declares its responsibility for the preparation of the financial statements and an effective control system in the Company.

Chairman of the Board
HE. Jamal Ahmad Al Sarayrah

Vice Chairman
Mohammad Sultan

Board Member
Saad Saleh Al Alqan Abu Hammour

Board Member
Azza Al Suwaidi

Board Member
Saffa Al Din Fakhri Abdul Majeed Al Fouad

Board Member
Brent Edward Heimann

Board Member
Najib Mohamed Mohamed Ohida

Board Member
Fadi Abdel Wahab Abdel lFattah Abu Ghaush

Board Member
Fahid Majid Al Sultan Al Salim

Board Member
Ahmad Jamal Nawwaf Al Bataineh

Board Member
Wayne Brownlee

Board Member
Mofreh Dakhilallah Jum'a Al Tarawneh

Board Member
Reem Haitham Jamil Goussous

2- The chairman of the Board of Directors, the Chief Executive Officer, and the Vice President for Finance and Support Services of the Arab Potash Company further declare that all the data and statements in the Annual Report 2017 are correct, accurate and complete.

Chairman of the Board
HE. Jamal Ahmad Al Sarayrah

President & CEO
Brent Edward Heimann

VP Finance and Support Services
Mohammad Abd Al Rahman Al Razem

Recommendations

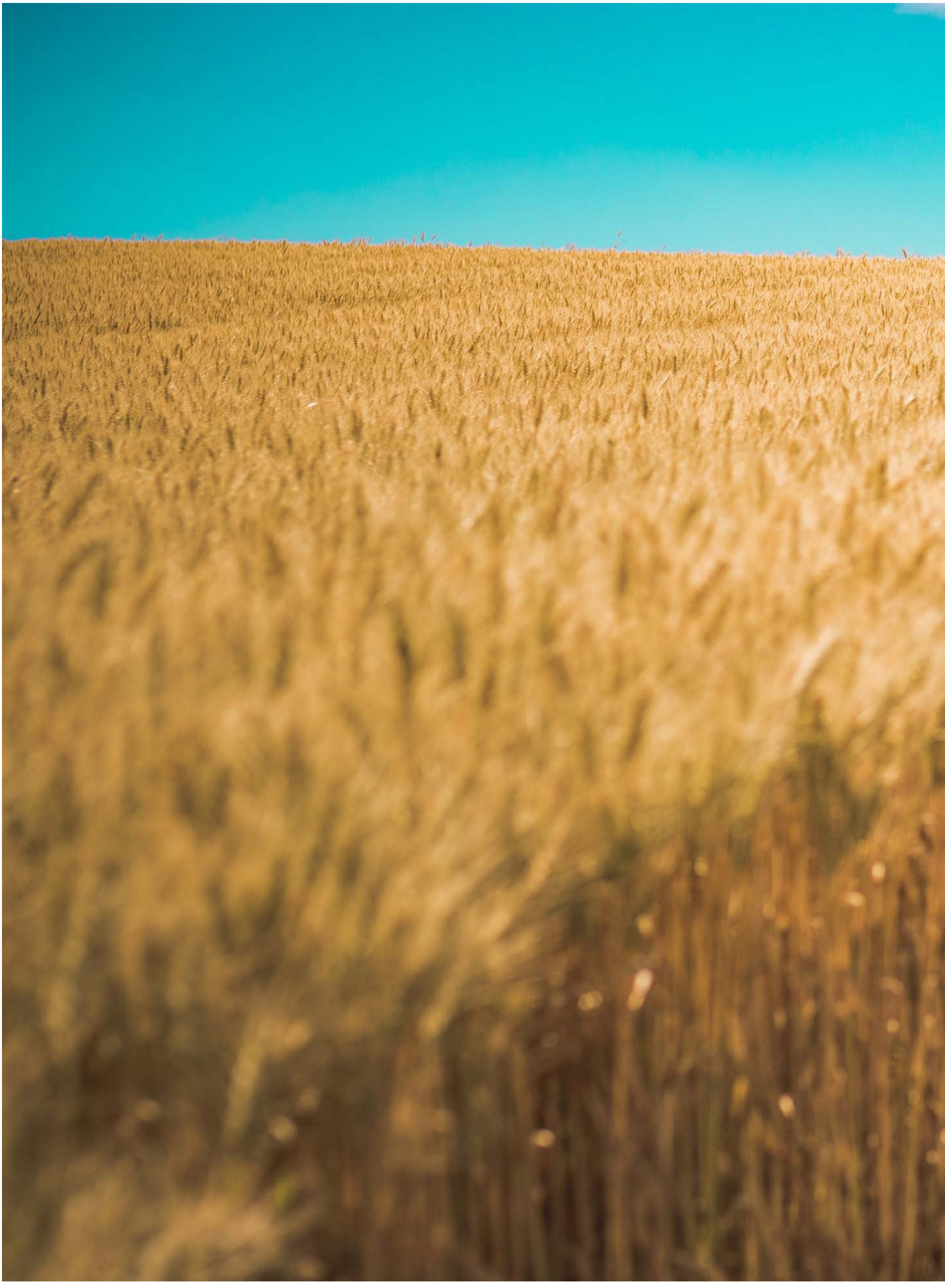
The Board would appreciate the General Assembly's ratification of the following:

1. Reading the minutes of the previous Ordinary General Assembly Meeting.
2. The Board of Directors' report on activities during 2017 and the future plans.
3. Auditors report on the consolidated Statement of Financial Position and Income Statement.
4. Consolidated Statement of Financial Position and Income Statement.
5. Dividends distribution.
6. Election of the Company auditors for the year 2018 and their related fees.
7. Release of liability of Board of Directors for the year 2018 within the provisions of the law.
8. Any other business.

In conclusion, the Board of Directors extends thanks to the Government of the Hashemite Kingdom of Jordan, shareholding Arab Governments, and PotashCorp for their support and assistance.

The Board also extends thanks to all Arab and International institutions and organizations which contributed in facilitating the Company's activities.

We especially thank our company's clients for their trust in our product and services and we commend the efforts exerted by APC employees at their all locations.



CORPORATE GOVERNANCE REPORT

1. INTRODUCTION

Corporate Governance is considered as one of the most important factors for corporations to develop their performance while protecting shareholder's rights. Such compliance has become imperative with the fast development of worldwide economies. Arab Potash Company (APC) Board of Directors intends to move forward to comply with the corporate governance instructions for the public shareholding companies listed for the year 2017 as issued by Jordan Security Commission (JSC) in accordance with the decision of JSC's Board of Commissioners No. 146/2017 where these instructions became mandatory and effective as of 22/05/2017.

In light of developments in the national economy at all levels and in parallel with the efforts of the JSC to develop the national capital market and to establish its regulatory framework and according to the instructions' requirements, a special part of the Corporate Governance report has been created in the Arab Potash Company's Annual Report. This part contains information about the functions of the Board of Directors and Its committees in addition to the corporate governance requirements related to the public shareholding companies listed in Amman Stock Exchange in order to establish a clear framework for regulating the company's rights, duties and responsibilities to achieve its objectives and protect the rights of stakeholders. These rules are mainly based on the Securities Act and the Regulations, the Companies Law, and the International Principles set by the Organization for Economic Co-Operation and Development (OECD).

In this regard, APC is working to implement the requirements of JSC to comply with the applicable rules and regulations. APC's Board of Directors reviewed the corporate governance instructions and made a decision to reconstitute the permanent committees emanating from the board, which are the Audit Committee, the Nominations and Remuneration Committee, the Risk Committee, and the Corporate Governance Committee. Also, a liaison officer has been appointed to follow up with JSC on matters related to the implementation of the Corporate Governance instructions in the company. Noting that all of the committees have started developing their own charters in accordance with the Corporate Governance instructions for the listed companies of 2017.

2. FORMATION AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

A. Board Formation

1. The company is managed by a Board of Directors consisting of 13 members.

All members of the Board of Directors are qualified and have vast knowledge of administrative and financial matters in addition to good knowledge of the rights and duties of the Board of Directors.

2. Women's Representation in the Board of Directors

The percentage of women representation in the Board of Directors stood at 15% relative to the total number of the directors. The women board members are Mrs. Reem Haitham Jamil Al-Qusous, representative of PCS Jordan, and Mrs. Azza Mohammed Saeed Rashid Al Suwaidi representative of Arab Mining Company.

3. Secretary of the Board

The Secretary of the Board records the minutes of meetings for the company's Board of Directors and its decisions in a serialized special record and shows the members present and any conservations they make.

B. Responsibilities of the Board

APC's Board of Directors complies with the instructions of the Corporate Governance instructions by putting the strategies, policies, plans and actions that should fulfill the company's interest and objectives and maximize the Shareholders' return. At the same time, APC also serves the needs of its other stakeholders such as the local communities, employees and the government.

Corporate Governance Officer

Since the appointment of a liaison officer for corporate governance is the responsibility of the Board of Directors, Mrs. Intesar Fahd Abed Nsour has been appointed as the corporate governance compliance officer to follow up with the Jordan Security Commission (JSC) on all issues related to complying with the corporate governance instructions and regulations.

Meetings of the Board of Directors

The Board of Directors of the Company shall comply with the number of board meetings required on an annual basis. The Board of Directors holds six meetings annually and the decisions of the Board of Directors are issued by the absolute majority of the attendant members, and if the votes are equal, the side of which the chairman of the meeting voted with shall prevail.

APC's Board of Directors held six meetings in 2017.

3. BOARD OF DIRECTORS MEMBERS (DEPENDENT/ NOT INDEPENDENT & JURISTIC/NATURAL)

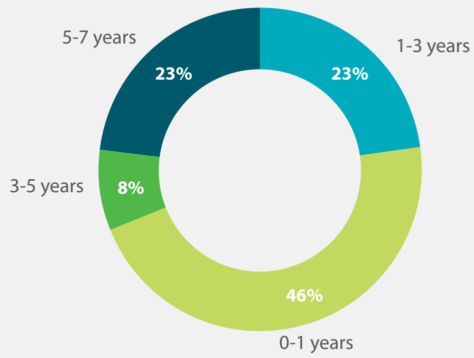
A. The following table shows the resigned and current APC's Board of Directors (Juristic & Natural), also the table shows whether the member is Executive or Non-Executive and if the member is Dependent or Not Independent.

Name	Representatives	Position	Independent/Not Independent	Membership Executive/ Non-Executive
Ministry of Finance – Shareholdings Management Company as of 16/05/2017				
	H.E Jamal Ahmad Mufleh Al Sarayrah	Chairman of the Board	Not Independent	Executive
Shareholdings Management Company				
	"Ahmad Jamal" Nawaf Moh'd Bataineh	Board Member	Not Independent	Non-Executive
	Saad Saleh Al Alqan Abu Hammour	Board Member as of 16/05/2017	Not Independent	Non-Executive
	Mofreh Dakhilallah Jum'a Al Tarawneh	Board Member as of 20/06/2017	Not Independent	Non-Executive
	Mustafa Mohammad Abdel Latif Al Barari	Board Member until 20/06/2017	Not Independent	Non-Executive
PCS JORDAN LLC				
	Brent Edward Heimann	Board Member, President and CEO	Not Independent	Executive
	Wayne Brownlee	Board member	Not Independent	Non-Executive
	Iain Guille	Board member until 15/10/2017	Not Independent	Non-Executive
	Reem Haitham Jamil Goussous	Board Member as of 16/10/2017	Not Independent	Non-Executive
Arab Mining Company				
	Mohammad R A H Sultan	Vice Chairman	Not Independent	Non-Executive
	Azza Mohammad Saeed Rashed Al Suwaidi	Board Member	Not Independent	Non-Executive
Social Security Corporation				
	Ma'en Fahed Abdel Karim Nsour	Board Member until 15/08/2017	Not Independent	Non-Executive
	Fadi Abdel Wahab Abdel lFattah Abu Ghaush	Board member as of 15/08/2017	Not Independent	Non-Executive
Government of Iraq				
	Abdul Wadoud Abdul - Sattar Mahmoud Al - Dulaimi	Board Member until 05/02/2017	Independent	Non-Executive
	Saffa Al Din Fakhri Abdul Majeed Al Fouad	Board Member as of 05/02/2017	Independent	Non-Executive
Libyan Arab Foreign Investment Company				
	Salem Husni Salem Braibish	Board Member until 28/05/2017	Independent	Non-Executive
	Najib Mohamed Mohamed Ohida	Board Member as of 28/05/2017	Independent	Non-Executive
Kuwait Investment Authority - Kuwait				
	Fahad Majid Al Sultan Al Salim	Board Member	Independent	Non-Executive

B. The Duration of Representation of the current Members in the Board of Directors

Number of Members	Duration (Years)	Percentage
6	0-1	46%
3	1-3	23%
1	3-5	8%
3	5-7	23%
13		**100%**

APC's Board of Directors classified according to their membership's duration in the board - Years



C. Number of meetings of the Board of Directors held in 2017 and a statement of the attendant members

APC's Board of Directors held six meetings in 2017. The following table represents a statement to the attendant members:

Name	First Meeting	Second Meeting	Third Meeting	Fourth Meeting	Fifth Meeting	Sixth Meeting	Total
H.E Jamal Ahmad Mufleh Al Sarayrah	✓	✓	✓	✓	✓	✓	6
"Ahmad Jamal" Nawaf Moh'd Bataineh	✓	✓	✓	✓	✓	✓	6
Saad Saleh Al Alqan Abu Hammour	●	●	✓	✓	✓	✓	4
Mofreh Dakhilallah Jum'a Al Tarawneh	●	●	✓	✓	✓	✓	4
Mustafa Mohammad Abdel Latif Al Barari	✓	✓	●	●	●	●	2
Brent Edward Heimann	✓	✓	✓	✓	✓	✓	6
Wayne Brownlee	✓	✓	✓	✓	✓	✓	6
Iain Guille	✓	✓	✓	×	×	●	3
Reem Haitham Jamil Goussous	●	●	●	●	●	✓	1
Mohammad R A H Sultan	✓	✓	✓	✓	✓	✓	6
Azza Mohammad Saeed Rashed Al Suwaidi	✓	✓	✓	✓	✓	✓	6
Ma'en Fahed Abdel Karim Nsour	✓	✓	✓	●	●	●	3
Fadi Abdel Wahab Abdel lFattah Abu Ghaush	●	●	●	✓	✓	✓	3
Abdul Wadoud Abdul - Sattar Mahmoud Al - Dulaimi	●	●	●	●	●	●	-
Saffa Al Din Fakhri Abdul Majeed Al Fouad	✓	✓	✓	✓	✓	✓	6
Salem Husni Salem Braibish	✓	✓	●	●	●	●	2
Najib Mohamed Mohamed Ohida	●	●	✓	✓	✓	✓	4
Fahad Majid Al Sultan Al Salim	✓	✓	✓	✓	✓	✓	6

✓ Attended the meeting ● Was not a member × Did not attend

D. Meeting attendance rates for the current members of the Board

Name	Position	Attendance of the Board Meetings	Attendance Rate
H.E Jamal Ahmad Mufleh Al Sarayrah	Chairman of the Board	6/6	100%
"Ahmad Jamal" Nawaf Moh'd Bataineh	Board Member	6/6	100%
Saad Saleh Al Alqan Abu Hammour	Board Member as of 16/05/2017	4/4	100%
Mofreh Dakhilallah Jum'a Al Tarawneh	Board Member as of 20/06/2017	4/4	100%
Brent Edward Heimann	Board Member, President and CEO	6/6	100%
Wayne Brownlee	Board member	6/6	100%
Reem Haitham Jamil Goussous	Board Member as of 16/10/2017	1/1	100%
Mohammad R A H Sultan	Vice Chairman	6/6	100%
Azza Mohammad Saeed Rashed Al Suwaidi	Board Member	6/6	100%
Fadi Abdel Wahab Abdel lFattah Abu Ghaush	Board member as of 15/08/2017	2/2	100%
Saffa Al Din Fakhri Abdul Majeed Al Fouad	Board Member as of 05/02/2017	6/6	100%
Najib Mohamed Mohamed Ohida	Board Member as of 28/05/2017	4/4	100%
Fahad Majid Al Sultan Al Salim	Board Member	6/6	100%

4. THE EXECUTIVE MANAGEMENT POSITIONS AND THE MEMBERS WHO OCCUPY IT

Name	Position
H.E Jamal Ahmad Mufleh Al Sarayrah	Chairman of the Board
Brent Edward Heimann	Board Member, President, & CEO
Lane Bernard Knorr	VP Operations until 20/12/2017
Scott Raymond Maczka	VP Finance and Support Services until 19/04/2017 VP Strategy and Corporate Development as of 19/04/2017 until 01/12/2017
Jafar Mohammad Hafez Salem	VP Marketing and Sales
Adnan Sulaiman Faris Al Ma'aitah	VP Human Recourses and Corporate Affairs
Mohammad Abd Al Rahman Al Razem	VP Finance and Support Services as of 19/04/2017
Mohammad Abu Gheyab	Acting VP Operations as of 20/12/2017

5. STATEMENT OF APC'S BOARD MEMBERS' MEMBERSHIP IN OTHER PUBLIC SHAREHOLDING COMPANIES

- Mrs. Reem Goussous: Board member in Capital Bank of Jordan.
- None of APC's board members has other board membership in any other public shareholding company.

6. STANDING BOARD OF DIRECTORS COMMITTEES

A. Audit Committee

In order to comply with the corporate governance regulations issued by the Jordan Securities Commission in this regard the Audit & Risk Management Committee has been separated in two separate committees in 2017, the Audit Committee and the Risk Management Committee. The Audit & Risk Management Committee held five meetings in 2017 and one meeting was held by the new Audit Committee after being separated in 2017. The meetings were attended by the following members:

	Audit & Risk Management Committee	Audit & Risk Management Committee	Audit & Risk Management Committee	Audit & Risk Management Committee	Audit & Risk Management Committee	Audit Committee	
Member	**First Session**	**Second Session**	**Third Session**	**Fourth Session**	**Fifth Session**	**Sixth Session**	**Total**
Ma'en Fahed Abdel-karim Nsour	✓	✓	✓	✓	✓	●	5
Mustafa Mohammad Abdul Latif Al Barari	✓	✓	✓	✓	●	●	4
Salem Husni Salem Braibish	●	✓	×	●	●	●	1
Fadi Abdel- Wahab Abdel-fattah Abu-Ghaush	●	●	●	●	●	✓	1
Mofareh Dakhilallah Jum'a Al-Tarawneh	●	●	●	●	✓	✓	2
«Ahmad Jamal" Nawaf Moh'd Bataineh	●	●	●	●	●	✓	1
Saad Saleh Al Alqan Abu Hammour	●	●	●	●	✓	●	1

✓ Attended the meeting ● Was not a member × Did not attend

The Committee held meetings with both the external auditor and the internal auditor, noting that the meetings with the external auditor were held without the presence of any member of the executive management or representatives of them.

- The primary responsibility of the Audit Committee is to oversee the Arab Potash Company's financial controls (including appropriate disclosure, internal controls, and enterprise risk management) and external and internal audit activities, and reporting processes and providing a report of the results of its activities to the Board of Directors.
- The responsibility of the Audit Committee does not waive the ultimate responsibility of the Board of Directors and Executive Management regarding APC's internal controls, compliance with rules and regulations and soundness of financial information.
- The committee may seek legal, financial, administrative or technical advice from an independent external consultant if the need arises
- The Audit Committee consists of a minimum of three and a maximum of five non-Executive Members of the Board of Directors. The majority of committee members preferably to be independent and one of them is nominated to Chair the Audit Committee. The Board of Directors selects members of the committee and appoints its Chairman. The committee appoints one of its members as deputy chairman, to deputize for the chairman in his absence.
- All committee members must be financially, managerially, and accounting literate. And at least one member must pose an accounting or financial experience or have worked previously in accounting or finance and/or has related degrees or professional certification in accounting or finance.

- Discusses all what is related to the work of the external auditor his observations, suggestions, reservations, and follow up the degree of the company's responsiveness to them and provide the recommendations to the Board of Directors.
- Follow up on the degree of the company's adherence and abidance in the applying regulations and external parties requirements.
- Assist in resolving any disagreement that may arise between the Executive Management and the external auditor regarding the financial reporting and accounting issues.
- Review the reports and recommendations of the external auditor about the effectiveness of company's internal controls and management responses and suggestions. And ensure that the company provides the auditor all necessary facilities to do his job.
- Review the external auditing plan and coordinate with internal auditor, and ensure that the company provides the external auditor all necessary facilities to do his job.
- Review the independence of the external auditor and make sure that nothing affects his independence, in addition to approving the external auditor performing additional consulting activities other that auditing.
- Assigning the internal auditor based on the CEO recommendation beside gaining the committee approval to replace or dismissing the internal auditor.
- Studying and assessing the internal control activities and internal auditing.
- Providing the Board of Directors with recommendations regarding the internal controls and internal auditing and the internal auditor work.
- Placing the proper mechanisms to ensure that the company provides sufficient number of qualified manpower to perform the internal control activities, whereby the get trained and reworded properly.
- Perform any additional activities delegated by the Board of Directors, providing that those activities are not in any of the other committees' field of specialty.
- The committee reviews and studies the periodic reports prior to presenting it to Board of Directors and provides its recommendations while focusing on the followings:
  1. Any changes in the accounting standards
  2. Any changes on company's accounts as a result of the auditing activities or the external auditor suggestions
  3. Review the quarterly financial statements and approving it
- Reviewing the audited annual financial statements and recommending approving them to the Board of Directors.
- Recommending to the Board of Directors by nominating the external auditor and making sure he fulfills all conditions mentioned in the applying regulations and that nothing affects his independence in order to be elected by the general assembly.

The following table shows the chairman and the members of the Audit Committee and a description of their qualifications:

Name	Position	Qualifications
Fadi Abdel-Wahab Abdel-Fattah Abu-Ghaush	Chairman	Mr. Abu Ghaush is qualified as a Jordanian Certified Public Accountant (JCPA) in 2012 and a Certified Internal Auditor in 2007, and he received a BSc in Accounting from Al Al-Bayt University in Jordan in 2001. He is also a founding member and Board Member of the Jordan Internal Auditors Association (JIA)
Mofareh Dakhilallah Jum'a Al-Tarawneh	Vice Chairman	General Tarawneh has a BSc in Mechanical Engineering from the UK, and an Executive MBA from Pakistan. He also received Military and Technical training at national military schools and international military academies in the U.S.A and U.K
"Ahmad Jamal" Nawwaf Al Bataineh	Member	During his 32 years of service (1968-2000), Major General Ahmed Batayneh held a number of military positions at Jordan's Arab Army, such as Jordanian Military Attaché in the United Kingdom and Director of Military Intelligence. He served as President of the Jordanian Basketball Association and General Manager of National Resources Development Company (King Abdullah II Design and Development Bureau (KADDB)) and he received number of medals of honor during his service in Jordan's Arab Army.
Najib Mohammed Mohammed Ohida	Member	Eng. Ohida graduated in 1977 with a BS degree in Soil and Water Sciences from the Faculty of Agriculture of the Libyan University

B. Risk Management Committee

In order to comply with the corporate governance regulations issued by the Jordan Securities Commission in this regard the Audit & Risk Management Committee has been separated into two separate committees in 2017, the Audit Committee and the Risk Management Committee. The Audit & Risk Management Committee held five meetings in 2017.

	Audit & Risk Management Committee	Audit & Risk Management Committee	Audit & Risk Management Committee	Audit & Risk Management Committee	Audit & Risk Management Committee	
Member	**First Session**	**Second Session**	**Third Session**	**Fourth Session**	**Fifth Session**	**Total**
Ma'en Fahed Abdel Karim Nsour	✓	✓	✓	✓	✓	5
Mustafa Mohammad Abdul Latif Al Barari	✓	✓	✓	✓	●	4
Salem Husni Salem Braibish	●	✓	×	●	●	1
Mofareh Dakhilallah Jum'a Al-Tarawneh	●	●	●	●	✓	1
Saad Saleh Al Alqan Abu Hammour	●	●	●	●	✓	1

✓ Attended the meeting ● Was not a member × Did not attend

The Risk Management Committee which was formed by the end of 2017 did not hold any meeting in 2017 noting that starting in 2018 the committee will have at least two meetings on yearly basis.

The responsibilities of the Risk Management Committee include managing the risks that were identified and reviewed by all departments in quarterly basis, through following up and assessing the various risks that the company may be exposed to, and placing the risk management policy for the company and reviewing it annually, the committee establishes written work procedures to govern its activities and defines its obligations. The committee reports its resolutions and recommendations to the Board of Directors.

The following table shows the Chairman and the members of the Risk Management Committee and a description of their qualifications:

Name	Position	Qualifications
Mofareh Dakhilallah Jum'a Al-Tarawneh	Chairman	General Tarawneh has a BSc in Mechanical Engineering from the UK, and an Executive MBA from Pakistan. He also received Military and Technical training at national military schools and international military academies in the U.S.A and U.K.
Fadi Abdel-Wahab Abdel-Fattah Abu-Ghaush	Vice Chairman	Mr. Abu Ghaush is qualified as a Jordanian Certified Public Accountant (JCPA) in 2012 and a Certified Internal Auditor in 2007, and he received a BSc in Accounting from Al Al-Bayt University in Jordan in 2001. He is also a founding member and Board Member of the Jordan Internal Auditors Association (JIA).
Brent Edward Heimann	Member	Mr. Heimann holds a BSc in chemical engineering from the University of Cincinnati, USA, and his experience in the fertilizers industry spans over 25 years.
Mohammed Abd Al Rahman Al Razem	Member	Mohammed Razem is a Chartered Financial Analyst (CFA) and a Certified Public Accountant (CPA) in the United States of America. Mohammed holds a Bachelor's Degree in Accounting from the University of Jordan. Mohammed has over 17 years of experience in many fields: Mining, Real Estate, Public Accounting, Telecommunication, Financial Services and Investments.

C. Nomination and Remuneration Committee

The Nomination and Remuneration Committee was formed according to the governance requirements issued by the Securities Commission. The committee will have at least two meeting on a yearly basis starting in 2018. The new committee which was formed by the end of 2017 did not hold any meeting in 2017.

The charter of Nominations and Remuneration Committee is represented by the following:

1. The Committee shall consist of a number from non-executive Board members not less than three and not exceeding five (one of them shall be from the Audit Committee members). The committee members and its Chairman shall be selected by the Board of Directors.
2. The Committee shall appoint from its members a Deputy Chairman of committee to be in the place of Committee Chairman upon his absence. Also, the committee shall appoint its secretary from employees of Human Resources Department or Finance Department at the company in order to organize committee meetings and prepare their agendas and write their minutes of meetings and their resolutions in a special register and same to be signed by Committee Chairman and its members who attended the meeting.
3. The committee shall convene whenever necessary with the invitation from its Chairman ,or his Deputy in case of his absence , or upon the request of the majority of its members, provided that number of its meetings not to be less than two meetings per annum.
4. The Committee Chairman or his Deputy in case of his absence shall head the Committee meetings and these Meetings shall be legal with the presence of absolute majority of its members, and the committee shall pass its resolutions and recommendations with approval of absolute majority of its members. In case of a deadlock, the matter shall be presented to the Board of Directors to take the proper decision.
5. In case of committee member being a non-resident in Jordan and could not attend such, then his participation in the meetings and discussions of the committee may take place through audio and/or visual communication means, and this member shall be considered in this case as being present at the meeting and his decisions passed at the meeting shall be binding on him.
6. Tasks and responsibilities of the committee:

A. To ensure the independence of independent members at the Board of Directors in a constant manner.

B. To review draft regulations set out by the Executive Management of the company related to granting of bonuses and incentives in addition to salary scale and benefits of company employees and/or any amendments on these regulations and submitting them to the Board of Directors for their approval, and review of these regulations on annual basis.

C. Review of draft regulations set out by the Executive Management of the company related to Human Resources and/or any amendments on these regulations and submitting them to the Board of Directors for their approval, and monitor their implementation along with reviewing such regulations on an annual basis.

D. In general, review of draft regulations of the company and/or any amendments on the company's regulations set out by the Executive Management of the Company and submitting them to the Board of Directors for approval thereof.

E. Review of Organizational Structure of the Executive Management and/or any amendments thereof and submitting the same to the Board of Directors for its approval.

F. Determine the company's needs related to Executive Management and basis of their selection and submitting the same to the Board of Directors for its approval.

G. Overseeing the company's investments and follow-up in order to maximize returns on these investments, and protect them from potential risks in coordination with Risk Management Committee, and evaluating and/or recommending future investment opportunities and studying them in sound practical ways, and to assist the Board in the sound investment decision in a timely manner, and according to the authorities set forth in the Investments Regulations of the company in effect.

H. Request for legal, financial, administrative or technical consultancy from external advisor while taking into consideration terms and conditions of the Supplies Regulation in force.

I. IRequest for any data or information from Executive Management who should cooperate for providing these information in a full and accurate manner.

J. Any other tasks delegated by the Board of Directors as long as it doesn't coincide with the duties of the other Board committees.

The following table shows the Chairman and the members of the Nominations and Remuneration Committee and a description of their qualifications:

Name	Position	Qualifications
H.E Jamal Ahmad Mufleh Al Sarayrah	Chairman	Holds a post-graduate diploma in international law and international relations from the Aberystwyth University in Wales and a BA in English Literature from the University of Kuwait.
Reem Haitham Jamil Goussous	Vice Chairman	Ms. Goussous is a Board Member of Capital Bank, the Jordan River Foundation, and Capital Investments. She holds a Bachelor's degree in Economics and a Master's degree in Economic Development and International Trade from Boston University.
«Ahmad Jamal" Nawaf Moh'd Bataineh	Member	During his 32 years of service (1968-2000), Major General Ahmed Batayneh held a number of military positions at Jordan's Arab Army, such as Jordanian Military Attaché in the United Kingdom and Director of Military Intelligence. He served as President of the Jordanian Basketball Association and General Manager of National Resources Development Company (King Abdullah II Design and Development Bureau (KADDB)) and he received number of medals of honor during his service in Jordan's Arab Army.
Fahad Majid Al Sultan Al Salim	Member	Mr. Al Salim holds a BSc in Business Administration from Ohio University, USA.
Mofareh Dakhilallah Jum'a Al-Tarawneh	Member	General Tarawneh has a BSc in Mechanical Engineering from the UK, and an Executive MBA from Pakistan. He also received Military and Technical training at national military schools and international military academies in the U.S.A and U.K.

D. Corporate Governance Committee

The Corporate Governance Committee was formed to comply with the corporate governance requirements issued by Jordan Securities Commission (JSC). Also, a liaison officer has been appointed according to the instructions issued by JSC. The Corporate Governance Committee held one meeting in 2017 in the presence of the Chairman and the Members of the Committee. Starting from 2018, the Committee will conduct two meetings on an annual basis.

The responsibilities of the Corporate Governance Committee are represented by the following:

- Preparing the corporate governance report for APC's Board of Directors.
- Putting a written work procedure to apply the corporate government instructions and reviewing it in addition to evaluating the level of compliance of these instructions annually.
- Confirming that the company complies with the provisions of these instructions.
- Following up with Jordan Securities Commission's observations regarding the application of the corporate governance instructions.
- Develop written procedures to organize its work and define its obligations.
- The Committee shall submit its decisions and recommendations to the Board of Directors, and should submit a report on its activities to the Annual Ordinary General Assembly of the Company.

The following table shows the Chairman and the Members of the Corporate Governance Committee and a description of their qualifications:

Name	Position	Qualifications
"Ahmad Jamal" Nawaf Moh'd Bataineh	Chairman	During his 32 years of service (1968-2000), Major General Ahmed Batayneh held a number of military positions at Jordan's Arab Army, such as Jordanian Military Attaché in the United Kingdom and Director of Military Intelligence. He served as President of the Jordanian Basketball Association and General Manager of National Resources Development Company (King Abdullah II Design and Development Bureau (KADDB)) and he received number of medals of honor during his service in Jordan's Arab Army.
Saad Saleh Al-Alqan Abu Hammour	Member	Mr. Abu Hammour is a certified expert engineer in mechanical engineering in water and wastewater and author of many technical papers on reducing algae count in drinking water treatment plants. He received a BSc in mechanical engineering from Pakistan (1981) and a Master's degree in Sanitary Engineering from Netherlands University (1998).
Mofareh Dakhilallah Jum'a Al-Tarawneh	Member	General Tarawneh has a BSc in Mechanical Engineering from the UK, and an Executive MBA from Pakistan. He also received Military and Technical training at national military schools and international military academies in the U.S.A and U.K.
Saffa Aldin Fakhri Abdul-Majeed Al Fouad	Member	Dr. Al Fouad studied at the University of Baghdad, where he received a BSc in Geology (1979), an MSc in Structural Geology (1983), and a PhD in Structural Geology and Tectonics (1997).

In addition to the abovementioned committees, another committee that is formed by APC's Board of Directors is the Social Responsibility and Donations Committee. This Committee consists of three members and had conducted six meetings in 2017.

7. TRANSPARENCY AND DISCLOSURE

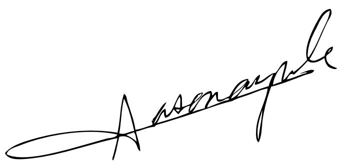
Transparency and disclosure are fundamental principles for Corporate Governance. APC's Board of Directors has committed to implement these principles to keep the company's shareholders fully aware of all updates affecting the company through providing accurate and clear disclosures on time in a way that enables them to make their decisions and in accordance with the regulatory requirements and legislation.

8. STAKEHOLDERS RIGHTS AND THE GENERAL RIGHTS OF SHAREHOLDERS

The Company guarantee the stakeholders' rights in a way that allow them to execute the company's obligations and preserve their rights and have an access to a trustworthy information in a timely manner. Also, APC's shareholders have general rights as the Company commits to keep the shareholders' records that clarify any changes on their ownership and any provisions imposed on them through a department responsible for managing the shareholders' relationship with the Company. Also, the Shareholders receive their distributed dividends on time according to the applied legislation in the Hashemite Kingdom of Jordan.

9. TRANSACTIONS OF RELATED PARTIES

The Company is committed to the provisions of the applicable legislation which is applied on the Company and the provisions of the applicable legislation applied on the related parties transactions.



Chairman of the Board
Jamal Ahmad Al Sarayrah

ARAB POTASH COMPANY PUBLIC SHAREHOLDING COMPANY

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

Independent Auditor's Report

To the Shareholders of Arab Potash Company Public Shareholding Company

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Arab Potash Company (a Public Shareholding Company)- (the "Company") and its subsidiaries (together the "Group") as at 31 December 2017 and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2017;
- the consolidated statement of income for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in shareholders' equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Overview

Key Audit Matters	The areas of focus for our audit, which involved the greatest allocation of our resources and effort, were: 1. Employees' benefit obligations 2. Impairment of property, plant and equipment

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the Group's structure, the accounting processes, controls and the industry in which the Group operates.

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.

Key audit matters	How our audit addressed the Key audit matters
1. Employees' benefit obligations	
As disclosed in Note 34, the Group has restated its consolidated financial statements to recognise the obligations related to the employees' Death and Compensation Fund which previously had been recognized incorrectly. The obligation amount resulting from this restatement to the opening balances as at 1 December 2016 amounted to JD 56,426 thousands as an increase in the benefit liability, JD 47,216 thousands as a reduction in the retained earnings and JD 13,408 thousands as an increase in deferred tax assets. The Group has different employee benefit programs, some of which are contribution benefit plans where the Group's obligations are limited to the contribution made to the benefit of the employees. Other plans constitute defined benefit plans including the Death and Compensation fund relating to contributions in respect of retired or resigned employees. Further details of employee benefit plans are illustrated in Note 20. Under IAS 19 'Employee Benefits', the measurement of employees' benefits obligations requires estimates relating to expected future payments and the application of actuarial assumptions in connection with salary growth rates, staff turnover and use of an appropriate discount rate. The assumptions used, and the sensitivities to their changes, are disclosed in Note 20. The Group appointed an independent actuary to develop an estimate of the Death and Compensation Fund obligations. We focused on this area given the materiality of the employees benefits to the consolidated financial statements and the significant estimates and judgments included in the calculation of the obligation as mentioned above.	To evaluate the accounting treatments applied by the Group and to test the accuracy of management's restatement of the prior year's comparative information, we undertook the following procedures: • We have obtained the signed agreements between the Group and the Labor of Mining Union, in addition to the internal bylaws for the Death and Compensation Fund and the Company. • We have reviewed supporting documents for amounts paid by the Company to the Death and Compensation Fund as contributions and the other amounts paid to cover the deficit in the Fund. • We obtained an understanding of the different benefit schemes available to employees of the Group and assessed whether the Group's accounting policies had been applied consistently over each of the presented years, and whether the applied techniques to calculate obligations at the year-end complied with the requirements of the International Accounting Standard (IAS) 19 "Employees Benefits". • Management had provided us with the independent actuarial report used by management to calculate the obligations of defined employees' benefits. We assessed the independence and professional qualifications of the appointed actuary, together with the scope of work that the actuary was asked to perform. • We used our internal actuarial specialists to assess the reasonableness of the key assumptions (discount rate, inflation rates, attrition and mortality assumptions) adopted by the independent actuary for the estimation of the Death and Compensation Fund obligations based on their experience in equivalent industries. • We reviewed the disclosures included in the consolidated financial statements to assess adequacy of disclosures based on IAS 19 "Employees Benefits" requirements. • We have also assessed whether the accounting treatment of the restatement and its related disclosures were in accordance with the requirements of IAS 8 'Accounting policies, accounting estimates and errors'.

2. Impairment of property, plant and equipment

- The Group's net book value of its property, plant and equipment ("PP&E") amounted to JD 219,481 thousands as at 31 December 2017, representing 23% of total Group assets at that date.
- The PP&E are accounted for as per Note (2-5).
- The Group assesses at each reporting date whether there is any objective evidence that the carrying value of the PP&E might not be recoverable. The Company considers the significant decrease in market prices or technological upgrade to the currently used machinery and equipment in a way that reduces the future benefits are considered to be possible indicators that an impairment may exist in the PP&E.

As per the requirements of the International Financial Reporting standards (IFRS) and the Group's accounting policies, an impairment review of the PP&E was performed by management using the "Value in Use" model (the present value of the expected future cash inflows from the sale of the PP&E), to estimate the recoverable value of these assets.

The used "Value in Use" models depends on many assumptions and estimates made by the management such as the analysts' forecasts for the Potash international selling prices and other personal estimates.

No impairment of PP&E was recorded in 2017 as per the results of the test.

We focused on this area due to the materiality of PP&E, as impairment, if any, could have a material impact on the consolidated financial statements. We also focused on this area due to the significant judgments involved in performing the impairment test as mentioned above.

- We have obtained management's impairment testing model and questioned the critical assumptions used by them.
- We focussed on the cash flow forecast, business plan, the growth rates used to estimate future cash flows and the discount rates used.
- We have tested the inputs used in the determination of the assumptions for the calculation of the value in use to third-party sources, where available, including external data from analysts' reports.
- The mathematical accuracy of the model was tested.
- Disclosures in the consolidated financial statements made in relation to impairment testing were reviewed.

Other information:

Management is responsible for the other information. The other information comprises the Group's Annual Report for the year 2017 but does not include the consolidated financial statements and our auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will 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 identified above 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 International Financial Reporting Standards and with other identified applicable laws in the Hashemite Kingdom of Jordan, 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 exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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 exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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.

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 reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

The Group maintains proper accounting records that are in agreement with the accompanying consolidated financial statements. We recommend that the General Assembly of the Shareholders approve these consolidated financial statements.

For and on behalf of PricewaterhouseCoopers "Jordan" L.L.C.

Hazem Sababa
License No. (802)

Amman, Jordan
26 March 2018

Arab Potash Company
Public Shareholding Company
Consolidated Statement of Financial Position
As at 31 December 2017

	Notes	31 December 2017	31 December 2016	1 January 2016
Assets		JD "000"	JD "000"	JD "000"
			(Restated) Note 34	(Restated) Note 34
Non-current assets				
Property, plant and equipment	5	219,481	232,078	241,582
Intangible assets	6	14,631	-	-
Projects in progress	7	78,410	76,088	68,932
Investment in associates	8	5,095	4,579	7,370
Investment in joint ventures	9	153,466	135,277	126,238
Financial assets at fair value through other comprehensive income	10	606	660	771
Finance assets at amortized cost	11	21,106	21,199	-
Deferred tax assets	24	15,897	19,391	16,508
Employees' housing loans	12	18,526	18,820	18,918
		527,218	**508,092**	**480,319**
Current assets				
Employees' housing loans	12	2,736	2,896	2,960
Accounts receivable	13	50,689	53,141	68,453
Inventories	14	11,482	20,922	31,457
Spare parts and supplies	15	37,157	40,511	42,533
Other current assets	16	36,704	36,926	60,495
Cash on hand and bank balances	17	271,321	254,348	338,463
		410,089	**408,744**	**544,361**
Total assets		**937,307**	**916,836**	**1,024,680**
Shareholders' Equity and Liabilities				
Shareholders' Equity				
Paid in capital	1	83,318	83,318	83,318
Statutory reserve	18	50,464	50,464	50,464
Voluntary reserve	18	80,699	80,699	80,699
Fair value reserve	10	(51)	3	114
Re-measurement of post-employment benefit obligations		(5,712)	(2,061)	-
Retained earnings		**599,167**	**592,642**	**630,379**
Total Equity		**807,885**	**805,065**	**844,974**

Arab Potash Company
Public Shareholding Company
Consolidated Statement of Financial Position
As at 31 December 2017

	Notes	31 December 2017	31 December 2016	1 January 2016
Liabilities		JD "000"	JD "000"	JD "000"
			(Restated) Note 34	(Restated) Note 34
Non-current liabilities				
Long-term loan	19	11,614	17	51
Death and compensation fund obligations	20	46,548	52,941	54,316
Obligations against capital projects	6	11,390	-	-
Other non-current liabilities	23	8,096	8,545	8,992
		77,648	**61,503**	**63,359**
Current liabilities				
Current portion of long term loan	19	17	34	34
Obligations against capital projects	6	3,983	-	-
Death and compensation fund obligations	20	2,558	2,409	2,110
Potash mining fees due to the government of the Hashemite Kingdom of Jordan	1,28	339	4,063	23,698
Trade payables		15,537	17,468	25,535
Income tax provision	24	2,314	1,350	28,713
Other current liabilities	**21**	**27,026**	**24,944**	**36,257**
		51,774	**50,268**	**116,347**
Total Liabilities		**129,422**	**111,771**	**179,706**
Total shareholders' equity and liabilities		**937,307**	**916,836**	**1,024,680**

The accompanying notes 1 to 35 form part of these consolidated financial statements

Arab Potash Company
Consolidated Income Statement
For The Year Ended 31 December 2017

	Notes	2017	2016
		JD "000"	JD "000" (Restated)
Sales	22	423,277	369,651
Cost of sales	25	(318,522)	(304,016)
Gross profit	**22**	**104,755**	**65,635**
Administrative expenses	26	(13,989)	(18,011)
Selling and distribution expenses	29	(19,351)	(17,979)
Social corporation expenses		(7,850)	(8,118)
Foreign currency exchange differences		2,111	(255)
Royalty to the Government of Jordan	1, 28	(7,339)	(4,063)
Operating profit		**58,337**	**17,209**
Finance revenue		10,854	8,413
Finance costs and bank charges	30	(6,853)	(5,754)
Other income, net	27	11,489	16,269
Profit before tax and gain from associates and joint ventures		**73,827**	**36,137**
Group's share of profit of associates and joint ventures	8,9	32,371	28,606
Profit before tax		106,198	64,743
Income tax expense	24	(16,355)	(2,499)
Profit for the year		**89,843**	**62,244**
		JD / Fills	JD / Fills
Earnings per share			
Basic and diluted earnings per share	**31**	**1.078**	**0.747**

CONSOLIDATED FINANCIAL STATEMENTS

The accompanying notes 1 to 35 form part of these consolidated financial statements

Arab Potash Company
Consolidated Statement of Comprehensive Income
For The Year Ended 31 December 2017

	Notes	2017	2016
		In thousands	In thousands (Restated)
Profit for the year		**89,843**	**62,244**
Add: other comprehensive income			
Items that will be reclassified to profit or loss			
Net change in fair value of financial assets at fair value through other comprehensive income	10	(54)	(111)
Items that will not be reclassified to profit or loss			
Re-measurement of post-employment benefit obligations		(4,851)	(2,721)
Income tax relating to these items		1,200	660
Total comprehensive income for the year		**86,138**	**60,072**

Arab Potash Company
Consolidated Statement of Changes in Shareholders' Equity
For The Year Ended 31 December 2017

	Paid in capital	Statutory reserve	Voluntary reserve	Fair value reserve	Remeasurement of Post-employment benefit obligations	Retained earnings*	Total
2017							
Balance at 1 January	**83,318**	**50,464**	**80,699**	**3**	**(2,061)**	**592,642**	**805,065**
Profit for the year	-	-	-	-	-	89,843	89,843
Other comprehensive income	-	-	-	(54)	(3,651)	-	(3,705)
Dividends (Note 18)	-	-	-	-	-	(83,318)	(83,318)
Balance at 31 December 2017	**83,318**	**50,464**	**80,699**	**(51)**	**(5,712)**	**599,167**	**807,885**
2016							
Balance at 1 January 2016 (Before restatement)	**83,318**	**50,464**	**80,699**	**114**	**-**	**677,595**	**892,190**
Prior years adjustment (Note 34)	-	-	-	-	-	(47,216)	(47,216)
Balance at 1 January (Adjusted)	**83,318**	**50,464**	**80,699**	**114**	**-**	**630,379**	**844,974**
Profit for the year (Restated) (Note 34)	-	-	-	-	-	62,244	62,244
Other comprehensive income (Restated) (Note 34)	-	-	-	(111)	(2,061)	-	(2,172)
Dividends (Note 18)	-	-	-	-	-	(99,981)	(99,981)
Balance at 31 December 2016 (Restated)	**83,318**	**50,464**	**80,699**	**3**	**(2,061)**	**592,642**	**805,065**

* Retained earnings include an amount of JD 15,897 thousands (2016: JD 19,391 thousands) that is restricted against deferred tax assets. This amount is restricted and are not attributable to the shareholders according to Jordan securities commission. In addition, it is restricted to distribute an equivalent amount of the negative fair value reserve from retained earnings as per the same regulation.

Arab Potash Company
Consolidated Statement of Cash Flows
For The Year Ended 31 December 2017

	Notes	2017	2016
		In thousands	In thousands (Restated)
Operating Activities			
Profit for the year before tax		106,198	64,743
Adjustments:			
Depreciation	5	69,324	64,706
Amortisation		1,045	-
Loss on sale of Property, plant and equipment		2	120
Finance revenue		(10,845)	(8,413)
Finance costs	30	6,853	4,043
Share of profit of associates and joint ventures	8,9	(32,371)	(28,606)
End of service indemnity provision		(1,444)	(331)
Royalty fees		7,339	-
Employees' post-employment benefits provision		(461)	(80)
Provision for slow moving spare parts and inventory	14,15	(789)	2,137
Unpaid leaves provision		110	(135)
Employee's legal cases compensation provision		-	(1278)
Death and compensation provision		3,364	3,387
Provision for doubtful accounts	13	-	86
Working capital changes:			
Inventories		9,327	10,449
Spare parts		4,256	(29)
Accounts receivable		2,452	15,226
Other current assets		(6,372)	6,031
Trade payables and accruals		(1,930)	(8,067)
Other current liabilities		3,147	(6,257)
Net cash flows from operating activities before income tax paid and royalties paid		**159,196**	**121,795**
Income tax paid	24	(497)	(12,485)
Royalties paid	28	(11,063)	(23,698)
Death and compensation fund paid	20	(18,225)	(11,013)
Net cash flows from operating activities		**129,411**	**74,559**

Arab Potash Company
Consolidated Statement of Cash Flows (continued)
For The Year Ended 31 December 2017

	Notes	2017	2016
		In thousands	In thousands (Restated)
Investing Activities			
Purchase of property, plant and equipment	5	(5,722)	(5,838)
Proceeds from sale of property, plant and equipment		-	214
Projects in progress	7	(53,329)	(57,077)
Interest received		7,247	8,413
Financial assets at amortized cost		-	(21,199)
Dividends received from associates and joint ventures	8,9	26,166	27,358
Investment in associates and joint ventures	8,9	(12,500)	(5,000)
Granted employees' housing loans		(2,579)	(3,325)
Proceeds from Employees housing loans		3,033	3,487
Short term deposits		(75,657)	50,981
Net cash flows used in investing activities		**(113,341)**	**(1,986)**
Financing Activities			
Repayment of loan		(51)	(34)
Interest paid		(3,016)	(209)
Loans	19	11,631	-
Dividends paid to shareholders	18	(83,318)	(105,504)
Net cash flows used in financing activities		**(74,754)**	**(105,747)**
Net decrease in cash and cash equivalents		**(58,684)**	**(33,134)**
Cash and cash equivalents at 1 January		143,139	176,273
Cash and cash equivalents at 31 December	**17**	**84,455**	**143,139**

Non-cash Transactions:

Commitment against capital expenditures	6	15,583	-
Intangible assets	6	(15,583)	-
Transfers from projects in progress to property, plant and equipment	7	51,007	49,921

1. General

The 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. As 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 1.731 million as at 31 December 2017.

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 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.

The Company's shares are listed in Amman Stock Exchange except for, 23,573 shares issued as Global Depository Receipts (GDRs) as at 31 December 2017; which are listed in the London Stock Exchange. Each GDR represents one ordinary share with a par value of JD 1 per share. The Company had subsequently sold these GDR's in February 2018.

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 1118, the Hashemite Kingdom of Jordan.

The consolidated financial statements were authorized for issue by the board of directors on 6 March 2018; these consolidated financial statements require the approval of the shareholders of the Company.

2.1 Basis of Preparation

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

The consolidated financial statements of the Group are prepared under the historical cost convention, except for financial assets at fair value through other comprehensive income that have been measured at fair value.

The consolidated financial statements of the Group are prepared in accordance with the going concern basis.

The consolidated financial statements have been presented in Jordanian Dinar, which is the functional currency of the Group. Values are rounded to the nearest thousand (JD "000"), except otherwise indicated.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in (Note 4).

2.2 Basis of Consolidation

The consolidated financial statements of the Group includes the financial statements of the Company and its controlled subsidiaries. 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.

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

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 interests
- 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 profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss.

The consolidated financial statements comprise the following subsidiaries:

Subsidiary	Type	Nature of business	Paid in capital	Percentage of ownership
			'000	%
Jordan Magnesia Company*	Public Shareholding	Extraction of Magnesia	10,000	-
Arab Fertilizers and Chemicals Industries (KEMAPCO)	Limited Liability	Fertilizer production	29,000	100
Numeira Mixed Salts and Mud Company	Limited Liability	Dead sea Mud products and packaging services	800	100
Jordan Dead Sea Industries (JDICO)	Limited Liability	Investment Holding Company	100	100

* The Group's Board of Directors resolved in its ordinary meeting held on 9 December 2015 to dispose of its share of Jordan Magnesia through a public tender. On 22 December 2016, an agreement for the sale of Magnesia was signed with a value of USD 12,500 thousands (equivalent to JD 8,862 thousands). The sale procedures were completed during the first quarter of 2017, resulting in other income of JD 7,884 thousands, of which JD 7,246 thousands are related to receivables that were previously provided for as doubtful debts from Magnesia.

Shareholders that have significant influence over the Group

Shareholder	No. of shares	Percentage of ownership
		%
PCS Jordan LLC *	23,294,614	28%
The Jordanian Ministry of Finance	21,782,437	26,1%
Arab Mining	16,655,651	20%
	61,732,702	**74,1%**

* PCS Jordan LLC announced in October 2017 its intent to sell its stake in Arab Potash Company through a public offering. As at the date of these consolidated financial statements, the sale or the determination of the new investor have not been finalised.

2.3 Changes in Accounting Policies

2.3.1 Changes in accounting policy and disclosures

(a) New standards, amendments and interpretations adopted by the Group
The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2017:
Recognition of Deferred Tax Assets for Unrealized Losses – Amendments to IAS 12.
Disclosure initiative – amendments to IAS 7.
Transfers of Investment Property – Amendments to IAS 40.
Annual Improvements to IFRSs – 2012-2014 Cycle
The adoption of these amendments did not have any impact on the amounts recognized in prior periods. Most of the amendments will also not affect the current or future periods.

(b) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

Title of standard	IFRS 9 *'Financial Instruments'*
Nature of change	IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and introduced a new impairment model.
Impact	The Group has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 January 2018: The Group's financial assets is comprised of the following: • Cash and cash equivalents including short-term bank deposits • Trade receivables and some other current assets • Due from related parties • Financial assets at fair value through other comprehensive income • Finance assets at amortized cost • Employees' housing loans Trade and other receivables and amounts due from related parties are considered debt instruments currently classified as financial assets held at amortised cost under IFRS 9 "Financial Instrument", whereas, the Group has early adopted phase one of IFRS 9 during 2011 and related to classification and measurement as per the instruction of Amman Security Exchange Commission and there was no impact on the shareholders' equity as a result of this early adoption. The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard. The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortized cost, debt instruments measured at FVOCI, contract assets under IFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. The new expected credit loss (ECL) model involves a three-stage approach, whereby financial assets move through the three stages as their credit quality changes. The stage dictates how an entity measures impairment losses and applies the effective interest rate method. A simplified approach is permitted for financial assets that do not have a significant financing component (eg trade receivables). On initial recognition, entities will record a day-1 loss equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired.

	Based on this approach, management has performed the following analysis over each of the above classes of assets held at amortised cost: Cash and Bank balances: The group has calculated the related ECL amount based on the credit risk rating of each bank, and used a specific ECL percentage against each of the rating as per the international historical loss rates for such Bank's ratings. Total ECL calculated was about JD 814 thousands. Trade receivables: The Group has obtained the previous 2 years sales transactions and built an aging matrix to calculate the number of days past due against each invoice, and then, based on the historical defaults; a rate of default was calculated against each aging category. As in the last two years, there were no history of default and no past dues, and as all receivables are guaranteed against letters of credit and insurance policies, management has applied a default rate against these balances of 1.5%, thus the additional ECL amount required was JD 518 thousands. Assets held at amortised cost: These are all investment at the Jordanian governmental bonds that are held till maturity, management believes based on historical experience that there were no past due noted concerning the interest or principle repayments. Management accordingly believes that a rate of 1.5% will be sufficient to cover any expected losses. This resulted in JD 317 thousands.
	Employees housing loans: As these represents loans granted to employees without interest for a period of 20 years, management is currently developing the ECL model using the ECL General approach. Based on the preliminary developed model, management believes that an amount of JD 558 thousands will be recorded as a provision. Management believes that upon completing the model, and due to the fact that all loans are secured against higher collateral, employees' salaries, no previous history of default, the amount of ECL required shall not materially differ than the estimate above. Based on the assessments undertaken to date mentioned above, management believes that any additional provision that will be required at the actual implementation of the model will not materially differ than the above estimates.
Mandatory application date/ Date of adoption by the Group	Must be applied for financial years commencing on or after 1 January 2018. The Group will apply the new rules retrospectively from 1 January 2018, with the practical expedients permitted under the standard. Comparatives for 2017 will not be restated.

Title of standard	**IFRS 15 'Revenue from Contracts with Customers'**
Nature of change	The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Impact	Management has assessed the effects of applying the new standard on the Group's consolidated financial statements and has determined that the recognition and measurement of revenue for all the current on-going contracts under the IFRS 15's five-step model, will not change as being currently recognised under IAS 18, since the Group's revenues are generated from sources that are not subject to the new changes required by IFRS 15. Analysis performed by management were as below: The new five-step process must be applied before revenue can be recognised: identify contracts with customers identify the separate performance obligation determine the transaction price of the contract allocate the transaction price to each of the separate performance obligations, and recognise the revenue as each performance obligation is satisfied Based on the above 5 steps process, management realized that all its contracts have one obligation related to selling the products and prices are fixed annually based on the agreed on international prices. Accordingly, management didn't identify additional performance obligations in the related contracts other than selling the requested orders and based on specific agreed on shipping terms that will be satisfied on appoint time rather over time
Mandatory application date/ Date of adoption by the Group	Mandatory for financial years commencing on or after 1 January 2018. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

Title of standard	**IFRS 16 'Leases contracts'**
Nature of change	IFRS 16 was issued in January 2016. It will result in almost all leases being recognized on the consolidated statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.
Impact	The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the group has non-cancellable operating lease commitments of JD 1,731,432 (Note 1), in addition to other operating leases related to the company's representative offices outside Jordan. The group estimates the lease payments of representative offices as a short-term and low value leases which will be recognized on a straight-line basis as an expense in profit or loss. However, the group has not yet assessed what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognized on adoption of the new standard and how this may affect the group's profit or loss and classification of cash flows going forward.
Mandatory application date/ Date of adoption by the Group	Mandatory for financial years commencing on or after 1 January 2019. At this stage, the group does not intend to adopt the standard before its effective date. The group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

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

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'Jordanian Dinar', which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of income.

Foreign exchange gains and losses are presented in the consolidated statement of income as other income (loss) from fair value.

2.5 Property, Plant and Equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the consolidated statement of income during the reporting period in which they are incurred.

Depreciation is calculated to allocate the cost of assets over their estimated useful lives on a straight-line basis commencing when the assets become ready for their intended use. The estimated useful lives, residual values and depreciation methods are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis Land is not depreciated.

The Group's estimated useful lives percentages on each asset classification are as follows:

	%
Buildings	4-8
Dikes	7-8
Machinery and equipment and strategic spare parts	14-15
Vehicles	20
Furniture and fixtures	13-14
Computers	17-20
Tools	20

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the consolidated statement of profit or loss and other comprehensive income as the expense is incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss and other comprehensive income in the year the asset is derecognized.

2.6 Projects in Progress

Items in the course of construction for production or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such items are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

2.7 Intangible assets (Access rights to natural gas pipelines)

This asset represents the amounts that were paid to the Gas provider against the cost of constructing the gas pipelines from the supplier's field of operation to the boarders of the Hashemite Kingdom of Jordan. The Company will be amortising these assets over the period of the signed contract that is 15 years starting February 2017 and using the straight-line method.

Any signs of impairment the value of intangible assets are reviewed at the date of the consolidated financial statement, the estimated useful lives of these assets are also reviewed and any changes to be made on the coming periods.

2.8 Inventories and Spare Parts

Finished goods are valued at the lower of weighted average cost and net realisable value. Cost includes all direct production costs plus a share of indirect overheads.

Spare parts and materials are valued at the lower of the moving average cost or market value.

The Group performs a comprehensive review over all spare parts to identify whether there is a need to record a provision against spare parts that are not appropriate anymore for use, or due to passage of time, being damaged or obsoleted.

2.9 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 joint venture and associate 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 neither amortised nor individually tested for impairment.

The consolidated income statement 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 other comprehensive income (OCI). 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 income statement within operating profit 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, then recognises the loss as 'Share of profit (loss) of joint ventures and an associate in the consolidated income statement.

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 income statement.

2.10 Financial Assets at Amortized Cost

These financial assets are initially measured at fair value plus transaction costs. Subsequently, premiums or discounts are amortized using the effective interest rate method, less allowance for impairment and included in finance income / expenses in the consolidated statement of profit or loss. The losses arising from impairment are recognized in the consolidated statement of profit or loss.

The amount of the impairment consists of the difference between the book value and present value of the expected future cash flows discounted at the original effective interest rate.

In case of sale of any of these assets before maturity, results will be separately disclosed in the statement of profit or loss as specifically required by IFRS.

2.11 Financial Assets at Fair Value through Other Comprehensive Income

Represent equity investments being held for sale in the long term.

These financial instruments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value. Gains or losses arising on subsequent measurement of these equity investments including the change in fair value arising from non-monetary assets in foreign currencies are recognized in other comprehensive income in the consolidated statement of changes in equity. The gain or loss on disposal of the asset is reclassified from fair value through other comprehensive income reserve directly to retained earnings and not through the consolidated income statement.

These equity investments are not subject to impairment testing.

Dividend income is recognized in the consolidated statement of profit or loss.

2.12 Impairment of Non-Financial Assets

Non-financial assets that are subject to depreciation or amortization are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.13 Accounts Receivable

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets, if not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.14 Cash on hand and at banks

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

2.15 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired, A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

For financial assets held at amortised cost category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or investments held at amortised cost has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

2.16 Provisions

Provisions are recognised when: the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provision are measured at the fair value of the expenditures expected to be required to settle the obligation using pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.17 Employees Benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leaves that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are included in other payables.

Defined contribution pension plan

For defined contribution plans, the Group pays contributions to pension insurance plans administered by the Social Security Corporation on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as a social security expense when they are due.

Defined benefit plan

A defined benefit plan is a pension plan that is not a defined contribution plan.

The Group makes payments to the employees when their service end, usually dependent on one or more factors such as age, years of service and compensation as per the Group's internal bylaws.

The Group has the following defined benefit plans:

- End of service indemnity

- Death and compensation fund obligations

The liability recognised in the consolidated statement of financial position is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by management using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related benefit obligation. Where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions (Remeasurements) are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in the consolidated statement of income.

2.18 Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.19 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the separate statement of comprehensive income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities, unless if the company has unconditional right to delay the settlement for a period not less than 12 months after the date of the financial position.

2.20 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.21 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of rebates, trade allowances, returns and amounts collected on behalf of third parties including value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the Group; and specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of Potash and fertilizer products

The Group extracts, produces, manufactures, and sells a range of Potash types in addition to fertilizer products. Sales of goods are recognised when the Group has delivered products to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products .

Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from sales is measured based on the price specified in the sales contracts, net of the estimated volume discounts and returns at the time of sale. Accumulated experience is used to estimate and provide for the discounts and returns. The volume discounts are assessed based on anticipated annual purchases.

No element of financing is deemed present as the sales are made with a credit term of 30 to 120 days.

(b) Interest income

Interest income is recognised using the effective interest method. When a financial asset classified under the loan and receivable category is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.22 Dividend distribution

Liabilities for dividend distributions are recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period. Dividend distribution liabilities are recognised as a direct charge to retained earnings in the statement of changes in equity, with any unpaid amount is presented under trade and other payables in the consolidated statement of financial position.

2.23 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of income on a straight-line basis over the period of the lease. The Group leases some property and equipment's.

Finance lease are capitalized at the lower of the fair value of the leased vehicles or the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charge so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in the capital lease obligations and are classified as current or non-current based on the maturity dates of lease payments. The interest element of the finance cost is charged to the consolidated statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2.24 Earnings per share

Basic earnings per share is calculated by dividing:

- the consolidated comprehensive income attributable to ordinary owners of the Group.
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the effect of any dilutive potential ordinary shares.

2.25 Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the (group's) the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.26 Fair value measurement

Fair values of financial instruments measured at amortised cost are disclosed in Note 3-3.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

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

The Group's management determines the policies and procedures for both recurring fair value measurement, such as unquoted available for sales financial assets, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.27 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.

2.28 Offsetting

Offsetting between financial assets and financial liabilities and presenting the net amount on the 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.

2.29 Financial assets

2.29.1 Classification

The group classifies its financial assets in the following categories: loans and receivables, and financial assets at fair value through other comprehensive income. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) financial assets at amortised cost

financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, these are classified as non-current assets. The group's financial assets at amortised cost comprise 'trade and other receivables', employees housing loans and cash and cash equivalents in the consolidated statement of financial position

(b) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are Investments held for the purpose of other than trading for the purpose to hold the investment to collect dividends on a long term basis based on the business model followed by the group. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2.29.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through the consolidated statement of income.

3. Financial Risk Management

3.1 Financial risk factors

The group's risk management is carried out by a central treasury department (group treasury) under policies approved by the board of directors. Group treasury identifies and evaluates financial risks in close co-operation with the group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity

(a) Market risk

- **Foreign exchange risk**

The Group's transactions are mostly in Jordanian Dinars or US Dollar and EURO. The Group central treasury department mitigates the risk of foreign exchange currencies by concentrating the most of transaction in USD. The exchange rate of the US dollar is fixed against the Jordanian dinar (1/41 dollars per Jordanian Dinar). Regarding other currencies exchange differences, the Group records these differences directly in the consolidated statement of income upon its occurrence.

The below table shows the different currencies (other than JD and USD) sensitivity analysis for future changes:

	Increase in exchange rate	Balance	Effect on profit for the year
	%		JD '000
2017			
Assets			
Euro	5	9,370	469
Liabilities			
Euro	5	(204)	(10)
		9,166	**459**
2016			
Assets			
Euro	5	4,677	233
Liabilities			
Euro	5	(346)	(17)
		4,331	**216**

The impact of a decrease in exchange rate will be the same as above with opposite value.

- **Cash flow and fair value interest rate risk**

The Group's interest rate risk arises from long term loans, Long term loans issued at fixed rates; the Group is not exposed to fair value interest rate risk.

The Group's liabilities for the Gas pipeline project are issued at a fixed margin of 5% plus the three-month LIBOR lending rate.

Other liabilities against the company for the construction of the Natural Gas Turbine are issued at a fixed margin of 2% plus the three-month LIBOR lending rate.

The Group's central treasury department and management periodically analyses interest rate risk taking into account any rescheduling of liabilities, and calculates the financial impact on profit or loss by raising or reducing the interest rate by a certain percentage. This analysis is performed on interest bearing assets and liabilities.

Based on the analysis performed, the impact on the post-tax profit for the year is as follows:

	Increase in interest rate	Effect on profit for the year
	%	JD '000
2017		
Assets		
Term deposits (JD)	1	2,409
Liabilities		
Borrowings and Obligations against capital projects (USD)	1	(270)
		2,139
2016 (restated)		
Assets		
Term deposits (JD)	1	2,107

The impact of a decrease in interest rate will be the same as above with opposite value.

- **Price risk**

The Group is exposed to risks arising from fluctuations in the prices of potash since these materials are listed in active markets. The marketing department limits these risks by regularly monitoring the prices of these materials and signs a fixed price contracts that is being reviewed every year based on the newly international prices set by the 2 largest producers and consumers.

Based on the above, the effect of net income resulting from the change in global Potash prices is calculated as follows:

	Increase in Potash price	Effect on profit for the year
	%	JD '000
2017		
JD	1	4,233
2016		
JD	1	3,697

(b) Liquidity risk

The Group follows prudent liquidity risk management, which consists of maintaining sufficient cash and funding through an adequate amount of credit facilities.

Management monitors rolling forecasts of the Company's liquidity reserve comprises borrowing facilities and cash and cash equivalents on the basis of expected cash flows.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total	Book value
	JD '000	JD '000	JD '000	JD '000	JD '000
At 31 December 2017					
Loans	18	3,096	9,273	12,387	11,631
Commitments against capital expenditures	4,241	3,446	9,480	17,167	15,373
Accrued royalties to the government of Jordan	339	-	-	339	339
Trade payables	15,537	-	-	15,537	15,537
Other current liabilities	27,026	-	-	27,026	27,026
At 31 December 2016					
Loans	35	19	-	54	51
Accrued royalties to the government of Jordan	4,063	-	-	4,063	4,063
Trade payables	17,468	-	-	17,468	17,468
Other current liabilities	24,944	-	-	24,944	24,944

(c) Credit risk

Financial assets that are subject to credit risk are limited to accounts receivable, employees housing loans and cash with banks.

The Group considers that it is not significantly exposed to credit risk as it establishes a credit ceiling for its customers while monitoring outstanding receivables.

The Group's customers are granted 30-120 days as a grace period after the assessment of their financial solvency, in addition the creditworthiness of the customers is continually assessed.

The Group does not expect any losses as a result of its customers' non-payment obligations. All customer balances are secured against letters of credit or insurance policies.

There is a concentration of credit risk in the Group, with the largest receivable balance comprises 21.2% of net receivables as at 31 December 2017 (23.3% as at 31 December 2016).

Regarding employees hosing loans are being granted to employees based on the internal bylaws of the Group. These loans are later on collected through the monthly deduction from salaries in accordance to the agreed on repayment schedule. Management don't expect any impairment losses against these loans, whereas, salaries are deducted against the loans in addition to mortgaging the real-estate in the benefit of the Group.

The Group deals with banks with good credit ratings reputable in the country its operating in, as follows:

Bank name	Credit Rating
Arab Bank	BB-
Safwa Islamic Bank	Unrated
Islamic International Arab Bank	A+
Rajihi Bank	A+
Housing Bank for Trade and Finance	bbb+
BLOM Bank	B-
Jordan Commercial Bank	BB-
Invest Bank	BB+
Bank al Etihad	Unrated
Societe Generale Bank	A+
Jordan Ahli Bank	BB-
Jordan Kuwait Bank	bbb+
Capital Bank	bbb-
ABC Bank	bbb-
Citi Bank	A+
Arab Jordanian Investment Bank	BB-
Audi Bank	BB-/B
Central Bank of Jordan	BB-/B
Cairo Amman Bank	BB-/B

3.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

3.3 Fair value of Financial Instrument

(a) Financial instruments

The Group holds the following financial instruments:

Financial assets	Assets at FVOCI	Financial assets at amortised cost	Total
	JD '000	JD '000	JD '000
At 31 December 2017			
Financial assets at fair value through other comprehensive income	606		606
Finance assets at amortized cost	-	21,106	21,106
Employees' housing loans	-	21,262	21,262
Trade receivables	-	50,689	50,689
Other receivables (excluding prepayments and statutory requirements)	-	6,072	6,072
Cash and cash equivalents	-	271,321	271,321
	606	**370,450**	**371,056**
At 31 December 2016 (Restated)			
Financial assets at fair value through other comprehensive income	660	-	660
Finance assets at amortized cost	-	21,199	21,199
Employees' housing loans	-	21,716	21,716
Trade receivables		53,141	53,141
Other receivables (excluding prepayments and statutory requirements)	-	3,273	3,273
Cash and cash equivalents	-	254,348	254,348
	660	**353,677**	**354,337**

Financial liabilities	Assets at FVOCI	Financial assets at amortised cost	Total
	JD '000	JD '000	JD '000
At 31 December 2017			
Borrowings	-	11,631	11,631
Obligations against capital projects	-	15,373	15,373
Potash mining fees due to the government of the Hashemite Kingdom of Jordan	-	339	339
Trade payables	-	15,537	15,537
Other current liabilities (excluding statutory liabilities)	-	18,899	18,899
	-	**61,779**	**61,779**
At 31 December 216 (Restated)			
Borrowings	-	51	51
Obligations against capital projects	-	-	-
Potash mining fees due to the government of the Hashemite Kingdom of Jordan	-	4,063	4,063
Trade payables	-	17,468	17,468
Other current liabilities (excluding statutory liabilities)	-	16,031	16,031
	-	**37,613**	**37,613**

(b) Fair value hierarchy

The Group's financial instrument measured at fair value are classified into one of the three levels mentioned in note 2.26.

The fair value hierarchy of financial assets and financial liabilities measured at fair value were as follows:

	Total	Level 1	Level 2	Level 3
2017	JD "000"	JD "000"	JD "000"	JD "000"
Financial assets at fair value through other comprehensive income	606	530	-	76
Investments held at amortised cost	21,106	-	21,106	-
2016				
Financial assets at fair value through other comprehensive income	660	584	-	76
Investments held at amortised cost	21,199	-	21,199	-

Management believes that other financial assets and liabilities -held at amortised cost- carrying values approximates its fair value.

4. Critical accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Income taxes

The Group recognises liabilities for anticipated tax audit based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax expenses in the period in which such determination is made. At the reporting date, the Group reviews the deferred tax assets balance to assess its recoverable amount and accordingly the balance is adjusted to reflect the total benefit that the Group will obtain when generating profits.

As at the consolidated financial statement date, there was no any uncertain tax position, and management in addition to its Tax advisor, believes that the Income tax provision and expense are sufficient to meet all due liabilities.

(b) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and residual values of its property, plant and equipment for calculating depreciation as outlined in note 2-5. This estimate is determined after considering the expected usage of the asset, physical wear and tear, technical or commercial obsolescence and these are mainly performed for the category related to Machinery and Equipment.

The estimated useful lives, residual values and depreciation methods are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis. At year-end, management assessed that no changes occurred to these estimates.

At the end of the year, if the useful lives increased/decreased by 5% in comparison with the current useful lives with having all other variables fixed, the net profit of the year will decrease/ increase by JD 3,012 thousands (2016: decrease/ increase by JD 2,699 thousands).

(d) Provisions for end of service and death and compensation funds

The group calculates the provision for employees' end of service and death and compensation fund according to its internal policies. These calculations require the use of significant estimates.

The assumptions used in determining the cost for the death and compensation fund obligations include the discount rate, staff turnover, and expected future salary increments. Any changes in these assumptions will impact the amount of these obligations. The Group determines the appropriate discount rate at the end of each year. This discount rate should be used to determine the present value of estimated future cash outflows expected to be required to settle the employees' death and compensation fund obligations, please see note (20).

(e) Impairment of property, plant and equipment

Whenever indicators of impairment are present in accordance with the accounting policy, note 2.12, the Group tests whether its property, plant and equipment (PP&E) has suffered impairment at each reporting period. The recoverable amount of PP&E is determined based on the "Value In Use" (VIU) calculations, which require the use of assumptions.

Some of these indicators that management takes into considerations are decrease in the Potash international prices, existing of new technology that would make the production more efficient, significant decrease in produced quantities or demand, instability of the political situation of the country and others.

The calculations use cash flow projections based on financial budgets approved by the respective entity's management covering a five-year period. Cash flows beyond the six-year period are extrapolated using the estimated growth rates. These growth rates are consistent with forecasts included in industry reports specific to the country in which each entity of the Group's operates. Management has determined the values assigned to each of the key assumptions as follows:

Assumption	Approach used to determining values
Sales volume	Average annual growth rate over the six-year forecast period; based on past performance and management's expectations of market development
Sales price	Average annual growth rate over the six-year forecast period; based on current industry trends and including long-term inflation forecasts for each territory.
Budgeted gross margin	Based on past performance and management's expectations for the future.
Other operating costs	Management forecasts these costs based on the current structure of the business, adjusting for inflationary increases but not reflecting any future restructurings or cost saving measures. The amounts disclosed above are the average operating costs for the five-year forecast period.
Annual capital expenditure	This is based on the historical experience of management, and the planned refurbishment expenditure.
Long-term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.
Discount rates	Reflect specific risks relating to the relevant industry and the country in which the Group operates.

The table below sets out the key assumptions used to assess VIU for PP&E at year-end:

	%
Potash sales annual average growth rate	5
Long term growth rate	3
Discount rate	13.5

No impairment was recognised in 2017 for property, plant and equipment based on the "Value in Use" analysis. In the opinion of the management, there are no indications of impairment in the value of property, plant and equipment.

5. Property, plant and equipment

	Land	Buildings *	Dikes	Machinery and Equipment	Vehicles	Furniture and Fixtures	Computers	Total
2017	JD"000"	JD"000"	JD"000"	JD"000"	JD"000"	JD"000"	JD"000"	JD"000"
Cost:								
Balance at 1 January 2017	3,011	110,844	183,351	692,936	41,386	8,447	10,952	1,050,927
Additions	-	307	-	3,447	1,617	33	318	5,722
Transfers from projects in Progress	-	221	-	50,745	25	-	16	51,007
Disposals	-	-	-	(113)	(644)	-	-	(757)
Balance at 31 December 2017	**3,011**	**111,372**	**183,351**	**747,015**	**42,384**	**8,480**	**11,286**	**1,106,899**
Accumulated Depreciation								
Balance at 1 January 2017	-	73,283	159,952	533,998	34,611	6,972	10,033	818,849
Depreciation for the year	-	5,181	3,818	57,887	1,756	311	371	69,324
Disposals	-	-	-	(113)	(642)	-	-	(755)
Balance at 31 December 2017	-	**78,464**	**163,770**	**591,772**	**35,725**	**7,283**	**10,404**	**887,418**
Net Book Value At 31 December 2017	**3,011**	**32,908**	**19,581**	**155,243**	**6,659**	**1,197**	**882**	**219,481**
2016								
Cost:								
Balance at 1 January 2016	3,011	107,041	175,290	653,839	42,662	7,614	10,802	1,000,259
Additions	-	3,803	8,061	39,981	2,717	833	150	55,545
Disposals	-	-	-	(884)	(3,993)	-	-	(4,877)
Balance at 31 December 2016	**3,011**	**110,844**	**183,351**	**692,936**	**41,386**	**8,447**	**10,952**	**1,050,927**
Accumulated Depreciation								
Balance at 1 January 2016	-	68,068	156,254	481,844	36,569	6,555	9,396	758,686
Depreciation for the year	-	5,215	3,698	52,704	2,035	417	637	64,706
Disposals	-	-	-	(550)	(3,993)	-	-	(4,543)
Balance at 31 December 2016	-	**73,283**	**159,952**	**533,998**	**34,611**	**6,972**	**10,033**	**818,849**
Net Book Value At 31 December 2016	**3,011**	**37,561**	**23,399**	**158,938**	**6,775**	**1,475**	**919**	**232,078**

Total fully depreciated property and equipment, which still in use JD 571,843 thousands as at 31 December 2017 (2016: JD 492,299 thousands).

*The building related Numaira Mixed Salt Company is mortgaged for the Bank against the loan granted to the company to purchase its offices.

6. Intangible assets and Obligations against capital projects

On 19 February 2014, Arab Potash 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 thousands with an annual interest rate of LIBOR 3 months plus 5% marginal fixed interest rate. This commitment will be settled over a period of 60 monthly payments starting 31 October 2017.

(a) Right of use of the Gas Pipeline

The amortisation of this right will be by using the straight-line method over the contract period of 15 years.

	Right of use
	JD "000"
2017	
Cost	
Balance as at 1 January 2017	-
Additions	15,583
Balance as at 31 December 2017	15,583
Accumulated amortization	
Balance as at 1 January 2017	-
Charges	952
Balance as at 31 December 2017	952
Net book amount As at 31 December 2017	**14,631**

(b) Obligations against capital projects

The obligation against the capital project that is due in 2018 and after are as below:

	2017
	JD "000"
Non- current portion	11,390
Current portion	3,983
	15,373

These obligations are secured against letters of guarantees issued by the Company in the benefit of the supplier.

7. Projects in Progress

Projects in progress are stated at cost, and include the cost of construction, equipment and other direct costs. Construction in progress is not depreciated until such time as the relevant assets are completed and ready to be put into operational use.

The movement on projects in progress is as follows:

	2017	2016
	JD "000"	JD "000" (Restated)
Balance as at 1 January	76,088	68,932
Additions during the year	53,329	57,077
Transfers to property, plant and equipment (Note 5)	(51,007)	(49,921)
	78,410	**76,088**

Included in the transfers, an amount of JD 18,249 thousands representing the natural gas pipeline project that was completed and capitalised during the first quarter of 2017.

The project related to the Gas pipeline has a total cost of JD 33.8 million, out of which JD18,249 thousands were capitalized under property, plant and equipment (note 5), representing the cost of extending the natural gas pipelines from the Hashemite Kingdom of Jordan borders to the Company's site in the Jordan Valley, and JD 15,583 thousands that was recorded as intangible assets (note 6), against the Company's right in using the natural gas pipeline to supply the Company's facilities with natural gas as a source of fuel.

8. Investment in Associates

This item represents the Group's investments in the share capital of the following companies, using the equity method of accounting:

					Investment in associates balance	
	Country of incorporation	Number of shares	Nature of business	Percentage of ownership	2017	2016
				%	JD "000"	JD "000"
Nippon Jordan Fertilizer Company (NJFC)*	Jordan	3,345,600	Fertiliser production	20	4,842	4,361
Jordan Investment and South Development Company (JISDC)	Jordan	833,000	Investment and development	45.45	242	207
Jordan International Chartering Company (JICC)	Jordan	12,000	Sea transportation and chartering	20	11	11
					5,095	**4,579**

* The Group's portion of Nippon Jordan Fertilizer Company's dividends amounted to JD 105 thousands during 2017 (2016: JD 2,000 thousands).

The share of (loss) profit from investments in associates is as follows:

	2017	2016
	JD "000"	JD "000"
Nippon Jordan Fertilizer Company (NJFC)	586	(764)
Jordan Investment and South Development Company (JISDC)	35	(12)
Jordan International Chartering Company (JICC)	-	(15)
	621	(791)

The following table illustrates the summarised financial information of the Group's associates:

	NJFC		JISDC		JICC	
	2017	2016	2017	2016	2017	2016
	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"
Current assets	24,019	21,122	455	180	84	83
Non-current assets	7,178	7,950	286	482	1	1
Current liabilities	(6,987)	(6,952)	(148)	(207)	(30)	(29)
Non-current liabilities	-	(315)	(61)	-	-	-
Net assets	**24,210**	**21,805**	**532**	**455**	**55**	**55**
Percentage of ownership	20%	20%	45,45%	45,45%	20%	20%
Carrying amount of investment in associates	**4,842**	**4,361**	**242**	**207**	**11**	**11**

	NJFC		JISDC		JICC	
	2017	2016	2017	2016	2017	2016
	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"
Revenue	73,342	35,870	420	296	12	34
Cost of sales	(67,788)	(36,945)	(269)	(259)	(13)	(134)
Other revenues and expenses, net	(2,624)	(2,744)	(74)	(63)	2	23
Income (Loss) before tax	**2,930**	**(3,819)**	**77**	**(26)**	**1**	**(77)**
Income tax expense	-	-	-	-	-	-
Profit (loss) for the year	**2,930**	**(3,819)**	**77**	**(26)**	**1**	**(77)**
Group's share of (Income) loss for the year	**586**	**(764)**	**35**	**(12)**	**-**	**(15)**

9. Investment in joint ventures

This item represents the Group's investments in the share capital of the following companies, using the equity method of accounting:

	Country of incorporation	Number of shares	Nature of business	Percentage of ownership	Investment in joint ventures balance	
				%	2017	2016
					JD "000"	JD "000"
Jordan Bromine Company (JBC)*	Jordan	15,000,000	Extraction of Bromine	50	99,197	95,165
Jordan Industrial Port (JIPC)**	Jordan	52,500,000	Port logistics	50	54,269	40,112
					153,466	**135,277**

* The Group's share in Jordan Bromine profit is 30% up to 2012 and 40% starting from 2013 and its share from the losses, liabilities and interest expense is 50% as stated in the share agreement signed with Albemarle Holding Company.

The Group's portion of Jordan Bromine Company's dividends amounted to JD 26,024 during 2017 (2016: JD 25,358 thousand).

** During 2017, the Group increased its investment by JD 12,500 thousands to reach 52,500,000 shares (2016: 40,000,000 shares) and the percentage of ownership did not change. The procedures of the capital increase were completed as at the date of the consolidated financial statements.

The share of profit (loss) from investments in joint ventures is as follows:

	2017	2016
	JD "000"	JD "000"
Jordan Bromine Company (JBC)	30,093	28,792
Jordan Industrial Port (JIPC)	1,657	605
	31,750	**29,397**

The following table illustrates the summarised financial information of the Group's investment in joint ventures:

	Jordan Bromine Company		Jordanian Industrial Port Company	
	2017	2016	2017	2016
	JD "000"	JD "000"	JD "000"	JD "000"
Current assets	89,304	83,221	18,301	31,509
Non-current assets	175,970	162,133	101,709	56,545
Current liabilities	(20,419)	(11,194)	(12,121)	(18,152)
Non-current liabilities	(6,565)	(3,392)	-	-
Net assets	**238,290**	**230,768**	**107,889**	**69,902**
Carrying amounts of investment in joint ventures	**99,197**	**95,165**	**54,269**	**40,112**

	Jordan Bromine Company		Jordanian Industrial Port Company	
	2017	2016	2017	2016
	JD "000"	JD "000"	JD "000"	JD "000"
Revenue	182,310	175,495	14,772	4,208
Cost of sales	(91,811)	(88,369)	(12,672)	(3,336)
Other revenues and expenses, net	(10,408)	(11,473)	1,214	339
Profit before tax	**80,091**	**75,653**	**3,314**	**1,211**
Income tax expense	-	-	-	-
Profit for the year	**80,091**	**75,653**	**3,314**	**1,211**
The Group's share of profit for the year	30,093	28,792	1,607	605

10. Financial Assets at Fair Value Through Other Comprehensive Income

	2017	2016
	JD "000"	JD "000"
Quoted shares*	530	584
Unquoted shares**	76	76
	606	**660**

* The movement on the fair value reserve is as follows:

	2017	2016
	JD "000"	JD "000"
At 1 January	3	114
Net unrealized losses	(54)	(111)
At 31 December	**(51)**	**3**

** Unquoted financial assets are recorded at cost due to the fact that market values of these financial assets are not obtainable and there is no other way for valuating these assets. The Group's management is not aware of any indications of impairment on these assets as at the date of consolidated financial statements.

11. Financial Assets at Amortized Cost

	2017	2016
	JD "000"	JD "000"
Unquoted financial assets- government bonds*	21,106	21,199

* This item represents governmental bonds that mature on 29 January 2026 bearing annual interest rate of 6.125% and payable every six months.

None of the held at amortised cost investments are either past due or impaired.

All held at amortised cost investments are denominated in USD currency. 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 maturity.

The fair value of these bonds approximate there book value as disclosed in note 3.3.

12. Employees' housing loans

During 1992, the Company established the employees' housing loans' fund, the fund's objective is to grant the employees loans with a maximum limit of JD 40,000 for each employee. These loans are repayable on monthly installments deducted from the employee's monthly salaries over a period not to exceed 20 years. These loans are not impaired and are guaranteed by a first class property mortgage.

The employee's housing loans are initially recorded at fair value representing the amounts actually paid to the employees. As these loans are granted to the employee free of interest, management records these amounts at their present value, which is calculated by discounting the monthly payments to their present value using an interest rate of 5.5%. Which approximate the interest rates for similar commercial loans. These loans are subsequently measured at amortized cost using the effective interest rate method.

The balance of the Housing loan is as follows:

	2017	2016
	JD "000"	JD "000"
Employees housing loans undiscounted value	29,737	30,071
Effect of the discount	(8,475)	(8,355)
	21,262	**21,716**

The employees' housing loans classification in the consolidated statement of financial position is as follows:

	2017	2016
	JD "000"	JD "000"
Non-current	18,526	18,820
Current	2,736	2,896
	21,262	**21,716**

13. Accounts Receivable

	2017	2016
	JD "000"	JD "000"
Trade receivables	48,729	51,626
Due from associates (note 32)	634	816
Others	1,345	808
	50,708	**53,250**
Less: allowance for doubtful debts*	(19)	(109)
	50,689	**53,141**

* The movement on the allowance for doubtful debts during the year is as follows:

	2017	2016
	JD "000"	JD "000"
At 1 January	109	740
Provision for the year	-	86
Reverse provision	(90)	(717)
At 31 December	**19**	**109**

The group grants its customers credit policy arranging from 30-120 days. As at 31 December 2017 and 2016 there were no trade receivables that exceeded its credit terms.

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

	Neither due or impaired			
	1- 30 days	30 – 90 days	91 – 120 day	Total
	JD"000"	JD"000"	JD"000"	JD"000"
2017	39,641	11,048	-	50,689
2016	45,214	7,836	91	53,141

Management believes that all the above receivables are expected, on the basis of past experience, to be fully recoverable. The majority of Group's sales are made through letters of credit or through insurance policies on credit sales.

14. Inventories

	2017	2016
	JD "000"	JD "000"
Finished goods	9,261	18,900
Raw materials	**2,294**	**2,101**
Others	**40**	**47**
	11,595	21,048
Allowance for slow moving inventory**	(113)	(126)
	11,482	**20,922**

* The movement of the allowance for slow moving inventory during the year is as follows:

	2017	2016
	JD "000"	JD "000"
At 1 January	126	126
Released from the provision	(13)	-
At 31 December	**113**	**126**

15. Spare Parts and Supplies

	2017	2016
	JD "000"	JD "000"
Spare parts	37,979	40,347
Fuel store	1,667	1,926
Others	**1,364**	**2,993**
	41,010	**45,266**
Allowance for slow-moving spare parts*	(3,853)	(4,755)
	37,157	**40,511**

* The movement on the allowance for slow-moving spare parts was as follows:

	2017	2016
	JD "000"	JD "000"
At 1 January	4,755	4,114
Provision for the year	645	2,051
Amounts written-off during the year	(1,547)	(1,410)
At 31 December	**3,853**	**4,755**

16. Other Current assets

	2017	2016
	JD "000"	JD "000" (Restated)
Prepaid expenses	2,765	2,744
Advance payments to contractors	12,445	6,116
Due from Sales Tax Department (note 24)	15,422	24,793
Others	**6,072**	**3,273**
	36,704	**36,926**

17. Cash on Hand and Bank Balances

	2017	2016
	JD "000"	JD "000"
Cash on hand	74	177
Cash at banks	30,324	43,475
Short term deposits*	**54,057**	**99,487**
Cash and cash equivalents	84,455	143,139
Short term deposits mature after more than 3 months**	**186,866**	**111,209**
	271,321	**254,348**

* This item represents deposits in Jordanian Dinar at local banks with an interest rate of 4.6% (2016: 3.1%) and are due within one to three months from the date of the consolidated financial statements.

** This items represents deposits in Jordanian Dinar at local banks with an annual interest rate of 4.6% (2016: 3.1%) and are due within three to six months from the date of the consolidated financial statements.

18. Reserves

Statutory reserve

The accumulated amounts in this account of JD 50,464 thousands represent 10% of the Group's net income before tax according to the Companies Law. The Group has the option to cease such appropriations when the balance of this reserve reaches 25% of the Company's authorised capital. The Group's management resolved in 2005 to cease appropriations to the statutory reserve as it exceeded the required percentage. The statutory reserve is not available for distribution to equity holders.

Voluntary reserve

The accumulated amounts in this account of JD 80,699 thousands represent cumulative appropriations not exceeding 20% of net income before income tax. This reserve is available for distribution to equity holders.

Dividends

The Group's general assembly approved in its ordinary meeting held on 19 April 2017 to distribute JD 83,318 as dividends which represent 100% of Company's capital. (2016: JD 99,981 thousand as dividends which represents 120% of Company's capital).

19. Bank Loan

This item represents a loan that was granted to Numeira Mixed Salts and Mud Company amounting to JD 170 thousand on 24 June 2013 to finance the purchase of offices. The annual interest on the loan is 8.75%. The loan will be paid though 60 monthly payments, the first payment fell due on 31 July 2013 and the last payment will fall due on 30 June 2018. The loan is secured against the building it was purchased.

Arab Potash Company obtained credit facility on 7 November 2017 from local bank with a ceiling of JD 34,000 Thousand, with annual interest rate of LIBOR for three months plus 2%, to finance the installation of natural gas turbine.

This loan shall be settled on sixteen equal consecutive quarterly instalments with interest payment. The first instalment becomes due after one year of grace period commencing from the date of first withdrawal.

Principle installments payable during 2017 and after are as follows:

	2017	2016
	JD "000"	JD "000"
Non- current		
Long-term loan	11,614	17
Current		
Current portion of long-term loan	17	34
Total loans	**11,631**	**51**

20. Provision Against employees' Death and Compensation Fund

The provision against employees' compensation and death is calculated based on length of service period and the present value of the defined benefit plans' obligation is determined by discounting estimated future cash flows using the interest rate on high quality governmental bonds that are denominated in the currency in which the defined benefit is paid, and with maturity dates that are approximately close to those obligations.

This provision shall be calculated for each employee by 1/6 of the last year total salaries for each year of service if the employee has been employed by the company for a period of more than five years.

The employee shall not benefit from this fund if he/she spent less than five years of service. In That case, the employee's total contribution to the fund is returned to the employee.

This plan is an unfunded benefit and there are no plan assets held to fund it.

Due to the change in the accounting treatment of the Death and compensation fund contribution, from a defined contribution to a defined benefit, the Group restated its financial statements and record the obligation (see Note 34).

The following table shows movement in the provision recognized in the consolidated statement of financial position.

	2017	2016
	JD "000"	JD "000" (Restated)
Balance as at 1 January	55,350	56,426
Current service cost	3,293	3,320
Discount value	3,838	3,897
Actuarial losses resulting from the remeasurement of the defined benefit plans	4,850	2,720
Paid during the year	**(18,225)**	**(11,013)**
Balance as at 31 December	**49,106**	**55,350**

The Group's obligations are limited to the provision booked by the Group which are expensed when due.

The weighted average duration of the defined benefit obligation is 14 years. The expected maturity analysis of undiscounted pension is as follows:

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Above 5 years	Total
	JD '000	JD '000	JD '000	JD '000	JD '000
At 31 December 2017					
Death and compensation obligation	2,543	3,091	16,632	192,157	214,423
At 31 December 2016 (Restated)					
Death and compensation obligation	2,413	2,543	13,680	198,200	216,836

The following table shows the amounts recognized in the consolidated statement of income:

	2017	2016
	JD "000"	JD "000" (Restated)
Current service cost	3,293	3,320
Discount value	3,838	3,897
	7,131	**7,217**

The following table shows the significant actuarial assumptions that have been used:

	2017	2016 (Restated)
	%	%
Discount rate	6.9	6.9
Salary growth rate	2	2
Staff turnover	1.26	1.23

At the end of the year, if the assumptions differ by 1% from management estimates, and all other variables are held constant, the profit for the year will be affected as follows:

	Increase in the assumptions by 1%	Decrease in the assumptions by 1%
Discount rate	(5,285)	2,771
Salary growth rate	2,663	(5,242)
Staff turnover	129	(3,001)

21. Other Current Liabilities

	2017	2016
	JD "000"	JD "000"
Employees' legal cases compensation provision (note 33)	8,127	8,913
Dividends payable	1,266	1,261
Contractors retentions	2,823	2,227
Accrued expenses	9,590	8,377
Others	5,220	4,166
	27,026	**24,944**

22. Segment Information

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 Chemical Industries (KEMAPCO)
- Producing mixed salts and mud through Numeira Mixed Salts and Mud Company.

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

	2017					
	Arab Potash Co.	**KEMAPCO**	**Numeira Co.**	**Total**	**Eliminations & Adjustments**	**Total**
	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"
Sales to external customers	348,507	74,366	404	423,277	-	423,277
Inter-company Sales	**15,825**	**-**	**2,253**	**18,078**	**(18,078)**	**-**
Total Sales	364,332	74,366	2,657	441,355	(18,078)	423,277
Less: Cost of goods sold	**(290,154)**	**(47,197)**	**(2,033)**	**(339,384)**	**20,862**	**(318,522)**
Segment profit	74,178	27,169	624	101,971	2,784	104,755
Results						
Share of profit of associates and joint ventures	**28,606**	**-**	**-**	**28,606**	**-**	**28,606**
Depreciation	**68,705**	**3,906**	**108**	**72,719**	**(3,395)**	**69,324**
Capital Expenditure						
PP&E and projects in progress	58,449	331	271	59,051	-	59,051
Total Assets	**855,446**	**93,471**	**2,261**	**951,178**	**(13,871)**	**937,307**
Total Liabilities	**121,977**	**8,558**	**1,533**	**132,068**	**(2,646)**	**129,422**
Investments in associates and joint ventures	**158,561**	**-**	**-**	**-**	**-**	**158,561**

	2016 (Restated)					
	Arab Potash Co.	KEMAPCO	Numeira Co.	Total	Eliminations & Adjustments	Total
	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"
Sales to external customers	304,465	64,594	592	369,651	-	369,651
Inter-company Sales	**17,800**	**-**	**1,798**	**19,598**	**(19,598)**	**-**
Total Sales	322,265	64,594	2,390	389,249	(19,598)	369,651
Cost of sales	**(281,840)**	**(44,758)**	**(1,984)**	**(328,582)**	**24,566**	**(304,016)**
Segment profit	**40,425**	**19,836**	**406**	**60,667**	**4,968**	**65,635**
Results						
Share of profit of associates and joint ventures	**28,606**	**-**	**-**	**28,606**	**-**	**28,606**
Depreciation	**64,137**	**5,764**	**122**	**70,023**	**(5,317)**	**64,706**
Capital Expenditure						
PP&E and projects in progress	**58,905**	**3,963**	**47**	**62,915**	**-**	**62,915**
Total Assets	**907,076**	**90,199**	**1,994**	**999,269**	**(82,433)**	**916,836**
Total Liabilities	**168,979**	**8,987**	**1,408**	**179,374**	**(67,603)**	**111,771**
Investments in associates and joint ventures	**139,856**	**-**	**-**	**139,856**	**-**	**139,856**

Following is a summary of sales by geographical location for the year ended 31 December 2017 and 2016:

	31 December 2017				31 December 2016			
	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	165,047	2,972	19	168,038	157,946	5,138	33	163,117
Far East	95,453	1,362	-	96,815	71,387	3,088	-	74,475
Middle East	26,825	8,794	340	35,959	26,050	8,765	330	35,145
Africa	43,788	7,281	-	51,069	38,173	9,745	-	47,918
Europe	16,685	36,205	24	52,914	10,841	27,918	229	38,988
America & Australia	709	17,085	21	17,815	68	9,778	-	9,846
Canada	-	667	-	667	-	162	-	162
	348,507	**74,366**	**404**	**423,277**	**304,465**	**64,594**	**592**	**369,651**

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

23. Other Non-Current Liabilities

	2017	2016
	JD "000"	JD "000"
End of service indemnity*	4,641	5,581
Employees' post-employment benefits **	3,355	2,964
Unpaid leaves	100	-
	8,096	**8,545**

* The Company pays end of service to its employees based on its internal bylaws. This provision represents a defined benefit plan whereby the Company pays a specific amounts to the employees registered in this program once they retire.

The Group accounts for this type of benefit using the "Projected Cost Unit" method and as disclosed in the accounting policy note 2.17. Management believe that no material impact will incur had any of the assumption used in this method changed, whereas, the average remaining lives of the benefit is 5 years, accordingly, any early retirements or change in discount rate will have immaterial impact on the consolidated financial statement.

** This provision represents a fixed amount of allowance that will be paid to the employees upon their resignation or retirement, this provision was computed based on the signed agreement with some of the employees who claimed for their insurance claims against work injuries, this balance was booked on the present value using a discount rate of 6.125% which is the discount rate for the government bonds with same maturities.

24. Income Tax

The movement on the provision for income tax during the year was as follows:

	2017	2016
	JD "000"	JD "000" (Restated)
Balance at 1 January	1,350	28,713
Income tax expense for the year	11,661	4,722
Income tax paid	(10,200)	(19,600)
	(497)	(12,485)
Balance at 31 December	**2,314**	**1,350**

Income tax expense in the consolidated income statement represents the following:

	2017	2016
	JD "000"	JD "000" (Restated)
Current year income tax	11,661	4,722
Deferred tax assets	4,694	(2,223)
	16,355	**2,499**

Income tax expense

	2017	2016
	JD "000"	JD "000" (Restated)
Computed tax at statutory rates	24,226	15,538
Subsidiaries' profits not subject to income tax	(3,600)	(3,240)
Gain on investments in associates not subject to income tax	(6,199)	(5,159)
Tax effect of expenses not acceptable for tax purposes	1,928	(4,640)
Income tax expense for the year	16,355	2,499
Effective income tax rate	**15.4%**	**3.9%**

The statutory income tax rate for the company and its subsidiaries is 24% and 14% respectively.

Deferred tax assets The movement on Deferred tax assets is as follows:	2017	2016
	JD "000"	JD "000" (Restated)
At 1 January	19,391	16,508
Additions during the year	2,784	6,009
Additions during the year- resulting from remeasurement of Post-employment benefit Obligations	1,200	660
Retirements during the year	(7,478)	(3,786)
At 31 December	**15,897**	**19,391**

The below table shows the deferred tax assets amount related to each applicable line items:

Deferred tax assets item	2017	2016
	JD "000"	JD "000" (Restated)
Death and compensation fund obligation	11,976	14,534
End of service indemnity	736	862
Medical disability provision	1,936	2,127
Inventory provision	924	1,141
Insurance policy fund	325	727
	15,897	**19,391**

The provision for the year ended 31 December 2017 and 2016 has been calculated in accordance with the income tax law No, (34) of the year 2014.

The Income and Sales Tax Department re-inspected the Company's records for 2007 regarding the acquisition of Arab Fertilizers and Chemicals Industries (KEMAPCO) and issued a claim of an amount equal to JD 2,215 thousands. Arab Potash Company has filed a lawsuit at the Tax First Instance court to prevent the claim issued by the Income and Sales Tax Department for the aforementioned amount. On 7 September 2014 the Court of First Instance issued its decision in favour of the Income and Sales Tax Department, the Company has appealed the lawsuit to the Tax Court of Appeal, on 23 March 2015, the Tax Court of Appeal issued its decision in favour of Income and Sales Tax Department, The Company has appealed the lawsuit to Tax Court of Cassation, on 6 December 2015, the Tax Court of Cassation issued its decision in favour of Income and Sales Tax Department. During March 2016, the amount was fully paid by the Company.

The Income and Sales Tax Department has reviewed the Company's records for the years 2011, 2012, 2013 and has issued the final tax clearance for those years, As for the year 2014, the Income and Sales Tax Department has accepted the Company's income tax return as presented based on the samples system, The income and sales tax department has the right to reconsider the decision with four years starting from the date of submitting the income tax return. The company filed its tax return for the years 2015 and 2016, and were not reviewed by the sales and income tax department as of the date of these consolidated financial statements,

The Income and Sales Tax Department has reviewed the records of Numeira Mixed Salts and Mud Company (subsidiary) for 2010 and 2011, As for the years 2012 up to 2014, the Income and Sales Tax department has accepted the income tax retunes as presented based on the sample system, The Income and Sales Tax Department has the right to reconsider the decision for four years starting from the date of submitting the income tax return.

Arab Fertilizers and Chemicals Industries Company (KEMAPCO), (subsidiary) is an exempted company from the Income and Social Services Taxes for 12 years commencing from the year that follow the first production for the company (April 2003) and it is excluded from this exemption the profits from trade warehousing projects for goods that are ready to be sold for local consumption, Arab Fertilizers and Chemicals Industries Company started calculating the income tax provision starting form 1 April 2016.

Due from Sales Tax Department

Other receivables include JD 15.4 million representing the general sales tax authorities paid by the Company over the past years and mainly on the expansion project which was completed in 2010. These amounts are refundable under the provisions of the General Sales Tax Law.

Up to the year 2016, the Income and Sales Tax Department approved a refund of JD 6.8 million from the above balance to be offset from the income tax, and JD 1.5 million in the first quarter of 2017. The remaining amount of JD 7.1 million remains under verification until the date of preparation of the interim condensed consolidated financial statements.

25. Cost of Sales

	2017	2016
	JD "000"	JD "000" (Restated)
Raw materials		
Raw materials as at 1 January	2,148	4,104
Purchases	15,669	13,062
Minus: Raw materials as at 31 December (note 14)	(2,334)	(2,148)
Raw materials used in production	**15,483**	**15,018**
Salaries and wages	63,383	60,797
Freight costs	29,445	18,853
Depreciation	67,541	61,640
Fuel and electricity	78,666	78,343
Maintenance	27,925	36,986
Water	7,674	2,345
Insurance	3,586	6,639
Others	**15,180**	**14,873**
	308,833	295,494
Add: beginning inventory	18,900	27,422
Less: ending inventory (note 14)	**(9,261)**	**(18,900)**
	318,522	**304,016**

26. Administrative Expenses

	2017	2016
	JD "000"	JD "000" (Restated)
Salaries and other benefits	7,745	7,174
Professional and consulting fees	1,271	3,353
Litigation compensations	-	1,792
Insurance	701	1,197
Depreciation	614	909
Travel and hospitality	598	563
Maintenance and repairs	293	290
Electricity	154	204
Post and telephone	205	131
Fuel	45	114
Others	2,363	2,284
	13,989	**18,011**

27. Other Income

	2017	2016
	JD "000"	JD "000"
Gain on sale of disposal of Magnesia (Note 2.2)	7,894	-
Settlement of legal cases	-	12,100
Reversal of provisions	917	3,193
Scrap sales	1,817	296
Others, net	861	680
	11,489	**16,269**

28. Royalty to the Government of Jordan

The movement on accrued royalties provision is as follows:

	2017	2016
	JD "000"	JD "000"
Balance as at 1 January	4,063	23,698
Additions during the year	7,339	4,063
Payments during the year	(11,063)	(23,698)
	339	**4,063**

29. Selling and Distribution Expenses

	2017	2016
Marketing	JD "000"	JD "000" (Restated)
Salaries and other benefits	776	698
Sales commission	2,969	2,250
Travel and transportation	338	325
Depreciation	11	54
Sample testing	346	321
Advertising	13	19
Post and telephone	20	23
Others	905	1,339
	5,378	**5,029**

	2017	2016
Aqaba – Selling Office	JD "000"	JD "000" (Restated)
Handling fees	8,394	5,816
Salaries, wages and other benefits	2,105	2,229
Depreciation	2,093	2,066
Electricity	438	460
Maintenance and repair	340	319
Fuel	12	20
Insurance	135	145
Rent	60	1,232
Others	396	663
	13,973	**12,950**
	19,351	**17,979**

30. Finance Costs and Bank Charges

	2017	2016
	JD "000"	JD "000" (Restated)
Interest expense	5,464	4,471
Bank commissions	1,389	1,283
	6,853	**5,754**

31. Earnings Per Share

	2017	2016
	JD "000"	JD "000" (Restated)
Profit for the year	**89,843**	**62,244**
Weighted average number of shares ("000")	**83,318**	**83,318**
	Fills/ JD	**Fills/ JD**
Basic and diluted, earnings per share (JD / Fils)	**1.078**	**0.747**

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

32. Related Party Transactions

Related party transactions include transactions with associated companies and the Government of the Hashemite Kingdom of Jordan. The following are the major transactions:

The concession to exploit the Dead Sea brine was granted by the Government of Jordan. In return, the Company pays to the government an annual royalty, which is computed as explained in Note 1. The concession agreement was amended during 2010 in accordance with the Temporary Law No. (55) of 2003 whereby, amendments include the annual rent fees for lands within the concession area to become JD 1,500 thousand annually, retrospectively effective June 2008.

Balances with related parties included in the consolidated statement of financial position are as follows:

	2017	2016
Amounts due from related parties	JD "000"	JD "000"
Accounts receivable – Jordan Bromine Company	**634**	**816**

Following is a summary for the transactions with related parties which are included in the consolidated income statement:

	2017	2016
	JD "000"	JD "000"
Sales – Nippon Jordan Fertilizer Company (Associate)	**1,216**	**1,452**
Sales – Jordan Bromine Company (Joint venture)	**8,963**	**11,542**
Company's share of profit of associates and joint ventures	**32,371**	**28,606**

Compensation of the key management personnel was as follows:

	2017	2016
	JD "000"	JD "000"
Key management benefits (Salaries, wages, and bonus) for the group	1,576	1,478

33. Contingencies and Commitments

As of 31 December 2017, the Group had the following contingencies and commitments:

	2017	2016
	JD "000"	JD "000"
Letters of Guarantees	**27,404**	**3,294**
Letters of Credit	**32,623**	**3,855**

Capital Commitments:

- The Group has committed and contracted for capital expenditure amounting to JD 141,238 thousands (2016: JD 56,181 thousands).
- The Group has committed but not contracted for capital expenditure amounting to JD 424,467 thousands (2016: JD 541,267 thousands).

Operating lease commitments

The Company leases the land under mining through a non-cancellable operating leases expiring within 40 years. The leases is applicable for annual increase based on the positive increase in the Consumer Price Index. Future minimum rentals payable under these leases at December 31 are as follows:

	2017	2016
	JD "000"	JD "000" (Restated)
Within one year	1,731	1,500
After one year but not more than five years	6,924	6,924
More than five years	**60,585**	**60,585**
	69,240	**69,000**

Legal claims

There are a number of individual claims filed against the Group by a number of employees, most of which are related to health insurance indemnities resulting from the health disability. In addition to other lawsuits raised against the Company in the normal course of business. The Company estimates the total amount of these claims of JD 8,552 thousands as at 31 December 2017, which were fully provided for by management based on the opinion of the legal advisor.

34. Correction of Accounting error

In 2017, the Group corrected an accounting error relating to the accounting treatment of the Group's contributions to the Compensation and Death Fund, which is responsible for compensating the employees in a certain amount according to the internal bylaws upon retirement, resignation or death.

At the inception of the Fund, the Group has treated these contributions as defined contributions, i.e., no additional obligation to employees other than the value of their contributions. During the previous year's 2014-2016 and the current year 2017, as a result of the increase in the number of resigning employees, there was a cash deficit in the Compensation and Death Fund as the Company's and employees' contributions were insufficient to meet the obligations of resigning and retired employees.

The Group's practice of covering the Fund's deficit and the payment of employees' benefits led to the creation of the so-called "constructive obligation" in accordance with IAS 19 "Employee Benefits", which changed the nature of the obligation from defined contribution to defined benefits, which accordingly required a change in the accounting treatment of these benefits from a defined contributions plan to a defined benefit plan (note 20). The amendment of this accounting error necessitated the recording of the liability in accordance with accounting policy (2.17), which resulted in a decrease in shareholders' equity as at 31 December 2016 of JD 54,406 thousands. The effect on the opening balance of retained earnings as at 1 January 2016 was JD 47,216 thousands. This amendment also affected the calculation of deferred tax assets and income tax provisions.

1 January 2016	Before adjustments	Adjustment	After adjustments
	JD "000"	JD "000"	JD "000"
Consolidated statement of financial position			
Retained earnings	677,595	(47,216)	630,379
Death and compensation fund obligations	-	56,426	56,426
Other non-current liabilities	9,326	(334)	8,992
Income tax provision	29,039	(326)	28,713
Other current assets	65,353	(4,858)	60,495
Deferred tax assets	3,100	13,408	16,508

31 December 2016	Before adjustments	Adjustment	After adjustments
	JD "000"	JD "000"	JD "000"
Consolidated statement of financial position			
Retained earnings	645,048	(52,406)	592,642
Re-measurement of post-employment benefit obligations	-	(2,061)	(2,061)
Death and compensation fund obligations	-	55,350	55,350
Other non-current liabilities	10,367	(2,271)	8,096
Income tax provision	4,187	(2,837)	1,350
Other current liabilities	25,435	(491)	24,944
Other current assets	53,926	(17,000)	36,926
Deferred tax assets	6,209	13,182	19,391

31 December 2016	Before adjustments	Adjustment	After adjustments
	JD "000"	JD "000"	JD "000"
Consolidated statement of income			
Cost of sales	301,651	2,365	304,016
Administrative expenses	17,752	259	18,011
Selling and distribution expenses	17,836	143	17,979
Finance costs and bank charges	1,857	3,897	5,754
Income tax expense	4,124	(1,625)	2,499
	JD / Fills	JD / Fills	JD / Fills
Basic and diluted earnings per share	0.809	(0.062)	0.747

36. Subsequent Events

Following to the consolidated financial position date, the group management has sold the remaining balance of its Global Depository Receipts in London Stock Exchange; where each GDR represents one ordinary share with a par value of JD 1.

البوتاس العربية
Arab Potash

Tel.: +962 6 5200520 Fax: +962 6 5200080 P.O.Box: 1470 Amman Jordan
www.arabpotash.com