البوتاس العربية
Arab Potash

2019 ANNUAL REPORT

Partners in Food Security

His Majesty
King Abdullah II Bin Al Hussein

His Royal Highness Crown

Prince Al Hussein Bin Abdullah II

SIXTY-THREE ANNUAL REPORT

Of the Board of Directors and the consolidated financial statements of the Company for the year ended 31 December 2019, presented at the Ordinary General Assembly Meeting held at 10:00 morning on Monday June 15, 2020AD, Shawwal 23, 1441 H. by visual and electronic communication technology.

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APC IN A GLANCE 2019

Net Consolidated Profits
151.7
Million JOD
With Growth of
21%

Operating Profits
150.5
Million JOD
with Growth of
42%

Net Consolidated Revenues
504.6
Million JOD with
Growth of
4.5%

Share of Profits of Associated Companies
52.3
Million JOD
With Growth of
50%

Shareholders' Equity
891.7
With Growth of
5.5%

Total Assets
1.09
Billion JOD with
Growth of
7.8%

Total Production Volume

2.486

Million tons

Total Sales Volume

2.408

Million tons

Corporate Social Responsibility Spending

11.3

Million JOD

Total Production Volume of Red Granular Potash

70

Thousand tons

1

Million Work Hours Without Lost Time Injuries in 2019

0.30

Accident Per

200

Thousand Work Hours Annual Lost Time Injury Frequency Rate of Accidents

MESSAGE FROM **THE CHAIRMAN**

Esteemed Shareholders,

It is my greatest pleasure to welcome you to the Annual General Assembly Meeting of the Arab Potash Company (APC) to celebrate our exquisite achievements in 2019, strengthening and deepening the company's leading position as one of the largest mining companies in the world.

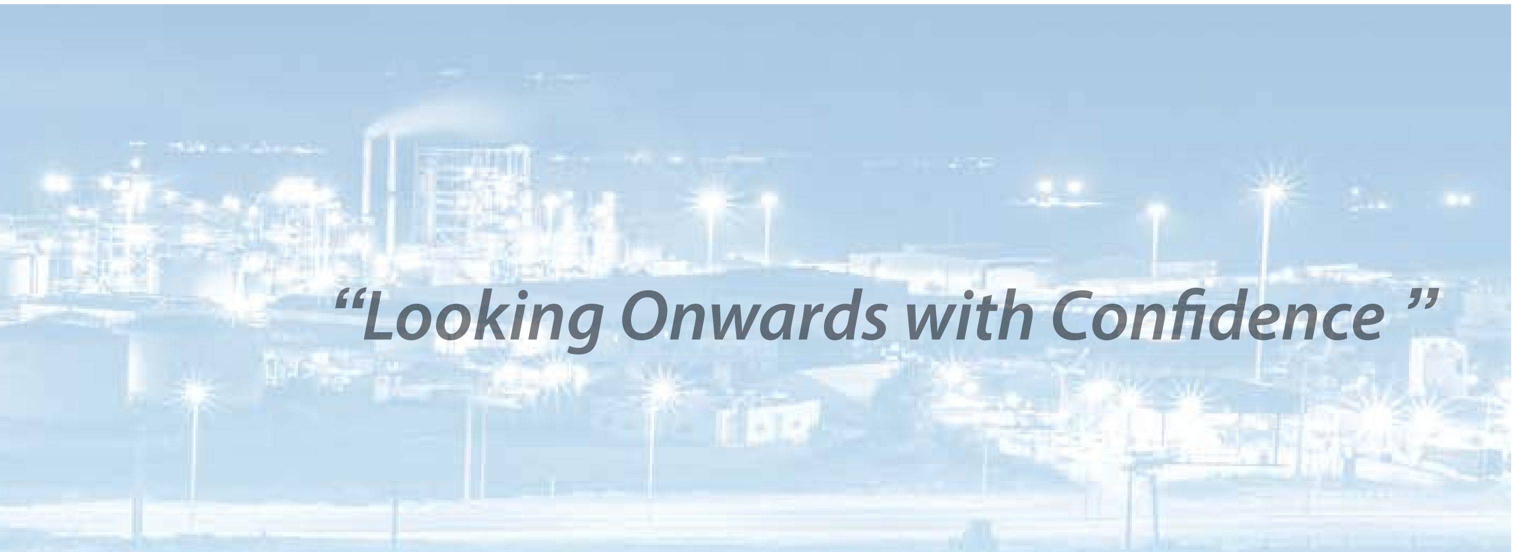
APC's positive financial results and excellent performance in these past years confirm not only the success of the company's business, but also reinforces the deeply instilled conviction in us all, that the Arab Potash Company is the pillar of national economy and an exemplary, a rare model of Arab cooperation.

APC underwent several internal and external developments in the past year, which has strengthened its ability to meet its commitments towards its clients, investors and employees, thanks to our business assessment-based strategy. This approach enabled us to understand and prepare for all emergent variables, through continuous renewal, diversification and innovation, which has helped us retain a high level of continuous dynamicity and flexibility.

Among the positive developments underwent by the Arab Potash Company is Dr Maen Nsour's appointment as the company CEO last April. Dr Nsour is one of the most qualified and notable professionals in the field, and I am completely confident that Dr Nsour's vision is aligned with our goals and objectives at the Board of Directors, aiming to always be among the leaders in the mining industry with our distinguished investments and operational performance.

The Executive Management, with the support and guidance of the Board of Directors, successfully delivered unprecedented achievements in terms of output quantities, cost control and the handling of delicate issues affecting the company's operations. Boosting potash sales is only one of those achievements that required a high flexibility by APC's qualified and experienced teams.

In terms of the company's profitability, the efforts of the Board of Directors and Executive Management reflected positively on APC's profits, despite the decline in global potash prices, due to the drop in global demand and the excess in potash productions, driven by various factors. Nonetheless, the company was able to achieve growth in its net profits, up (21%) from 2018.



“Looking Onwards with Confidence ”

Distinctively, the profits attained came from diverse sources. Some came from the company’s operational processes, namely the production of potash, while other portions of the profit came from the contributions of affiliate and subsidiary companies that produce specialized fertilizers, such as the Potassium Nitrate Fertilizer, and chemical products such as Bromine.

This versatility is an embodiment of the APC strategy to diversify its products, which fortifies the company against the risks resulting from shifts in global and fertilizer prices.

In light of the variables surrounding the company, it was necessary that the Board of Directors sets up a strategic plan to serve as a roadmap for determining future directions. This plan, prepared by a consulting company, under the supervision of the Executive Management and in cooperation with various company teams, aims at retaining APC’s exquisite performance and maintaining the achievement of high growth figures, through reinforcing APC’s competitive advantage worldwide.

Following are the three axes of this plan:

1- Strengthen APC’s foundations through expanding production and achieving cost optimization.
2- Expand and diversify the company’s products.
3- Keep up with technological developments and reinforce and institutionalise sustainability practices.

In regards to the company’s performance in 2019, APC kept public safety at the top of its priorities, which has become an integral part of the company’s general culture. The safety of employees is the platform of operational and financial success, as well as that of local communities near the company’s operational sites and roads. This culture, in turn, reflected in positive applications on the ground, as the company was able to accumulate one million working hours by the end of 2019 at zero annual lost time injury frequency rates.

As for the the production, marketing and sales operations, APC achieved record production outputs in 2019, exceeding last year’s record of (2.44) million tons, with (2.486) million tons of potash produced, the highest output ever in the company’s history.

Noteworthy is that the company, in 2019, also produced quantities of high-quality red granular potash, rated among the best quality outputs in the world, and all within record time. This decision was a strategic one for the company, as, aside from retaining its primary clients, it enabled APC to penetrate new markets and create a new clients basis. For example, APC was able to market its red granular potash in the Brazilian market, which is considered among the world’s top three potash markets.

APC sold the equivalent of (2.408) million tons in 2019, compared with (2.44) million tonnes sold in 2018. The increase in output and sales reflected significantly on the company’s net profits, which amounted after taxes, provisions and royalties to (151.7) million Jordanian Dinars, achieving a (21%) growth compared with 2018. Noteworthy as well is that the growth in profits comes primarily from the growth in operational profits of the potash production and marketing processes, which amounted to (138) million Jordanian Dinars, up (78%) from 2018’s.

On another note, the APC, as always, played a noteworthy role in supporting Jordan’s economy, providing financial resources to the Kingdom’s Treasury, amounting overall to some (124) million Jordanian Dinars in direct payments during 2019.

Furthermore, APC is still seeking to optimise its exploitation of resources, as outlined in the company’s potash production expansion plan, based on three key pillars:

First: Expand potash production operations in the northern area of the concession (Dike No. 19 Project) and increase the company’s production capacity by (140) thousand tons a year, at a cost of (130) million Jordanian Dinars.

Second: APC allocated (12) million Jordanian Dinars for the purpose of conducting technical studies in Lisan Peninsula (Al Lisan) area, where the Ministry of Energy and Mineral Resources has contracted a specialized technical company to survey potash deposits.

Third: Work is currently underway for the preparation of a feasibility study on expansion in the southern area (Fefa) under the APC concession scope.

The company is hoping to increase its production capacity by one million ton a year if the last two projects were deemed economically feasible.

APC implemented a plan to reduce production costs through finding alternative energy solutions and boosting the efficiency of these resources. As a result of this plan, costs were reduced by nearly (50) million Jordanian Dinars in 2019, and it is expected that the company will be able to realize additional savings through the utilization of steam produced by the gas turbine.

As for water conveyance for manufacturing purposes, APC has seen positive financial results from the construction of the Wadi Bin Hammad dam, erected by the Jordan Valley Authority. The company provided a (51.5) million Jordanian Dinar sum for the project, which is expected to reach a holding capacity of at least (4) million cubic meters of water, the excess of which shall be used for manufacturing purposes as well as the consumption of local communities.

Among the company's programs for ensuring the continuation of efficient production, the Management set up a plan to support the dikes surrounding solar evaporation ponds and raise the efficiency of these dikes through minimizing brine and seepage, to subsequently control production costs. The company is also working on establishing a new pumping station, at an expected cost of nearly (164) million Jordanian Dinars, to retain water conveyance capabilities from the Dead Sea to the solar ponds.

The company is still working on raising its dredging capabilities, to address salt dredging in the ponds, in order to increase their production capacities, as the Board of Directors has decided to purchase two new dredgers, in addition to the Jerash and Mutah dredgers, commissioned into service during 2018. As for the company's on-site loading operations, work is still underway to construct a potash storage facility, in accordance with global specifications and measurements, and equip it with cutting-edge loading machinery, which shall maintain the quality of the product and increase the logistical efficiency of loading operations.

In terms of human resources, APC prioritises its employees and personnel, as they are the building block of APC's consecutive wins, since the company's establishment. Through specialised training and the recruitment of highly-qualified top-performing Jordanian professionals, chosen according to scientific and competitive testing mechanisms, the company was able to increase personnel productivity by (76%) from 2012, to (1,390) ton per employee. APC employs (1,755) employees, all of whom are Jordanian, in addition to (680) employees at affiliate and subsidiary companies, not to mention hundreds of Jordanian youths, working with contractors to implement various works with APC.

The company has continued its implementation of innovative training programmes, having signed an agreement with Al Hussein Technical University (HTU), under which the company grants (60) scholarships for mid-tier university degrees in the applied engineering stream at the university, to support excelling students in their applied scientific engineering degrees. The company then trains them and recruits them after the training.

On a related note, APC maintained its support for the local communities to develop and boost the qualifications of Jordanian youths through several of the company's programmes, including the training of (60) engineers a year, in cooperation with the Jordan Engineers Association, and (50) students in various vocational streams of education. The company also offers (83) scholarships a year to the sons and daughters of its employees, retirees and the local community of the Southern Ghour region, amounting in total to nearly a million Jordanian Dinars a year. These scholarships are issued on the highest basis of fairness and transparency.

"In terms of the company's profitability, the efforts of the Board of Directors and Executive Management reflected positively on APC's profits, despite the decline in global potash prices, due to the drop in global demand and the excess in potash productions, driven by various factors. Nonetheless, the company was able to achieve growth in its net profits, up (21%) from 2018."

The Excellent Trainee Programme, which aims at encouraging and guiding students in the local communities near APC's basis of operations to enrol in middle school vocational education. The programme offers competitive opportunities for youths who are interested to work at APC, as it helps qualify them with the practical training and expertise they need, which actively and significantly contributes to lowering poverty and unemployment in the local communities. So far, nearly (300) excellent trainees have enrolled in the programme, more than half of whom have been contracted by the company, so far.

As for the social responsibility programme, APC maintained its pioneering role in supporting various local communities in 2019, whether through cash support or the provision of facilities and public utilities, at an overall value of (11.3) million Jordanian Dinars. Meanwhile, funds were allocated to projects in various sectors; among those are projects in the health sector, such as the establishment of a special needs center in Mafraq, Jerash and Ajloun governorates, as well as the Jordan Valley region, in addition to support in the fields of education, social affairs and sports, among other domains.

Regarding the performance of subsidiary and affiliate companies, the aim of which is to maximize the added-value of Downstream industries, APC was positively affected by these companies' operations. APC's shares of affiliate companys profits (key among them is the Jordan Bromine Company) have increased by (50%) in 2019, compared with the year before, to nearly (52) million Jordanian Dinars. Meanwhile, the profits made by APC-subsidiary company Arab Fertilizers and Chemicals Industries (KEMAPCO), which produces Potassium Nitrates, contributed (14.2) million Jordanian Dinars to APC's profitability. Accordingly, the current focus is on expanding downstream industries. Therefore, the Board of Directors has approved the launch of a series of studies to establish a chemical complex, to establish Chlorine and Caustic Soda plant, and a specialized fertilizer complex. So far, the key commercial and marketing provisions of this project have been discussed and approved with the clients, while other strategic partnerships are currently being explored with global companies in this field, and the first consequent step is to establish an independent company for the purpose of managing these investments.

In terms of logistics, APC has begun using the new industrial port, of which a (50%) stake is owned by APC, through the Jordan Industrial ports company (JIPC). This port will contribute to enhancing the Aqaba exportation ports' handing and spawning capacities and shorten docking time for ships, which otherwise incurs addition costs on companies, all while ensuring top-quality packaging and loading of potash products, through the utilization of top-notch global loading technologies.

As for the fully APC-owned Numeira Mixed Salts and Mud Company, its Board of Directors and management are working on implementing a new 5-year strategic plan. This plan aims to exploit significant commercial opportunities that Numeira can leverage to boost its profitability as soon as the company succeeds in elevating its managerial and financial level of operations, in addition to research, production and marketing.

In conclusion, it is noteworthy that APC, run today by a fully-Jordanian staff, has proven its capability to uphold its responsibilities of maintain the company's exquisite performance, and more so, to exceed it to the implementation of qualitative projects that have significantly boosted APC's competitiveness worldwide.

From this podium, I can only reaffirm the importance of the Arab Potash Company's relationship with the government of the Kingdom of Saudi Arabia, which spurs from its role as an economic partner and a pioneer in the mining domain in Jordan. I would also like to extend my thanks to the company's shareholders, for their great role in supporting the company's development and growth, through the members of the Board of Directors, who represent them. And last but not least, I would convey my appreciation to all APC personnel in all their stations.

May Allah's Peace, Mercy and Blessings Be Upon You.

Jamal Ahmad Mufleh Al Sarayrah

A steady and sustainable growth

ARAB POTASH COMPANY STRATEGIC PLAN

AMBITION STATEMENTS | VALUES

Values are grouped into two main categories; **Image:** where these values are adopted to improve external perception and brand, and **Performance:** where these values are adopted to improve APC from within.

IMAGE VALUES:

Integrity: Is our compass in every single behavior

Innovation: We believe in the collective thinking and the value of diverse perspectives

Customer Centricity: Our customers success is our success, we do not compromise their trust

Working Together: The sum is better than its individual parts, so we work together with result-oriented mindset

Sustainability & CSR: We care about the environment and local community surrounding us

QUALITY IN EVERYTHING WE DO

PERFORMANCE VALUES:

Safety First: Safety is a key priority for us; we think, plan and act safely

Continuous Improvement: Is a practice we adopt in everything we do

Cost Consciousness: Steer all of our decisions

Productivity: We make use of all the available time to be productive

Think like Owners: APC is our second home, its prosperity is our prosperity as well

OUR VISION

Be the most trusted partner in the global upstream and downstream Dead Sea minerals industries

Partners in Food Security

OUR Mission

Create value for our shareholders, customers, employees & other stakeholders through transforming Dead Sea minerals into a wide spread of high-quality, innovate & sustainable products

MESSAGE FROM THE PRESIDENT AND CEO

Ladies and gentlemen

Greetings,

The Arab Potash Company (APC) is considered a primary producer of potash-based fertilizers because APC is one of the limited few companies around the world capable of producing this particular fertilizer, which is one of three elements indispensable to fertilizing soil. Nationally, APC is a key pillar of Jordan's economy, having supplied the Jordanian banking system with over one billion US dollars in hard currencies in 2019, in addition to the company's contributions to the Treasury in the forms of taxation, royalties, dividends distribution and other fees of (124) million Jordanian Dinars in the same year.

Meanwhile, the world economy is slowing down, evident from the decline in the scales of international trade. Geopolitical and trade tensions caused economic slowdowns in each of the advanced and developing countries, which has affected the agricultural fertilizers season (2018/2019), driving a (0.7%) drop in the consumption of fertilizers worldwide, according to the International Fertilizer Association (IFA). The decline in demand on fertilizers is due to various reasons, among them were the unfavourable weather conditions in primary consumption areas, the decline in the prices of agricultural produce and the trade tensions between many major countries. And for the purpose of arriving at the equilibrium balance between supply and demand, world potash production dropped by nearly (2) million tons in the year 2019, as some major producers suspended production in the second half of 2019 for various reasons, mainly to absorb the excess in potash supplies internationally, ensuing from the decline in consumption and leading to a drop in prices.

Based on the Executive Management's analysis of the global shifts in the potash market, and in order to address the constant changes on the international scene, it was vital to restructure APC house, internally, to align with the strategic directions of the company on the marketing and the production levels, and ensure the development of the company's competitive advantage internationally. Accordingly, the highlights of APC's plans to develop and retain the continuation of production operations are as follows:

1. Support the infrastructural operations responsible for retaining the current level of APC production through developing the concept of preventive maintenance of the company's plants and facilities. In this regard, the company set up a comprehensive plan to support the dikes surrounding the company's solar evaporation ponds, which are the backbone of APC's production. The company is currently working on supporting dike No. (1), in addition to a number of other main dikes through German company (BAUER), one of the world's top dike services and rehabilitation companies. Furthermore, the Company is working on a mega project to construct a new pumping station to ensure the continuation of brine conveyance from the Dead Sea to the Company's solar ponds. Additionally, APC also set up an airtight, long-term dredging plan, noting that the Company's production may be negatively affected if salt dredging in the ponds is neglected. Therefore, the plan entailed the provision of all necessary dredging equipment and specialised human resources. In 2020, the company will also conclude a project to secure additional energy supply for the purpose of boosting efficiency and effectiveness, through utilising the steam of the gas turbine to lower energy costs. In order to retain the highest possible annual production outputs, these procedures were also factored in the need to ensure minimal production interruptions.

2. The company also worked on applying production costs control and expenses optimization programme. As a result, production costs per ton of potash dropped by nearly (10%) in 2019. Also, the Company will work in 2020 new plans to lower production costs.

3. A study was conducted on expanding production through the Fefa and Lisan Peninsula (Al Lisan) projects, among other related technical studies. The expansion decision shall be based upon assessment

"APC's Plans for the Future"

of the economic feasibility and returns on investment expected for the Company's shareholders from these projects. In addition to the aforementioned, APC has begun the production of the red granular potash in 2019. This enabled the Company to enter new and strategic markets, such as the Brazilian market.

4. Expansion in downstream industries, through the establishment of a specialized company for the production of chemicals, such as chlorine, and specialty fertilizers, such as DKP and MKP.

In order to realize these plans, APC outlined its long-term strategy, prepared by a global consultancy company, in cooperation with APC employees of various managerial levels. The long-term strategy of the Company entailed several initiatives that specify the required tasks of all divisions and departments of the Company.

Overall, APC performed well in 2019, contrary to expectations. The Company's net profits grew by (21%) to (151.7) million Jordanian Dinars. However, there is more to be done to develop the Company's main business operations and products to achieve sustainable development on the long term. This, in light of the increasing competition in the potash market between producers worldwide, is indispensable. This can be inferred from the growth in production capacities in the duration 2009-2019, by an annual rate of (2.7%), as per the latest report by CRU Group for consulting and analysis services. Notably, the report also highlighted that the growth in supply also negatively affected potash prices.

In conclusion, I would like to express my thanks to the Chairman and members of the Arab Potash Company's Board of Directors for the unlimited support they provided the Company's executive management. I also convey my thanks and appreciation to APC's partners, shareholders and all executive team members for their dedication and relentless efforts in leading, implementing and accomplishing their tasks with creativity and innovation, as well as for their unwavering commitment to the set strategic plans for the attainment of our shareholders' and clients' goals and objectives. Last but not least, I extend my thanks to all government institutions in Jordan for their constant support and for fully facilitating the works of APC, which has significantly enabled the Company to conduct its business with high efficiency.

Dr. Maen Fahed Abdel Karim Nsour

ARAB POTASH COMPANY STRATEGIC PLAN

Throughout the past years, Arab Potash Company (APC) maintained a profitable business. However, the company's executive management realized that being profitable will not be sufficient to survive and grow in this fast changing and growing market, and become at par with the company's key competitors and the global players in the upstream and downstream potash industries. Hence, APC's management took the decision to develop a new long-term strategy for the company, along with a strategy implementation roadmap. This strategy and its implementation roadmap will be the instrument by which the company will pave its way over the next decade towards achieving its strategic aspirations and objectives.

To achieve the strategic direction over the short, medium and long terms, APC should operate under three main themes which are:

1. Strengthening the core.
2. Expanding through diversification.
3. Preparing for the inevitable change.

The strategy implementation begins with Strengthening the Core theme which entails Increasing production capacity, maintaining high quality standards for APC products and services, improving the company's financial health, reaching to an optimized and efficient cost structure, elevating APC workforce and talent, instilling a culture that is aligned with the corporate values, and creating an operating model that institutionalize the principals of efficiency, excellence and optimization.

STRATEGIC THEMES AND OBJECTIVES | STRATEGIC OBJECTIVES

Each strategic theme entails a set of objectives that represent the components required to shift APC from its current status to the desired future status and closer to its vision.

With several and key initiatives accomplished in the previous theme, APC's attention will start to move to the outside, with the "Expand Through Diversification" as the ultimate goal. Through diversifying and upgrading its upstream and downstream end-products, entering into the market of specialty fertilizers, enhancing and introducing new delivery channels for its customers, and penetrating untapped markets and geographies and new customer bases.

Finally, and while the efforts, energy, and investments focused on the inside, and equally, on the outside during the first five years, APC leadership bear in mind that long term strategic planning cannot overlook the changing dynamics of the world at large, and those related to the potash and fertilizer industries in particular. Digitization, innovation, and sustainability are the principals of this transformation and will govern the future of this industry.

STRATEGIC THEMES AND OBJECTIVES | STRATEGIC THEMES FOCUS

The three strategic themes will not be time-bounded, however, each theme will be brought to focus during specific strategic term(s).

"It's a journey, and we're only at the beginning"

i. Strengthen the Core

Growth plans can turn out to be unachievable if not supported by robust internal operations and assets. Therefore, laying the foundation for growth is imperative to realize such growth, and will be the primary focus of this theme

Short-to-Medium Term

ii. Expand through Diversification

Releasing from the old boundaries of being just another potash producer is not a far-fetched goal for APC. Untapped markets and geographies, high-margin potash-based products, and new customer bases and segments create significant growth opportunities. Seizing on these opportunities will be the center of this theme

Short-to-Long Term

iii. Prepare for the Inevitable Change

Long term strategic planning cannot overlook the changing dynamics of the world at large, and those related to the Potash and Fertilizer Industries in particular. Researchers and industry papers reveal trends that will transform the way businesses operate in the coming decades. Keeping APC aligned and ahead of these changes will be the aim of this theme

Medium-to-Long Term

STRATEGIC REPORT

BOARD OF DIRECTORS REPORT

Honorable shareholders,

The Board of Directors welcomes you to this ordinary annual General Assembly Meeting and presents to you the sixty-three APC Annual Report and the consolidated financial statements for the year ended December 31, 2019 in accordance with the Companies Law, Jordan Securities Commission Law and APC by-laws.

Arab Potash Company Addresses

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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 downstream industries and to market them both domestically and internationally.

A. Number of employees by geographic location

Company	Ghor Al Safi	Aqaba	Amman	Total
Arab Potash Company (APC)	1,583	52	118	1,753
Arab Fertilizers and Chemicals Industries (KEMAPCO)	-	246	16	262
Numeira Mixed Salts and Mud Company	37	-	4	41
Jordan Dead Sea Industries Company (JODICO)	-	-	-	-
Total	**1,620**	**298**	**138**	**2,056**
Percentage	79%	14%	7%	

B. Capital Investment

The value of property, plant and equipment amounted to JOD (1.15) billion in 2019, compared with JOD (1.19) billion at the end of 2018. Net book value of assets after deduction of consolidated accumulated depreciation was JOD (215) million in 2019 compared with JOD (243) million at the end of 2018, a decrease of (12%) due to annual depreciation charges.

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 are (262). In 2019, sales reached JOD (69) million, which consisted mainly of (133) thousand tons of potassium nitrate (NOP) and achieved a net profit of JOD (14.25) million, production amounted to (150) 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) thousands share capital. Numeira is one of two companies in the world with exclusive extraction rights for Dead Sea raw material.

The company has implemented a strategic plan to enhance the company's performance and increase its competitiveness on the local, regional and global levels.

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 downstreams 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. 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)

In line with the company's plan to increase the handling capacity on the export port in Aqaba and in line with the government plans to develop ports; Arab Potash Company jointly financed the Jordan Industrial Port project with the Jordan Phosphate Mines Company with a total amount of JOD (140) million. The project is expected to be completed in May this year 2020.

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. Due to labor cases and some other cases which are still pending for, the/Liquidation Committee was unable to complete the liquidation procedures during 2019 and it will continue its work on this case during 2020 until accomplishment.

3. BOARD OF DIRECTORS

A. Board of Directors

Name	Representative of	Position	Committees Membership	Nationality
H.E. Mr. Jamal Ahmad Mufleh Al-Sarayrah	Ministry of Finance	Chairman of the Board	Chairman for: - Remuneration and Nomination Committee - CSR and Donations Committee - Board Tendering Committee	Jordanian
Mr. "Ahmad Jamal" Nawaf Moh'd Bataineh	Government Investments Management Company	Board Member	- Chairman for Corporate Governance Committee - Vice Chairman- CSR and Donations Committee - Remuneration and Nomination Committee member - Audit Committee member - Board Tendering Committee member	Jordanian
Eng. Saad Saleh Al Alqan Abu Hammour		Board Member From May 16, 2017 until August 20, 2019	- Corporate Governance Committee member	Jordanian
Eng. Mofareh Dakhilallah Jum'a Al-Tarawneh		Board Member	- Risk Management Committee Chairman - Vice-Chairman Audit Committee - Remuneration and Nomination Committee member - Corporate Governance Committee member - Board Tendering Committee member	Jordanian
H.E. Dr. Ibrahim Mashhoor Hadithah Al Jazy		Board Member from September 19, 2019	- Corporate Governance Committee member - Board Tendering Committee member	Jordanian
Mr. Brent Edward Heimann	ManJia Industrial Development Ltd.	Board Member		American
Eng. Deng Hua		Board Member from November 1, 2018 and Vice Chairman from April 23, 2019	- Remuneration and Nomination Committee member - Corporate Governance Committee member	Chinese
Mr. Zhou Weiliang		Board Member	- Audit Committee member - Board Tendering Committee member - Risk Management Committee member	Chinese

Name	Representative of	Position	Committees Membership	Nationality
Mr. Mohammad R. A. H. Sultan	Arab Mining Company	BOD member from June 2, 2016, Vice Chairman From August 3, 2016 until September 15, 2019		Kuwaiti
Mr. Anmar T.A. Al Abdujalil		BOD Member from September 15, 2019 Vice Chairman October 29, 2019		Kuwaiti
Mrs. Azza Mohammad Saeed Rashed Al-Suwaidi		Board Member		Emirati
Mr. Fadi Abdel- Wahab Abdel-Fattah Abu- Ghaush	Social Security Corporation	Board member from August 15, 2017 until July 10, 2019	- Audit committee Chairman	Jordanian
Mrs. Ranya Moosa Fahed Al Araj		Board member from July 10, 2019 until November 10, 2019	- Audit committee Chairman	Jordanian
Dr. Bassam Ali Nayef Al-Subaihi		Board member from December 9, 2019	- Audit committee Chairman	Jordanian
Dr. Saffa Aldin Fakhri Abdul-Majeed Al Fouad	Government of Iraq	Board Member from February 5, 2017 until March 26, 2019	- Corporate Governance Committee member	Iraqi
Mr. Ahmad Abdullah Najm Najm		Board Member from March 26, 2019	- Corporate Governance Committee member	Iraqi
Eng. Najib Mohammed Mohammed Ohida	Libyan Arab Foreign Investment Co.	Board Member	- Audit Committee member	Libyan
Dr. Saadi S. E. F. Al-Trad	Kuwait Investment Authority - Kuwait	Board Member	- Vice Chairman- Remuneration and Nomination Committee - Vice Chairman- Corporate Governance Committee - Risk Management Committee member	Kuwaiti

B. Biography of Board Members

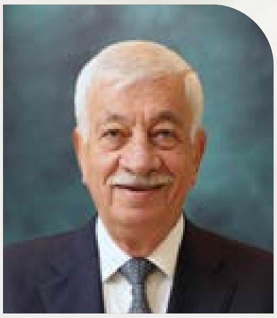
1. H.E. Jamal Ahmad Mufleh Al-Sarayrah

Representative of	Ministry of Finance
Position	Chairman of the Board
Other positions in APC Group	Chairman of the Board of: - Jordan Bromine Company - KEMAPCO - Numeira Mixed Salts & Mud
Committees	- Chairman of Remuneration and Nomination Committee - Chairman of CSR and Donations Committee - Chairman of Board Tendering Committee
Date of birth	August 10,1954

Mr. Jamal Al Sarayrah assumed charges as Chairman of the Arab Potash Company (APC) Board of Directors from 13/6/2012 until 25/2/2018, whereas he was appointed as Deputy Prime Minister and Ministry of State for Prime Ministry Affairs during the period from 25/2/2018 until 14/6/2018, and thenon he re-assumed charges as Chairman of the Board of Directors of Arab Potash Company on 24/7/2018. He was also 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 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.

2. Mr. "Ahmad Jamal" Nawaf Moh'd Bataineh



Representative of	The Government Investments Management Company
Position	Board Member
Other positions in APC Group	Board Member of: - KEMAPCO
Committees	- Chairman of the Corporate Governance Committee - Member of the Remuneration and Nomination Committee - Member of the Audit Committee - Vice-Chairman of the CSR and Donations Committee - Member of the Board Tendering Committee
Date of birth	November 5,1948

APC Board Member since 12/08/2012. Mr. Bataineh attained the rank of Brigadier General at the Jordanian Armed Forces and held the position of Director of Military Intelligence until 2000 and Military Attaché of Jordan to the United Kingdom until 1999. He was also General Manager of the National Resources Development Company until 2007, he is founder and CEO of Al Salam company for security and safeguarding until 2011, President of the Basketball League 2000 - 2003. He received number of medals of honour from Jordan.

3. Eng. Saad Saleh Al-Alqan Abu Hammour

Representative of	The Government Investments Management Company
Position	Board Member from May 16, 2017 – August 20, 2019.
Other positions in APC Group	Board Member of: - KEMAPCO
Committees	- Member of the Corporate Governance Committee
Date of birth	March 15,1956

APC Board Member from May 16, 2017 until August 20, 2019, Secretary General of Jordan Valley Authority (JVA) of the Ministry of Water & Irrigation until 8/5/2018, and then worked as an Advisor at the Prime Ministry until 19/8/2018, 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 Masters degree in sanitary engineering from Netherlands University 1998.

4. Eng. Mofareh Dakhilallah Al-Tarawneh

Representative of	The Government Investments Management Company
Position	Board Member
Other positions in APC Group	Board Member of: - Jordan Industrial Ports Company P.S.C.
Committees	- Chairman of the Risk Management Committee Chairman - Vice-Chairman of the Audit Committee - Member of the Remuneration and Nomination Committee - Member of the Corporate Governance Committee - Member of the Board Tendering Committee
Date of birth	April 28,1961

Eng. Mofareh Al-Tarawneh, has been a member of APC Board of Directors since 20/6/2017. Joined Jordan Arab Forces 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.

5. H.E. Dr. Ibrahim Mashhoor Hadithah Al Jazy

Representative of	The Government Investments Management Company
Position	Board Member
Committees	- Member of the Corporate Governance Committee - Member of the Board Tendering Committee
Date of birth	January 15, 1966

APC Board member effective September 19, 2019. Dr. Al-Jazy completed his LLB degree in Law from University of Damascus, Syria. An LLM in International Law degree from the University of Essex, UK. He also holds a PhD in International Law from School of Oriental and African Studies, University of London.

Currently he is a Senior Partner at Al-Jazy & Co. – Advocates and Legal Consultants since June 2003, also a Professor of International Law at the School of Law, University of Jordan from 2002 until present time.

Dr. Al-Jazy served as the director of the Office of Legal Affairs, University of Jordan for more than 8 years. In 2011 - 2012, he served as Minister of State for Legal Affairs and Minister of Justice. In 2013- 2014 he was appointed as an assistant for the president of the Amman Arab University and Dean of the School of Law. In 2014-2016, he served as the Dean of the School of Law at University of Jordan. In 2016, he served as the Executive Director for the Rule of Law and Anti-Corruption, Doha, Qatar.

Dr. Al-Jazy is a member of a number of professional bodies: he is the President of the International Law Association - Jordan Branch, and Member of the executive committee of Jordanian National Commission of International Humanitarian Law Commission.

6. Mr. Brent Edward Heimann

Representative of	ManJia Industrial Development Ltd.
Position	Board Member
Date of birth	December 4,1960

APC Board Member Representative of ManJia Industrial Development Ltd. effective November 1, 2018. Mr. Heimann worked as Arab Potash Company President and CEO from 03/12/2014 until 01/02/2019, he was a representative of PCS Jordan LLC during the period from 1/7/2014 until 23/10/2018. 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 PotashCorp, where he was working as the President of both PCS Phosphate and PCS Nitrogen. Subsequently Mr. Heimann became APC's 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.

7. Eng. Deng Hua

Representative of	Man Jia Industrial Development Limited.
Position	Board Member from November 11, 2018 and Vice Chairman from April 23, 2019
Committees	- Member of the Remuneration and Nomination Committee - Member of the Corporate Governance Committee
Date of birth	April 12,1963

APC Board Member effective November 1, 2018 and Vice Chairman from April 23, 2019. Eng. Deng Hua completed his BA degree in Power System & Automation from Tianjin University and his BA degree in Business Administration from University of International Business and Economics.

Mr. Deng Hua, Sr. Engineer, was a Staff member of Ministry of Water and Electricity, Deputy Director of Electric Power Project Department and Power Engineering Department in State Energy Investment Corporation, He was also a Director of the First Division of Power Business Department in SDIC, Deputy Director of Assets Management Department in SDIC, Vice-General Manager of SDIC-Chuangxing Assets Management Company, Vice-General Manager of SDIC High Technology Venture Capital, Vice-General Manager of SDIC Power, Chairman of SDIC Huajing power holding Co Ltd. Stock code:600886), General Manager of SDIC High Technology Investment Company, President of China National Investment Consulting Co. Ltd., Head of SDIC Disciplinary Inspection Team, and Chairman of SDIC Mining.

8. Mr. Zhou Weiliang

Representative of	Man Jia Industrial Development Limited.
Position	Board Member
Committees	- Member of the Audit Committee - Member of the Board Tendering Committee - Member of the Risk Management Committee
Date of birth	March 4, 1966

APC Board Member effective November 1, 2018. Mr. Zhou Weiliang completed his BA degree in Journalism from Xinjiang University.

APC Board Member effective November 1, 2018 Mr. Zhou Weiliang, currently holds the post of Vice-General Manager of SDIC Mining. He has also held many posts; of which as Vice General Manager of SDIC High Technology Investment Company, Deputy Director of Operation Management SDIC, General Manager of SDIC Xinjiang Subsidiary, Chief Delegate of SDIC Representative Office in Xinjiang, Operational Researcher at SDIC Research Center. He also worked as Deputy Director of Technology Development Department of Xinjiang University, and Manager of Nisang Advertisement Company, Xinjiang University and Deputy General Manager of SDIC Mining. He was also a Principle Staff Member of Politics and Law School of Xinjiang University and also an instructor at the Chinese Department of Xinjiang University.

9. Mr. Mohammad R. A. H. Sultan

Representative of	Arab Mining Company
Position	Board Member from June 2, 2016 until September 15, 2019 and Vice- Chairman from August 3, 2016
Date of birth	April 3,1971

Mohammad Sultan was appointed as Board member on June 2, 2016, Vice Chairman from 3/8/2016 until September 15, 2019. 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.

10. Mr. Anmar T. A. Alabduljalil

Representative of	Arab Mining Company
Position	Board Member from September 9, 2019 and Vice Chairman from October 29, 2019
Date of birth	August 17, 1962

Board Member from September 9, 2019 and Vice Chairman from October 29, 2019. Mr. Al-Abduljalil holds a BA in Management Information Systems (MIS), in addition to post-secondary education in Commerce, from Chapman University, California, USA in 1976.

He joined Kuwait Investment Authority in 1987 and was promoted for many posts and currently holds the post of Sr. Investment Director – Shareholdings Dept. – General Reserve Sector.

A Board Member at Gulf Stone Company- Oman. Former Deputy Chairman of the Board at Public Utilities Management Company- Kuwait. Former Deputy Chairman of Kuwait Public Transport Company. Chairman of SAMIA Co., Mauritania. Member at SAMIA Co. Audit Committee.

11. Mrs. Azza Mohammad Saeed Rashed Al Suwaidi

Representative of	Arab Mining Company
Position	Board Member
Date of birth	July 2,1978

Board Member from 2/6/2016. 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).

12. Mr. Fadi Abdel-Wahab Abdel-Fattah Abu Ghaush

Representative of	Jordan Social Security Corporation
Position	Board Member from August 15, 2017 until June 10, 2019.
Committees	- Chairman of the Audit Committee
Date of birth	March 5,1979

Fadi Abu Ghaush became a member of the APC Board of Directors August 15, 2017 until June 10, 2019. 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).

13. Mrs. Ranya Moosa Fahed Al Araj

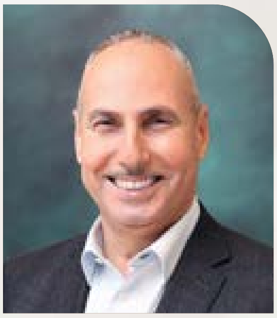
Representative of	Jordan Social Security Corporation
Position	Board Member from June 10, 2019 until November 10, 2019.
Committees	- Chairman of the Audit Committee
Date of birth	November 30, 1978

Representative of Social Security Corporation from June 10, 2019 until November 10, 2019. Mrs. Al-Araj is a CFA Charter holder; awarded in 2018 from the CFA Institute USA. She completed her MBA in Financial Markets from AAfBF Amman in 2003. Completed her BA in Banking and Finance from Yarmouk University in 1999.

Currently holds the post of Manager – Equity Support Directorate at Social Security Investment Fund since 3/2019. Also assumed charge as Section Head of Treasury Department at Social Security Investment Fund during 2007-2018. Mrs. Al-Araj also held the post of Portfolio Manager – Foreign Investments & Operations Dept. of Central Bank of Jordan during 2000 – 2007.

A former Board Member at Cairo Amman Bank during 2016-2019, Board member at Housing Bank during 2016, also Board member at Jordan Loan Guarantee Corp. during 2014-2016. A member at several reputable organizations such as ALCO SSIF and CFA Institute/CFA Society Jordan.

14. Dr. Bassam Ali Nayef Al-Subaihi



Representative of	Jordan Social Security Corporation
Position	Board Member from December 9, 2019
Committees	- Chairman of the Audit Committee
Date of birth	January 5, 1962

Representative of Social Security Corporation at the Membership of Board of Directors of Arab Potash Co. effective December 9, 2019. Dr. Al-Subaihi holds a BA in Business Administration, Yarmouk University-Jordan, MBA in Business Administration, University of Jordan, and PhD in Economics, Coventry University - UK.

Dr. Subaihi is currently Director General Deputy of Studies and Information, Jordanian Social Security Corporation, from 2019. He joined Jordanian Social Security Corporation in 1988. He also worked as a Teacher Assistant, Coventry Technical College –UK, during 2004– 2008. Director of Risk Management Department, Jordanian Social Security Corporation, during 2008-2013. Director of Studies Department, Jordanian Social Security Corporation, during 2013 – 2014. Liaison Officer, International Social Security Association (ISSA) –Jordan, from 2013 up to date. Activity Coordinator for a course training at International Labor Organization (ILO), from 2016 up to date. Pensions and Labor Advisor/ Consultant, World Bank, from 2017 up to date.

A Board Member at Cairo Amman Bank, during the years 2009 – 2013. Board Member at Jordanian Electric Power Company, during 2013 – 2017. Board Member at Shareco Brokerage Company (SHBC), during 2017 - 2018. Previous Board Member at Zara Investment Holding.

15. Dr. Saffa Aldin Fakhri Abdul-Majeed Al Fouad

Representative of	Government of Iraq
Position	Board Member from February 5, 2017 until March 26, 2019
Committees	- Corporate Governance Committee Member
Date of birth	August 24,1957

Board Member from February 5, 2017 until March 26, 2019. 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.

16. Mr. Ahmad Abdullah Najm Najm

Representative of	Government of Iraq
Position	Board Member from March 26, 2019
Committees	- Corporate Governance Committee Member
Date of birth	March 21, 1975

Board Member from March 26, 2019. Mr. Najem completed his BA degree in Machinery and Equipment Engineering from University of Technology in the year 2000.

Currently holds the post of General Manager of State Company for Construction Industries (SCCI) since 2018, and Chairman of Arab Electrical Washers Co. since 2017.

He was assigned at many Iraqi governmental companies; whereas in 2002 he was assigned at Al-Fares Public Company, in 2012, he was assigned as Acting General Manager of Paper Industries Public Company and Leather Industries Public Co., in 2016 he was assigned as General Manager of Investment Dept. of Ministry of Industry and Minerals.

A Board member of Arab Federation for Leather Industries during 2012 – 2018. Also, Vice Chairman of Arab Industrial Investments Co. during 2015 – 2018.

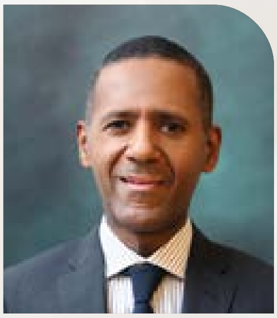
17. Eng. Najib Mohammed Mohammed Ohida

Representative of	Libyan Arab Foreign Investment Company
Position	Board Member
Committees	- Audit Committee Member
Date of birth	December 22,1953

Board Member from 28/5/2017. APC 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.

18. Dr. Saadi S. Al Trad



Representative of	Kuwait Investment Authority (KIA
Position	Board Member
Committees	- Vice- Chairman of Remuneration and Nomination Committee - Vice- Chairman of Corporate Governance Committee - Member of Risk Management Committee
Date of birth	June 8,1972

APC Board member from April 25, 2018. Dr. Al-Trad works is Senior Investment Manager at Kuwait Investment Authority (KIA) – General Reserve Sector and Privatization Advisor to the Technical Bureau for Privatization (TBP) of the Supreme Council for Privatization. Previously, he was a Board member of the Kuwait International Investment Company (KIIC), a member of the Steering Committee of the General Reserve Sector New Strategy, a member of the team of TICG & Oliver Wyman Tri International Consulting Group that conduct the study of Kuwait Vision 2035, and a member of the steering committee of Cinemagics which prepared a documentary on the Kuwait Vision 2035.

Dr. Al-Trad is also worked as a senior dealer at Kuwait Central Bank. And as adjunct lecturer at Gulf University of Science and Technology (GUST) at the Economic and Finance Department in Kuwait. He holds a PhD in Islamic Economics and Finance from Durham University, UK, an MSc in Finance and Accounting from Strathclyde University in Glasgow, Scotland, a BA in Business Administration (Major Finance) from Sufflok University, Massachusetts, USA, and he completed an Advanced Valuation Program at the INSEAD Business School in Paris, France.

C. Secretary of the Board

1. Eng. Rashid T. R. Lubani

Position	Secretary of the Board from November 1, 2018 until May 1, 2019
Other positions in APC Group	Board Member at: - Al Numeira for Mixed Salts & Mud
Date of birth	June 26,1972

Eng. Rashid Lubani worked as APC Secretary of the Board from November 1, 2018 until May 1, 2019. He is currently VP Sales and Marketing since April 23, 2019. Mr. Lubani joined Arab Potash Company in 1998. He worked as Sales Director of the company from 2008 until April 2019. Rashid has long and extensive experience in the management, marketing, logistics and promotion of potash and fertilizers. Mr. Lubani has held several positions, including: General Manager of the Regional Office of the Arab Potash Company in Malaysia, and Sales Manager – Asia. Eng. Rashid Lubani has been serving as a member of the Strategic Advisory Team (SAT) of the Agricultural committee of the International Fertilizer Association (IFA) since 2014. He is also the Convenor of IFA's Fertilizer Demand Forecasts Working Group. Rashid also served as the President of the Agricultural Committee of the Arab Fertilizer Association (AFA) during 2015-2017. Eng. Lubani worked as a Member of the Technical Committee of the International Potash Institute (IPI) in Switzerland, and a coordinator of IPI's projects in West Asia and North Africa. He also worked for a long time as a Shareholders' Committee Member and a member of the marketing committee of Nippon Jordan Fertilizer Company.

Eng. Rashid holds a BSc. in Agricultural Engineering from University of Jordan and a Master's degree in Agricultural Sciences from the American University of Beirut (AUB). In 2017, Rashid completed the Executive Development Program at Kellogg School of Management at the Northwestern University in the USA.

2. Mr. Suhaib "Adnan-Wahbi" Y. Al-Tal, CFA

Position	Secretary of the Board of Directors since May 1, 2019
Date of birth	June 24,1986

Secretary of the Board of Directors since May 1,2019, Mr. Al-Tal completed his BA degree in Finance from the University of Jordan in 2008. In 2015 he became a CFA charterholder after obtaining the designation from the CFA Institute, USA. Also in 2013 he completed the Islamic Finance Qualification (IFQ) certificate from the Chartered Institute for Securities and Investment (CISI).

Mr. Al-Tal joined APC in 2016 and held the position of Business Development Advisor – Chairman's Office during the period from 2016 to 2017. Currently Mr. Al Tal holds the post of Budgeting and Forecasting Manager.

He worked in many reputable organizations including the Palestine Investment Fund – Sovereign Wealth Fund as an Assistant Portfolio Manager, he also worked in AB Invest (the Investment Arm of the Arab Bank) as a Senior Financial Analyst in the Asset Management Department, and worked at Amman Stock Exchange as a Trading Analyst in the Listing and Operation Department.

4. MEMBERS OF THE EXECUTIVE MANAGEMENT

A. Members of the Executive Management

Name	Position	Committees
Dr. Maen Fahed Abdel Karim Nsour	President & CEO from April 23, 2019	- Risk Management Committee - Corporate Social Responsibility (CSR) and Donations Committee - Board Tendering Committee
Mr. Mohammad Abd Al Rahman A. Al Razem	Acting President & CEO from February 1, 2019 until April 23, 2019	- Risk Management Committee - Corporate Social Responsibility (CSR) and Donations Committee - Board Tendering Committee
Mr. Brent Edward Heimann	President & CEO from December 3, 2014 until February 1, 2019	-
Eng. Rashid T. R. Lubani	VP Marketing and Sales from April 23, 2019.	-
Eng. Jafar Mohammad Hafez Salem	VP Marketing and Sales from October 2003 until April 23, 2019.	-
Eng. Mohammad Abd Al Fattah Mohammad Abu Gheyab	VP Operations	-
Eng. Adnan Sulaiman Faris Al Ma'aitah	VP Human Recourses and Corporate Affairs	
Mr. Mohammad Abd Al Rahman A. Al Razem	Senior VP Finance and Support Services from April 23, 2019. VP Finance and Support Services from April 19, 2017 until February 1, 2019.	- Risk Management Committee

B. Biography of Executive Management

1. Dr. Maen Fahed Abdel Karim Nsour

Position	President and CEO since April 23, 2019
Other positions in APC Group	Board Member of: - KEMAPCO - Jordan Bromine Company - Numeira Mixed Salts & Mud - Vice Chairman - Nippon Jordan Fertilizers Co. - Jordan Industrial Ports Co- Vice Chairman
Committees	- Risk Management Committee - CSR and Donations Committee - Board Tendering Committee
Date of birth	November 1, 1961

President and CEO of the Arab Potash Company since April 23, 2019. Before his current position he was Senior Advisor for Business Development and Strategies at APC since September 2017. Dr. Nsour was a member of the Board of Directors of APC for the period between August 2013 and August 2017. During his membership Dr. Nsour was Chairman of the Audit and Risk Management Committee at APC. Also, Dr. Nsour sat on the Finance and Administrative Committee at APC.

Dr. Nsour was briefly, in 2018, a member of the Board of Directors of the Arab Fertilizers Association (AFA). Dr. Nsour is a Board Member of the Jordan Chamber of Industry representing mining industry of Jordan after winning elections of the Chamber in 2018.

Dr. Nsour worked as General-Director and Deputy-Chairman of the Jordanian Social Security Corporation (SSC). He was also Acting President of the Social Security Investment Fund (SSIF).

Dr. Nsour was Chief-of-Staff and Special Advisor to the Prime Minister of Jordan. He was also a member of the Economic and Financial Ministerial Committee. In his capacity as Chief-of-Staff and Special Advisor to the Prime Minister Dr. Nsour served as the principal adviser to the Prime Minister, offering strategic and tactical advice to the Prime Minister on policy matters and on the implementation of the government's strategic plans and programs.

Dr. Nsour was Chief Executive Officer (CEO) of the Jordan Investment Board (JIB). JIB is the government agency responsible for attracting investments, supporting exports, and creating an investment-conducive economic environment.

Dr. Nsour worked as Senior Regional Programs Adviser at the United Nations Development Program (UNDP) in New York. He was also Director of Policy Planning and Economic Studies at the Ministry of Planning and International Cooperation in Jordan.

Dr. Nsour currently sits on the board of directors of the National Company for Tourism Investments that is owned by the Social Security Investment Fund.

Dr. Nsour received a Ph.D. in public policy/political economy from George Mason University in Fairfax, Virginia, USA. He attended George Mason University as a Thomas Jefferson Fellow – a full scholarship awarded through the US Government. In 2010 George Mason University granted him the Alumni of the Year Award. Dr. Nsour received a Master of Science degree in management from the University of Jordan. Dr. Nsour received a B.Sc. in civil engineering with a concentration on projects management from the University of New Haven in Connecticut, USA.

2. Mr. Mohammed Abd Al Rahman A. Al Razem

Position	Acting President & CEO from February 1, 2019 until April 23, 2019
Other positions in APC Group	Board Member at: - Jordan Bromine Company - KEMAPCO
Committees	- Risk Management Committee - CSR and Donations Committee - Board Tendering Committee
Date of birth	December 22,1979

Acting President and CEO from February 1, 2019 until April 23, 2019. Mr. Al Razem is currently Senior VP Finance and Support Services since April 23, 2019. He joined APC in 2011 as Financial Controller, and he became VP Finance and Support April 19, 2017 until February 1, 2019.

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 20 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 also acted as the Secretary of the Board from April 26, 2015 – November 1, 2018.

3. Mr. Brent Edward Heimann

Position	President & CEO from December 3, 2014 until February 1, 2019
Date of birth	December 4,1960

Mr. Heimann worked as Arab Potash Company President and CEO from 03/12/2014 until 01/02/2019. He is currently APC Board Member Representative of ManJia Industrial Development Ltd effective November 1, 2018, he was a representative of PCS Jordan LLC during the period from 1/7/2014 until 23/10/2018. 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 PotashCorp, where he was working as the President of both PCS Phosphate and PCS Nitrogen. Subsequently Mr. Heimann became APC's 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.

4. Eng. Mohammad Abd Al Fattah Mohammad Abu Gheyab

Position	VP Operations
Date of birth	December 17,1955

Mr. Mohammad Abu Gheyab is APC VP Operations from April 25, 2018, he joined the APC's management team as "Acting VP Operations" on December 20, 2017 until April 25, 2018, 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. & Diploma d'état in Mechanical Engineering from Boumerdes, Algeria. He is also a member of the Jordanian Engineering Association (JEA).

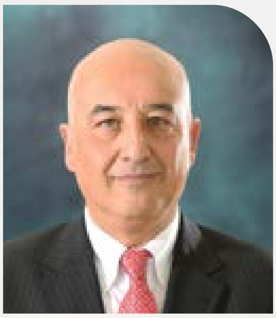
5. Eng. Rashid T. R. Lubani

Position	VP Sales and Marketing since April 23, 2019
Other positions in APC Group	Board Member at: - Al Numeira for Mixed Salts & Mud
Date of birth	June 26, 1972

VP Sales and Marketing since April 23, 2019. Mr. Lubani joined Arab Potash Company in 1998. He worked as Sales Director of the company from 2008 until April 23, 2019. Eng. Rashid has long and extensive experience in the management, marketing, logistics and promotion of potash and fertilizers. Mr. Lubani has held several positions, including: General Manager of the Regional Office of the Arab Potash Company in Malaysia, and Sales Manager – Asia. Eng. Rashid Lubani has been serving as a member of the Strategic Advisory Team (SAT) of the Agricultural committee of the International Fertilizer Association (IFA) since 2014. He is also the Convenor of IFA's Fertilizer Demand Forecasts Working Group. Rashid also served as the President of the Agricultural Committee of the Arab Fertilizer Association (AFA) during 2015-2017. Eng. Lubani worked as a Member of the Technical Committee of the International Potash Institute (IPI) in Switzerland, and a coordinator of IPI's projects in West Asia and North Africa. He also worked for a long time as a Shareholders' Committee Member and a member of the marketing committee of Nippon Jordan Fertilizer Company.

Eng. Rashid Lubani worked as APC Secretary of the Board from November 1, 2018 until May 1, 2019. Rashid holds a BSc. in Agricultural Engineering from University of Jordan and a Master's degree in Agricultural Sciences from the American University of Beirut (AUB). In 2017, Rashid completed the Executive Development Program at Kellogg School of Management at the Northwestern University in the USA.

6. Eng. Jafar Mohammad Hafez Salem



Position	VP Marketing and Sales from October 2003 until April 23, 2019
Other positions in APC Group	Board Member at: - KEMAPCO
Date of birth	May 04, 1958

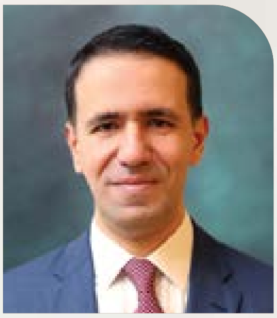
VP Marketing and Sales Jafar Salem from October 20032003 until April 23, 2019. He holds a BSc in Chemical Engineering from Aston University in Birmingham, UK 1981, and has worked for APC since 1984 in the Marketing Department. He represents the Company at the Arab Fertilizer Association (AFA) and its 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).

7. Eng. Adnan Sulaiman Faris Al Ma'aitah

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

VP Human Recourses and Corporate Affairs since 1/11/2012. 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 23 years of experience in human resources management, and he worked as an HR Manager in several international companies in Jordan and Saudi Arabia.

8. Mr. Mohammed Abd Al Rahman A. Al Razem



Position	Senior VP Finance and Support Services from April 23, 2019
Other positions in APC Group	Board Member at: - Jordan Bromine Company - KEMAPCO
Committees	- Risk Management Committee
Date of birth	December 22,1979

Senior VP Finance and Support Services since April 23, 2019. He joined APC on 2011 as Financial Controller, and he became VP Finance and Support April 19, 2017 until February 1, 2019. He also worked as Acting President and CEO from February 1, 2019 until April 23, 2019.

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 20 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 acted as the Secretary of the Board from April 26, 2015 – November 1, 2018.

5. MAJOR SHAREHOLDERS

Shareholder	December 31, 2019		December 31, 2018	
	No. of Shares	Percentage	No. of Shares	Percentage
Man Jia Industrial Development Limited	23,294,614	28%	21,494,614	26%
Government Investments Management Company	21,782,437	26%	21,782,437	26%
Arab Mining C	16,655,651	20%	16,655,651	20%
Social Security Corporation	8,647,889	10%	8,647,057	10%
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 (KIA)	3,286,095	4%	3,286,095	4%
PCS JORDAN LLC	-	0%	1,800,000	2%
Private Sector	1,722,956	2%	1,723,741	2%
Ministry of Finance – Jordan	620,901	1%	620,948	1%
Total	**83,317,500**	**100%**	**83,317,500**	**100%**

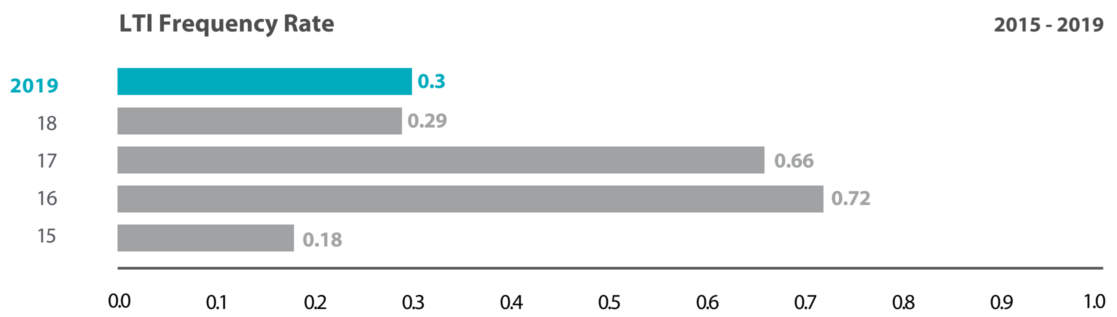
Our customers success is our success,
we do not compromise their trust

2019 OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENT PERFORMANCE

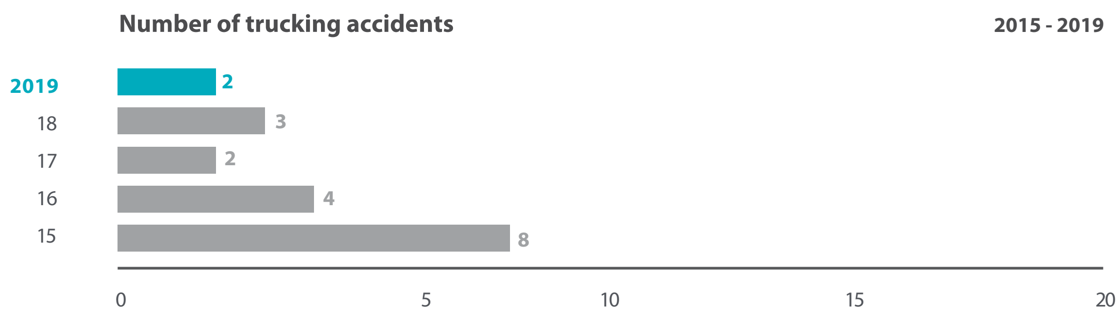
OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENT PERFORMANCE

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 them utmost care of peoples to return safely to their families every day by focusing on providing safe environment in the workplaces and apply the appropriate Occupational Health and Safety management system and ensure practical control engineering, administrative procedures and behavioral practices.

The following figure shows the annual incidents lost time injury frequency rate (LTIFR). Although the LTIFR (0.29) in 2018 is less than (0.30) in 2019; both are within APC target, and the total incident lagging performance that cover both frequency and severity "Frequency Severity Indicator" (FSI) is better in 2019 which was (0.04) in comparison of 2018 that was (0.05), also Recordable Injuries' Frequency Rate (RIFR) in 2019 was (1.26) which is better than (2.10) in 2018, such results indicate that 2019 is better than 2018 as per (200) thousand work hours for persons.



The following figure shows the frequency rate of Potash Truck Accidents since 2002, shows an improvement in 2019 and sustainable improvement at the long run:



Safety is a key priority for us; we think, plan and act safely

2019 Occupational Health, Safety and Environment Main Activities:

1. Zero legal, public and customer complaints regarding OH & safety and environment.
2. Full compliance of reporting injury and environmental incidents in all workplaces and proceeding in investigation using TapRoot methodology that focus on the incidents root causes away from blaming or finger pointing, share with Social Insurance Section to ensure proper documentation has been prepared and maintained for injuries issues to satisfy legal requirements.
3. Maintain the Monthly Safety Motivation Program updated in joint with HR and Maintain OH&S performance statistical databases, data analysis and issue regular reporting to the management regularly.
4. Share the APC employees' views in evaluating the personnel protection equipment (PPEs) to ensure they are proper and appropriate and try to improve the quality of PPEs to protect from hazards and ensure zero injury in the workplaces, and continue in the monthly safety labor meetings as per labor legal requirement and share their feedback.
5. Conducting training sessions by QES staff for the new caliber training, Universities & Collages Trainees on the Occupational Health & Safety requirements and dealing with hazard and their controls in the workplaces, conduct other sessions in safety of chemicals handling and use and another in food safety. Two forums are conducted in 2019 headed by top management to enhance the safety principles at the supervision level.
6. Continual compliance with weekly safety supervisory meetings discussing the hazards at all workplaces and taking immediate action on unsafe work conditions and unsafe behavior. Also continue in conducting daily Toolbox Talks as regular start up meetings by teams to identify workplace hazards and control risks before work starting, especially hazardous ones.
7. Continue in the Occupational Health & safety inspection program in the workplaces and have intensive visits to the worksites mainly during plants shutdowns to intervene for any substandard behavior before getting hurt focusing on contractors in their workplaces.
8. Although contractors' employees are changeable all the time coming from different cultures and education levels; APC reaches the target of control the safety by contractors to comply with legal and APC OH & safety and environment requirements by meeting with contractors before Plants shutdowns and conduct daily induction and awareness sessions for more than (6600) persons in 2019 who are working in APC projects and cover all with daily safety inspections and online contacts.

9. Enhance the Road Safety Program by intensive monitoring through GPS and timely taking the necessary action on high speed violations, in addition to conducting unscheduled inspections on road to monitor unsafe practices such as not wearing safety belts, using cell phone while driving, also conduct 2019 winter driving campaign covering (150) vehicles and (200) trucks and activating the hot call « How's My Driving» from public on APC trucks. Also taking precaution actions to improve road safety by fixing warning signs o roads and Cat Eyes, speed humps to control speeds.

10. Emergency drills & training were carried out at APC areas; such as evacuation, fire, rescue & toxic gas leak drills according to 2019 Emergency drills plan and in cooperation with Civil Defense and related work areas. In addition of carrying out the quarterly inspections of all portable fire extinguishers in workplaces and take actions accordingly.

11. Continue to improve the fire protection systems by supervising the activation of sprinklers system at main warehouse, ensure project activation of gas suppression system at CCP/ 11KV room, ensure inspection and maintenance works on the fire underground pipes network service, and ensure inspection and maintenance works for fire alarm and gas suppression system in plants.

12. Keep full coordination with Energy & Minerals Regulatory Commission to assure APC is legally committed and get all necessary licenses for radioactive measuring equipment either during purchasing or written off, In addition of cooperation with Energy & Minerals Regulatory Commission in conducting Evacuation & Rescue Drill Scenario for a Radioactive Source fall at Plants and in cooperation with APC Civil Defense.

13. Continue in periodic program of monitoring and measuring the environmental aspects to satisfy the legal requirements and accordingly apply the necessary controls to satisfy with legal limits, continue in the (5S) program for achieving Housekeeping as part of success in productivity, safety and environment.

14. Start to establish the Energy Management System to get the certificate according to the (ISO50001:2018); QES in joint with third party is working to review, evaluate all energy-consuming activities in the plants and prepare the baseline to optimize energy consumptions in order to optimize energy costs and sustain natural resources.

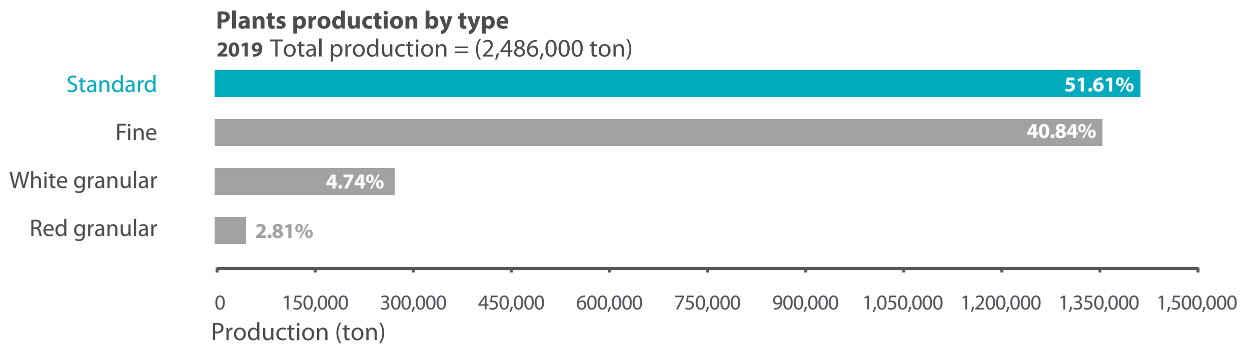
PRODUCTION

PRODUCTION

The total production in the year 2019 was (2,486,000) ton which is equal to (108.1%) of the annual production plan (2,300,000) ton. The surplus in production is equal to (186,000) ton.

The following table and chart show the quantities of potash produced by type and the corresponding ratios of the total 2019 production.

Type	Quantity (ton)	Ratio (%)
Standard	1,283,000	51.61
Fine	1,015,306	40.84
White granular	117,800	4.74
Red granular	69,894	2.81
Total	**2,486,000**	**100%**

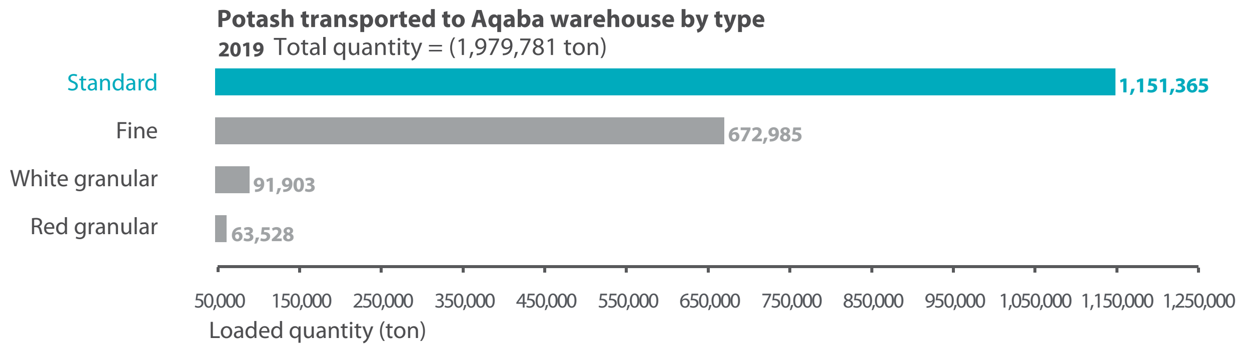


Potash is transported to Aqaba warehouse, JBC and KEMAPCO by APC fleet of trucks while products for NJFC and local markets are loaded at Safi site by their trucks. Quantities transported in 2019 are shown in the following table and charts:

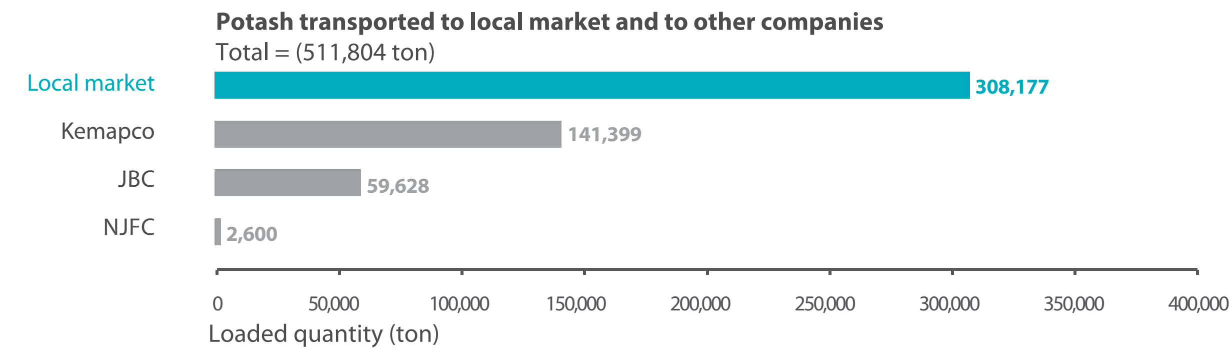
Quantities transported by destination

Destination	Quantity (ton)	Ratio (%)
Aqaba warehouse	1,979,781	79.46
Local markets	308,177	12.37
KEMAPCO	141,399	5.68
JBC	59,628	2.39
NJFC	2,600	0.10
Total	**2,491,585**	**100%**

The total quantity of potash transported to Aqaba warehouse was (1,979,781) ton as shown in the following chart:



The total quantities transported to the local market and to other companies was (511,804) ton as shown in the following chart:

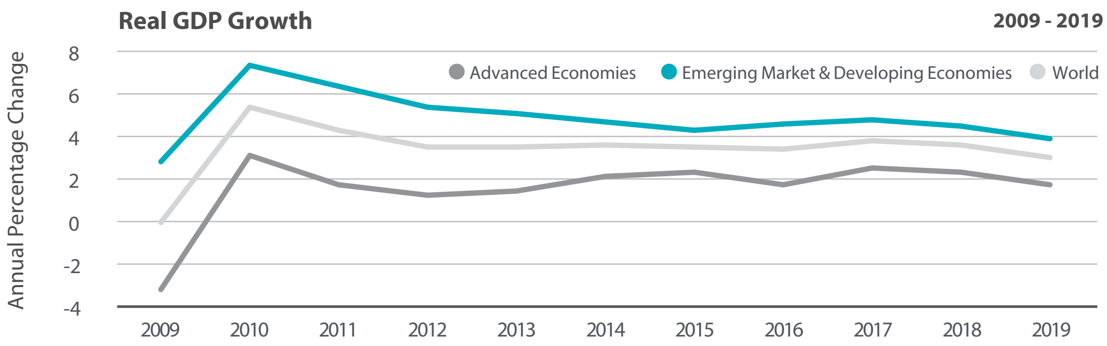


SALES & MARKETING

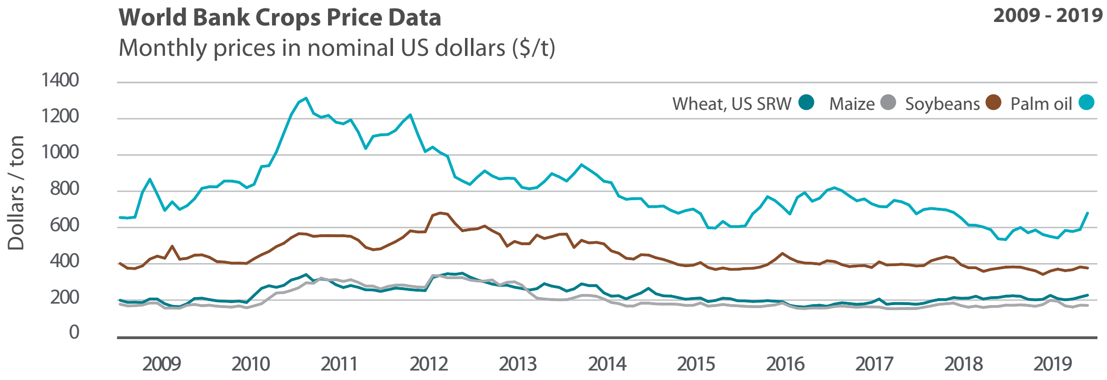
SALES & MARKETING

The International Scene

Since early 2018, global economic growth has been on a decline with international trade diving to new lows in 2019. As trade and geopolitical tensions escalated, a slowdown in economic activity occurred in both advanced as well as developing economies. This contributed to an uncertain global trade environment disruptive to business sentiment and confidence. Global economic growth in 2019 is estimated to be at (2.9%), the lowest since the global financial crisis. On the heels of the coronavirus outbreak and its subsequent major economic disruption felt across the world, the global economic growth in 2020 is estimated to be below (2.9%) down from the (3%) forecasted earlier.



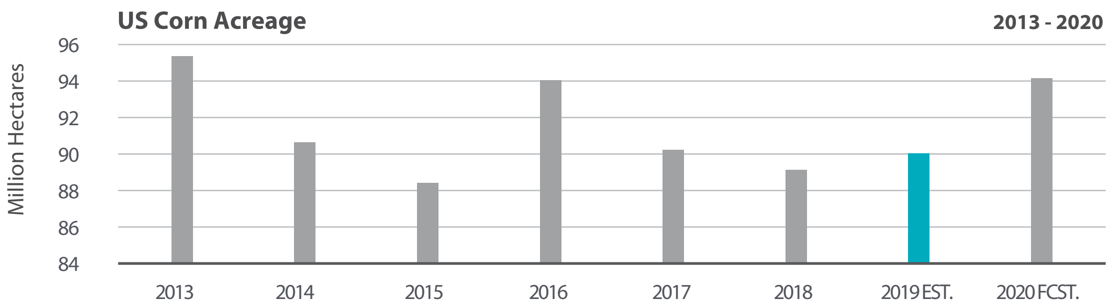
Source: IMF World Economic Outlook (October 2019)



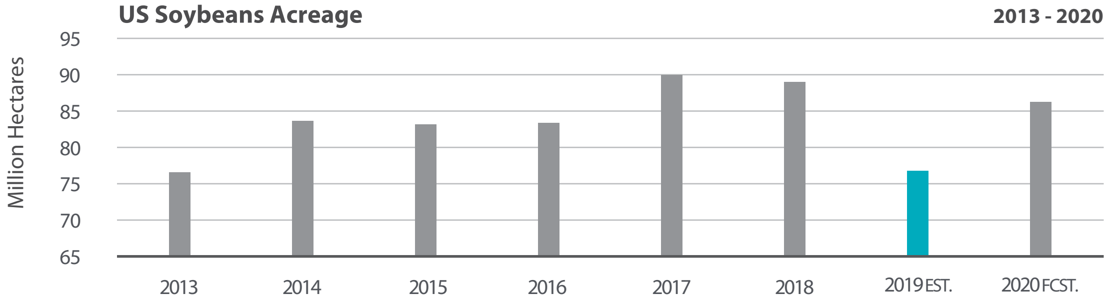
Source: World Bank

The International Fertilizer Association (IFA) estimates that global fertilizer use for 2018-19 declined by (0.7%). Unfavorable weather conditions, low crops prices and escalating trade tensions across several key markets are among the factors that affected the fertilizer demand in 2019.

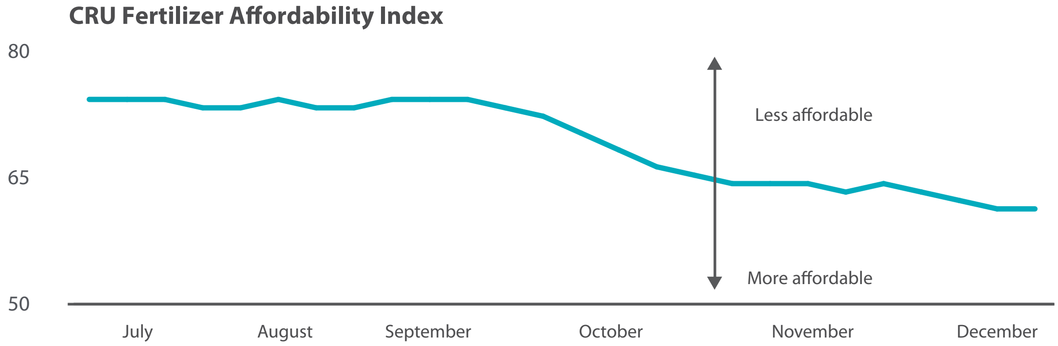
However, a rebound in fertilizer use is expected in 2020, largely due to significant recovery of corn and soybean planted acreage in the US and deferred demand returning in S.E Asia. Other major factors contributing to a positive outlook in 2020 is robust farmer economics in Brazil; improved fertilizer affordability with the decline of fertilizers prices; and the US-China trade deal. Potassium demand is expected to grow at a faster rate than the other nutrients. This is due to balanced fertilization and environmental restrictions on the use of Nitrogen, as well as the need to optimize efficiency called for in many countries.



Source: United States Department of Agriculture (USDA) and IEG Vantage



Source: United States Department of Agriculture (USDA)



Source: CRU

Furthermore, IFA estimates cereal consumption to equal production in 2019-20, which in turn could contribute to global stocks declining for a second consecutive season. IFA also estimates wheat and rice supply levels to have remained comfortable, whereas coarse grains levels could have become tighter. The stock-to-use ratio for coarse grains is projected at (24%) in 2019-20, down from (28%) in 2018-19 and (34%) in 2017-18.

World Potash Production

In 2019, Potash production from two greenfield mines in Russia and Canada became visible on the market. Furthermore, Eurochem is estimated to have increased production by as much as (900) thousand Mt in 2019 from previous (300) thousand Mt in 2018. Qinghai Salt Lake Company, the largest potash producer in China also, increased its production by (800) thousand Mt compared to 2018. While no potash was produced from the UK as the mine ceased production in 2018, and production in Chile was reduced as capacity was diverted to other product lines such as lithium, the global potash market still tipped into over-supply. This, in addition to reduced demand, triggered several major potash suppliers to announce production curtailments to return the market to balance. Some producers have even announced plans to continue operating at reduced output into 2020, until market conditions improve.

Overall, production curtailments were implemented by Nutrien, Mosaic, K+S, Uralkali and ICL in the fourth quarter of 2019, bringing down global potash production in 2019 by an estimated (2.4) million Mt compared to 2018.

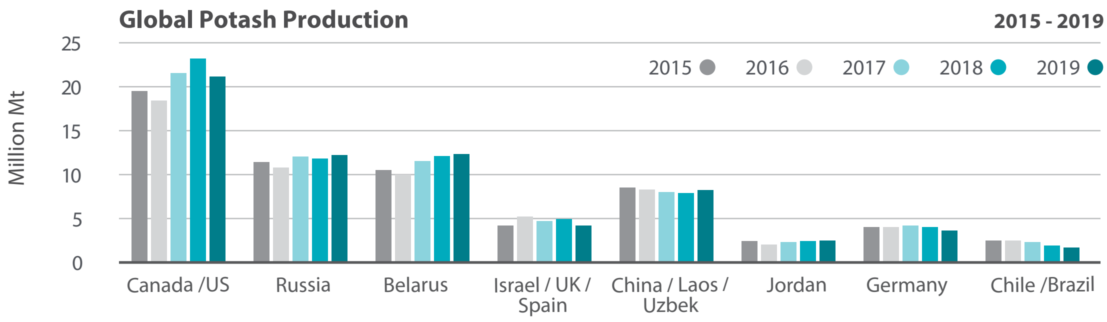
As a result, world potash production is estimated to have declined by (3.5%) in 2019 compared to 2018, down to around (65.8) million tons of KCL. Global potash nameplate capacity is estimated at around (91) to (95) million tons, and world production capability at around (85) million tons. IFA projects global potash production to expand by (5%) in 2020 over 2019 levels, the bulk of which to come from Russia and Canada.

World Potash Production

Potash Production by Country in Millions of Tons KCL

	2019	2018	2017	2016	2015
North America	21.1	23.2	21.5	18.4	19.5
Russia	12.2	11.8	12	10.8	11.4
Belarus	12.3	12.1	11.5	10	10.5
Israel/UK/Spain	4.2	4.9	4.7	5.2	4.2
China/Laos/Uzbek	8.2	7.9	8	8.3	8.5
Jordan	2.5	2.4	2.3	2	2.4
Germany	3.6	4	4.2	4	4
Latin America	1.7	1.9	2.3	2.5	2.5
Total	**65.8**	**68.2**	**66.5**	**61.2**	**63**

Global Potash Production Share in 2019



World Potash Deliveries and Demand

Global potash deliveries fell considerably in 2019, mainly due to unfavorable weather conditions, declining crops prices and escalating trade tensions.

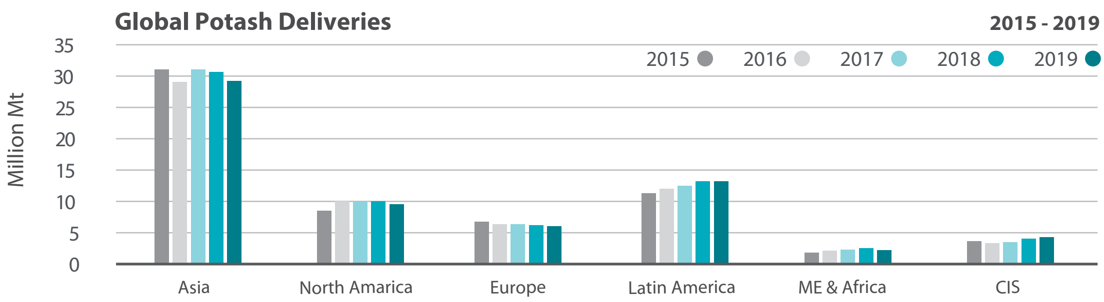
Global Deliveries of Potash in million metric tons Product

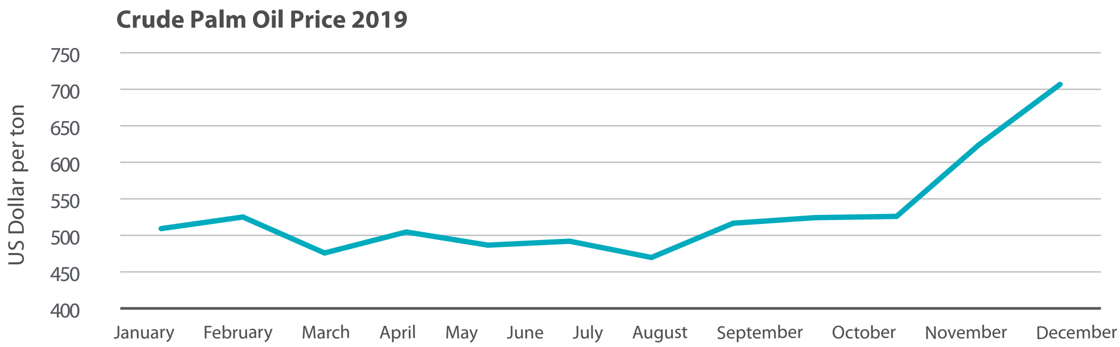
	2019	2018	2017	2016	2015
Asia	29.6	30.6	31	29	31
North America	9.0	10	10	10	8.5
Europe	5.9	6.2	6.3	6.3	6.7
Latin America	13.2	13.2	12.5	12	11.3
ME & Africa	2.2	2.5	2.3	2.1	1.8
CIS	4.3	4.0	3.5	3.3	3.6
TOTAL	**64.2**	**66.5**	**65.6**	**62.7**	**62.9**

In the US, potash consumption was hit by a weak spring season and a reduced fertilizer application window.

There was also a significant reduction in deliveries to Indonesia and Malaysia in 2019. Demand for crude palm oil (CPO) began to weaken in 2018, due in large part to the EU's decision to phase out the use of palm oil in biodiesels. This resulted in CPO prices falling to record lows in late 2018, which roughly continued until fourth quarter of 2019. Compounded by cash flow issues and high starting inventory, farmers and plantation owners in Malaysia and Indonesia significantly restricted fertilizer application and purchase, including that of potash.

In Northwestern Europe spring application was delayed due to cold and wet weather, while Western Europe later experienced drought. Together with low crop prices, ongoing Brexit negotiations, and high inventories, potash demand in Europe also weakened in 2019. However, IFA reported that stronger domestic demand was observed in Russia during 2019.





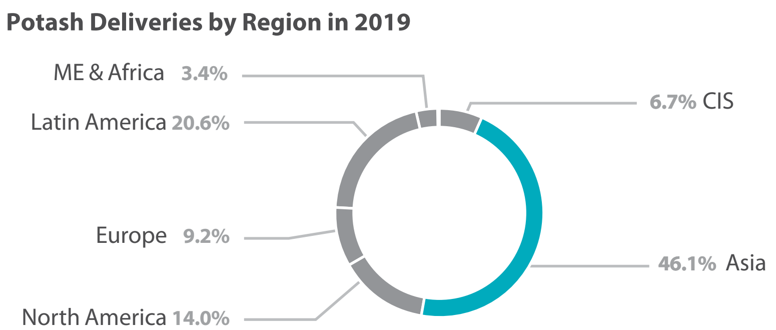
Source: Malaysian Palm Oil Board (MPOB)

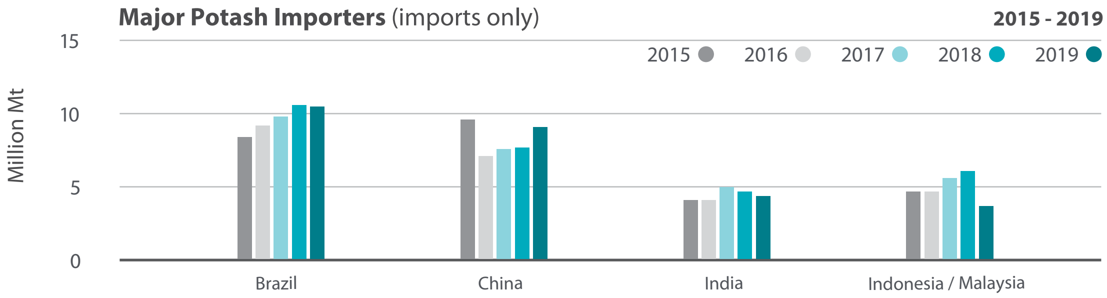
China suspended its seaborne potash imports in September 2019 due to record-high inventory levels and robust domestic potash production. Nevertheless, China's total MOP imports in 2019 rose by around (21%) compared to the previous year.

On the other hand, India's potash consumption in 2018-19 fertilizer year had declined by (8-10%) compared to the previous fertilizer season. This was a result of Indian fertilizer importers increasing the potash Maximum Retail Price (MRP) in the domestic market.

Deliveries to Latin America are thought to have stayed similar to previous year.

Overall, it is estimated that global potash deliveries declined by around (3.5%) in 2019, roughly (2 - 2.5) million Mt from previous (66.5) million Mt in 2018.





Outlook for 2020 is expected to be positive and it is highly possible to have above average growth in potash consumption. This will be driven by more affordable nutrient prices, US China phase one deal, significant recovery in the US Soybean and corn acreage, improvement of the Crude Palm Oil prices and healthy Brazilian demand. The effect of the coronavirus outbreak on potash demand could not be assessed at the time of writing the report.

Prices

In the beginning of 2019, the market was momentum-driven, bolstered by annual contracts signed in late 2018 with the Chinese and Indian buyers. These annual contracts were agreed at prices that were around (20%) higher compared to the previous contracts.

The trend then reversed when demand started to fall due to a weak spring season in the US and a drop in Crude Palm Oil prices. Spot prices in the second half of 2019 started to drift down towards Indian and Chinese contract levels, eventually dipping below in some regions when supply surpassed demand and buyers became hesitant.

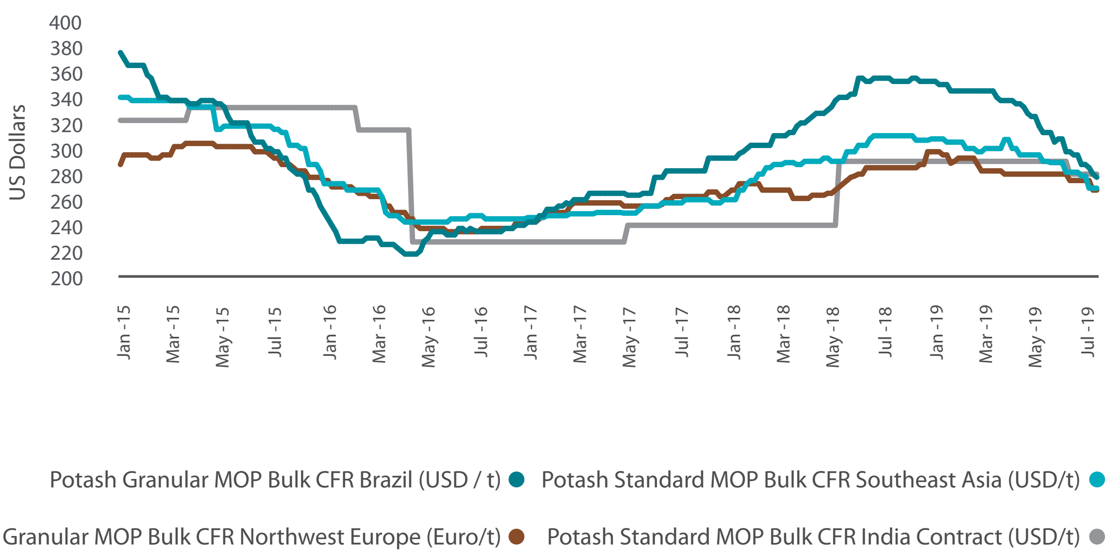
In October, India settled semi-annual contracts instead of the usual annual contracts. The new agreements also contracted reduced volumes at a price of ($ 280/Mt) CFR, a reduction of ($10/Mt) below 2018-2019 price.

However, in the absence of reaching a settlement in China, the settlement in India could not provide a floor for prices. Consequently, spot prices continued to drift in several regions. Furthermore, Brazilian prices are roughly estimated to have dropped by (13%) in the last quarter of 2019 alone due to increased competition among suppliers. Therefore, global prices are expected to continue to be under pressure until contracts are settled in China, anticipated end of the first quarter, or during the second quarter 2020.

Despite the fall in prices in the second half, APC netbacks in 2019 witnessed an overall improvement of ($ 22/Mt) when compared to 2018.

Potash Price Development (FOB Vancouver Spot) **2003 - 2019**

Global Potash Prices



Source: Argus

Developments in APC's main markets

China

China's fertilizer use has been on the decline since 2015, when the government rolled out its "Action Plan for the Zero Increase of Fertilizer Use" (APZIFU). As result, China's share of global nutrient demand has been falling. China's nutrient demand in 2018 was (200) million Mt, around (30%) of the global demand, but by 2024, it is projected to drop to around (25%) of the global fertilizer market. However, while Chinese nitrogen and phosphate demand appears to be falling, potash use is still projected to be on the rise in the medium to long term as balanced use of fertilizer becomes more prominent.

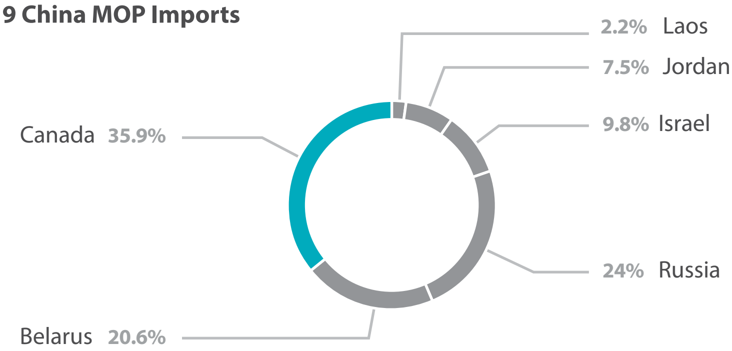
Faced with climbing inventory levels and a robust domestic potash production, China suspended its potash imports as of September 2019. They also postponed signing their new annual supply contracts to 2020. Since then, potash port stock levels have climbed to record highs of over (3.7) million Mt as of end December 2019, while domestic demand for potash continued to slow amid low NPK demand as well as an outbreak of African swine fever which is roughly estimated to have cut Chinese pork production by half.

Nonetheless, China's potash imports in 2019 were (21%) higher compared to 2018. In 2019, Chinese imports reached just over (9) million tons of MOP, including (930) thousand tons stored in bonded warehouses.

On the production side, Qinghai Salt Lake Industry (QHSL), the largest potash producer in China, announced they produced (5.6) million tons in 2019 compared to (4.8) million tons in 2018. China's domestic MOP production is estimated to be around (7-7.5) million tons.

APC and Sinochem continued to be partners in this market, and APC's sales to China in 2019 were a record high.
China is anticipated to sign its annual supply contracts during end of first quarter, or during the second quarter 2020, which should provide the global potash market with the price clarity buyers are seeking.

2019 China MOP Imports



India

Soon after India signed its 2018-2019 annual contracts in late 2018, Indian fertilizer importers raised the maximum retail price for potash by over (30%). This naturally led to a drop in potash sales and consumption by farmers, estimated at around (8-10%) compared to the previous fertilizer year. India's potash imports in 2019 is estimated to be (4.3) million tons, which signifies a drop of around (0.3) million tons from the previous year (4.6 million tons in 2018).

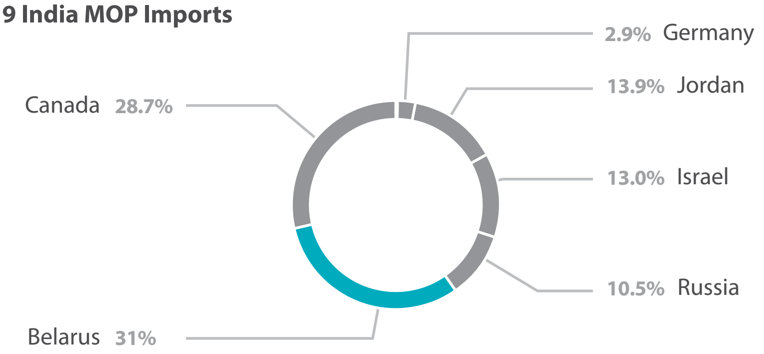
During the fourth quarter of 2019, India reduced the validity period of its 2019-2020 supply contracts from annual basis to semi-annual basis in anticipation of potash prices falling further when China eventually signs. Indian buyers were also reluctant to commit to large quantities for the same reason. Headline price for the new Indian contracts was ($ 280/Mt), a reduction of ($ 10/Mt) from the previous contract price.

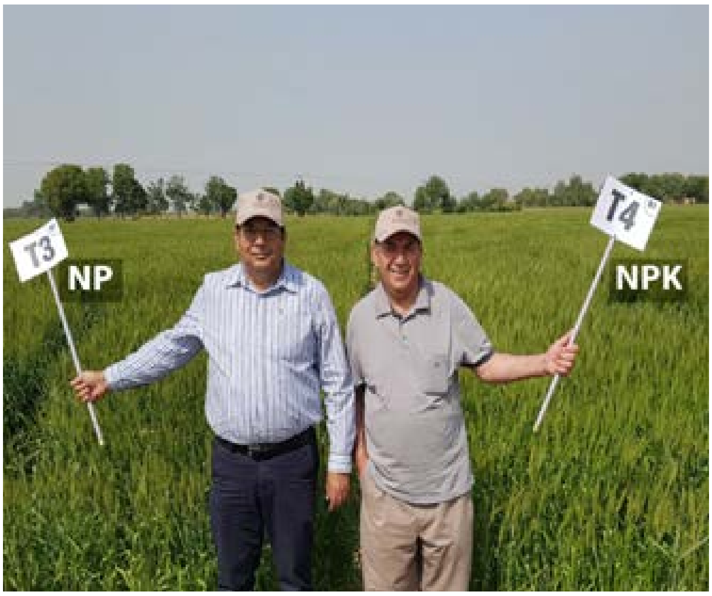
In 2019, some private sector fertilizer manufacturers faced financial challenges which reduced their MOP import volumes. Moreover, the subsidy regime continued to favor the use of urea over other nutrients.

India experienced its wettest monsoon in (25) years this year, which led to an increase in demand across all fertilizers including potash. As a result, MOP demand in India during 2020 is expected to be higher compared to 2019.

As for distribution of imports, Russian supplier's Indian market share went down in 2019, as they actively targeted other end-destinations. On the other hand, the Belarusian supplier increased their Indian market share from (26%) in 2018 to (31%) in 2019, whereas APC maintained its traditional share.

2019 India MOP Imports





Malaysia & Indonesia

Fertilizer consumption and deliveries fell considerably in Malaysia and Indonesia during 2019, including that of potash. As a result of the EU's decision to phase out the use of palm oil in biodiesels, demand for CPO decreased, which in turn dragged CPO prices down. Faced with cash-flow issues and high starting-inventory, farmers and plantation owners significantly reduced fertilizer acquisition and application. Combined potash imports in Indonesia and Malaysia have fallen by around (30%) in 2019 compared to 2018.

Towards the end of 2019, demand for CPO improved significantly and palm oil inventories fell. As a result, CPO prices soared by almost (35%) in the fourth quarter of 2019 alone. This has translated into a clear improvement in potash demand during the final quarter of 2019 when compared to the rest of the year.

The market witnessed price decline during the second half of 2019. Prices in plantation tenders towards the latter part of 2019 revealed strong competition among supply channels, which drove prices down. However, the market is expected to stabilize once China signs its annual contracts, providing a floor price to the region.

Outlook for CPO prices in 2020 is bullish, driven by tight supply and robust demand from palm oil importing countries. This naturally should translate to significant growth in potash demand in terms of volumes.

2019 Malaysia and Indonesia MOP Imports

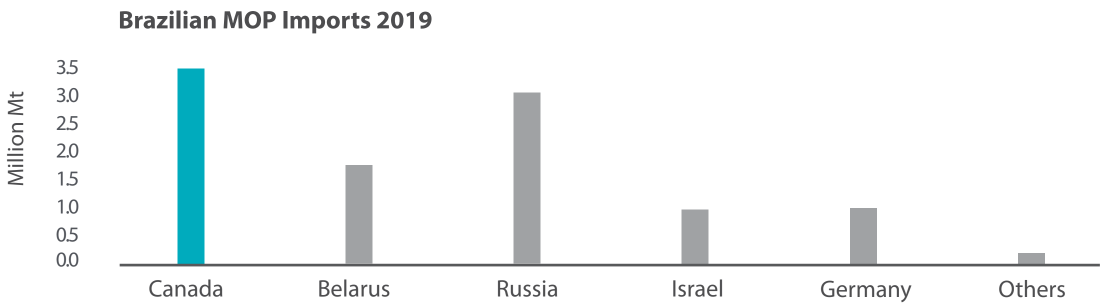
Brazil

In 2019, Brazil had a strong year in terms of potash demand, which is expected to continue into 2020. Potash imports during 2019 are reportedly around (10.4) million Mt, slightly lower than 2018's record high. With consumption decreasing in other major consumer markets, potash suppliers shipped more volumes to the Brazilian market and competition intensified. This in turn exerted pressure on prices as inventory levels continued to climb. Reported average Brazilian prices in December 2019 fell by more than (20%) when compared with prices in January of the same year.

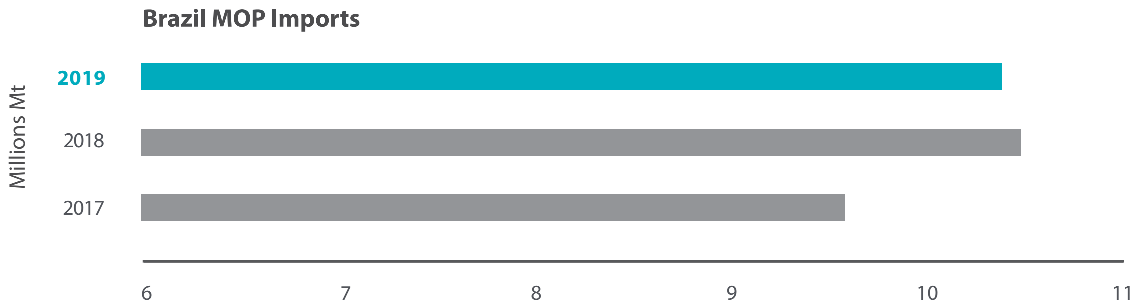
Outlook for 2020 is positive due to expanding soybean acreage and export capacity, both supported by favorable exchange rates and rising demand for soybeans. Furthermore, futures prices for sugar, corn and soybeans have all climbed in the last quarter of 2019, thereby increasing farmer profit margins.

However, while potash demand volumes are expected to grow in 2020, prices are unlikely to recover to 2018 highs. This is due to rising competition among suppliers, and high potash inventories.

In 2019, APC made its first shipment of red granular grade to the Brazilian market. APC looks to have a share in this important and growing market.



Source: CRU



Source: CRU

Europe & Africa

Demand in the European market was negatively impacted in 2019 by a combination of factors, including adverse weather conditions, declining crop prices, high inventory and the introduction of new restrictive environmental regulations.

In spite of K+S cutting production from its mines in Germany, Eurochem, a green field potash project, entered the market and exacerbated the difference between rising supply and falling demand.

In Africa, potash demand has likely declined in 2019 compared to 2018; IFA statistics show Africa imported significantly less potash in the first half 2019 compared to the same period in 2018.

In South Africa, below average rainfall and high starting inventory contributed to a sizable decrease in demand. Prices underwent some decline during 2019, in line with global potash prices, but South Africa was generally less sensitive to price fluctuation than other markets.

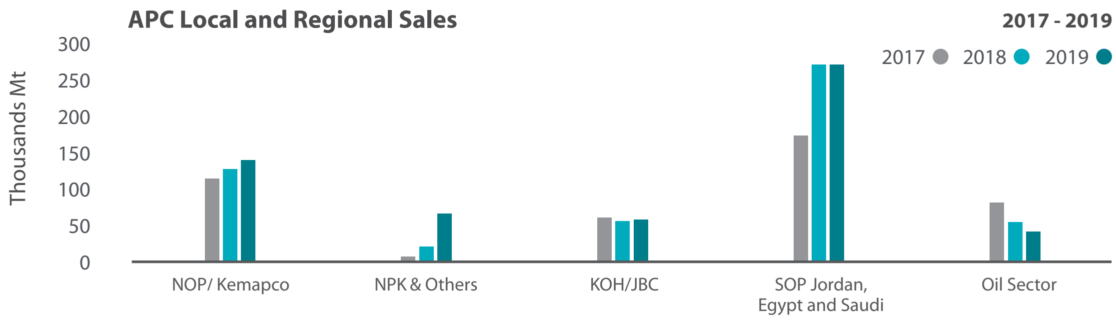
Morocco's potash consumption in 2019 was also reduced compared to that of the previous year. This was a reflection of reduced production of NPKs intended for the African markets.

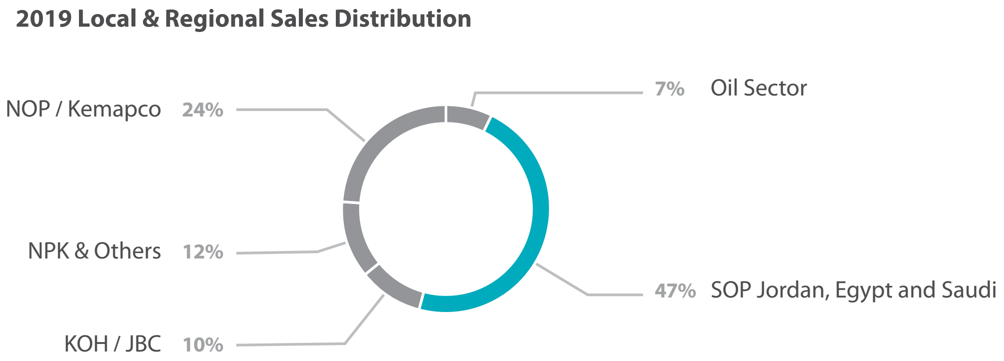
In Egypt, potash consumption was similar to last year, mainly driven by SOP production.

Local and Regional Markets

APC sales in this region reached around (583) thousand tons, leaping by (44) thousand tons from the previous year (539 thousand tons in 2018) and breaking an all-time record. In 2019, local and regional sales made up (24%) of APC's total sales. Major growth in demand for potash in the region came from expanding potassium nitrate (NOP) and compound fertilizer (NPK) production. Maaden Waed El Shamal Phosphate Company (MWSPC), located in Saudi Arabia, increased its potash consumption for the purpose of producing NPKs for export. Kemapco also increased its potash consumption in 2019 as they expanded their NOP production by (40) thousand tons per year.

Sales to the SOP manufacturers in Egypt, Saudi Arabia and Jordan were (275) thousand tons, also in line with 2018 levels. They accounted for around (47%) of APC total sales to the region. APC sales to the oil drilling sector fell to (7%) of total regional sales compared to (10%) in 2018. However, we expect our sales to this sector to recover in 2020. Overall, the region is expected to witness more growth in the future due to expanding fertilizer production.


APC Local and Regional Sales
2017 - 2019
2017 2018 2019
Thousands Mt
300
250
200
150
100
50
0
NOP/ Kemapco
NPK & Others
KOH/JBC
SOP Jordan, Egypt and Saudi
Oil Sector


2019 Local & Regional Sales Distribution
NOP / Kemapco 24%
NPK & Others 12%
KOH / JBC 10%
7% Oil Sector
47% SOP Jordan, Egypt and Saudi

APC Sales and Marketing

Total APC sales during 2019 were (2.408) million tons, our second highest record. That figure had dropped by about (1%) only when compared to the previous milestone year. Sales distribution pattern was similar to that of the previous year, with the exception of Brazil. The addition of Brazil is a part of APC's strategy to enter new markets, which also included producing red granular grade for the first time.

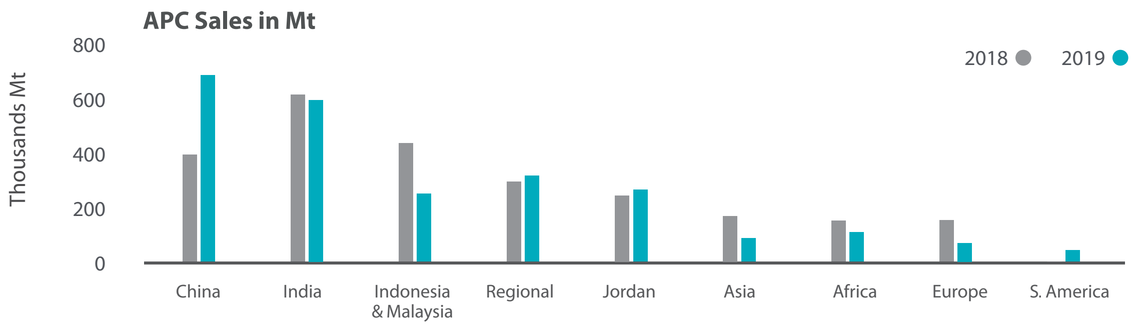
2018 contracts with China and India were agreed in the latter part of 2018, and APC continued to ship the firm and optional quantities of these contracts until September 2019. APC signed new supply contracts with our Indian customers in the fourth quarter of 2019, but contract volumes and shipping period were significantly reduced. On the other hand, China opted to delay contract settlements until 2020, due to high MOP inventories and slow domestic demand. In 2019, APC sales to China were (75%) over 2018 levels, for reasons related to the timing of the 2018 contract and for shipping additional quantities during the fourth quarter of 2019 which the buyer stored in the bonded warehouses in China. On the other hand, India's APC volumes dropped by a marginal (3%). compared to (7%) total decline in 2019 MOP imports. One of APC's Indian customers faced financial challenges, which had in turn impacted their consumption during 2019.

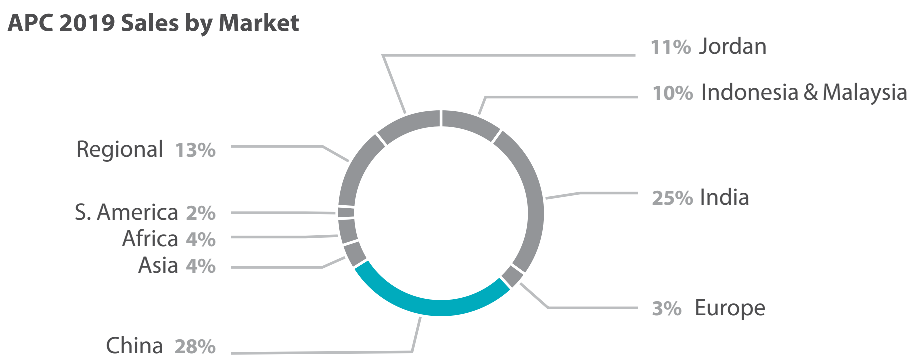
APC's sales to South East Asia decreased during 2019, mainly due to a steep decline in Crude Palm Oil prices and consequent reduction in potash application. APC sales to other spot markets in Asian, Europe, and Africa were also reduced due to unfavorable weather conditions and weakened demand.

On the other hand, APC witnessed an increase in sales to the local and regional markets in 2019, mainly in Saudi Arabia and Jordan. This was due to an increase in potash demand for NPK and NOP production. In the fourth quarter of 2019, our shipments to the SOP customers were impacted by the bearish turn in the global SOP market and the reduced operating rates of some of the SOP plants in the region. Expectations for the SOP market is to remain bearish during the first quarter 2020.

Sales to our top ten countries in 2019 were at (92%) of total sales compared to (89%) in 2018.The share of the top ten customers in 2019 reached (77%) of total sales compared to (74%) in 2018. This is largely due to increased sales volumes to China. APC's overseas offices played an important role in maintaining our market presence, providing timely and reliable information, as well as expanding logistic services offered to our customers.

APC's direct sales to non-fertilizer consumers reached around (154,000 Mt), which represents around (6%) of APC's total sales. The majority of this figure comes from sales to Jordan Bromine; major oil drilling service companies in the Middle East; as well as industrial customers in Asia, mainly India.



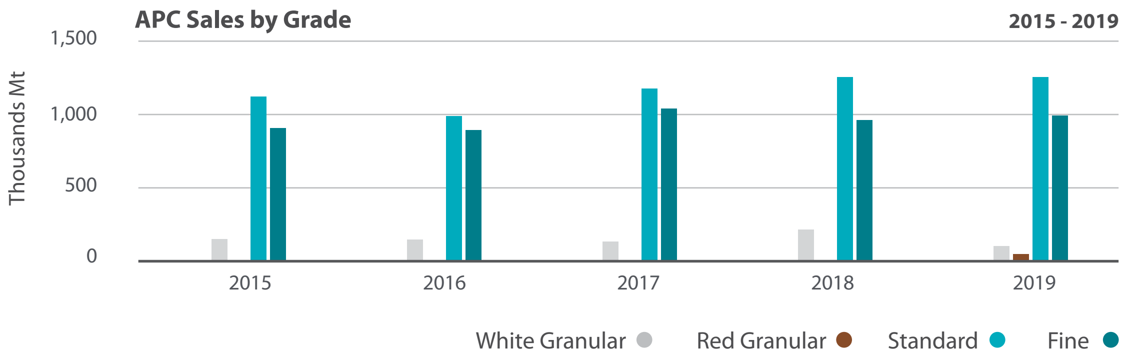


APC Top Ten Customers Sales Distribution in 2019 vs. 2018

Rank	2019	Customer / Country	2018	Customer / Country
1	683,351	Sinochem / China	391,268	Sinochem / China
2	426,440	Indian Potash Ltd / India	368,980	Indian Potash Ltd./India
3	172,000	Evergrow / Egypt	217,200	Zuari/India
4	141,399	Kemapco / Jordan	181,750	Evergrow/Egypt
5	96,000	Zuari / India	153,292	Clementcorp/Indonesia
6	80,000	Clementcorp / Indonesia	143,364	Behn Meyer/Malaysia
7	73,786	Behn Meyer / Malaysia	128,982	Kemapco/Jordan
8	66,095	Omnia/S. Africa	99,652	Omnia/S. Africa
9	59,628	Jordan Bromine / Jordan	74,374	Union Harvest/Malaysia
10	48,730	Agrifert / Indonesia	57,782	Jordan Bromine /Jordan
	1,847,429	**Top Ten Total**	**1,816,644**	
	77%	**% of Total Sales**	**74%**	
	2,408,277	**Total Sales**	**2,439,969**	

APC Top Ten Markets Sales Distribution in 2019 vs. 2018

Rank	2019	Country	2018	Country
1	683,351	China	611,066	India
2	592,078	India	391,268	China
3	263,639	Jordan	246,852	Malaysia
4	228,450	Egypt	242,183	Jordan
5	126,867	Indonesia	228,650	Egypt
6	122,279	Malaysia	187,962	Indonesia
7	64,095	S. Africa	84,300	S. Africa
8	60,353	S. Arabia	63,500	Taiwan
9	42,236	Brazil	61,545	Mozambique
10	40,750	Spain	57,325	Spain
	2,224,098	**Top Ten Total**	**2,174,651**	
	92%	**% of Total Sales**	**89%**	
	2,408,277	**Total Sales**	**2,439,969**	

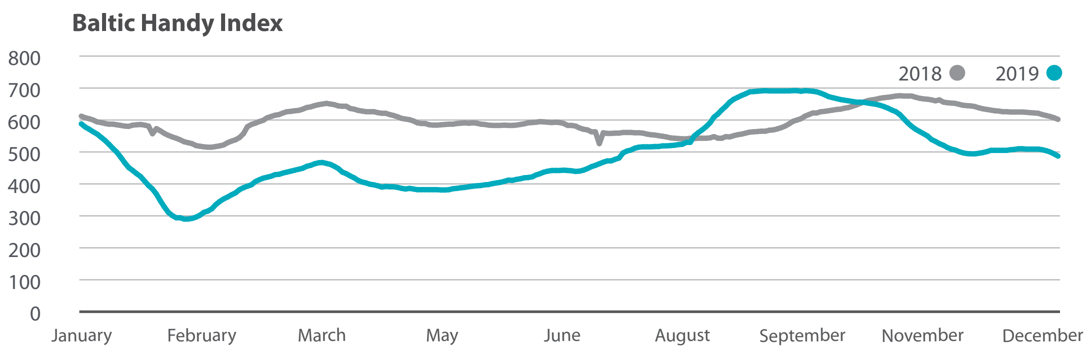


Shipping and Logistics

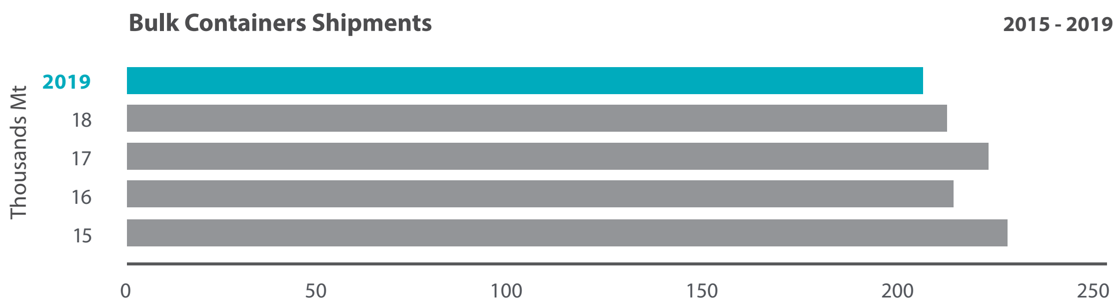
Freight rates around the world registered an average annual drop of (15%) during 2019 in comparison with 2018. However, due to new regulation issued by the International Maritime Organization (IMO) effective January 1st, 2020, which limited Sulphur emissions content from vessels to (0.50%) m/m (mass by mass), cost of vessels' low Sulphur fuel increased significantly and became (90%) higher than cost of normal high Sulphur fuel, as sudden demand for low Sulphur fuel oil increased significantly while supply was very limited. Nevertheless, prices of low Sulphur fuel oil are expected to drop and stabilize toward the end of the first quarter of 2020.

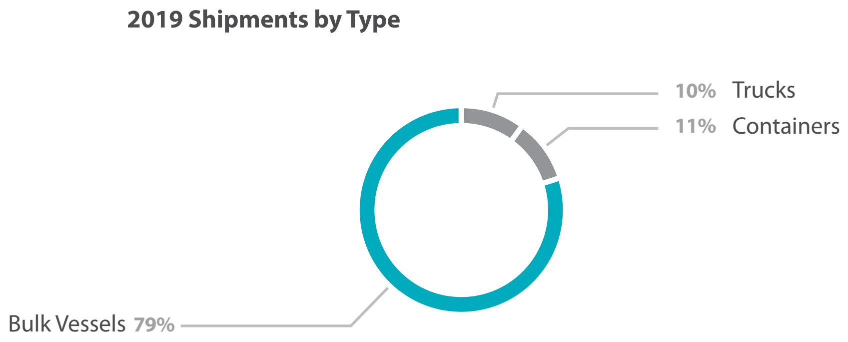
APC shipped (1,818,130 Mt) by bulk vessels from Aqaba Terminal on (88) vessels: (46) of which were chartered by APC, while (42) were on an FOB basis to Egypt and Japan. Tonnage shipped on chartered vessels represented (82%) of total volume shipped from Aqaba. The new loading terminal under management by JIPC helped Arab Potash in minimizing wait time for vessels. It also reduced the cost of freight at the same time. The benefit of this terminal will be fully evident in 2020, which will translate into more savings for APC.

Bulk container operations continued to be a major method to deliver cargo to customers. This method helped in expanding APC's market reach, as well as reducing shipping expenses.



Source: Baltic Exchange





International Activities and Promotion

APC is an active participant in the International Fertilizer Association (IFA), as well as The Arab Fertilizer Association (AFA) and their committees. It has supported several programs and activities promoting the responsible and scientifically-sound application of fertilizers in many regions, including India, Africa, Pakistan, and the Middle East.

In partnership with the African Fertilizer Voluntary Program (AFVP), APC also established agricultural training workshops in Uganda. Furthermore, APC organized a Specialty Fertilizer Day, with several specialty-fertilizer experts, traders, research centers and universities from across the world in attendance.

APC's promotional engagements and educational activities are set to expand further, targeting new issues related to agriculture and the environment, and across more geographic locations.

COMPLIANCE WITH NATIONAL AND INTERNATIONAL QUALITY STANDARDS

COMPLIANCE WITH NATIONAL AND INTERNATIONAL QUALITY STANDARDS

During International Fertilizer Association IFA's Strategic Forum in Paris in Nov 2019; APC was awarded the (IFA) Excellence Gold Medal for its efforts in advancing Health, Safety, and Environment (HSE), this is a high-level prize awarded for exceptional share in fertilizer industry in the fields of safety and sustainable environment as first priority of management by maintaining full compliance and assure that through KPIs.

Renew the certification of APC potash products to the Product Stewardship Program by International Fertilizer Association (IFA) for new three years cycle with excellence level; This program focus on product care and maintaining the Quality, Safety, Occupational Health, Security and Sustainable Environment requirements during the product life cycle; External Audit by SGS certification body was conducted in July 2019 to assure compliance with certificate requirements.

APC recognizes that safety and health of the employees, contractors and visitors are top priority and core value. APC is one of the first who implements the Occupational Health and Safety Management System OHSAS18001 since 2004 to assure practical safe working environment based on hazards analysis and risks management at all APC workplaces. Transfer to the new international standard ISO45001:2018 is completed and in the certificate stage by independent certification body in 1st quarter of 2020.

APC 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 Management System QMS since 1998 in order to enhance the performance of all APC processes and support the high quality of the outputs in accordance with the technical specifications required in all stages of production and supporting services. The QMS in 2019 is audited by the external certification body TUV to assure sustainability with ISO 9001: 2015.

In order to enhance customer confidence in the final certificates of potash products and to apply the best practices in sampling and testing activities; QMS for the APC Technical Laboratory has been accredited to the ISO 17025:2005 in the first of 2019 for new five years, and it is ready now for annual external audit to satisfy with new version of 2017 by the Jordan Accreditation System as member in the International Laboratory Accreditation Cooperation (ILAC).

Renewal of the Jordan Quality Mark Certificate (JQM) requirements granted by the Jordan Standards Organization for Potash Products quality for fertilizer and Industrial uses during stages of production, handling, storing and shipping, such certificate supports the legal standing to the quality of end products in the local market.

To support the APC position to export potash products to Australian market that is highly sensitive to the quality of external products that are used for agricultural purpose. Accordingly, APC Potash is certificated as free of organic materials and subjected to annual survey visit by AQIS to assure risk assessment and continual compliance with their requirements during potash handling, storing, transporting and shipping in both Safi Plant and Aqaba site.

APC quality management system according to ISO9001 is audited in Dec 2019 by the Indonesian National Standard (SNI) and accordingly potash products certificate is still valid to the Indonesian Quality standard; such certificate is vital to enter the Indonesian Market and enhance the customers trust in the Jordan Potash Product.

APC is committed to prevent pollution in all its operations and comply with legal requirements and utilizing natural sources and assure sustainable environment at all workplaces; APC has applied Environmental Management System since 2001; EMS comply with ISO 14001:2015 where it subjected in 2019 to external evaluation by the certification body TUV to assure certificate validity.

APC is working now in establishing a new energy management system according to ISO50001:2018 to follow a systematic approach in continual improvement of energy performance, it is purpose to develop a baseline of energy use, actively managing energy and save costs, reduce emissions without negative effect on production operations and related KPIs.

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

Major suppliers of APC's total purchases:

	Supplier	Percentage
1	NBL EASTERN MEDITERRANAN MARKETING LIMITED	8.4%
2	BAUER International FZE	7%
3	HIDROCONSTRUCTIA S.A	4.1%

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

	Customer	Percentage
1	SINOCHEM FERTILIZER COMPANY LIMITED/China	28.8%
2	Indian Potash Limited (IPL)/India	17.6%

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

A. 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 downstream industries and marketing them internationally.

The rights and concessions granted to APC and its products under the concession agreement with the Government of the Hashemite Kingdom of Jordan and its amendments, ratified under the Concession Ratification Law No. 16 of 1958, consist of the following:

- Granting APC importation licenses to import all devices, tools, transport means, machinery and construction material it needs for the entirety of the project, its expansion or its completion, work continuation and relocation.
- Granting APC an exemption from import fees, customs fees and all additional and other fees imposed on the above mentioned imported goods, provided they are used for the purposes of the company, noting that if the company sells the fee-exempted goods, said goods would be subject to taxation as per the customs law.
- Exempting the company’s products from the issuance of exportation licenses and all fees imposed on exported goods.
- The company shall retain exclusivity over mining rights throughout the term of the concession, without the government or any person, institution or company practising said rights.
- The company reserves the right to priority in the extraction of minerals and salts at the Dead Sea or the concession area, contrary to the exclusivity rights above.
- The company reserves the right to acquire all its needs of freshwater from the Jordan River, Al Mujeb or Maeen and Sweimeh, to use in the process of mineral and salt extraction, and for drinking, cleaning, health issues and all project requirements, the right to dig wells in the concession area to acquire freshwater and the right to use spring water outside the concession area, with the exception of that registered as private property, and the right to request expropriation on the company’s expense
- The right to establish stone quarries on fee and license exempted state-owned land.

B. There are no patents registered in the name of the Arab Potash Company at any official authority in the Hashemite Kingdom of Jordan.

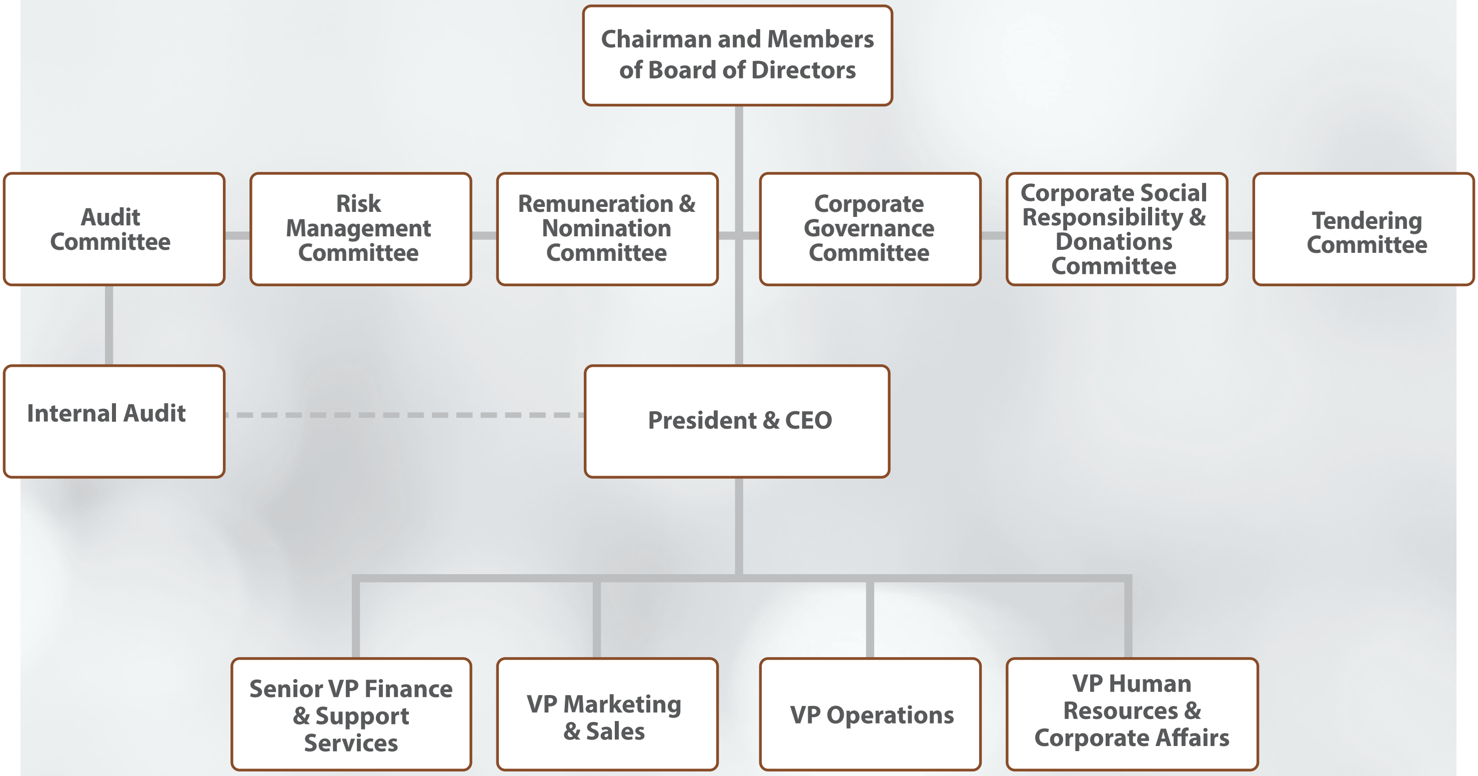
8. DECISIONS BY THE GOVERNMENT OR INTERNATIONAL ORGANIZATIONS THAT HAD A MATERIAL EFFECT ON THE OPERATIONS OF THE COMPANY OR ITS COMPETITIVENESS

- Increase the income tax on Arab Potash Company's taxable profits from (24%) to (31%) according to the amended Income Tax Law as of January 1, 2019.
- Increase the tax on dividends distributed by subsidiaries and affiliates from (6%) to (10%) as of January 1, 2019.
- Government of China decision to temporarily suspend Potash imports effective September 2019.

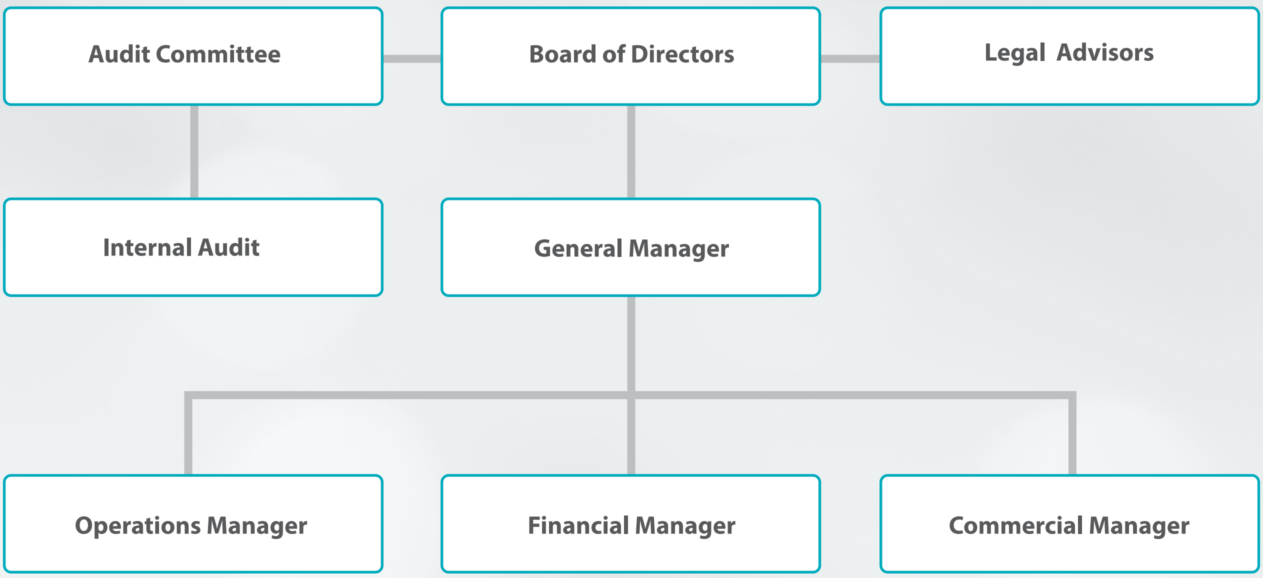
9. ORGANIZATIONAL STRUCTURE

A. Organizational Charts

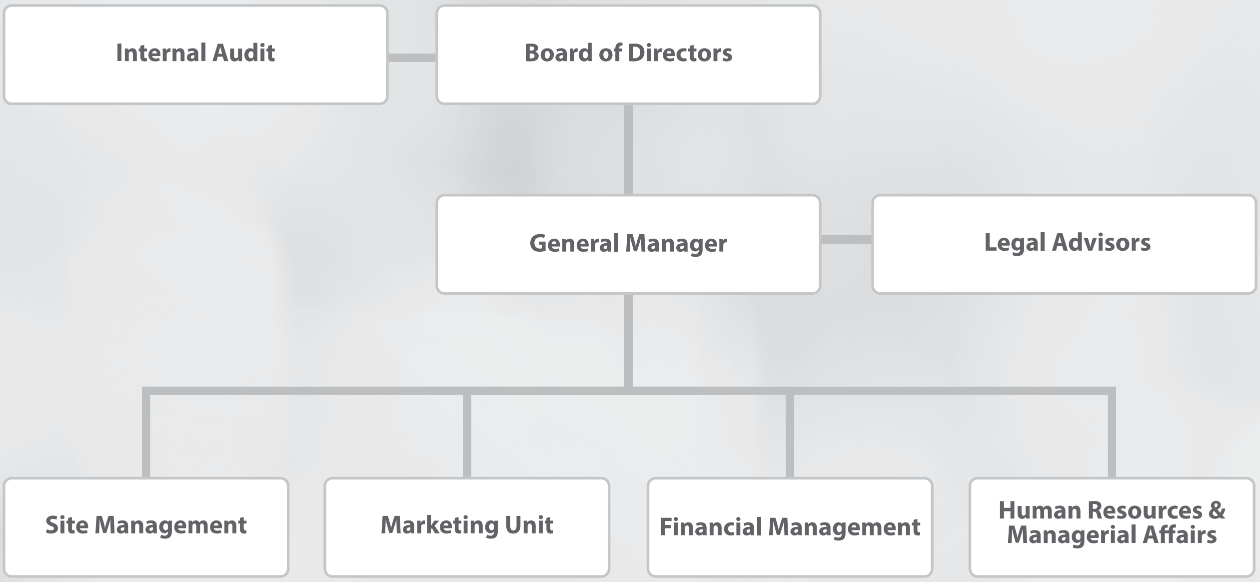
I. Arab Potash Company



2. Arab Fertilizers and Chemicals Industries (KEMAPCO)



3. Numeira Mixed Salts and Mud Company



B. Number and Qualifications of Company and Affiliates Companies Employees

The Total Number of Employees at Arab Potash Company at the end of 2019 was (1,753).

Distribution of Employees by Academic Qualification 2019

Company Name	PhD	MA / MSc	High Diploma	BA / BSc	Diploma	High School	Total
Arab Potash Company (APC)	9	45	3	335	396	965	1,753
Arab Fertilizers and Chemicals Industries (KEMAPCO)	1	11	-	86	44	120	262
Numeira Mixed Salts and Mud Company	-	3	-	3	2	33	41
Total	**10**	**59**	**3**	**424**	**442**	**1,118**	**2,056**
Percentage	0.5%	3%	0.15%	21%	22%	54%	100%

The turnover rate in APC at the end of 2019 was (8.78%).

C. Training Courses for APC Employees

Training Courses for APC Employees during 2019

Activity	No. of activities	No. of Participants	No. of Subjects
Internal Training	66	946	30
Training in Jordan	47	156	46
Training Abroad	2	3	2
Local Community Training	5	364	5
Research projects for graduate students	4	9	7
Other Activities (Field visits)	6	178	1
Total	**130**	**1,656**	**88**

APC new head quarter in Safi site

D. Other Benefits and Housing

The Company continues to provide housing loans to its employees. The total number of beneficiaries was (1,997) employees. Total housing loans granted in 2019 increased by JOD (1.69) million to a total of JOD (63) million.

10. RISK MANAGEMENT

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 includes two parts:

First, local laws and regulations including changes to the taxation and customs laws or the legislations that may affect the company business, activities, or rights; i.e. the legislations affecting the regulatory requirements related to the Company and its business.

Secondly, importing countries' governmental policies and legislations and the changes that may occur there which may affect quantities and prices of sales of Potash to the sectors importing such commodity within the said countries.

High cost of electricity and the scarcity of water

The process of extraction and production of potash consumes large quantities of energy and water. Therefore, APC sought cheaper sources of energy and water.

For energy, APC started using natural gas in January 2017 in its operations which is more efficient and cheaper than heavy fuel oil. In December 2018, APC started a newly-installed Gas Turbine (GT) to produce a cheaper electrical energy. This GT can run with either natural gas or diesel oil. And, a Heat Recovery Steam Generator (HRSG) is expected to be in operation in the mid of 2020. This HRSG will produce a free-of-charge steam as it utilizes the lost heat form the GT.

We started from the beginning of 2020 preparing the required specifications for new systems to produce additional amounts of steam and electricity to meet the expected demand within the coming three years.

For water, APC drilled and developed five boreholes in Safi and Mazra'a areas, utilizing irrigation run-off water in Summar and Ein Younis areas, and use the valleys water and the excess water of Ein Magara, and provide the technical support whenever problems occur on Tannour and Moujeb Dams in order to restore normal water flow. 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.

APC, also signed a new agreement with the Jordan Valley Authority (JVA) to avail more water to APC with cheaper price. And a study is underway for building a dam on Issal valley in cooperation with JVA and Jordan Bromine Company.

Dependence on seaport for loading and transporting

APC is heavily dependent on the Aqaba seaport for the loading and shipping of potash. In case the port is affected by any adverse natural or political factors this will negatively affect company exports despite continued transporting some quantities by land routes to supply nearby markets.

Labor issues

The Arab Potash Company offers its employees the best benefits available in the Kingdom and the Region, the Company is keen on building an effective and transparent communication channels with all the working classes in a manner that guarantees having the feedback required to manage the human capital effectively.

Also, the Labor Law in force in the Kingdom determines the mechanisms for signing labor agreements in a way that creates the balance and guarantees the rights of all related parties in the production process and its continuity.

Political issues

The Company operates within the laws in force in the Kingdom where the legislative environment is characterized with its stability. The legislative environment also proved its ability to cope with the fluctuations that struck the Region through the implementation of the Royal insights that contributed to the stability and prosperity of the Kingdom.

Collapse of perimeter dikes

Over the past years, the drop and receding in the Dead Sea water level led to the emergence of sink holes, and some of the company's main dikes are affected by this phenomenon. Arab Potash Company concerned departments are working on a daily site inspections and monitoring of the dikes to ensure the dikes safety integrity, in addition to the presence of many geological monitoring instrumentations distributed along the dikes that's readout, record log files that would be archived by an integrated geographical information system (GIS), in order to insure the safety integrity of the dikes.

The company is in the process of performing a remedial and rehabilitation works to these dikes.

Vulnerability to environment and natural disasters

In the area of Ghor Safi where APC Plants are located, there are occasional flash floods and the area is susceptible to earthquakes and the formation of the sinkholes. Based on that, all buildings /structures at the site were built in accordance to the applicable safety building codes at the time of construction. Regarding the sinkholes, APC is applying all the necessary preventive and corrective measures to mitigate the effect of the sinkholes on the existing structures (especially dikes). These measures were agreed upon with international firms specialized in this field. Also, APC has insurance to cover this risk. And APC management has recently developed an Emergency and Response Plan.

11. APC'S MAIN ACHIEVEMENTS IN 2019

- Sales: APC sales reached (2.408) million tons of potash.
- Production: APC achieved a production record of (2.486) million tons of potash.
- Operating Profit: APC's consolidated operating profit grew by (42%).
- Cost production per ton was reduced by (10%) comparing to 2018.

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

No financial impact of non-Recurring activities that occurred during the financial Year that are not part of the Company's core activity.

13. TREND OF MAJOR FINANCIAL INDICATORS FOR THE PERIOD 2014 - 2018 IN THOUSAND JOD EXCEPT FINANCIAL RATIOS, SHARE DATA, PRODUCTION AND SALES

Details	2019	2018	2017	2016	2015
Potash Production (Million Tons)	2.486	2.44	2.32	2.00	2.36
Potash Sales (Million Tons)	2.408	2.44	2.36	2.03	2.19
Consolidated Sales Revenue	504,608	482,727	423,277	369,651	527,527
Potash Sales Revenue	459,824	427,156	364,332	322,265	472,885
Gross Profit	226,179	166,697	104,755	65,635	213,413
Profit from Operations	150,483	106,033	58,337	17,209	145,611
Financing Charges	8,499	10,838	6,853	5,754	609
Other Revenues	55,425	36,609	11,489	16,269	1,887
Net Profit After Tax	151,695	124,874	89,843	62,244	131,133
Net Fixed Assets	214,869	243,267	219,481	232,078	244,082
Long Term Loans & Other Long Term Obligations	29,157	32,370	31,100	8,562	9,377
Shareholders' Equity	891,701	845,095	807,885	805,065	892,190
Debt: Equity Ratio	2.6%	2.3%	3.3%	0%	0%
Return On Assets	14%	13%	9.6%	7%	13%
Return On Shareholders' Equity	17%	15%	11.1%	8%	15%
Current Ratio	4.1	5.5	8.33	8.3	4.7
Closing Share Price/JOD	20.45	16.02	16.85	19.18	21.00
Dividends	*	99,981	83,317	83,317	99,981
Dividends Percentage	*	120%	100%	100%	120%
Earnings Per Share/JOD	1.82	1.50	1.08	0.8	1.6
Market Price/Earnings Ratios	11.2	10.7	15.6	23.7	13.3
Royalty/ton produced	10	6.20	3.16	2.0	10.1

* Dividends ratio for 2019 will be determined at the Annual General Assembly Meeting.

14. FINANCIAL PERFORMANCE ANALYSIS

#	Ratio	2019%	2018%
1	Gross Margin	45%	35%
2	Total Liabilities to Assets Ratio	18%	16%
3	Profit margin	30%	26%
4	Inventory turnover	10.7	18.9
5	Asset turnover	0.48	0.49
6	Account Receivable turnover	6	8.2

A. Property, Plant and Equipment

The value of property, plant and equipment after deducting the accumulated depreciation amounted to JOD (214,9) million in 2019, compared with JOD (243,3) million at the end of 2018, a decrease of (11.7%) from the previous year due to annual depreciation.

B. Inventory

Potash ending Inventory in 2019 amounted to JOD (30.1) million which is equal to (195,6) thousand tons, compared with JOD (133) thousand tons at the end of 2018.

C. Investments

The Company's investments in affiliates and joint ventures decreased from JOD (195) million in 2018 to JOD (192) million in 2019, with a decrease of (1%) due to dividends distribution by affiliates.

D. Loans

The balance of consolidated long term loans decreased to JOD (11,7) million in 2019 comparing to JOD (15,9) thousands in 2018.

E. Sales Revenues

Total consolidated sales revenue for 2019 amounted to about JOD (504.6) million compared to JOD (482.7) million in 2018.

Sales revenues of Potash constituted (87%) of total revenues, while (12%) of sales were primarily attributable to KEMAPCO sales.

F. Gross Cost (JOD million)

Details	2019	2018	2017	2016	2015
Consolidated Gross Cost	341.8	366.6	359.7	344	381.7
Consolidated Cost of Goods Sold	278.4	316	319	304	314
Selling and Distribution Expenses	19.6	20.5	19.4	17.9	20.1
Royalty	24.8	15.1	7.3	4.1	23.7
General and Administrative Expenses	19	15	14	18	23.9

G. Profits

The Company realized on 2019 a consolidated net income of JOD (208.735) million before income tax. Profits after taxes reached JOD (151.7) million, compared JOD (124.9) million for 2018.

H. Shareholders' Equity

The company's shareholders' Equity stood at JOD (891.701) million at the end of 2019, compared to JOD (846) million in 2018. The book value per share of the Company's equity amounted to JOD (10.7) as of end of 2019.

15. FUTURE PLAN

The Company's Key Future Developments and Plans for 2020 — Future Projects

In light of the increasing competition between fertilizer producers worldwide, the Arab Potash Company (APC) is working on formulating an airtight plan to retain the company's continuity and successes and maximise returns for its shareholders. APC is currently working on numerous projects to boost the levels of public safety and production and control costs, through key APC projects, summarized as follows:

Safety

The Arab Potash Company seeks to become a corporate leader in regards to public safety, by developing the culture of public safety among employees, contractors and visitors, as this is a key APC priority. To do so, the company monitors and evaluates all on-site risks and identifies proper control measures, from engineering procedures, all the way through to administrative directives, work permits, guidelines, training, rehabilitation and awareness among all stakeholders. The Arab Potash Company incorporates cutting-edge technology at its factories, in addition to strict

policies at all company sites to ensure the highest levels of public safety, as well as occupational safety and health programs and forums for supervisors, janitors and drivers.

Diversification of Energy Sources

The company was able to construct a structure that would allow the company to tap into various sources of energy, including gas, electricity, diesel and heavy fuel. The company will implement qualitative projects in 2020, such as the heat recovery steam generator, which shall contribute to raising the efficiency and effectiveness of the company's use of its energy sources, thereby driving down costs and attaining higher profit margins.

Water Resources

Water is a critical element in APC's production operation. Accordingly, the company is working on reinforcing its water security through various projects, chief among them is the construction dams south of the Kingdom. The company also financed the construction of the Wadi Bin Hammad Dam project, at a holding capacity of nearly four million cubic meters of water per year. This dam will contribute to achieving financial savings from water costs, in addition to supplying the local community and providing water resources for the agricultural sector.

Production

The company is studying alternatives to maximizing and boosting profits through reviewing currently available alternatives and the possibility of raising the efficiency of current plants and evaporation areas. APC's expansion and production diversification plan includes the following:

1. Work on implementation of dike No. (19) in the northern area of the APC's concession area, to raise productivity by (140) thousand tons per year. The project was launched in 2017.
2. American company Agapito Associates, Inc., appointed by the Ministry of Energy and Mineral Resources, is working on a technical study to explore the economic feasibility in Al Lisan Peninsula, which is outside the APC concession zone. In this regard, the APC financed the technical studies on this project, so that if it is proven economically feasible, the APC would participate in a tender to acquire extraction privileges, in accordance with effective laws, rules and provisions of the government, represented duly by the Ministry of Energy and Mineral Resources.
3. The APC will work on the economic feasibility and technical studies on the expansion in the southern areas of the concession zone (Fefa Area). The results of the study are expected to be issued during the first half of 2020.
4. The company is working on expanding the production of red granular potash and is seeking to complete the works on the new compacting unit project within the year 2020, which will double the company's production capacity of red granular potash.

Sales

The APC is working on setting up a marketing plan to reinforce its presence in key global markets, as well as convey and develop its products in accordance with the requirements of company clientele. Along these lines, the company was able, in 2019, to produce red granular potash and export the product to the Brazilian market, one of the world's largest fertilizer consumers. The company's effort to make available to the market its red granular potash product, as per varying market specifications, will contribute to its ability to access new markets, stabilize and maximize sales.

Downstream Industries

Current efforts are focused on expanding downstream industries, as the Board of Directors approved studies on the establishment of a chemical complex, to produce caustic soda and chlorine; and a specialized fertilizer complex. Meanwhile, all key commercial and marketing provisions of this project were agreed on with the clients, while strategic partnership agreements are being considered with global companies in this field. The first step will entail the establishment of an independent company to manage these investments, which can widen the range of the company's fertilizer products and initiate the production of primary and intermediary material to keep up with the developments in value added protected agriculture, in order to meet the shifts in food consumption patterns around the world.

APC subsidiary Arab Fertilizers and Chemicals Industries (KEMAPCO) increased its production capacity of potassium nitrates from (135) thousand tons to (175) thousand tons a year. The company's product is one of the world's top-quality products, which enables the company to achieve a larger profit margin.

In the meantime, the Jordan Bromine Company, in which APC owns a (50%) stake, against (50%) stake owned by US company Albemarle Corporation, has concluded its expansion operations to meet the growing global demand, at a cost of (50) million US dollars.

Aqaba Port

In the context of the company's plan to expand loading capacities on the exportation dock in Aqaba, and in alignment with government plans for port development; APC is jointly financing the Jordan industrial port project with the Jordan Phosphate Mines Co (JPMC), half-in-half, at a total of (140) million Jordanian Dinars. The project is expected to conclude with the beginning of 2020.

New Water Pumping Station

The Arab Potash Company is working on constructing a new water pumping station to deliver Dead Sea from the Dead Sea to APC's solar ponds to increase brine density in the water. This project is key to maintaining the company's future productivity.

New Potash Storage Facilities

APC approved the construction of a new storage facility in Ghour Al Safi area for various potash products. The aim of the project is to equip these facilities with cutting-edge technology to attain the best levels of storage quality for products exported worldwide, in terms of product purity or packaging, in accordance with world-class specifications and measurements. This project will enable the company to reinforce clientele confidence and attain the highest level of satisfaction across various global markets.

Workforce

The APC started in 2015 implementing the "Excellent Trainee program", which continues to run to this day. The Excellent Trainee is an entrepreneurial program aimed at encouraging and guiding students in the local communities surrounding APC's bases of operations, to pursue mid-level education in technical fields, then provides programmes to qualify the students with training and expertise, in cooperation with competent entities, including the Ministry of Labor. Moreover, the company continued its support for innovative training programs, through signing a agreement with Al Hasan Technical University in 2019 to finance (60) scholarships for mid-tier degrees in the streams of applied engineering, adopted at the university. The aim of this project is to support excelling students in their applied scientific engineering majors, train them internally and recruit them.

Numeira Mixed Salts and Mud Company

APC-subsidiary Numeira Mixed Salts and Mud Company is working on extracting salts and mud from the Dead Sea for the purpose of selling it locally and internationally, produced and marketed in the form of cosmetic products. The company's board of director, in cooperation with a global consulting company, conducted a study that indicated the existence of considerable commercial opportunities that can help Numeira company elevate the level of its financial, administrative, research, productive and marketing operations. The study also included a comprehensive five-year executive plan proposed for implementation.

16. AUDITORS', LEGAL AND CONSULTANTS' FEES FOR THE COMPANY AND SUBSIDIARIES' EXTERNAL AUDITOR'S FEES

A. External Auditors and Consultants' Fees for the Company and Affiliates

2019 External Auditor's Fees, in thousands of Dinars

APC	KEMAPCO	Numeira	Total
57	20	3	80

B. Internal Audit and Consultants' Fees for the Company and Affiliates

2019 Internal Auditor's Fees, in thousands of Dinars

APC	KEMAPCO	Numeira	Total
71.5	14	1.2	86.7

C. Legal Fees

2019 Legal Fees, in thousands of Dinars

APC	KEMAPCO	Numeira	Total
199	23.2	3	225.2

17. 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	Title	Nationality	Number of Shares as at 31/12/2019	Number of Shares as at 31/12/2018	Companies they control
H.E. Mr. Jamal Ahmad Mufleh Al-Sarayrah	Chairman of the Board	Jordanian	0	0	None
Mr. "Ahmad Jamal" Nawaf Moh'd Bataineh	Board Member	Jordanian	0	0	None
Eng. Saad Saleh Al Alqan Abu Hammour	Board Member From May 16, 2017 until August 20, 2019	Jordanian	0	0	None
Eng. Mofareh Dakhilallah Jum'a Al-Tarawneh	Board Member	Jordanian	0	0	None
H.E. Dr. Ibrahim Mashhoor Hadithah Al Jazy	Board Member from September 19, 2019	Jordanian	0	0	None
Mr. Brent Edward Heimann	Board Member President & CEO from Dec 3, 2014 – Feb. 1, 2019	American	0	0	None
Eng. Deng Hua	Board Member from November 1,2018 Vice-Chairman from April 24, 2019	Chinese	0	0	None
Mr. Zhou Weiliang	Board Member	Chinese	0	0	None
Mr. Mohammad R. A. H. Sultan	Board Member from June 2, 2016 Vice Chairman From June 2, 2019 until September 15, 2019	Kuwaiti	0	0	None
Mr. Anmar T.A. Al Abdujalil	Board Member from September 15, 2019 Vice Chairman October 29, 2019	Kuwaiti	0	0	None
Mrs. Azza Mohammad Saeed Rashed Al-Suwaidi	Board Member	Emirati	0	0	None
Mr. Fadi Abdel- Wahab Abdel-Fattah Abu- Ghaush	Board Member from August 15, 2017 until July 10, 2019	Jordanian	0	0	None
Mrs. Ranya Moosa Fahed Al Araj	Board Member from July 10, 2019 until November 10, 2019	Jordanian	0	0	None
Dr. Bassam Ali Nayef Al-Subaihi	Board Member from December 9, 2019	Jordanian	0	0	None
Dr. Saffa Aldin Fakhri Abdul-Majeed Al Fouad	Board Member from February 5, 2017 until March 26, 2019	Iraqi	0	0	None
Mr. Ahmad Abdullah Najm Najm	Board Member from March 26, 2019	Iraqi	0	0	None
Eng. Najib Mohammed Mohammed Ohida	Board Member	Libyan	0	0	None
Dr. Saadi Sulaiman Etrad Al-Trad	Board Member	Kuwaiti	0	0	None
Total			**0**	**0**	**None**

B. Shares Owned by Members of the Executive Management

Name	Title	Nationality	Number of Shares as at 31/12/2019	Number of Shares as at 31/12/2018	Companies they control
Dr. Maen Fahed Abdel Karim Nsour	President & CEO from April 23, 2019	Jordanian	0	0	None
Mr. Brent Edward Heimann	President & CEO from December 3, 2014 until February 1, 2019	American	0	0	None
Eng. Rashid T. R. Lubani	VP Marketing and Sales from April 23, 2019	Jordanian	0	0	None
Eng. Jafar Mohammad Hafez Salem	VP Marketing and Sales from October 2003 until April 23, 2019	Jordanian	0	0	None
Eng. Mohammad Abd Al Fattah M. Abu Gheyab	VP Operations	Jordanian	2,085	2,085	None
Eng. Adnan Sulaiman Faris Al Ma'aitah	VP Human Recourses and Corporate Affairs	Jordanian	0	0	None
Mr. Mohammad Abd Al Rahman A. Al Razem	Senior VP Finance and Support Services from April 23, 2019	Jordanian	0	0	None
Total			**2,085**	**2,085**	

18. SHARES OWNED BY INSIDERS

Name	Title	Nationality	Number of Shares as at 31/12/2019	Number of Shares as at 31/12/2019	Companies they control
Mohammad Abd Al Fattah M. Abu Gheyab	VP Operations	Jordanian	2,085	2,085	None
Total			**2,085**	**2,085**	

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

A. Relatives of Members of the Board of Directors*

Name	Relative of	Nationality	Number of Shares as at 31/12/2018	Number of Shares as at 31/12/2017	Companies they control
None	Spouse/ Minor Children	-	-	-	-

* There are no shares owned by members of the Board of Directors' relatives (Spouse/ Minor Children).

B. Relatives of Executive Management *

Name	Relative of	Nationality	Number of Shares as at 31/12/2018	Number of Shares as at 31/12/2017	Companies they control
Lubna Marawan Abedlaulfatah Abu Zahra	Wife of Jafar Mohammad Hafez Salem	Jordanian	800	800	None
Alia Mustafa Abdel Fattah Nassar	Wife of Mohammad Abd Al Fattah Mohammad Abu Gheyab	Jordanian	155	155	None
Total			**955**	**955**	

* There are no shares owned by the relatives of the Executive Management (Spouse/ Minor Children).

20. COMPENSATIONS AND BENEFITS

A. Compensations and Benefits to Members of the Board of Directors (JOD)

Name	Title	Nationality	Total Annual salaries	Annual Transportation and Committees Allowances	Repr-esentation Fees	Annual Bonus	Per diem	Other allowa-nces	Total Annual Remun-eration
Representatives of Ministry of Finance				18,000	27,000	5,000			50,000
H.E. Mr. Jamal Ahmad Mufleh Al-Sarayrah (a)+(b)	Chairman of the Board	Jordanian	228,000				48,500		276,500
Representatives of Government Investments Management Company				53,100	21,000	15,000			89,100
Mr. "Ahmad Jamal" Nawaf Moh'd Bataineh (b)	Board Member	Jordanian							-
Eng. Mofareh Dakhilallah Jum'a Al-Tarawneh (b)	Board Member	Jordanian							-
Eng. Saad Saleh Al Alqan Abu Hammour (b)	Board Member	Jordanian							-
H.E. Dr. Ibrahim Mashhoor Hadithah Al Jazy (b)	Board Member	Jordanian							-
Representatives of Man Jia Industrial Development Limited				36,000		10,000			46,000
Mr. Brent Edward Heimann	Board Member	American		18,000	8,575	4,713	10,500		41,788
Eng. Deng Hua (c)	Vice Chairman	Chinese					10,000		10,000
Mr. Zhou Weiliang (c)	Board Member	Chinese					10,000		10,000
Representatives of Arab Mining Company						10,000			10,000
Mr. Mohammad R. A. H. Sultan	Vice Chairman	Kuwaiti		12,700			5,000		17,700
Mr. Anmar T.A. Al Abdujalil	Vice Chairman	Kuwaiti		5,300			5,000		10,300
Mrs. Azza Mohammad Saeed Rashed Al-Suwaidi	Board member	Emirati		18,000			10,000		28,000
Representative of Jordan Social Security Corporation				16,550		5,000			21,550
Fadi Abdel- Wahab Abdel-Fattah Abu- Ghaush (d)	Board Member	Jordanian							-
Mrs. Ranya Moosa Fahed Al Araj (d)	Board Member	Jordanian							-
Dr. Bassam Ali Nayef Al-Subaihi (d)	Board Member	Jordanian							-
Representative of Government of Iraq									-
Dr. Saffa Aldin Fakhri Abdul-Majeed Al Fouad	Board Member	Iraqi		4,250		1,150	1,000		6,400
Mr. Ahmad Abdullah Najm Najm	Board Member	Iraqi		13,750		3,850	10,000		27,600
Representative of Libyan Arab Foreign Investment Company									-
Eng. Najib Mohammed Mohammed Ohida	Board Member	Libyan		18,000		5,000	13,000		36,000
Representatives of Kuwait Investment Authority - Kuwait				18,000		5,000			23,000
Dr. Saadi Sulaiman Etrad Al-Trad (e)	Board Member	Kuwaiti					13,000		13,000
Total			**228,000**	**231,650**	**56,575**	**67,713**	**136,000**		**716,938**

Other Benefits:
(a) The Chairman has two chauffeur-driven cars
(b) Transportation, committee allowance, and representation allowance are paid directly to Ministry of Finance
(c) Transportation, committee allowance, and representation allowance are paid directly to Man Jia Industrial Development Limited
(d) Transportation, committee allowance, and representation allowance are paid directly to Jordan Social Security Corporation
(e) Transportation, committee allowance, and representation allowance are paid directly to Kuwait Investment Authority – Kuwait

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

Name	Title	Nationality	Total Annual salaries	Representation Fees	Per diem	Housing and Utilities	Indemnity	Total Annual Remuneration
Dr. Maen Fahed Abdel Karim Nsour (a)	President & CEO from April 23, 2019	Jordanian	144,147	26,000	15,950			186,097
Mr. Brent Edward Heimann (a)	President & CEO from December 3, 2014 until February 1, 2019	American	29,380					29,380
Mr. Mohammad Abd Al Rahman A. Al Razem (b)	Senior VP Finance and Support Services from April 23, 2019. VP Finance and Support Services from April 19, 2017 until February 1, 2019.	Jordanian	209,000	12,000	1,600			222,600
Eng. Rashid Tawfiq Rashid Lubani (b)	VP Marketing and Sales from April 23, 2019.	Jordanian	91,730	7,500	9,000			108,230
Eng. Jafar Mohammad Hafez Salem (b)	VP Marketing and Sales from October 2003 until April 23, 2019.	Jordanian	64,851	6,000	2,200			73,051
Eng. Mohammad Abd Al Fattah M. Abu Gheyab (b)	VP Operations	Jordanian	139,230		2,000			141,230
Eng. Adnan Sulaiman Faris Al Ma'aitah (b)	VP Human Recourses and Corporate Affairs	Jordanian	159,600	6,000				165,600
Total			**837,938**	**57,500**	**30,750**			**926,188**

Other Benefits:
(a) The CEO has two chauffeur-driven cars
(b) Each Vice President has one chauffeur-driven car.

21. SUMMARY OF THE ARAB POTASH COMPANY'S DONATIONS IN JORDAN DINARS DURING THE YEARS 2015 – 2019

APC continue to pursue its mission to help local communities not only in its vicinity but in all parts of Jordan. 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.

In order to support local communities and in line with government policy in the development of governorates, APC has supported the local communities either through monetary support or the provision of public facilities and supplies an average of JOD (11.26) million for the year 2019.

Arab Potash Company has also granted (60) higher diploma scholarships in the year 2019 at Hussein Technical University for male and female students who had a grade of (75%) or higher at their high schools, the grants were based on competitive and transparent basis, with an average of (5) grants for each Governorate.

The following table shows a breakdown for social responsibility distribution over the past five years:

	2019	2018	2017	2016	2015	Total	Average	%
Education	2,757,937	1,846,936	2,307,600	2,323,760	2,162,372	11,398,605	2,279,721	24%
Social Development	4,666,800	2,025,860	1,699,667	1,184,220	1,670,855	11,247,402	2,249,480	24%
Official organizations	1,633,230	3,120,344	780,882	1,092,692	2,914,094	9,541,242	1,908,248	20%
Water & environment	55,225	12,500	111,243	68,400	711,320	958,688	191,738	2%
Health	1,132,600	2,136,246	1,484,060	2,521,744	1,809,400	9,084,050	1,816,810	19%
Sports	392,500	319,807	929,906	432,915	372,484	2,447,612	489,522	5%
Houses of worship	305,904	35,000	203,400	176,348	219,568	940,220	188,044	2%
Culture	147,000	33,000	254,300	244,215	240,000	918,515	183,703	2%
Trade Union	172,464	135,000	79,000	73,806	38,605	498,875	99,775	1%
Total	**11,263,660**	**9,664,693**	**7,850,058**	**8,118,100**	**10,138,698**	**47,035,209**	**9,407,042**	**100**

22. THE CONTRACTS, PROJECTS, AND COMMITMENTS THAT THE COMPANY HAS WITH THE AFFILIATED OR SUBSIDIARY COMPANIES, CHAIRMAN OF THE BOARD, BOARD MEMBERS, CEO, OR ANY EMPLOYEE OF THE COMPANY OR THEIR RELATIVES

- The Arab Potash Company does not have any contracts, commitments with the Chairman, the Members of the Board, the CEO, or any employee of the company or their relatives
- As for APC's affiliated and subsidiary companies contracts and commitments, they are as shown below:
- Potash supply contract to Jordan Bromine Co. – Affiliated company.
- Potash supply contract to KEMAPCO- Subsidiary company.
- Potash supply contract to Nippon Jordan Fertilizers Co.- Affiliated company
- Utilization of handling services for the industrial port in Aqaba through Jordan Industrial Ports Company- Affiliated company.

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

A. APC Contributions to the Protection of the Environment

Arab Potash Company pays great attention to the environmental requirements at all levels. The company has made sustainable development a slogan for it so that future generations can enjoy the bounties of nature, and the company is determined to deal with nature with the highest levels of respect and care, so the company's activities in the Dead Sea and Aqaba region were carefully and cautiously planned in order to reduce environmental damages, and this is not limited to The responsible position that the company takes is to preserve the local environment only, but rather extends to maintain the durability of the wonderful natural environment that the region enjoys.

At local level, the company is concerned with preventing any pollution cases affecting the surrounding environment of air, water and soil, by monitoring all solutions and strategies for this purpose, through the initiative to enter into projects to monitor and treat dust and gases emitted from Plants and keep them at levels that is environmentally acceptable. The company is committed to achieve these environmental goals constantly to reduce and mitigate all environmental damages, and this is evidenced in the project of monitoring stations for the surrounding air and its direct link with the Ministry of Environment to ensure the quality of the surrounding air according to legal standards, in addition to the implementation of periodic environmental measurements at Plants, and conduct environmental inspection tours of the company's departments and Plants to ensure clean and orderly work environment suitable for workers.

In terms of energy and the environment together, the company has undertaken a project to replace fuel burning at Plants with natural gas that will return to the company by saving and reducing pollutants out of the chimneys greatly compared to the heavy fuel currently used. Environmental responsibility is not limited to the company only, but the company communicates with schools and the local community to lead and inspire sustainable initiatives, and this is focused on building environmental solutions on the ground that serve our societies and enhance incentive and motivation, and expand our efforts to include others, as the company communicates with all different environmental segments along with participating with them and open the door to enter into projects that benefit the environment for the company.

Arab Potash Company is proud to maintain international standards in terms of environmental responsibility, where the Arab Potash Company won the gold medal for excellence in the efforts made in maintaining compliance with the requirements of occupational safety and health and the environment among the (22) members who won at the global level out of (175) joint members in the IFA for the year 2019, continuing work to comply with potash products to the requirements of the international certificate for the sustainability of the safe product approved by the International Fertilizers Authority (IFA), as this program focuses on product care and the preservation of quality, safety, and environmental requirements during the product lifecycle, where during 2018 the external audit was conducted by the presenter organization to ensure continued compliance with the certification requirements.

APC is committed to preventing pollution in all its operations, adherence to and compliance with legal requirements, as well as efficient use of natural resources and energy sources as work has been done to modernize the environmental management system applied since 2001 in accordance with the new version of the standard ISO14001: 2015 and obtain certification at the end of 2018. In addition, the Arab Potash Company was awarded the Best Product Award in the Chemical Industries Sector at the level of Jordan for the years 2017/2018 for the efforts made to improve the quality, safety, occupational health, environment and community service, in addition to the role of the Arab Potash Company in supporting the National economy.

Among the most important environmental projects, which have been implemented by the Arab Potash Company, in order to preserve the environment, raising product quality level and energy cost reduction:

- Heat recovery steam generator with estimated amount JOD (6.7) million.
- De-dusting system at Hot Leaching Plant with estimated amount JOD (3.5) million.
- De-dusting system at First Cold Crystallization Plant with estimated amount JOD (5.0) million.

B. APC Contributions to Community Service

APC is considered amongst the largest companies in Jordan. The company's plants are located in the largest concentration of poverty and unemployment in the country, increasing the commitment to improve the standard of living in local communities that are most affected by the company's activities. In response to this responsibility, APC's payments on social responsibility programs during the years from 2015 to 2019 total about JOD (47) million.

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.

A General Assembly Meeting was held this year on April 24, 2019.

25. DECLARATIONS AND RECOMMENDATIONS

A. Declarations of the Board of Directors

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 2020.

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

Board Member
Dr. Najib Mohamed Mohamed Ohida

Board Member
Azza Al Suwaidi

Board Member
Ahmad Jamal Nawwaf Al Bataineh

Board Member
Eng. Brent Edward Heimann

Board Member
Dr. Saadi Sulaiman Etrad Al-Trad

Board Member
Eng. Mofreh Dakhilallah Jum'a Al Tarawneh

Board Member
Mr. Ahmad Abdullah Najm Najm

Board Member
Zhou Weiliang

Vice Chairman
Eng. Deng Hua

Board Member
Dr. Bassam Ali Nayef Al-Subaihi

Board Member
H.E. Dr. Ibrahim Mashhoor Hadithah Al Jazy

Vice Chairman
Anmar T.A. Al Abdujalil

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 2018 are correct, accurate and complete.

Senior VP Finance and Support Services
Mohammad Abd Al Rahman Al Razem

President & CEO
Dr. Maen Fahed Abdel Karim Nsour

Chairman of the Board
HE. Jamal Ahmad Al Sarayrah

B. Recommendations

1. Reciting Minutes of Meeting of the earlier Ordinary General Assembly Meeting.
2. Board of Directors Report on the company's activities for the year 2019 and its future plan.
3. Auditor's report on the consolidated financial position statement, other consolidated year-end accounts, and its financial situations and circumstances.
4. Consolidated Financial Position and Consolidated Income Statement.
5. APC Board Committees report in accordance with item (6/h) of the Corporate Governance Codes.
6. Election of APC's Board of Directors.
7. Election of auditors of company accounts for the financial year ending December 31, 2020 and determining their fees.
8. Release of liability related to company's Board of Directors for the year 2019 in line with the law.
9. Approving the dividends distribution ratio.
10. Other issues.

In conclusion, the Board of Directors extends thanks to the Government of the Hashemite Kingdom of Jordan and shareholding Arab Governments 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

Governance is one of the most important systems of corporate management and control in general. It establishes the principles of good management and defines the tasks and responsibilities of the board of directors, senior executive management and employees of the company. Moreover, good governance upholds justice and equality, ensures disclosure and transparency, organizes the rights of stakeholders and contributes to the advancement of society, leading to improving the overall performance of the company and guaranteeing that the public interest, the interest of the company and stakeholders are above any other consideration.

The Arab Potash Company's (APC) Board of Directors has tirelessly sought to further establish those principles and values based on the best international and regional practices with the aim of arriving at an optimal governance for the company's business and activities. The Board has been a trailblazer in adopting effective corporate standards, culminating in the development and adoption of the APC Corporate Governance Guide.

Since corporate governance is a reformist approach and a new work mechanism that would establish integrity and transparency and serve public interests and the rights of APC shareholders, the company's Board has been robust in carrying out its mandate, strengthening internal control, and following up on the implementation of strategies. The Board has also remained keen on defining the roles and powers of each of the shareholders, the Board of Directors, the Executive Management, and stakeholders. Furthermore, the Board has always emphasized the importance of disclosure and transparency to assist shareholders and investors to make sound investment decisions.

The Corporate Governance Report is one of the most important platforms for transparency and communication with potential shareholders and investors as well as the public. The report provides shareholders with insights about what the company is doing to help them make their investment decisions. The 2019 Governance Report addresses the composition, functions, responsibilities, achievements and meetings of the Board of Directors in 2019. The report also outlines General Assembly meetings, the report of the board's committees highlighting their work, responsibilities and achievements during 2019. Additionally, it highlights the rights of stakeholders and shareholders, transparency and disclosure mechanisms, the functions and responsibilities of the external auditor and relevant parties' dealings. The report was endorsed by HE Mr. Jamal Ahmad Al Sarayrah, Chairman of the Board.

2. BOARD COMPOSITION

Representing all the shareholders in the company, the APC Board of Directors comprises of (13) members tasked with managing the company for a 4-year term. The Board, the majority of whom are non-executive members, are elected by the General Assembly by secret ballot.

All legal entity board members nominated natural persons to be their representatives on the board in accordance with the legislation in force in the Hashemite Kingdom of Jordan. Women are also represented on the board. All members of the APC Board boast diverse experiences, qualifications and knowledge of administrative and financial matters and familiarity with relevant legislation and the rights and duties of the Board. All Board members have all the powers necessary to carry out the company's business in accordance with the legislation and laws in force in the Hashemite Kingdom of Jordan.

While exercising their powers and implementing their duties, APC Board members pledge to act honestly and faithfully taking into consideration the interests of the company and its shareholders. All members observe the necessary professional due diligence in managing the company and allocating the time necessary to carry out the company's work in a professional, fair and transparent manner, while adhering to the provisions of the laws and regulations in force in the Hashemite Kingdom of Jordan as well as the company's articles of association. The members also attend lectures on the foundations and applications of corporate governance for public joint-stock companies.

The Chairman of the Board of Directors will not assume any executive position in the Company nor will any of the relatives of the Chairman be the CEO of the Company. All Board members and their representatives will have no membership or representation in other similar companies or competitors of the company. The natural members of the Board will not be members of more than five public shareholding companies in a personal capacity or representatives of legal persons.

The Company does not extend loans of any kind to the Chairman or any of the members of the Board or their relatives. The Company’s management will provide the members of the board with all relevant information and data to enable them to best do their work. If the Board needs the assistance of any external consultant at the expense of the company, it should be approved by the majority of board members while taking into account conflict of interest.

An annual evaluation of the performance of the Board of Directors and its committees is carried out. The Nomination and Remuneration Committee informs the Jordan Securities Commission of the outcome of this evaluation. The executive management also ensures to inform the Jordan Securities Commission of any changes that occur to the formation of the APC board directly and without delay, according to the legislation in force.

Names of Current and Resigned Board Members (Legal and Natural)

- **The following table lists current and resigned (Legal & Natural) members of the APC Board and their executive/ non-executive and independent/ non-independent status.**

Name	Position	Independent or Non-independent	Executive or Non-Executive
Jordan's Ministry of Finance		**Non-Independent**	-
H.E Jamal Ahmad Mufleh Al Sarayrah	Board Chairman	Non-Independent	Executive
Government Investments Management Company		**Non-Independent**	-
"Ahmad Jamal" Nawaf Moh'd Bataineh	Board Member	Non-Independent	Non-Executive
Saad Saleh Al Alqan Abu Hammour	Board Member until 20/8/2019	Non-Independent	Non-Executive
Mofreh Dakhilallah Jum'a Al Tarawneh	Board Member	Non-Independent	Non-Executive
H.E. Dr. Ibrahim Mashhoor Hadithah Al Jazy	Board Member as of 19/9/2019	Non-Independent	Non-Executive
Man Jia Industrial Development LTD		**Non-Independent**	-
Brent Edward Heimann	Board Member CEO until 1/2/2019	Non-Independent	Non-Executive
Deng Hua	Board Member Vice- Chairman as of 23/4/2019	Non-Independent	Non-Executive
Zhou Weiliang	Board Member	Non-Independent	Non-Executive
Arab Mining Company		**Non-Independent**	-
Muhammad Ridha Ali Sultan	Board Member from 2/6/2016 until 15/9/2019 Vice- Chairman from 3/8/2016 until 15/9/2019	Non-Independent	Non-Executive
Anmar Taleb Abd Allatif Al Abdujalil	Board Member as of 15/9/2019 Vice- Chairman as of 29/10/2019	Non-Independent	Non-Executive
Azza Mohammad Saeed Rashed Al Suwaidi	Board Member	Non-Independent	Non-Executive
Social Security Corporation		**Non-Independent**	-
Fadi Abdel Wahab Abdel Fattah Abu Ghaush	Board Member until 10/7/2019	Non-Independent	Non-Executive
Ranya Moosa Fahed Al-Araj	Board Member from 10/7/2019 to 10/11/2019	Non-Independent	Non-Executive
Dr. Bassam Ali Nayef Al-Subaihi	Board Member as of 9/12/2019	Non-Independent	Non-Executive
Government of Iraq		**Independent**	-
Dr. Saffa Al Din Fakhri Abdul Majeed Al Fouad	Board Member until 26/3/2019	Independent	Non-Executive
Ahmad Abdullah Najm Najm	Board Member as of 26/3/2019	Independent	Non-Executive
Libyan Arab Foreign Investment Company		**Independent**	-
Najib Mohamed Mohamed Ohida	Board Member	Independent	Non-Executive
Kuwait Investment Authority - Kuwait		**Independent**	-
Dr. Saadi Sulaiman Etrad Al-Trad	Board Member	Independent	Non-Executive
Suhaib "Adnan Wahbi" Al Tal	**Secretary of the Board as of 1/5/2019**		
Rashid Tawfiq Rashid Lubani	**Board Secretary until 1/5/2019**		

Membership Duration of Current Board Members

- **The following table shows the duration of the membership of the current members of the Board of Directors of APC:**

Duration of Membership (Years)	Number of Members	Ratio
0-1	4	31%
1 - 3	6	46%
3 - 5	1	8%
5 - 7	2	15%
	13	100%

Current Board Members Categorize According to Membership Duration Years

3. RESPONSIBILITIES OF THE BOARD OF DIRECTORS

- Devise the strategies, policies, plans and procedures that serve the Company’s interests and maximize shareholders' equity.
- Take all necessary measures to ensure compliance with the provisions of the legislation in force in the Hashemite Kingdom of Jordan.
- Establish all necessary procedures to ensure that all shareholders, including non-Jordanians, obtain their rights in a manner that upholds justice and equality without discrimination.
- Follow up, through its subcommittees, on the development of policies and regulations that govern the work of the executive management and monitors commitment thereof.
- Introduce clauses to the Company's Code of Conduct to avoid conflicts of interest, in addition to other procedures aimed at preventing insiders from exploiting confidential internal information for financial or personal gains. An independent policy will be issued to avoid conflicts of interest.
- Approve and follow up on the disclosure policy, transparency and risk management policy in addition to the replacement and succession policy, which is part of the manpower planning and employment policy.
- Approve and follow up on a special human resources development and training policy and the remuneration, benefits, incentives and salary policy in the company.
- Draw up a policy to regulate the relationship with the stakeholders to ensure the implementation of the company's obligations towards them to preserve their rights and establish good relations with them.

- Appoint the Chief Executive Officer and determine their salary as well as deputies and ensure that members of the senior executive management have the necessary administrative and technical expertise and competence. The Board also determines their functions, powers and performance and the extent to which they apply the policies, plans and procedures prescribed by the Board.
- Take all necessary steps to ensure internal control and audit of the Company's business. To that end, there is a dedicated audit function in the company, working to ensue compliance with applicable laws and the requirements set out by all regulatory bodies, bylaws, policies, plans and procedures put forward by the Board.
- Ensure that there is a follow-up mechanism to add an item on the agenda of the Ordinary General Assembly meeting for all shareholders who own at least (5%) of the subscribed shares of the company before sending it in final form to the shareholders. The Jordan Securities Commission was notified of this mechanism.
- Ensure that there is a mechanism to receive complaints and constructive feedback from shareholders to be studied and decided upon. The Jordan Securities Commission was notified of the mechanism, which is available on the company's website.
- Set an executive management and staff code of conduct. A Board code of conduct will also be rolled out.
- Approve the company's corporate social responsibility program and its local community and environmental programs.
- Set a clear authorization policy in the company, indicating those authorized and the powers delegated to them.
- Organize the financial, accounting and administrative affairs of the company under special internal regulations.
- Prepare the company's annual,quarterly and initial results reports, in accordance with the provisions of the legislations in force, and submit these reports the Jordan Securities Commission and other regulatory bodies on time and without any irregularities.
- Approve annual Corporate Governance Reports and includes them in the Annual Report as per the requirements of the 2017 Jordanian Corporate Governance Code for Listed Shareholding Companies.
- Appoint a secretary to the board of directors, who shall record the minutes of board meetings and decisions in a special record, numbered sequentially, indicating the members present and any reservations they made.
- Appoint a Liaison Officer to follow up with the Jordan Securities Commission on all matters related to the implementation of corporate governance in the company.
- Ensure that the company's website remains a platform for communication between the company and the public, providing core financial and non-financial information and data about the company, its business and activities.
- Develop written procedures for implementing the provisions of the 2017 Jordanian Corporate Governance Code for Listed Shareholding Companies.

Corporate Governance Liaison Officer

Since the appointment of the Corporate Governance Liaison Officer is assigned to the Board of Directors, Mrs. Entisar Fahad Abed Nsour was appointed as a Corporate Governance Liaison Officer to follow up with the Jordan Securities Commission on all matters related to the Company's governance applications.

Secretary of the Board of Directors

The Secretary of the Board of Directors records the minutes of the meetings of the Board and its decisions in a special record numbered in sequence indicating the members present and any reservations they make in accordance with the laws and legislation in force in the Hashemite Kingdom of Jordan. The Board Secretary is also responsible for setting the agenda of the Board meetings and for keeping all documents, reports and correspondence related to the board and its committees.

Given its power to name a board secretary, the Board of Directors appointed Suhaib “Adnan Wahbi” Al Tal in this position succeeding Rashid Tawfiq Rashid Lubani as of 1/5/2019.

4. MEETINGS OF THE BOARD OF DIRECTORS

- The Board of Directors abides by the legislation in force regarding the number of Board meetings being not less than six meetings annually. The Board holds its meetings at the written invitation of the Chairman of the Board or Deputy Chairman in the absence of the Chairman or at the written request submitted to the Chairman by at least one quarter of the members of the Board and in the presence of the absolute majority of the members.
- Each member of the board of directors may suggest adding any topic that they deems necessary to discuss on the agenda of the board’s meeting.
- The Secretariat of the Company’s Board of Directors provides the Board members with sufficient and complete information on the topics that will be discussed during the meeting by attaching such information to the agenda of the Board meeting sent by hand and/or by e-mail to each Board member, ten days before the meeting.
- Voting on the Board’s decisions shall be in person. The member may not delegate their voting power or vote by correspondence or by any other indirect means.
- The Board decisions are passed by an absolute majority of the members present. In the event of a tie vote, the side voted for by the Chairman prevails.
- All members of the Board sign every decision taken by the Board and keep the decisions in an independent record. The decisions are numbered sequentially, indicating the members present and any reservations they made.
- The minutes of the board meetings are recorded accurately and completely, any reservations or opposing opinions expressed by any member of the board of directors are recorded. These minutes are signed by all members of the board.

Board Meetings Held in 2019 and Members Present and Resigned

- **As for the APC Board, the Board held seven meetings during the year 2019. The following table outlines attendance.**

Board Member	1st Meeting 23/4/2019	2nd Meeting 24/4/2019	3rd Meeting 23/7/2019	4th Meeting 24/7/2019	5th Meeting 29/10/2019	6th Meeting 17/12/2019	7th Meeting 18/12/2019	Total	Attendance Ratio
H.E Jamal Ahmad Mufleh Al Sarayrah	✓	✓	✓	✓	✓	✓	✓	7/7	100%
"Ahmad Jamal" Nawaf Moh'd Bataineh	✓	✓	✓	✓	✓	✓	✓	7/7	100%
Saad Saleh Al Alqan Abu Hammour	✓	✓	✓	✓	●	●	●	4/7	100%
Mofreh Dakhilallah Jum'a Al Tarawneh	✓	✓	✓	✓	✓	✓	✓	7/7	100%
H.E. Dr. Ibrahim Mashhoor Hadithah Al Jazy	●	●	●	●	✓	✓	✓	3/7	100%
Brent Edward Heimann	✓	✓	×	×	✓	✓	✓	5/7	71%
Deng Hua	✓	✓	✓	✓	✓	✓	✓	7/7	100%
Zhou Weiliang	✓	✓	✓	✓	✓	✓	✓	7/7	100%
Muhammad Ridha Ali Sultan	✓	✓	✓	✓	●	●	●	4/7	100%
Anmar Taleb Abd Allatif Al Abdujalil	●	●	●	●	✓	✓	✓	3/7	100%
Azza Mohammad Saeed Rashed Al Suwaidi	✓	✓	✓	✓	✓	×	✓	6/7	86%
Fadi Abdel Wahab Abdel Fattah Abu Ghaush	✓	✓	●	●	●	●	●	2/7	100%
Ranya Moosa Fahed Al-Araj	●	●	✓	✓	✓	●	●	3/7	100%
Dr. Bassam Ali Nayef Al-Subaihi	●	●	●	●	●	✓	✓	2/7	100%
Dr. Saffa Al Din Fakhri Abdul Majeed Al Fouad	●	●	●	●	●	●	●	0/7	0%
Ahmad Abdullah Najm Najm	✓	✓	✓	✓	✓	✓	✓	7/7	100%
Najib Mohamed Mohamed Ohida	✓	✓	✓	✓	✓	✓	✓	7/7	100%
Dr. Saadi Sulaiman Etrad Al-Trad	✓	✓	✓	✓	✓	✓	✓	7/7	100%

● Was not a Member ✓ Attended the Meeting × Did Not Attend the Meeting

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

None of the current members of the APC Board has any membership in public shareholding companies.

6. EXECUTIVE MANAGEMENT TEAM

- **The following table lists the names and positions of the APC executive management team**

Name	Position
Dr. Maen Fahad Abdul Karim Nsour	CEO
Mohammed Abd Al Rahman Al Razem	Senior VP for Finance and Support Services
Rashid Tawfiq Rashid Lubani	VP Marketing and Sales
Mohammad Abdul Fattah Mohammad Abu Gheyab	VP Operations
Adnan Sulaiman Faris Al Ma'aitah	VP Human Recourses and Corporate Affairs

7. STANDING AND ADDITIONAL BOARD COMMITTEES

To boost its oversight of the company's various activities and operations in an independent and professional manner and pursuant to the 2017 Jordanian Corporate Governance Code for Listed Shareholding Companies, the Board has formed the following standing committees

• Audit Committee	• Nomination and Remuneration Committee
• Risk Management Committee	• Governance Committee

All standing committees of the Board of Directors have the following powers:
- Request data and information from the company's employees who shall cooperate to provide full and accurate data.
- Request legal, financial, administrative and technical advice from external consultants when necessary.
- Request the attendance of any of the company's employees for any necessary clarifications.

- The members and chair of any committee are appointed by the Board of Directors. The committee shall select and appoint among its members a deputy chair who act as the chair of the committee in the latter's absence.The committee shall appoint a secretary to organize its meetings, prepare its agendas and record the minutes of its meetings in a special record. All the minutes should be signed by the chair and members present.
- Immediately after formation, the committees shall put in place written operating procedures that regulate their work and define their obligations.
- The Chairman of the Committee or their Deputy, when the former is absent, shall preside over the meetings of the Committee. Such meetings shall be legal in the presence of the absolute majority of committee's members. The Committee shall take its decisions and recommendations with the concurrence of the absolute majority of the members present at least. In the event of a tie vote, the side voted for by the Chairman shall prevail.
- The committees submit their decisions and recommendations to the board of directors, in addition to an achievement report to the company's annual general assembly and through the annual corporate governance report.
- If a member of the committee is not a resident of Jordan and is unable to attend the meeting, they may participate in the meetings and discussions of the committee via audio and/or visual communication means. In such case, the member shall be deemed present and the decisions taken at the meeting shall be binding for him/her.
- There was no conflict between the recommendations of any of the board's committees and the decisions of the board during 2019.

Since governance instructions allow the boards of public joint-stock companies to form other committees to carry out specific tasks provided that they define their tasks and powers granted to them, the following committees have been formed as ad hoc committees:

1. Social Responsibility and Donations Committee: This committee is intended to to strengthen the company's role developing and supporting local communities. Its mandate and powers have been defined.

2. Board's Tenders Committee: The Tenders Committee was formed according to the APC's Supplies Bylaw to decide on tenders whose value is not less than JD (5) million and no more than JD (10) million and to advise the Board on tenders over JD (10) million.

A. Audit Committee

The Audit Committee is mandated with assisting the board of directors in carrying out its oversight work in relation to financial reports, internal control, the audit process, compliance with applicable laws and regulations and codes of ethics and conduct.

The Audit Committee of the Board of Directors comprises five non-executive board members. All members have the knowledge, know-how and practical experience in financial, accounting and administrative matters. The chairman of the committee holds a Bachelor's degree in Business Administration from Yarmouk University - Jordan, a Master's degree in Business Administration from the University of Jordan, and a PhD in Economics from Coventry University - Britain.

The company places all its resources at the disposal of the Audit Committee in order to enable it to carry out its mandate in the best way possible. The Committee can draw upon experts whenever necessary.

The committee meets as needed at the invitation of its Chairman or Deputy-Chairman in case the former is absent or at the request of the majority of the members, provided that its meetings shall not be less than four annually as required by the 2017 Jordanian Corporate Governance Code. The audit committee met eight meetings, one of them with the company's external auditor without the presence of any member of the senior executive management or its representatives.

- **The following table lists the names of the Chairman and members of the Board's Audit Committee and a description of their qualifications:**

Board Member	Position in the Committee	Qualifications
Dr. Bassam Ali Nayef Al-Subaihi - Representing the SSC	Chairman	Al-Subaihi holds a Bachelor's degree in Business Administration from Yarmouk University - Jordan, a Master's degree in Business Administration from the University of Jordan, and a PhD in Economics from Coventry University - Britain. He is currently working as Deputy Director-General of the Social Security Corporation For Studies and Information (since 2019). Dr. Al-Subaihi holds a Bachelor's degree in Business Administration from Yarmouk University - Jordan, a Master's degree in Business Administration from the University of Jordan, and a PhD in Economics from Coventry University - Britain. He is currently serving as the Deputy Director-General of the Social Security Corporation (SSC) For Studies and Information since 2019. Dr. Al-Subaihi joined the SSC in 1988, and he also worked as an assistant teacher at City College Coventry during the 2004-2008 period, after which he served as as Director of Risk Management at the SSC until 2013. In the 2013-2014 period, he served as Director of the SSC studies department. Since 2013, Al-Subaihi has served as Director of the Arab States Liaison Office at the International Social Security Association (ISSA). Since 2016 to date, Al-Subaihi has served as training coordinator and visiting lecturer at the International Labor Organization. Further, he is serving as labor and retirement consultant at the World Bank (from 2017 to date). He was a member of the Board of Directors of the Cairo Amman Bank between 2009-2013. Also, he served on the Board of Directors of the National Electric Power Company (NEPCO) during the 2013-2017 period. Additionally, he was Member of the Board of Directors of Shareco Brokerage during the 2017-2018 period, and a former board member of Zara Investment Holding.
Mofareh Dakhilallah Jum'a Al-Tarawneh - Representing the Government Investments Management Company	Vice- Chairman	Tarawneh holds a BSc in Mechanical Engineering from the UK, and an Executive MBA from Pakistan. He also received military and technical training in national and international military schools and academies in the United States and the United Kingdom. He joined the Jordan Armed Forces-Arab Army (JAF) in 1978 and retired at the rank of Maj. General. He held multiple positions, including Assistant to the President of the Academy of Defense Studies for Academic Planning; Deputy CEO of the King Abdullah II Center for Design and Development (KADDB), Board Member of KADDB-affiliated companies; Acting Director of JAF Strategic Planning Directorate; Director of JAF International Cooperation Directorate; and Assistant to Jordan's Military Attaché in Pakistan Tarawneh was the manager of the Al-Hussein Tank Project/ the introduction of UK-made Challenger 1 Tanks to Jordan. He served in Jordan's peacekeeping contingent in Croatia in addition to participating in multiple military cooperation missions.

Board Member	Position in the Committee	Qualifications
"Ahmad Jamal" Nawaf Moh'd Bataineh - Representing the Government Investments Management Company	Member	He served as Director of JAF Military Intelligence at the rank of Brigadier in 2000. Earlier in 1999, he served as Jordan's Military Attaché to in the United Kingdom. He was appointed Director General of the National Resources Development Company until 2007. He founded Al Salam for Security & Protection Company and was its CEO until 2011. He also served as President of the Jordan Basketball Federation from 2000 to 2003. Bataineh is decorated with top Jordanian honors.
Najib Mohamed Mohamed Ohida - Representing the Libyan Arab Foreign Investment Company	Member	Najib Ohida holds a Bachelor's degree in Soil and Water Sciences from the Faculty of Agriculture - Libyan University. He works for the Libyan Arab Foreign Investment Company (LAFICO) as General-Manager of the Advisers Office since 1/1/2017. Earlier in his career, he joined LAFICO in 1982 and moved to the Arab Agricultural Projects Co. in Alexandria where he worked as Board Chairman and CEO. Additionally, he acted as Deputy Board Chairman and CEO of the Arabian Development for Food Industry Company (ADFICO), which is affiliated with the Economic and Social Development Fund. He also served as Director of the Advisory and Expertise Office at the Libyan Arab Foreign Investment Company and Board Chairman of the Athens-based Astris Company. He worked for a short time at the Rome-based Universal Inspectorate Company. He also served as general manager and board member of the Libyan Turkish Company for Agricultural and Livestock Production in Ankara, Turkey. During his career, he also held the following positions: Member of the Board of Directors of the Arab Agricultural Investment Company in Bahrain; 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; Member of the Board of the Libyan Nicaraguan Agriculture Development Company.
Zhou Weiliang - Representing Man Jia Industrial Development Limited	Member	Zhou Weiliang holds a Bachelor's degree in Journalism from Xingang University. Mr. Zhou Weiliang currently holds the post of Vice-General Manager of SDIC Mining. He has also held many posts; of which as Vice General Manager of SDIC High Technology Investment Company, Deputy Director of Operation Management SDIC, General Manager of SDIC Xinjiang Subsidiary, and Chief Delegate of SDIC Representative Office in Xinjiang, Operational Researcher at SDIC Research Center. He also worked as Deputy Director of Technology Development Department of Xinjiang University, and Manager of Nisang Advertisement Company, Xinjiang University and Deputy General Manager of SDIC Mining. He was also a Principle Staff Member of Politics and Law School of Xinjiang University and also an instructor at the Chinese Department of Xinjiang University.
Hamad Mohammed Darwish Al Shahwan		**Committee Secretary**

Audit Committee - Duties & Responsibilities

The primary responsibility of the Audit Committee is to oversee the Arab Potash Company's financial controls (including disclosure, internal controls) and external and internal audit activities, and reporting processes and providing a report of the results of its activities to the Board of Directors. However, this 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 Audit Committee is tasked with the following:

- Examine periodic reports before submitting them to the Board of Directors and make recommendations thereon, and consider any change in the accounting policies adopted and any change in the accounts of the company due to the internal audit or as a result of the proposals of the external auditor.
- Review all the observations, proposals and reservations of the external auditor, and follow up on the company management's response and submit recommendations to the Board of Directors.
- Review the company's correspondence with the external auditor, and evaluate what is stated therein and make observations and recommendations thereon to the Board of Directors.
- Study the external auditor's work plan, and ensure that the company's management provides the external auditor with all necessary facilities to carry out work.
- Examine and evaluate internal control and audit procedures.
- Review the external auditor's evaluation of the internal control and audit procedures.
- Review internal audit reports, in particular any irregularities highlighted by the internal auditor.
- Advise the Board of Directors regarding matters related to the internal audit, and audit procedures and the work of the internal auditor.
- Ensure that there is no conflict of interest that may result from the Company concluding deals, entering into contracts or entering into projects with related parties.
- Review the transactions of related parties with the management of the company and submits recommendations thereon to the Board of Directors prior to their conclusion.
- Establish policies and strategies to enhance internal control.
- Put in place a mechanism to enable the company's employees to report confidentially their doubts about any matters relating to financial reporting or internal control, and conduct an independent investigation and ensure that the worker is protected against any adverse reaction or harm.
- Review qualified human staff for the control functions so that they are properly trained and rewarded.
- Follow-up on the company's compliance and commitment to the provisions of the legislation in force, and the requirements of the regulatory bodies.
- Study any matters referred by the Board.

The Audit Committee also has the following powers:

- Request an external auditor if the committee deems it necessary to discuss any matters related to the company.
- Recommend to the Board of Directors the nomination of an external auditor to be elected by the General Assembly.
- Advise the Board to appoint an internal auditor.

- **The Audit Committee held eight meetings during 2018, attended by the following members:**

Board Member	Position in the Committee	1st Meeting 5-2-2019	2nd Meeting 12-3-2019	3rd Meeting 19-3-2019	4th Meeting 24-4-2019	5th Meeting 23-7-2019	6th Meeting 30-7-2019	7th Meeting 10-9-2019	8th Meeting 31-10-2019
Fadi Abdel Wahab Abdel Fattah Abu Ghaush as of 15-8-2019 to 10-7-2019	Chairman	✓	✓	✓	✓	●	●	●	●
Mofreh Dakhilallah Jum'a Al Tarawneh	Deputy Chairman	✓	✓	✓	✓	✓	✓	✓	✓
"Ahmad Jamal" Nawaf Moh'd Bataineh	Member	✓	✓	✓	✓	✓	✓	✓	✓
Najib Mohamed Mohamed Ohida	Member	×	✓	✓	✓	✓	✓	✓	×
Zhou Weiliang - Member as of 24-4-2019	Member	●	●	●	●	✓	✓	✓	✓
Ranya Moosa Fahed Al-Araj - As of 10-7-2019 to 10-11-2019	Chairman	●	●	●	●	●	✓	✓	×
Dr. Bassam Ali Nayef Al-Subaihi - As of 9-12-2019	Chairman	●	●	●	●	●	●	●	●

● Was not a Member ✓ Attended the Meeting × Did Not Attend the Meeting

Audit Committee- 2019 Achievements

In 2019, the Audit Committee reviewed and approved the audit plan for 2019, which was based on the strategic objectives of the company, a risk assessment and audit history during previous years. The committee also reviewed and approved the financial statements and annual report for the year 2018 and submitted the recommendation to the general assembly for discussion and approval.

The committee reviewed the 2019 quarterly financial statements with the external auditor, and approved them to be announced electronically and through official newspapers. The committee also discussed the internal audit reports in accordance with the 2019 audit plan and made recommendations regarding the comments therein to ensure the effectiveness of the controls in the company.

The audit committee also reviewed the observations cited in previous audit reports, emphasizing the need to address and close all of them according to the dates and plans agreed upon with the concerned stakeholders on a quarterly basis. Individual meetings with the director of the audit department were also emphasized to ensure the independence and objectivity of the audit function. The committee followed up on the implementation of recommendations and observations referred to in audit reports.

B. Nomination and Remuneration Committee

Comprising five members of the Board of Directors, the Nomination and Remuneration Committee is formed pursuant to 2017 Jordanian Corporate Governance Code for Listed Shareholding Companies issued by the Securities Commission.

The committee meets as needed at the invitation of its Chairman or Deputy-Chairman in case the former is absent or at the request of the majority of the members of the Committee, provided that the number of its meetings shall not be less than two meetings per year in accordance with the 2017 Jordanian Corporate Governance Code for Listed Shareholding Companies. The committee met two times during 2019.

- **The following table lists the names of the Chairman and members of the Board's Nomination and Remuneration Committee:**

Board Member	Position in the Committee
H.E Jamal Ahmad Mufleh Al Sarayrah	Chairman
Dr. Saadi Sulaiman Etrad Al-Trad	Vice-Chairman
"Ahmad Jamal" Nawaf Moh'd Bataineh	Member
Mofreh Dakhilallah Jum'a Al Tarawneh	Member
Deng Hua	Member
Mohammed Riyad Sami Al-Taher	**Committee Secretary**

Nomination and Remuneration Committee - Duties & Responsibilities

- Ensure the independence of the board members continuously and Inform the Securities Commission in the event that any board member ceases to be independent.
- Carry out an annual board and committees performance evaluation.
- Review regulations set by the executive management of the company regarding the granting of bonuses and incentives, in addition to the employee salary scale and benefits, and/or any amendments thereto and forward recommendations to the Board approval. It shall also review such regulations periodically.
- Review regulations laid down by the company's executive management related to human resources and/or any amendments thereto and submit them to the Board for approval, in addition to monitoring their implementation and reviewing them annually.
- Review the organizational structure of the executive management and/ or any amendments thereto and submit its review to the Board for approval.
- Determine the company's needs in relation to executive management members and their selection criteria and submit its recommendations in this regard to the Board for approval.
- Oversee the company's investments and follow-up with the aim of maximizing the returns of these investments and protecting them from potential risks in coordination with the Risk Management Committee and evaluating and/or proposing future investment opportunities and studying them in good practical ways. It also helps the Board make the right investment decision in a timely manner, in accordance with the powers stipulated in the company's investment regulations in force.
- Request legal, financial, administrative, or technical advice from any external consultant taking into consideration the provisions and conditions of the current supplies bylaw in effect. This is in addition to requesting any data or information from the executive management who must cooperate to provide this information completely and accurately.
- Study any matters referred by the Board provided that such matters should not fall within the authorities of other Board's committees.

- **The Nomination and Remuneration Committee held two meetings during 2019, attended by the following members:**

Board Member	Position in the Committee	1st Meeting 28-3-2019	2nd Meeting 1-10-2019
H.E Jamal Ahmad Mufleh Al Sarayrah	Chairman	✓	✓
Dr. Saadi Sulaiman Etrad Al-Trad	Vice- Chairman	✓	✓
"Ahmad Jamal" Nawaf Moh'd Bataineh	Member	✓	✓
Mofreh Dakhilallah Jum'a Al Tarawneh	Member	✓	✓
Deng Hua	Member	✓	✓

● Was not a Member ✓ Attended the Meeting ✗ Did Not Attend the Meeting

Nomination and Remuneration Committee - 2019 Achievements

- Appoint Dr. Saadi S. Al Trad Vice- Chairman of the Committee
- Evaluate the performance of the Board of Directors and its committees according to the policy approved by the Board.
- Realign the reporting lines of some of the company's functions as follows: The company's security reports to the Human Resources and Corporate Affairs Department; the Legal Affairs Department reports to the CEO; the salt unit reports to the sales management function within the Marketing and Sales Department.
- Advise the board to modify the company's organizational structure so that the Internal Audit Function reports to the board instead of the CEO.
- Approve the company representatives 'report in the subsidiary and affiliate companies.
- Approve the CEO's memorandum on the write-off committee's decisions to write off slow moving inventory items.

C. Risk Management Committee

The Board of Directors' Risk Management Committee was formed at the end of 2017 pursuant to the 2017 Jordanian Corporate Governance Code for Listed Shareholding Companies. The Committee comprises five members, including members from the Executive Management of the Company.

The committee shall meet when needed upon the invitation of its Chairman or Deputy-Chairman in case the former is absent or at the request of the majority of the members of the Committee, provided that the number of its meetings shall not be less than two meetings per year in accordance with the requirements of the 2017 Jordanian Corporate Governance Code. The committee met two times during 2019.

- **The following table lists the names of the Chairman and members of the Board's Risk Management Committee:**

Position in the Committee	Position in the Company	Members
Chairman	Board Member	Mofreh Dakhilallah Jum'a Al Tarawneh
Member	Board Member	Dr. Saadi Sulaiman Etrad Al-Trad
Member	Board Member	Zhou Weiliang
Member	CEO	Dr. Maen Fahad Abdul Karim Nsour
Member	Senior VP Finance & Support Services	Mohammed Abd Al Rahman Al Razem
Committee Secretary		**Suhaib "Adnan Wahbi" Yousef Al-Tal**

Risk Management Committee - Duties & Responsibilities

The main responsibility of the Risk Management Committee is to monitor and approve the company's risk management practices, to assist the Board of Directors in the following:

- Ensure that the executive team knows and assesses all risks that the company may face, and that it has established a risk management system capable of addressing those risks.
- Ensure the development, implementation and review of the overall risk management institutional framework, which includes mechanisms for identifying, assessing, monitoring and controlling risks on an ongoing basis.
- Monitor the risks faced by the company, such as strategic, financial, market, security, and legal and legislative risks.
- Add any risks it deems to possibly affect the company's performance or hinder its achievement of objectives.

The Risk Management Committee held two meetings during 2019, attended by the following members:

Members	Position in the Committee	1st Meeting 1-10-2019	2nd Meeting 19-12-2019
Mofreh Dakhilallah Jum'a Al Tarawneh	Chairman	✓	✓
Dr. Saadi Sulaiman Etrad Al-Trad	Member	✓	✓
Zhou Weiliang	Member	✓	✓
Dr. Maen Fahad Abdul Karim Nsour	Member	✓	✓
Mohammed Abd Al Rahman Al Razem	Member	✓	✓

● Was not a Member ✓ Attended the Meeting ✖ Did Not Attend the Meeting

Risk Management Committee - 2019 Achievements

1. Endorse a risk acceptance document after making the necessary adjustments.
2. Approve the proposed framework for major risk indicators.
3. Approve the content of risk management educational sessions.
4. Approve the Risk Management Committee's Charter
5. Approve the 2020 Risk Management Department plan.

D. Corporate Governance Committee

The Board's Corporate Governance Committee was formed in 2017 pursuant to the 2017 Jordanian Corporate Governance Code for Listed Shareholding Companies. The Corporate Governance Committee comprises six members of the Board of Directors.

Immediately after its formation, the committee prepared a corporate governance charter and advised the Board of Directors to appoint a liaison officer for the company, whose task will be to follow up the matters related to the company's governance applications with the Jordan Securities Commission.

- The committee meets as needed at the invitation of its Chairman or Deputy-Chairman in case the former is absent or at the request of the majority of the members of the Committee, provided that the number of its meetings shall not be less than two meetings per year to the 2017 Jordanian Corporate Governance Code for Listed Shareholding Companies. The committee met two times during 2019.

The following table lists the names of the Chairman and members of the Board's Corporate Governance Committee:

Board Member	Position in the Committee
"Ahmad Jamal" Nawaf Moh'd Bataineh	Chairman
Dr. Saadi Sulaiman Etrad Al-Trad	Vice- Chairman
Mofreh Dakhilallah Jum'a Al Tarawneh	Member
Ahmad Abdullah Najm Najm	Member
Deng Hua	Member
H.E. Dr. Ibrahim Mashhoor Hadithah Al Jazy	Member
Entisar Fahad Abed Nsour	**Committee Secretary**

Corporate Governance Committee - Duties & Responsibilities

The Corporate Governance Committee carries out its mandate as per the mechanism specified in the Governance Committee Charter approved by the Board of Directors in which the following tasks, responsibilities and powers of the Committee are defined:

- Develop written procedures for implementing the provisions of the 2017 Jordanian Corporate Governance Code for Listed Shareholding Companies, review them and evaluate the extent to which these instructions are implemented in the company on an annual basis.
- Ensure that the company's management complies with the provisions of the Corporate Governance Code.

- Guide the executive management towards the development of written policies and procedures for all the company's activities and business.
- Prepare the annual Corporate Governance Report and includes it in the Company's annual report, which should be signed by the Chairman of the Board of Directors.
- Review any comments received from the JSC regarding the application of corporate governance and follow up on subsequent measures.
- Provide guidance for the implementation of the Company's Corporate Governance Guidelines by the board's committees.
- Review the Corporate Governance Guide approved by the board of directors.
- Inform the company's board of directors on developments in corporate governance according to the best international standards.

The Corporate Governance Committee held two meetings during 2019, attended by the following members:

Board Member	Position in the Committee	1st Meeting 20-2-2019	2nd Meeting 5-12-2019
"Ahmad Jamal" Nawaf Moh'd Bataineh	Chairman	✓	✓
Dr. Saadi Sulaiman Etrad Al-Trad	Vice- Chairman	✓	✓
Mofreh Dakhilallah Jum'a Al Tarawneh	Member	✓	✓
Saad Saleh Al Alqan Abu Hammour	Member	✓	●
Dr. Saffa Al Din Fakhri Abdul Majeed Al Fouad	Member	✓	●
Ahmad Abdullah Najm Najm	Member	●	✓
Deng Hua	Member	●	●
H.E. Dr. Ibrahim Mashhoor Hadithah Al Jazy	Member	●	✓

● Was not a Member ✓ Attended the Meeting × Did Not Attend the Meeting

Corporate Governance Committee - 2019 Achievements

The Arab Potash Company Board of Directors was keen to launch a corporate governance guide. The Board also considered all necessary measures to set and implement effective principles and standards of corporate governance in the company, to be among the first companies to pay attention to the application of corporate governance instructions issued by the Securities Commission. The achievements of the Corporate Governance Committee this year include the following:

- The APC Corporate Governance Guide was launched per the company's board of directors 'decision to prepare it during the year 2019, based on a recommendation of the corporate governance committee.
- The Corporate Governance Report for 2018 was prepared and included in the Annual Report of the Company to inform shareholders, potential investors and the public, and without any penalties issued by the JSC.
- Dr. Saadi S. Al Trad, Representative of the Kuwait Investment Authority was appointed as Vice- Chairman of the Governance Committee.
- A committee was formed to prepare the corporate governance guide and draft a bylaw for the board of directors.
- Requested the activation of the company's website in Arabic and English and to be constantly updated.
- The Corporate Governance Committee follows up the development or compilation of required policies and regulations in coordination with the Executive Management and the Board of Directors' secretary for submission to the Board for approval. They should be put in force and reviewed periodically.

E. Social Responsibility and Donations Committee

In addition to the standing committees formed according to the 2017 Corporate Governance Code, the Board has set up the Social Responsibility and Donations Committee.This committee comprises three members, two representing the board and the third is the CEO.

The committee is primarily mandated with providing support to the local community in areas of Health, education, water, sports, social and cultural activities, places of worship, official and community institutions and bodies. The committee formulates the company's annual social responsibility strategy. It also establishes an action plan to deliver planned social responsibility activities on the ground, specifying expenditures, target sectors and amounts committed annually. This is in addition to studying support requests and advise the board on donations of more than (250,000) Jordanian dinars.

- **The following table lists the names of the Chairman and members of the Board's Social Responsibility and Donations Committee:**

Members	Position in the Company	Position in the Committee
H.E Jamal Ahmad Mufleh Al Sarayrah	Board Chairman	Chairman
"Ahmad Jamal" Nawaf Moh'd Bataineh	Board Member	Deputy Chairman
Dr. Maen Fahad Abdul Karim Nsour	CEO	Member
Bisher Mohammad Abd Al Hameed Al Mahasneh		**Committee Secretary**

The committee meets as needed. In 2019, it met seven times.

F. The Tenders Committee

The Board Tenders Committee was formed in 2018 in accordance with the provisions of the supplies bylaw in the Arab Potash Company as an additional committee. The committee comprises six members, including the board chairman who serves as chairman of the committee and four members of the board who shall serve as members of the committee.

The Tenders Committee is primarily mandated with deciding on tenders whose value is not less than (JD5) million and no more than (JD10) million and to advise the Board on tenders over (JD10) million.

- **The following table lists the names of the Chairman and members of the Board's Tender Committee:**

Members	Position in the Company	Position in the Committee
H.E Jamal Ahmad Mufleh Al Sarayrah	Board Chairman	Chairman
"Ahmad Jamal" Nawaf Moh'd Bataineh	Board Member	Member
Mofreh Dakhilallah Jum'a Al Tarawneh	Board Member	Member
Zhou Weiliang	Board Member	Member
H.E. Dr. Ibrahim Mashhoor Hadithah Al Jazy	Board Member	Member
Dr. Maen Fahad Abdul Karim Nsour	CEO	Member
Hamdi Hassan Adnan Matarneh		**Committee Secretary**

- The Tenders Committee convenes as needed. In 2019, it held nine meetings during 2019.

8. GENERAL ASSEMBLY MEETINGS

- The General Assembly comprises all vote-eligible shareholders.
- The Board of Directors shall hold an ordinary general assembly meeting at least once a year during the four months following the end of the financial year of the company.
- An Ordinary General Assembly meeting was held on 24/4/2019 where the general assembly of the shareholders of the Company unanimously approved the following:
  1. The Board of Directors' report on the Company's activities for 2018 and its future plan.
  2. The report of the company's auditors (PWC) on the consolidated statement of financial position, other consolidated year-end accounts.
  3. Consolidated statement of financial position and consolidated statement of income.
  4. Endorse the Board's decision to appoint Man Jia Industrial Development Ltd as member of the Board.
  5. The election of PricewaterhouseCoopers (PwC) as the Company's auditor for 2019 and authorizing the Board of Directors to determine its fees.
  6. Discharge the company's board of directors on any liability for 2018 within the limits of the law.
  7. Approve the distribution of (120%) of the company's capital as cash dividends, which is equal to (JD100) million.
- The General Assembly holds its extraordinary meetings in accordance with the legislation in force in the Hashemite Kingdom of Jordan.
- Appropriate venue and time should be chosen to hold meetings in such a manner as to encourage the attendance of as many shareholders as possible or to appoint a shareholder to attend the meeting under a written delegation or to delegate another person under a power of attorney in accordance with the legislation in force in the Hashemite Kingdom of Jordan.
- The invitation to attend the general assembly meeting shall be sent to all shareholders either by hand or by registered mail or to the shareholder's email, at least (21) days prior to the date of the meeting. The date and place of the meeting shall be specified in the invitation and shall be accompanied by the agenda of the General Assembly,

including the topics to be discussed in a detailed and clear manner. The Board of Directors shall announce the date and venue of the meeting in two daily local newspapers at least twice and on the Company's website. The announcement shall also be made by audio and video means.

- In the event of elections for the members of the Board of Directors, a copy of the CV of the shareholder who wishes to be elected to the Board of Directors shall be attached to the agenda.
- No new topics are included during the Ordinary General Assembly meeting that are not on the agenda sent to the shareholders.
- The Ordinary and Extraordinary General Assembly shall be chaired by the Chairman of the Board of Directors or their Deputy or whomever they delegate in case of their absence. The members of the Board of Directors shall attend meetings no less than the quorum for any meeting of the Board of Directors.
- The meetings are managed in a way that allows all stakeholders to actively participate and express their opinions freely and receive answers to all their queries.

9. RIGHTS OF STAKEHOLDERS AND GENERAL RIGHTS OF SHAREHOLDERS

The Arab Potash Company is committed to ensuring that the rights of the stakeholders and the public rights of the shareholders are maintained and that good relations are established with them to ensure that they have complete, sufficient and reliable information to enable them to carry out their responsibilities towards the company.

A. General Shareholders Rights

- The shareholders of the Arab Potash Company are provided with excellent services provided by the shareholders' affairs department of the company. The department keeps records of the ownership of the shareholders and the changes and restrictions thereon. The purpose of this is to enable the shareholders to view the register of shareholders regarding their contribution for any reason, and shall be informed of all the information and documents of the company according to the legislation in force. The shareholders are also enabled to obtain periodic and non-periodic information disclosed and participate in voting on the resolutions of the General Assembly either in person or through delegates. They shall also have the right to review the minutes of the meetings of the General Assembly of the Company when necessary. The shareholders in the Arab Potash Company shall receive their share of annual dividends within forty-five days from the date of issuance of the General Assembly's decision to distribute cash dividends through a local bank approved by the Company or by bank transfer to their bank account registered in the register of shareholders.
- On its website, the company provides a special section for shareholders to view advertisements and financial and non-financial disclosures of interest to them. The company also welcomes constructive shareholder suggestions and feedback received through a dedicated box located in the company's general administration building. Such input is also received through the company's website and through the complaints and suggestions register which is made available at the general assembly's meeting to be considered for further action.

B. Powers of the General Assembly

The General Assembly of the Arab Potash Company has all the powers granted by the legislation in force in the Hashemite Kingdom of Jordan to take the necessary decisions that affect the future of the company directly.

10. DISCLOSURE AND TRANSPARENCY

- The Arab Potash Company develops written work procedures for regulating the disclosure of information and follow-up application in accordance with the requirements of the regulatory authorities and the legislation in force. Among these requirements are disclosure instructions issued by the issuing companies, accounting and auditing standards issued by the JSC based on the Securities Law. On the recommendation of the Company's Corporate Governance Committee, the Company's Board of Directors approved a disclosure and transparency policy under which the Company's management is committed to disclosing financial information and key data to shareholders and investors in a timely and accurate manner that helps them make their investment decisions. The company uses its website to promote all its disclosures and via the company's annual report as well.
- Disclosures include periodic financial and non-financial reports, the company's core information, changes in the composition of the board of directors, senior executive management and changes made to the audit committee of the Board of Directors. The privileges enjoyed by the members of the Board of Directors, the senior executive management, the number of securities they own, and insider trading are also disclosed. The company also discloses its policies and programs towards the local community in all its sectors and any information that may affect the company's share price.

11. EXTERNAL AUDITOR

At its meeting held on 24/4/2019, the General Assembly approved the hiring of PricewaterhouseCoopers (PwC) as auditors for the Company's accounts for the fiscal year ended 31/12/2019 and their fees.

The Company has taken appropriate measures to ensure the following:

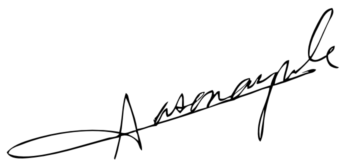
- The Company ascertained that the external auditor (PricewaterhouseCoopers) is certified and registered with the JSC and qualified, under license No. 802, to audit the accounts of entities subject to the supervision and control of the JSC as on 23/10/2018.
- The Company shall be satisfied that the external auditor is not a shareholder, founder or member of the Board of Directors of the Company and does not have any partnership with any member of the Board of Directors or an employee thereof.
- The external auditor does not perform any additional work for the company, such as providing of administrative or technical advice only after the approval of the Board of Directors on the recommendation of the Audit Committee.
- The auditor is fully independent in accordance with International Auditing Standards.
- The auditor performs its work impartially and without the intervention of the board of directors or the executive management.

- **The external auditor performs the duties required under applicable legislation, including:**

1. Carry out the work assigned in an independent and impartial manner.
2. Monitor the company's work and check its accounts in accordance with international standards.
3. Examine the company's administrative and financial regulations, and the internal controls and gives an opinion regarding their effectiveness, and ensure their suitability for the proper functioning of the company, and the protection of its funds.
4. Attend ordinary and extraordinary General Assembly meetings and answer questions and queries of the Company's shareholders concerning the financial statements and year -end accounts during the meeting.
5. Verify the ownership of the company's assets and the legality of its obligations.
6. Give opinion on the fairness of the financial statements of the company, and request amendments if there is any impact thereof.
7. Ensure that the Company organizes its accounts and financial statements in accordance with the International Financial Reporting Standards (IFRS).
8. Report to competent authorities any violation of applicable legislation, or any financial, or administrative matters that have a negative impact on the company's status.

12. RELATED PARTY TRANSACTIONS

The Arab Potash Company is committed to applying the provisions of the relevant applicable legislation in the Company relating to the transactions of related parties. The Board's Audit Committee reviews the transactions of related parties and ascertains that there is no conflict of interest that may result from the Company concluding deals, entering into contracts or entering into projects with related parties. The related parties' transactions are disclosed in accordance with International Financial Reporting Standards (IFRS) and included in the Company's financial statements.



Jamal Ahmad Mufleh Al Sarayrah
Chairman of the Board of Directors

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2019

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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 2019 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 2019;
- 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.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ARAB POTASH COMPANY
PUBLIC SHAREHOLDING COMPANY

OUR AUDIT APPROACH

OVERVIEW

Key Audit Matter	Employees' benefit obligations

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 judgement, 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 matter	How our audit addressed the key audit matter
Employees' benefit obligations (Death and compensation fund) • The Group has different employee benefit programs, some of which are defined contribution plans where the Group's obligations are limited to the contribution made. Other plans constitute "defined benefit plans" including the Death and Compensation fund which represents benefit for retired, resigned or deceased employees. Further details of employee benefit plans are illustrated in Note (21).	To evaluate the accounting treatments applied by the Group and to test the accuracy of management's estimates, 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 its subsequent amendments. • 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".

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• 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 (21). The Group appointed an independent actuary to develop an estimate of the Death and Compensation Fund obligations. • The balance of this obligation amounted to JD 55,805 thousand as at 31 December 2019 (2018: 53,028 thousand). This subject is considered a key audit matter given the materiality of the employees benefits funds, Death and compensation fund in particular, to the consolidated financial statements and the significant estimates and judgments used in the calculation of the obligation as mentioned above.	• 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 requested to perform. • We utilised 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 have tested the accuracy of the information used in the actuarial calculation which was provided by management by tracing to employees' contracts, payroll sheets, employees' information including date of hire, age, current salary and grade. • We have reviewed the disclosures included in the consolidated financial statements to assess adequacy of disclosures based on IAS 19 "Employees Benefits" requirements in Note (21).

Other information:

Directors are responsible for other information. The other information comprises all other information included in the Group's annual report for the year 2019, except for the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information, and we do not and 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, which we have not obtained yet, 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.

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Responsibilities of directors and those charged with governance for the consolidated financial statements

Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting, and for such internal control as the directors 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, directors are 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 the directors 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 judgement 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 the directors.

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- Conclude on the appropriateness of directors' 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 which are consistent, in all material aspects, with the accompanying consolidated financial statements. We recommend the General Assembly to approve them.

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

Hazem Sababa
License No. (802)

Amman - Jordan
17 March 2020

Certified Public Accountants
pwc
Amman - Jordan

Arab Potash Company
Public Shareholding Company
Consolidated Statement of Financial Position
As At 31 December 2019

	Notes	31 December 2019	31 December 2018
		JD "000"	JD "000"
Assets			
Non-current assets			
Property, plant and equipment	5	214,869	243,267
Right of use	6	19,571	20,981
Right of use of leased asset	34	5,858	-
Projects in progress	7	105,467	25,166
Investment in associates	8	3,789	4,770
Investment in joint ventures	9	188,438	190,160
Finance assets at amortized cost	11	20,903	21,007
Employees' housing loans	12	15,560	16,656
Other non-current assets	18	33,293	31,964
Financial assets at fair value through other comprehensive income	10	585	568
Deferred tax assets	25	20,906	21,378
		629,239	**575,917**
Current assets			
Inventories	14	30,078	21,949
Spare parts and supplies	15	44,746	43,723
Employees' housing loans	12	2,796	2,822
Accounts receivable	13	102,747	66,778
Other current assets	16	38,832	53,458
Cash on hand and bank balances	17	240,135	245,958
		459,334	434,688
Total assets		**1,088,573**	**1,010,605**
Shareholders' Equity and Liabilities			
Shareholders' Equity			
Paid in share capital	1	83,318	83,318
Statutory reserve	19	50,464	50,464
Voluntary reserve	19	80,699	80,699
Fair value reserve	10	(72)	(89)
Re-measurement of post-employment benefit obligations		(13,314)	(8,190)
Retained earnings		690,606	638,892
Net Shareholders Equity		**891,701**	**845,094**

The accompanying notes 1 to 36 form part of these consolidated financial statements

Arab Potash Company
Public Shareholding Company
Consolidated Statement of Financial Position (Continued)
As at 31 December 2019

	Notes	31 December 2019	31 December 2018
		JD "000"	JD "000"
Liabilities			
Non-current liabilities			
Long-term loan	20	11,690	15,861
Obligations against capital projects	6	5,664	8,900
Death and compensation fund obligations	21	48,812	49,922
Other non-current liabilities	24	7,454	7,609
Lease liability	34	4,349	-
		77,969	**82,292**
Current liabilities			
Bank overdraft	20	10,499	3,688
Current portion of long-term loan	20	5,845	3,798
Obligations against capital projects	6	3,236	3,236
Death and compensation fund obligations	21	6,993	3,106
Trade payables		12,625	21,961
Income tax provision	25	33,756	12,061
Other current liabilities	22	45,189	35,369
Lease liability	34	760	-
		118,903	**83,219**
Total liabilities		**196,872**	**165,511**
Total shareholders' equity and liabilities		**1,088,573**	**1,010,605**

The accompanying notes 1 to 36 form part of these consolidated financial statements

Arab Potash Company
Public Shareholding Company
Consolidated Income Statement
For The Year Ended 31 December 2019

	Notes	2019	2018
		JD "000"	JD "000"
Sales	23	504,608	482,727
Cost of sales	26	(278,429)	(316,030)
Gross profit	**23**	**226,179**	**166,697**
Administrative expenses	27	(19,080)	(14,959)
Selling and distribution expenses	30	(19,637)	(20,501)
Corporate social responsibility expenses		(11,319)	(9,815)
Net foreign currency exchange differences		(821)	(276)
Potash mining fees	1, 29	(24,839)	(15,114)
Operating profit		**150,483**	**106,032**
Interest income		13,151	13,210
Finance costs and bank charges	31	(8,499)	(10,838)
Other income, net	28	1,252	36
Profit before the group's share of profit from associates and joint ventures and income taxes		**156,387**	**108,440**
Group's share of profit of associates and joint ventures	8,9	52,350	34,852
Profit before income tax		**208,737**	**143,292**
Income tax expense	25	(57,042)	(18,418)
Profit for the year		**151,695**	**124,874**
		JD / Fills	JD / Fills
Earnings per share			
Basic and diluted earnings per share	32	1.821	1.499

The accompanying notes 1 to 36 form part of these consolidated financial statements

Arab Potash Company
Public Shareholding Company
Consolidated Statement of Comprehensive Income
For The Year Ended 31 December 2019

	Notes	2019	2018
		JD "000"	JD "000"
Profit for the year		**151,695**	**124,874**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Re-measurement of post-employment benefit obligations		(6,747)	(3,217)
Group's share of re-measurement of post-employment benefit obligations		(688)	-
Changes in the fair value of equity investments at fair value through other comprehensive income	10	17	(38)
Income tax relating to these items		2,311	739
Total comprehensive income for the year		**146,588**	**122,358**

The accompanying notes 1 to 36 form part of these consolidated financial statements

Arab Potash Company
Public Shareholding Company
Consolidated Statement of Changes in Shareholders' Equity
For The Year Ended 31 December 2019

	Paid in Share capital	Statutory reserve	Voluntary reserve	Fair value reserve	Re-measurement of post-employment benefit obligations	Retained Earnings	Total equity
	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"
2019							
Balance at 1 January 2019	**83,318**	**50,464**	**80,699**	**(89)**	**(8,190)**	**638,892**	**845,094**
Profit for the year	-	-	-	-	-	151,695	151,695
Other comprehensive income for the year	-	-	-	17	(5,124)	-	(5,107)
Total comprehensive income for the year	-	-	-	17	(5,124)	151,695	146,588
Transactions with shareholders in their capacity as owners:							
Dividends distribution (Note 19)	-	-	-	-	-	(99,981)	(99,981)
Balance at 31 December 2019	**83,318**	**50,464**	**80,699**	**(72)**	**(13,314)**	**690,606**	**891,701**
2018							
Balance at 1 January 2018 (as originally presented)	**83,318**	**50,464**	**80,699**	**(51)**	**(5,712)**	**599,167**	**807,885**
Effect of changes in accounting policy (adoption of IFRS 9)	-	-	-	-	-	(1,831)	(1,831)
Balance at 1 January 2018 (Restated)	**83,318**	**50,464**	**80,699**	**(51)**	**(5,712)**	**597,336**	**806,054**
Profit for the year	-	-	-	-	-	124,874	124,874
Other comprehensive income for the year	-	-	-	(38)	(2,478)	-	(2,516)
Total comprehensive income for the year	**-**	**-**	**-**	**(38)**	**(2,478)**	**124,874**	**122,358**
Transactions with shareholders in their capacity as owners:							
Dividends distribution (Note 19)	-	-	-	-	-	(83,318)	(83,318)
Balance at 31 December 2018	**83,318**	**50,464**	**80,699**	**(89)**	**(8,190)**	**638,892**	**845,094**

The accompanying notes 1 to 36 form part of these consolidated financial statements

Arab Potash Company
Public Shareholding Company
Consolidated Statement of Cash Flows
For The Year Ended 31 December 2019

	Notes	2019	2018
		JD "000"	JD "000"
Operating Activities			
Profit for the year before income tax		208,737	143,292
Adjustments:			
Depreciation	5	45,765	65,232
Depreciation on right of use of leased asset	34	538	-
Amortisation	6,11,18	3,796	2,705
(Gain) Loss on disposal of Property, plant and equipment		(1,178)	32
Interest income		(13,151)	(13,210)
Finance costs	31	8,499	10,838
Share of profit of associates and joint ventures and its amendments	8,9	(52,350)	(34,852)
End of service indemnity provision		476	(417)
Potash mining fees		24,839	15,114
Employees' post-employment benefits provision		-	(3,355)
Provision for slow moving spare parts and inventory	14,15	913	(674)
Provision for unpaid employees' leaves		(64)	2,760
Employee's legal cases compensation provision		2,955	(1,838)
Death and compensation provision	21	10,732	7,345
Working capital changes:			
Inventories		(8,129)	(10,589)
Spare parts		(1,935)	(5,770)
Accounts receivable		(35,969)	(16,089)
Other assets		(2,244)	(23,787)
Trade payables and accruals		(9,338)	5,136
Other current liabilities		5,844	10,706
Net cash flows from operating activities before income tax paid and royalties paid		**188,736**	**152,579**
Income tax paid	25	(19,305)	(9,464)
Mining fees paid	29	(24,000)	(16,339)
Death and compensation fund paid	21	(15,390)	(5,901)
Net cash flows from operating activities		**130,041**	**120,875**

The accompanying notes 1 to 36 form part of these consolidated financial statements

Arab Potash Company
Public Shareholding Company
Consolidated Statement of Cash Flows (continued)
For The Year Ended 31 December 2019

	Notes	2019	2018
		JD "000"	JD "000"
Investing Activities			
Purchase of property, plant and equipment	5	(4,783)	(7,460)
Acquisition of right of use	6	-	(7,420)
Cash proceeds from sales of property, plant and equipment		1,248	-
Projects in progress	7	(92,955)	(55,234)
Interest received		13,151	11,117
Dividends received from associates and joint ventures	8,9	60,053	10,983
Investment in associates and joint ventures	8,9	(5,000)	(12,500)
Granted employees' housing loans		(2,093)	(1,247)
Proceeds from Employees housing loans		3,215	2,774
Short term deposits with maturity above three months and less than a year		(15,012)	(20,390)
Net cash flows used in investing activities		**(42,176)**	**(79,377)**
Financing Activities			
Repayment of loans	20	(4,915)	-
Loans borrowed	20	2,791	8,028
Payments for obligations against capital projects		(3,236)	(3,237)
Lease liability paid	34	(1,671)	-
Interest paid		(8,499)	(10,838)
Dividends paid to shareholders	19	(99,981)	(83,318)
Net cash flows used in financing activities		**(115,511)**	**(89,365)**
Net decrease in cash and cash equivalents		**(27,646)**	**(47,867)**
Cash and cash equivalents at 1 January		36,588	84,455
Cash and cash equivalents at 31 December	17	8,942	36,588
Non-Cash Transactions:			
Transfers from projects in progress to property, plant and equipment	7	12,654	81,590
Transfers from projects in progress to other non-current assets	7	-	26,888
Offset income tax payable against sales tax receivable	25	(13,259)	(3,399)

The accompanying notes 1 to 36 form part of these consolidated financial statements

(1) General Information

Arab Potash Company "APC", the "Company", is a public shareholding company that was founded and registered on 7 July 1956 in Amman – Jordan. During 1958, the Company was granted a concession from the Government of the Hashemite Kingdom of Jordan to exploit the minerals and salts of the Dead Sea brine. The concession expires after 100 years from the grant date, after which, the Company's factories and installations become the property of the Government of the Hashemite Kingdom of Jordan. Based on the agreement, the Company will not be responsible for any decommissioning costs. The concession agreement was amended during 2003 in accordance with the Temporary Law Number (55) of 2003, whereby amendments included the annual rent fees for lands within the concession area, the concession area borders, and the exclusive rights given to the Company. On 11 May 2010 the Government of Jordan and APC agreed to amend the lease fee of the concession land in Ghour Al Safi site to JD 1.5 million per annum; and the lease fee shall be increased annually in accordance with the Consumer Price Index to become JD 1,836 thousand as at 31 December 2019.

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, that are all listed in Amman stock exchange market- Jordan.

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

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

The consolidated financial statements were authorized for issue by the board of directors on 12 March 2020, 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"), and the related interpretations.

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 consolidated statement 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	%
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

Shareholders that have significant influence over the Group

Shareholder	No. of shares	Percentage of ownership
		%
Man Jia Industrial Development Limited *	23,294,614	28
Governmental Investments Management Company	21,782,437	26,1
Arab Mining Company	16,655,651	20

* During July 2018, Nutrien Company; which is the ultimate parent company of PCS Jordan LLC has announced that they have signed an agreement to sell their shares in Arab Potash Company to Man Jia Industrial Development Company; that is fully owned by SDIC Mining Investment Company in China.

2.3 Changes in Accounting Policies

2.3.1 Changes in accounting policy and disclosures

(a) New and amended standards and interpretations issued and adopted by the Group for the first time effective for the financial year beginning on 1 January 2019:

A number of new or modified standards have become applicable in the current reporting period and are as follows:

- ‘**Annual improvements to the IFRSs issued during the years 2015-2017:** ‘Improvements to IFRS (3) include “Business combination”, and IFRS (11) “Joint arrangements” and IAS (12) “Income taxes” and IAS (23) “Borrowing costs”.
- **‘Amendments to IAS 19 ‘Employees’ benefits”:** These amendments relate to an amendment to plans, curtailment, or adjustments.
- **‘IFRS 9 “Financial instruments”** Nature of change: The amendment allows for more assets to be measured at amortised cost more frequently compared to the previous version of IFRS 9, in particular for some prepaid financial assets. The amendment also confirms that the adjustments in financial liabilities will result in immediate recognition of profit or loss.
- **‘IFRS 23 ‘Uncertainty over income tax treatments’:** ‘IFRS 23 explains the determination of taxable profit (tax loss), tax bases, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- ’Whether tax treatments should be considered collectively.
- ’Assumptions of tax authorities.
- ’Determination of tax profit (tax loss), tax bases, unused tax losses and tax rates.
- ’Impact of changes in facts and circumstances.

- **IFRS 16, “Leases”**

Nature of change: ‘IFRS (16) was issued in January 2016 and is valid for financial periods beginning on or after 1 January 2019. The IFRS (16) states that all leases, and associated contractual rights and obligations should be recognised in the Group’s financial position, unless the term is 12 months or less, or the lease is for low-value assets and leases under exploration, concession and extraction. Consequently, the classification required under IAS 17 “Leases” in operating or finance leases was cancelled for tenants. For each lease, the tenant recognises an obligation in exchange for the future rental obligations. In contrast, the right to use the leased asset is capitalised, which is generally equivalent to the present value of future rental payments plus directly attributable costs that are amortised over the useful life.

The accounting for lessors will not significantly change.

Mandatory date of adoption by the Group: Mandatory for financial years commencing on or after 1 January 2019. The Group applied the simplified prospective transition approach and did not restate comparative amounts for the year prior to first adoption.

Impact: The standard will affect primarily the accounting for the Group's operating leases.

The leases contracts were previously accounted for as operating leases in accordance with International Accounting Standard No. 17 and were recognized as an expense for the period in the consolidated statement of income.

Leases are recognized as assets of the right to use and corresponding liabilities on the date that the leased assets are available for use in the Group. Each lease payment is distributed between the obligation and the financing cost. The cost of financing is charged to profit or loss over the term of the lease to obtain a constant periodic rate of interest payable on the remaining balance of liabilities for each period. Amortisation is calculated on the assets of the right to use over the useful life of the asset or lease term, whichever is shorter, using the straight-line method.

Assets and liabilities arising from rent are measured at their present value. Rental assets include the net present value of the following lease payments:

- Fixed payments (including fixed payments in substance), less any rent incentives payable.
- Variable lease payments based on the index or the rate.
- Amounts expected to be paid by the lessee under residual value assurance.
- The exercise price of the purchase option if the lessee is reasonably sure of exercising this option.
- Payments for rent termination penalties, if the rental terms indicate the tenant's use of this option.

Operating lease commitments are measured at the present value of the remaining lease payments, where the lease payments are deducted using the interest rate included in the lease. If this rate cannot be determined, the additional borrowing rate of the lessee, which is the rate at which the lessee must pay to borrow funds to obtain an asset of similar value in a similar economic environment, is used on similar terms and conditions.

The asset's right to use is measured at cost which includes:

- The initial amount of the lease obligation.
- Any lease payments paid on or before the date of commencement of the contract less any rent incentives received.
- Any direct priority costs.
- The cost of the repairs to return the leased asset to its condition before the lease.

Payments relating to short term leases and low value assets are recognized on a straight line basis as an expense in profit or loss. Short-term leases are 12 months or less.

Impact on the consolidated statement of financial position as at 1 January 2019 and 31 December 2019:

	2019
	JD "000"
Consolidated statement of financial position	
Assets	
Gross amount of operating lease contracts	4,040
Discount effect	(803)
Current value of right of use of leased asset	3,237
Add: Prepaid rent expense	505
Right of use of leased asset as of 1 January	3,742
Add: new operating lease contracts during the year	2,654
Minus: depreciation expense for the year	(538)
Right of use of leased assets as at 31 December	5,858

	2019
	JD "000"
Consolidated statement of financial position	
Liabilities	
Current value of operating lease liabilities as of 1 January	3,237
Additions on the operating lease contracts during the year	2,654
Operating lease liabilities paid during the year	(1,166)
Finance cost for the year	384
Operating lease liabilities as at 31 December	5,109

	2019
	JD "000"
Liabilities	
Current portion	760
Non-current portion	4,349
Operating lease liabilities as at 31 December	5,109

The Impact on the consolidated statement of income statement (increase/(decrease)) for the year ended 31 December 2019:

	2019
	JD "000"
Consolidated statement of income statement	
Rent expense	609
Depreciation expense	(538)
Finance costs	(384)
Net effect of implementation	**(313)**

(b) New and amended standards and interpretations issued and not yet in effect:

- **Amendments to IAS (1) 'Presentation of financial statements':** These amendments relate to the definition of materiality.
- **Amendments to IFRS (3) "Business combinations":** These amendments clarify the definition of business as the revised International Accounting Standards Board (IASB) published the revised the "Conceptual framework for financial reporting". This includes the revised definitions of assets and liabilities, as well as new guidance on measurement, de-recognition, presentation and disclosure.

  'In addition to the revised conceptual framework, the IASB issued amendments to the references for the conceptual framework in the IFRSs, as the document contains amendments to IFRSs (2, 3, 6 and 14) and IASs (1, 8, 34, 37 and 38) and the IFRICs (12 and 19, 20 and 22) and SIC (32) in order to update these pronouncements regarding references and quotations from the framework or to indicate what they refer to in a different version of the conceptual framework.
- **Amendments to IFRS 10 (Consolidated financial statements) and IAS 28 "Investments in associates and joint ventures (2011)":** The effective date has been postponed indefinitely, and adoption is still permitted: 'These amendments relate to the transaction to sell or contribute assets from the investor to the affiliate or joint venture.

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 income statement.

Foreign exchange gains and losses are presented in the consolidated income statement.

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 income statement 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	14-15
Vehicles	20
Furniture and fixtures	13-14
Computers	17-20

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 income statement 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 income statement 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 Right of use

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 borders of the Hashemite Kingdom of Jordan, in additions to the amounts that were paid to National Electrical Power Company as a contingent option to be able to use the electricity as an alternative source of power for the gas turbine. The Company will be amortising these assets using the straight-line method over 15 and 20 years respectively.

Any signs of impairment the value of right of use 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 and Supplies

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, and 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 consolidated statement of changes in shareholders' 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 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 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.

2.11 Accounts Receivable

Trade receivables are carried at the transaction price related to a performance obligation less an allowance for doubtful debts. The Group assesses on a forward looking basis the allowance for doubtful debts using an expected credit losses ("ECL") approach over the lifetime of the assets. Such allowances for doubtful debt are charged to the consolidated statement of profit or loss and reported under "General and administrative expenses". When a trade receivable is uncollectible, it is written-off against the allowance for the doubtful debts in the consolidated income statement. When a subsequent event causes the amount of allowance for doubtful debts to decrease, the decrease in the allowance for doubtful debts is reversed through the consolidated income statement as per the staging criteria logic defined in the Group's policy.

2.12 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.

2.13 Impairment of financial assets

The group applies IFRS 9 simplified approach for measuring expected credit losses ("ECL") model on all financial assets measured at amortized cost.

The Group has four types of financial assets that are subject to IFRS 9's new expected credit loss model:

1. Trade receivables from sales of inventory
2. Debt investments carried at amortised cost
3. Employees housing loans, and
4. Deposits at banks

1. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

   To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

   On that basis, and based on the last five years data and current year aging, it was noted that there were no receivables with balances that were overdue in addition to having collaterals against these balances represented by letter of credit from reputable risk rated banks. Thus, management considered all the receivables as current balances and accordingly deemed that the expected credit loss amount is immaterial to the trade receivables and was not recorded.

2. All of the Group's debt investments at amortised cost are considered to have «low credit risk» as these investments are investments in the Jordanian Government which has no previous history of default or delays in both paying back the interest or the principle, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. Management considers the Jordanian Governmental Bonds as 'low credit risk' as they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

   Based on the above, the Group has exposure in sovereign bonds issued by The Hashemite Kingdom of Jordan rated B+ by S&P. Since this is an exposure of sovereign nature, a base case PD of 0.03% is considered as per BASEL guidelines, and as accordingly, the management believe that no additional loss is required over this type of financial assets, as the resulted expected credit loss is immaterial.

3. The Group has applied a combination of the simplified and general approach permitted by IFRS 9. Simplified approach is applied to a portfolio of housing loans that are homogeneous in nature and carry similar credit risk. Therefore, management has classified all its loans to employees as current (low acceptable risk), due to the fact that all employees has full collateral against these loans in addition to other end of service benefits which the Group can utilize to settle all these loans. The management believe that a provision amounting to %1 can be considered as the expected credit loss for such category to cover these low acceptable risk items.

   Under general approach, the Group measures the loss allowance for a financial asset at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. A provision of JD 746 thousand is the balance as of 31 December 2019.

4. For the Deposits with Banks Portfolio, the Group does not track rating migration since inception. All the Deposits were for periods less than 365 days and the Fitch Ratings as on 31 December 2019 for them were mapped with the S&P Equivalent Ratings and one year average Multi-Year Global Corporate Transition Matrices. Then these were mapped with the Financial Institutions ratings as per 2016 Annual Global Corporate Default Study and Rating Transitions by S&P to arrive at the Probability of Default (PD).

   For Unrated exposures, the least rating for the remaining exposures in the Portfolio was taken, and since, there was no actual instance of default, the Loss Given Default (LGD) could not be modelled based on historical data. Instead, the statutory JOD 50,000 Deposit Insurance Cover for JOD-denominated deposits were factored into the LGD%.

2.14 Provisions

Provisions are recognised when the Group has:

- a present legal or constructive obligation as a result of a past event,
- it is probable that an outflow of economic resources will be required to settle the obligation in the future and,
- a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects time value of money, where appropriate and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as part of the finance cost in the consolidated statement of profit or loss.

2.15 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
- Employees Unveiled leaves

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 (Re-measurements) 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 income statement.

2.16 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.

2.17 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.

2.18 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.

2.19 Revenue Recognition

Revenue is recognised at the fair value of received or due amounts from the sale of goods net of returns, discounts and rebates.

Revenue comprises of sales to other parties. Revenue is recognised, when (or as) the group satisfies the performance obligations as specified in the contract with the customer (buyer), when the seller has transferred to the customer (buyer) control over the promised goods and services, either as:

- at a point in time or,
- over a time basis equivalent to the stage of completion of the service.

The Group recognizes revenue from the following main sources:

(a) Sale of Potash and fertilizer products directly to the customers:

Revenue is recognized when the risks and rewards of ownership are transferred to the customer, when the sales amount can be recovered, the related costs and the probable returns of the goods can be reliably estimated, there is no continuous interference from management in the goods, and when revenue can be reasonable measured. Revenue is measured after deduction of returns, discounts and quantity rebates.

For certain contracts involving discounts or rebates, the Group calculates an allowance for such sales on the basis of the specified discount and expected quantity rebates as stated in the contract and these are recorded as a deduction from sales revenue with the corresponding liability recorded in "other payables" as mentioned below. In return, the Group deducts these amounts from the customer's due balance when all the conditions stipulated in the contract are met. As for the quantity rebates, these are deducted from the inventory balance and the related cost are added to the cost of sales when all the conditions in the contract are met.

All the Group sales are performed within a short period, thus, the period between the transfer of the promised goods or services to the customer and payment by the customer doesn't exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money

Right in discounts

The Group offers discounts based on the agreements signed with some customers, and on any quantity sold within the contract. Discounts are charged against amounts owed by the customer. To estimate the variable variance of the expected future discounts, the Group applies the most probable method of contracts with the only ceiling for trading volume and the expected value method for multi-volume trading contracts. The chosen method that predicts better versus variable is mainly based on the number of trading volume ceilings contained in the contract. The Group then applies the requirements to record the estimates of the variable consideration and recognizes the liability for future expected liabilities.

(b) Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate ("EIR") applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(c) Dividend income

Dividend income from investments is recognised when the rights to receive payment have been established.

2.20 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 consolidated statement of changes in shareholders' equity, with any unpaid amount is presented under trade and other payables in the consolidated statement of financial position.

2.21 Leases

Starting from 1 January 2019, lease contracts are recognized based on the right to use assets and the corresponding obligations on the date when the leased assets are available for the use of the group. Each lease payment is distributed between the obligation and the cost of the financing. The finance charge is charged to the profit or loss over the term of the lease in order to obtain a fixed periodic rate of interest due on the balance remaining from the obligation for each period. Depreciation is calculated on the assets of the right to use over the useful life of the asset or the lease term, whichever is shorter, using the straight-line method.

2.22 Earnings per share

Basic earnings per share is calculated by dividing:

- the consolidated net profit after tax 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 (where applicable).

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.

2.23 Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the consolidated 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 consolidated statement of financial position date in the countries where 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 consolidated 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.

2.24 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 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 consolidated 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 - The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.
- Level 2 - The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2
- Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities

For assets and liabilities that are recognised in the consolidated 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.

2.25 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.

2.26 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.

2.27 Financial assets

The application of the new standard required the management to apply the following new accounting policies:

2.27.1 Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value; and
- Those to be measured at amortised cost including financial assets at amortised costs, accounts receivable, employees housing loans and bank balances)

The classification depends on the Group's business model for managing the financial assets that whether the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the cash flows that whether contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Management determines the classification of its investment at initial recognition.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The group reclassifies debt investments when and only when its business model for managing those assets changes.

2.27.2 Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2.27.3 Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(3) Financial Risk Management

3.1 Financial risk factors

The group's risk management is carried out by a central treasury department under policies approved by the board of directors. The treasury department 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, Cash flow and fair value interest rate, 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 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	JD '000
2019			
Assets			
Euro	5	3,681	175
Liabilities			
Euro	5	(2,171)	(103)
		1,510	**72**
2018			
Assets			
Euro	5	8,430	329
Liabilities			
Euro	5	(1,278)	(50)
		7,152	**279**

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.

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
2019		
Assets		
JOD	1	2,222
Liabilities		
USD	1	(89)
Net impact		**2,133**
2018		
Assets		
JOD	1	2,334
Liabilities		
USD	1	(355)
Net impact		**1,979**

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
2019		
JD	10	19,773
2018		
JD	10	4,827

(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 group'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 2019					
Loans and bank overdraft	16,344	6,196	6,567	29,107	28,034
Commitments against capital expenditures	3,236	6,060	-	9,296	8,900
Lease liability	760	1,373	6,597	8,730	5,109
Trade payables	12,625	-	-	12,625	12,625
Other current liabilities	41,605	-	-	41,605	41,605
At 31 December 2018					
Loans and bank overdraft	7,486	5,111	11,839	24,436	23,347
Commitments against capital expenditures	3,236	3,446	7,648	14,330	12,136
Trade payables	21,961	-	-	21,961	21,961
Other current liabilities	29,079	-	-	29,079	29,079

(c) Credit risk

Credit risk is the risk of suffering a financial loss, should any of the Group's customers fail to fulfil their contractual obligations to the Group. Credit risk arises mainly from sales to customer, treasury activities and lending to employees. The Group is also exposed to other credit risk arising from investments in debt instruments.

Credit risk is one of the largest risks from the Group's business; management therefore carefully manages its exposure to credit risk. The credit risk management is controlled by the finance department; which reports regularly to the Board of directors.

Due to the implementation of IFRS 9, Management has recorded an expected credit losses over its financial assets and especially over deposits at Banks, and this is due to the fact that some of these banks has no credit ratings, which led to the recognition of a high credit losses amount. Management and to mitigate such losses, decided to concentrate its investments in Banks' deposits with rated 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, in addition to maintaining other guarantees.

The Group's customers are granted 30-180 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 39% of net receivables as at 31 December 2019 (29.9% as at 31 December 2018).

Regarding employees housing loans, they are granted to employees based on the internal bylaws of the Group. These loans are later collected through the monthly deduction from salaries in accordance to the agreed on repayment schedule. Salaries are deducted against the loans in addition to mortgaging the real-estate in the benefit of the Group, and setting other employees benefits including end of service when retiring and resigning.

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

Bank name	Credit Rating (Fitch)	31 December 2019	31 December 2018
Arab Bank	BB	16,634	11,851
Safwa Islamic Bank	A	9,360	14,145
Islamic International Arab Bank	A+	11,249	15,636
Al Rajhi Bank	A-	23,087	22,807
Housing Bank for Trade and Finance	BBB+	30,143	11,155
BLOM Bank	B-	-	1,660
Jordan Commercial Bank	BB	12,047	12,369
Invest Bank	BBB-	23,720	15,486
Bank al Etihad	Unrated	5,149	23,357
Societe Generale Bank	A+	19,666	24,933
Jordan Ahli Bank	BB-	31,590	26,753
Capital Bank	BBB-	20,536	15,939
ABC Bank	BBB-	17,378	26,003
Citi Bank	A+	4,296	1,430
Arab Jordanian Investment Bank	BB-	3,889	5,088
Audi Bank	B-	11,548	3,753
Cairo Amman Bank	BBB-	-	13,214
Bank of Jordan	BB-	7	7
Standard Chartered	A+	1,176	2,283
		241,475	**247,869**

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group'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	Financial assets at FVOCI	Financial assets at amortised cost	Total
	JD '000	JD '000	JD '000
At 31 December 2019			
Financial assets at fair value through other comprehensive income	585	-	585
Financial assets at amortized cost	-	20,903	20,903
Employees' housing loans	-	18,356	18,356
Accounts receivable	-	102,747	102,747
Other receivables (excluding prepayments and statutory requirements)	-	4,874	4,874
Cash on hand and bank balances	-	240,135	240,135
	585	**387,015**	**387,600**
At 31 December 2018			
Financial assets at fair value through other comprehensive income	568	-	568
Financial assets at amortized cost	-	21,007	21,007
Employees' housing loans	-	19,478	19,478
Accounts receivable	-	66,778	66,778
Other receivables (excluding prepayments and statutory requirements)	-	5,470	5,470
Cash on hand and bank balances	-	245,958	245,958
	568	**358,691**	**359,259**

Financial liabilities	Financial liabilities at FVOCI	Financial liabilities at amortised cost	Total
	JD '000	JD '000	JD '000
At 31 December 2019			
Loans and bank overdraft	-	28,034	28,034
Obligations against capital projects	-	8,900	8,900
Operating lease liability	-	5,109	5,109
Trade payables	-	12,625	12,625
Other current liabilities (excluding statutory liabilities)	-	41,605	41,605
	-	96,273	96,273
At 31 December 2018			
Loans and bank overdraft	-	23,347	23,347
Obligations against capital projects	-	12,136	12,136
Trade payables	-	21,961	21, 961
Other current liabilities (excluding statutory liabilities)	-	29,079	29,079
	-	**86,523**	**86,523**

(b) Fair value hierarchy

The Group's financial instrument measured at fair value are classified into one of the three levels mentioned in note 2.24.

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

	Total	Level 1	Level 2	Level 3
2019	JD "000"	JD "000"	JD "000"	JD "000"
Financial assets at fair value through other comprehensive income	585	509	-	76
2018				
Financial assets at fair value through other comprehensive income	568	492	-	76

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

(c) Fair value for financial assets not held at fair value:

	Book value	Fair value
	JD '000	JD '000
2019		
Financial assets at amortised cost	20,903	20,903
Employees housing loans	18,356	18,356
Trade receivables	102,747	102,747
Other current assets	4,874	4,874

	Book value	Fair value
	JD '000	JD '000
2018		
Financial assets at amortised cost	21,007	21,007
Employees housing loans	19,478	19,478
Trade receivables	66,778	66,778
Other current assets	5,470	5,470

(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 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 are 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 and having all other variables fixed, the net profit of the year will decrease/ increase by JD 2,288 thousand (2018: decrease/ increase by JD 3,135 thousand).

(c) Impairment of financial assets

The Group applies the IFRS 9 simplified approach for measuring expected credit losses which uses a lifetime expected loss allowance for all financial instruments. To measure the expected credit losses, the group's financial instruments have been grouped based on shared credit risk characteristics and the days past due as follows:

1. Trade receivables from sales of inventory,
2. Debt investments carried at amortised cost,
3. Employees housing loans, and,
4. Balances and deposits at banks.

The Group is required to revise its impairment methodology under IFRS 9 for each of these classes of assets' by measuring the expected credit losses which uses a lifetime expected loss allowance for all trade receivables and employees housing loans.

Assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.

The amount of ECL is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate.

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of default (PD);
- Loss given default (LGD);
- Exposure at default (EAD).

These parameters are generally derived from internally developed statistical models, other historical data and forward looking information.

For the Deposits with Banks Portfolio, all the Deposits were for periods less than 365 days and the Fitch Ratings as on 31 December 2019 for them were mapped with the S&P Equivalent Ratings and one year average Multi-Year Global Corporate Transition Matrices, using the annual Global Corporate Default Study And Rating Transitions by S&P to arrive at the Probability of Default (PD).

(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, mortality 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 (21 and 24).

(e) Impairment of property, plant and equipment

Whenever indicators of impairment are present in accordance with the accounting policy, note 2.10, 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 five-year period are extrapolated using the estimated growth rates. These growth rates are consistent with forecasts included in industry reports 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 determine values
Sales volume	Average annual growth rate over the five-year forecast period; based on past performance and management's expectations of market development
Sales price	Average annual growth rate over the five-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

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

	Lands	Buildings	Dikes	Machinery and Equipment	Vehicles	Furniture and Fixtures	Computers	Total
2019	JD"000"	JD"000"	JD"000"	JD"000"	JD"000"	JD"000"	JD"000"	JD"000"
Cost:								
Balance at 1 January 2019	3,011	113,143	192,397	821,317	45,552	8,525	11,533	1,195,478
Additions	-	289	63	3,409	800	34	188	4,783
Transfers from projects in Progress (Note 7)	-	2,205	-	10,449	-	-	-	12,654
Disposals	-	(715)	(44)	(45,357)	(4,870)	(606)	(2,313)	(53,905)
Balance at 31 December 2019	**3,011**	**114,922**	**192,416**	**789,818**	**41,482**	**7,953**	**9,408**	**1,159,010**
Accumulated Depreciation								
Balance at 1 January 2019	-	83,490	168,041	645,057	37,354	7,541	10,728	952,211
Depreciation for the year *	-	5,363	3,556	34,216	2,057	224	349	45,765
Disposals	-	(657)	(44)	(45,350)	(4,865)	(606)	(2,313)	(53,835)
Balance at 31 December 2019	**-**	**88,196**	**171,553**	**633,923**	**34,546**	**7,159**	**8,764**	**944,141**
Net Book Value At 31 December 2019	**3,011**	**26,726**	**20,863**	**155,895**	**6,936**	**794**	**644**	**214,869**
2018								
Cost:								
Balance at 1 January 2018	3,011	111,372	183,351	747,015	42,384	8,480	11,286	1,106,899
Additions	-	433	-	3,325	3,539	45	118	7,460
Transfers from projects in Progress (Note 7)	-	1,338	9,046	71,038	-	-	168	81,590
Disposals	-	-	-	(61)	(371)	-	(39)	(471)
Balance at 31 December 2018	**3,011**	**113,143**	**192,397**	**821,317**	**45,552**	**8,525**	**11,533**	**1,195,478**
Accumulated Depreciation								
Balance at 1 January 2018	-	78,464	163,770	591,772	35,725	7,283	10,404	887,418
Depreciation for the year *	-	5,026	4,271	53,314	2,000	258	363	65,232
Disposals	-	-	-	(29)	(371)	-	(39)	(439)
Balance at 31 December 2018	**-**	**83,490**	**168,041**	**645,057**	**37,354**	**7,541**	**10,728**	**952,211**
Net Book Value At 31 December 2018	**3,011**	**29,653**	**24,356**	**176,260**	**8,198**	**984**	**805**	**243,267**

Total fully depreciated assets as at 31 December 2019 amounted to JD 779,495 thousand (2018: JD 621,874 thousand).

* Depreciation included in the consolidated income statement is distributed as follows:

	2019	2018
	JD "000"	JD "000"
Cost of sales (Note 26)	43,115	62,653
Administrative expenses (Note 27)	486	503
Selling and distribution expenses (Note 30)	2,164	2,076
	45,765	**65,232**

(6) Right of Use

	2019	2018
	JD "000"	JD "000"
Right of use of the Gas Pipeline	12,553	13,592
Right of use of NEPCO electricity	7,018	7,389
	19,571	**20,981**

(a) Right of use of the Gas Pipeline

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 and generate electricity. This agreement resulted in an obligation against capital projects of JD 15,583 thousand 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.
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"
2019	
Cost	
Balance as at 1 January and 31 December 2019	15,583
Accumulated amortization	
Balance as at 1 January 2019	1,991
Charges for the year (Note 26)	1,039
Balance as at 31 December 2019	3,030
Net book amount	**12,553**

	Right of use
	JD "000"
2018	
Cost	
Balance as at 1 January and 31 December 2018	15,583
Accumulated amortization	
Balance as at 1 January 2018	952
Charges for the year (Note 26)	1,039
Balance as at 31 December 2018	1,991
Net book amount	**13,592**

- Obligations against capital projects

The obligation against the capital project that is due in 2019 and after are as below:

	2019	2018
	JD "000"	JD "000"
Non- current portion	5,664	8,900
Current portion	3,236	3,236
	8,900	**12,136**

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

(b) Right of use of NEPCO electricity

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

	Right of use
	JD "000"
2019	
Cost	
Balance as at 1 January and 31 December 2019	7,420
Accumulated amortization	
Balance as at 1 January 2019	31
Charges for the year (Note 26)	371
Balance as at 31 December 2019	402
Net book amount	**7,018**

	Right of use
	JD "000"
2018	
Cost	
Balance as at 1 January 2018	-
Additions	7,420
Balance as at 31 December 2018	7,420
Accumulated amortization	
Balance as at 1 January 2018	-
Charges for the year (Note 26)	31
Balance as at 31 December 2018	31
Net book amount As at 31 December 2018	**7,389**

(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:

	2019	2018
	JD "000"	JD "000"
Balance as at 1 January	25,166	78,410
Additions during the year	92,955	55,234
Transfers to property, plant and equipment (Note 5)	(12,654)	(81,590)
Transfer to other non-current assets (Note 18) *	-	(26,888)
	105,467	**25,166**

* The Group entered into an agreement with the Jordan Valley Authority in 2016 to finance the construction of "Wadi Ibn Hammad dam" in return for water supplies. As a result, the Group transferred a balance of JD 26,888 thousand from the projects in progress to other non-current assets as they will begin to benefit from the project.

(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:

	Country of incorporation	Number of shares	Nature of business	Percentage of ownership	Investment in associates balance 2019	Investment in associates balance 2018
				%	JD "000"	JD "000"
Nippon Jordan Fertilizer Company (NJFC)*	Jordan	3,345,600	Fertiliser production	20	3,535	4,548
Jordan Investment and South Development Company (JISDC)	Jordan	393,096	Investment and development	45.45	243	211
Jordan International Chartering Company (JICC)	Jordan	12,000	Sea transportation and chartering	20	11	11
					3,789	**4,770**

The movement on investments in associates is as follows:

	2019	2018
	JD "000"	JD "000"
Balance as at 1 January	4,770	5,095
Group's share of (Loss) profit of associates	(811)	243
Amendments on the group's share of profit**	-	(48)
Dividends received from associates*	(170)	(520)
Balance as at 31 December	**3,789**	**4,770**

* The Group's portion of Nippon Jordan Fertilizer Company's dividends amounted to JD 170 thousand during 2019 (2018: JD 520 thousand).

** The results of the Group's share of profits and dividends received depends on unaudited financial statements of the associates as of the date of approving these consolidated financial statements. Management believes there will be no material differences between the current available financial information and the financial information that will be presented upon issuing the audited financial statements for the year ended 31 December 2019.

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

	2019	2018
	JD "000"	JD "000"
Nippon Jordan Fertilizer Company (NJFC)	(843)	174
Jordan Investment and South Development Company (JISDC)	32	69
	(811)	**243**

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

	NJFC		JISDC		JICC*	
	2019	2018	2019	2018	2019	2018
	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"
Current assets	18,178	23,427	433	321	84	84
Non-current assets	6,175	6,821	284	301	1	1
Current liabilities	(6,678)	(7,508)	(81)	(88)	(30)	(30)
Non-current liabilities	-	-	(101)	(70)	-	-
Net assets	**17,675**	**22,740**	**535**	**464**	**55**	**55**
Percentage of ownership	20%	20%	45.45%	45.45%	20%	20%
Carrying amount of investment in associates	**3,535**	**4,548**	**243**	**211**	**11**	**11**

	NJFC		JISDC		JICC*	
	2019	2018	2019	2018	2019	2018
	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"
Revenue	58,115	65,991	440	426	-	2
Cost of sales	(57,916)	(61,945)	(246)	(219)	-	(4)
Other revenues and expenses, net	(4,414)	(3,178)	(123)	(55)	-	2
Income (loss) before tax	**(4,215)**	**868**	**71**	**152**	**-**	**-**
Income tax expense	-	-	-	-	-	-
Profit for the year	**(4,215)**	**868**	**71**	**152**	**-**	**-**
Group's share of Income for the year	**(843)**	**174**	**32**	**69**	**-**	**-**

* During 2019, the general assembly decided in its extraordinary meeting to liquidate the Company.

(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	
				%	2019	2018
					JD "000"	JD "000"
Jordan Bromine Company (JBC)*	Jordan	15,000,000	Extraction of Bromine	50	114,242	121,861
Jordan Industrial Port (JIPC)**	Jordan	70,000,000	Port logistics	50	74,196	68,299
					188,438	**190,160**

The movement on investments in joint ventures is as follows:

	2019	2018
	JD "000"	JD "000"
Balance as at 1 January	190,160	153,466
Increase in the group's share of investment in joint venture**	5,000	12,500
Group's share of profit of joint venture	53,161	34,657
Group's share of re-measurement of post-employment benefit obligations	(688)	-
Dividends received from joint ventures*	(59,195)	(10,463)
Balance as at 31 December	**188,438**	**190,160**

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

	2019	2018
	JD "000"	JD "000"
Jordan Bromine Company (JBC)	52,264	33,127
Jordan Industrial Port (JIPC)	897	1,530
	53,161	**34,657**

* 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 59,883 thousand during 2019 (2018: JD 10,463 thousand).

** During 2019, the Group increased its investment by JD 5,000 thousand to reach 70,000,000 shares (2018: 65,000,000 shares) and the percentage of ownership did not change.

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

	Jordan Bromine Company		Jordanian Industrial Port Company	
	2019	2018	2019	2018
	JD "000"	JD "000"	JD "000"	JD "000"
Current assets	134,704	89,239	23,224	28,169
Non-current assets	193,275	175,970	129,193	116,080
Current liabilities	(21,275)	(20,354)	(4,225)	(7,651)
Non-current liabilities	(17,420)	(6,565)	-	-
Net assets	**289,284**	**238,290**	**148,192**	**136,598**
Carrying amounts of investment in joint ventures	**114,242**	**121,861**	**74,096**	**68,299**

	Jordan Bromine Company		Jordanian Industrial Port Company	
	2019	2018	2019	2018
	JD "000"	JD "000"	JD "000"	JD "000"
Revenue	290,544	202,144	16,406	16,125
Cost of sales	(127,810)	(98,944)	(11,838)	(13,703)
Other revenues and expenses, net	(11,745)	(14,198)	(2,774)	638
Profit before tax	**150,989**	**89,002**	**1,794**	**3,060**
Income tax expense	-	-	-	-
Profit for the year	**150,989**	**89,002**	**1,794**	**3,060**
The Group's share of profit for the year	52,264	33,127	897	1,530

(10) Financial Assets at Fair Value Through Other Comprehensive Income

	2019	2018
	JD "000"	JD "000"
Quoted shares*	509	492
Unquoted shares**	76	76
	585	**568**

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

	2019	2018
	JD "000"	JD "000"
At 1 January	(89)	(51)
Net unrealized gains (losses)	17	(38)
At 31 December	**(72)**	**(89)**

** Unquoted financial assets are recorded at cost due to the fact that market values of these financial assets are not obtainable and these are not material to the group to exercise any valuation techniques.

(11) Financial Assets at Amortized Cost

	2019	2018
	JD "000"	JD "000"
Unquoted financial assets- government bonds*	20,903	21,007

* 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 investments held at amortised cost are either past due or impaired.

All investments held at amortised cost 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 amortization of bonds premium for these assets is JD 0.104 thousand for 2019 (2018: JD 0.99 thousand)

The fair value of these bonds approximates their book value as disclosed in note 3.3.

These investments were considered for expected credit loss and no ECL was recorded due to immaterial loss.

(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 50,000 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 that approximate the interest rates for similar commercial loans on granting the loan, the average interest rate used for discounting was 6.8%. These loans are subsequently measured at amortized cost using the effective interest rate method.

The balance of the Housing loan is as follows:

	2019	2018
	JD "000"	JD "000"
Employees housing loans undiscounted value	27,577	28,699
Minus: Loss allowance for doubtful receivables*	(746)	(746)
	26,831	**27,953**
Minus: Effect of the discount	(8,475)	(8,475)
	18,356	**19,478**

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

	2019	2018
	JD "000"	JD "000"
Non-current	15,560	16,656
Current	2,796	2,822
	18,356	**19,478**

(13) Accounts Receivable

	2019	2018
	JD "000"	JD "000"
Trade receivables	101,690	65,836
Due from associates (note 33)	1,073	922
Others	-	39
	102,763	**66,797**
Less: expected credit loss *	(16)	(19)
	102,747	**66,778**

* The movement on the expected credit loss during the year is as follows:

	2019	2018
	JD "000"	JD "000"
At 1 January	19	19
Reversal of provisions	(3)	-
At 31 December	16	19

The Group grants its customers credit policy arranging from 30-180 days. As at 31 December 2019 and 2018, 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 past due nor impaired			
	1- 30 days	30 – 90 days	91 – 180 day	Total
	JD"000"	JD"000"	JD"000"	JD"000"
2019	88,571	14,192	-	102,763
2018	56,477	10,320	-	66,797

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

	2019	2018
	JD "000"	JD "000"
Finished goods	30,061	20,596
Raw materials	10	1,281
Others	242	307
	30,313	**22,184**
Allowance for slow moving inventory*	(235)	(235)
	30,078	**21,949**

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

	2019	2018
	JD "000"	JD "000"
At 1 January	235	113
Charges to the provision	-	122
At 31 December	**235**	**235**

(15) Spare Parts and Supplies

	2019	2018
	JD "000"	JD "000"
Spare parts	42,513	42,433
Fuel store	1,805	2,537
Others	2,572	1,810
	46,890	**46,780**
Allowance for slow-moving spare parts*	(2,144)	(3,057)
	44,746	**43,723**

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

	2019	2018
	JD "000"	JD "000"
At 1 January	3,057	3,853
Amounts written-off during the year	(913)	(796)
At 31 December	**2,144**	**3,057**

(16) Other Current Assets

	2019	2018
	JD "000"	JD "000"
Advance payments to contractors	24,972	28,155
Due from Sales Tax Department (note 25)	6,063	15,708
Prepaid expenses	2,876	3,239
Advance payment for Potash mining fees due to the government of the Hashemite Kingdom of Jordan	47	886
Others	4,874	5,470
	38,832	**53,458**

(17) Cash On Hand And Bank Balances

	2019	2018
	JD "000"	JD "000"
Cash on hand	132	133
Cash at banks	19,309	14,433
Short term deposits*	-	25,710
Cash and cash equivalents	19,441	40,276
Short term deposits mature after more than 3 months**	222,166	207,726
The effect of IFRS 9 implementation – Expected credit loss	(1,472)	(2,044)
	240,135	**245,958**

Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

	2019	2018
	JD "000"	JD "000"
Cash on hand	132	133
Cash at banks	19,309	14,433
Short term deposits*	-	25,710
	19,441	40,276
Bank overdraft (Note 20)	(10,499)	(3,688)
Balances per statement of cash flows	**8,942**	**36,588**

* This item represents deposits in Jordanian Dinar at local banks with an interest rate of 5.21% (2018: 5.1%) and have a maturity of three months or less.

** This item represents deposits in Jordanian Dinar at local banks with an annual interest rate ranges 5.21% (2018: between 5.5% to 6.15%) and have a maturity of more than three months.

(18) Other Non-Current Assets

The Group entered into an agreement with the Jordan Valley Authority in 2016 to finance the construction of "Wadi Ibn Hammad dam" in return for water supplies. As a result, the Group transferred a balance of JD 26,888 thousand from the projects in progress to other non-current assets as they started to benefit from the project during 2018.

During 2018, the contract was amended where the amount to be paid was increased to reach JD 33.5 million, for which the Authority will provide the Company with annual water quantities of 2.5 million cubic meters for 16 and a half years amounting to a total of 41.25 million cubic meters for 16.5 years.

In 2019, the contract was amended where the amount to be paid was increased to reach JD 51.5 million, with total of 56.25 million cubic meters to be provided over 16.5 years.

Management started amortising these amounts based on the amounts of water actually received.

The movement on other current assets is as follows:

	Other non-current assets
	JD "000"
2019	
Cost	
Balance as at 1 January 2019	33,500
Additions	3,611
Balance as at 31 December 2019	37,111
Accumulated amortization	
Balance as at 1 January 2019	1,536
Charges	2,282
Balance as at 31 December 2019	3,818
Net book amount As at 31 December 2019	**33,293**

	Other non-current assets
	JD "000"
2018	
Cost	
Balance as at 1 January 2018	-
Additions	6,612
Transfer from projects in progress (Note 7)	26,888
Balance as at 31 December 2018	33,500
Accumulated amortization	
Balance as at 1 January 2018	-
Charges	1,536
Balance as at 31 December 2018	1,536
Net book amount As at 31 December 2018	**31,964**

(19) Reserves

Statutory reserve

The accumulated amounts in this account of JD 50,464 thousand 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 thousand represent cumulative appropriations not exceeding 20% of net income before income tax. This reserve is available for distribution to equity holders.

Dividends

The General Assembly resolved in its ordinary meeting held on 24 April 2019 to distribute an amount of JD 99,981 thousand (equivalent to 120% of the Company's capital) as cash dividends to the shareholders. (2018: JD 83,318 thousand).

(20) Borrowings

Numeira Mixed Salts and Mud Company

The company was granted a long-term loan 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 was paid though 60 monthly payments, the first payment fell due on 31 July 2013 and the last payment was due on 30 June 2018. The loan is secured against the building it was purchased.

Arab Potash Company

(a) Due to banks

The Company renewed a credit facility during 2019 from a local bank, with annual interest rate of 3%. The total utilised balance as at 31 December 2019 was JD 10,499 thousand.

The book value of current borrowings approximates their fair value as the discount effect is insignificant.

(b) Bank loan

The Company obtained a credit facility on 7 November 2017 from local bank with a ceiling of USD 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.

Principal instalments payable during 2019 and after are as follows:

	2019	2018
	JD "000"	JD "000"
Non- current		
Long-term loan	11,690	15,861
Current		
Current portion of long-term loan	5,845	3,798
Total loans	**17,535**	**19,659**

The book value of current borrowings approximates their fair value as the discount effect is insignificant.

(21) Provision Against Employees' Death and Compensation Fund

The provision against employees' compensation and death is calculated based on the projected cost units which is determined by discounting estimated future cash outflows 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 and paid upon death, retirement or resignation 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 Group 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.

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

	2019	2018
	JD "000"	JD "000"
Balance as at 1 January	53,028	49,106
Current and past service cost	6,613	3,360
Discount value	4,119	3,246
Actuarial losses resulting from the remeasurement of the defined benefit plans	7,435	3,217
Paid during the year	(15,390)	(5,901)
Balance as at 31 December	**55,805**	**53,028**

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

	2019	2018
	JD "000"	JD "000"
Non- current		
Death and compensation fund obligations	48,812	49,922
Current		
Death and compensation fund obligations	6,993	3,106
Total	**55,805**	**53,028**

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 2019					
Death and compensation obligation	6,993	4,165	14,364	191,600	217,122
At 31 December 2018					
Death and compensation obligation	3,106	4,847	12,389	200,472	220,814

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

	2019	2018
	JD "000"	JD "000"
Current and past service cost	6,613	3,360
Discount value	4,119	3,246
	10,732	**6,606**

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

	2019	2018
	%	%
Discount rate	6.16	7.9
Salary growth rate	3.5	3.5
Staff turnover	1.26	1.26

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:

2019

	Increase in the assumptions by 1%	Decrease in the assumptions by 1%
Discount rate	5,089	(4,569)
Salary growth rate	(4,388)	5,002
Staff turnover	(240)	1,450

2018

	Increase in the assumptions by 1%	Decrease in the assumptions by 1%
Discount rate	4,011	(4,533)
Salary growth rate	(4,441)	3,985
Staff turnover	(1,250)	1,348

(22) Other Current Liabilities

	2019	2018
	JD "000"	JD "000"
Accrued expenses	26,147	19,151
Employees' legal cases compensation provision (note 35)	3,584	6,290
Dividends payable	1,414	1,310
Contractors retentions	6,397	1,629
Others	7,647	6,989
	45,189	**35,369**

(23) 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:

	2019					
	Arab Potash Co.	KEMAPCO	Numeira Co.	Total	Eliminations and Adjustments	Total
	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"
Sales to external customers	434,870	68,978	760	504,608	-	504,608
Inter-company Sales	24,954	-	1,291	26,245	(26,245)	-
Total Sales	459,824	68,978	2,051	530,853	(26,245)	504,608
Less: Cost of goods sold	(253,769)	(48,066)	(2,132)	(303,967)	25,538	(278,429)
Segment profit	206,055	20,912	(81)	226,886	(707)	226,179
Results						
Share of profit of associates and joint ventures	52,350	-	-	52,350	-	52,350
Depreciation	43,802	2,223	359	46,384	(619)	45,765
Capital Expenditure						
PP&E and projects in progress	96,015	1,626	97	97,737	-	97,738
Total Assets	**1,005,502**	**95,819**	**2,017**	**1,103,338**	**(14,765)**	**1,088,573**
Total Liabilities	**182,611**	**19,753**	**3,822**	**206,186**	**(9,314)**	**196,872**
Investments in associates and joint ventures	**192,227**	**-**	**-**	**192,227**	**-**	**192,227**

	2018					
	Arab Potash Co.	KEMAPCO	Numeira Co.	Total	Eliminations and Adjustments	Total
	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"
Sales to external customers	407,246	74,942	539	482,727	-	482,727
Inter-company Sales	19,910	-	1,897	21,807	(21,807)	-
Total Sales	427,156	74,942	2,436	504,534	(21,807)	482,727
Less: Cost of goods sold	(294,948)	(46,782)	(2,216)	(343,946)	27,916	(316,030)
Segment profit	132,208	28,160	220	160,588	6,109	166,697
Results						
Share of profit of associates and joint ventures	34,852	-	-	34,852	-	34,852
Depreciation	64,144	1,786	109	66,039	(807)	65,232
Capital Expenditure						
PP&E and projects in progress	57,586	4,910	198	62,694	-	62,694
Total Assets	**924,914**	**95,009**	**1,878**	**1,021,801**	**(11,196)**	**1,010,605**
Total Liabilities	**156,230**	**13,188**		**170,930**	**(5,4190)**	**165,511**
Investments in associates and joint ventures	**194,930**	**-**	**-**	**194,930**	**-**	**194,930**

Following is a summary of sales by geographical location for the year ended 31 December 2019 and 2018:

	31 December 2019				31 December 2018			
	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	240,024	2,814	7	242,845	165,657	6,147	1	171,805
Far East	68,457	3,619	18	72,094	110,180	4,912	10	115,102
Middle East	36,810	7,756	580	45,146	34,356	10,843	418	45,617
Africa	67,231	8,570	-	75,801	69,763	9,587	-	79,350
Europe	13,854	31,943	155	45,952	26,964	32,057	110	59,131
America & Australia	8,494	13,078	-	21,572	326	10,346	-	10,672
Canada	-	1,198	-	1,198	-	1,050	-	1,050
	434,870	**68,978**	**760**	**504,608**	**407,246**	**74,942**	**539**	**482,727**

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

(24) Other Non-Current Liabilities

	2019	2018
	JD "000"	JD "000"
End of service indemnity*	4,530	4,749
Unveiled leaves **	2,924	2,860
	7,454	**7,609**

* The Group pays end of service to its employees based on its internal bylaws. This provision represents a defined benefit plan whereby the Group pays 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 2.15. 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 3 years, accordingly, any early retirements or change in discount rate will have immaterial impact on the consolidated financial statement.

** As per the Groups' policy and labour laws, employees have the right to roll forward any unutilised vacations for two years, which resulted in classifying these unveiled vacations as long-term benefit thus should be treated as defined benefit plan and should be presented on the present value.

The main assumption used by the management is salaries increments for the coming two years.

(25) Income and Deferred Tax

(a) Income tax

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

	2019	2018
	JD "000"	JD "000"
Balance at 1 January	12,061	2,314
Income tax expense for the year	54,259	22,610
Offset against prepaid sales tax	(13,259)	(3,399)
Income tax paid	(19,305)	(9,464)
Balance at 31 December	**33,756**	**12,061**

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

	2019	2018
	JD "000"	JD "000"
Current year income tax	54,259	22,610
Deferred tax assets	2,783	(4,192)
	57,042	**18,418**

Income tax expense

	2019	2018
	JD "000"	JD "000"
Computed tax at statutory rates	69,481	36,726
Subsidiaries' profits not subject to income tax	(3,613)	(4,498)
Gain on investments in associates not subject to income tax	(8,560)	(7,706)
Tax effect of expenses not acceptable for tax purposes	(266)	(6,104)
Income tax expense for the year	**57,042**	**18,418**
Effective income tax rate	27.3%	12.9%

The statutory income tax rate for the company and its subsidiaries is 31% and 15% respectively.
The provision for the year ended 31 December 2019 and 2018 has been calculated in accordance with the income tax law No, (38) of the year 2018 and its amendments.

(b) Deferred tax assets

The movement on deferred tax assets is as follows:

	2019	2018
	JD "000"	JD "000"
At 1 January (as previously stated)	21,378	15,897
Additions during the year- IFRS 9 effect	-	550
At 1 January (Restated)	**21,378**	**16,447**
Additions during the year	3,828	7,775
Additions during the year- resulting from re-measurement of Post-employment benefit obligations	2,311	739
Retirements during the year	(6,611)	(3,583)
At 31 December	**20,906**	**21,378**

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

Deferred tax assets items	2019	2018
	JD "000"	JD "000"
Death and compensation fund obligation	17,302	16,261
End of service indemnity	389	536
Medical disability provision	1,019	1,935
Inventory provision	665	948
Unveiled employees' vacation	907	887
IFRS 9 Impact on financial assets	624	811
	20,906	**21,378**

The deferred tax assets as at 31 December 2019 and 2018 was calculated using the income tax rate of 31% per the new enacted tax law no.38.

- Arab Potash Company

The Income and Sales Tax Department has reviewed the Company's records for the years 2015 and 2016 and has issued the final tax clearance for those years. As for the years 2017 and 2018, the tax return has been submitted and not been audited by the Income and Sales Tax Department up to the date of these consolidated financial statements.

Due from Sales Tax Department

Other receivables include JD 6 million (2018:15.7) 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.

- Numeira Mixed Salts and Mud Company

Tax returns up to the year 2018 were submitted and has not been audited by the Income and Sales Tax Department up to the date of these consolidated financial statements.

- Arab Fertilizers and Chemicals Industries (KEMAPCO)

According to the management, Arab Fertilizers and Chemicals Industries (KEMAPCO - Subsidiary) is a company that is exempted from income and social services taxes for a period of 12 years starting from the assessment year following the beginning of production (April 2003). Excluded from this exemption is the profit of commercial storage projects for goods that are put into local consumption. The Income and Sales Tax Department ("the Department") has inspected the Company's records for the years 2010, 2011, 2012 and 2013 and issued its initial decision to claim the Company to pay income tax resulting from differences in interpreting the decision of exemptions. The Company recorded an income tax provision for this claim. In the opinion of the Management and the legal counsel, additional tax provisions are sufficient to meet the impact of obligations in this regard.

(26) Cost Of Sales

	2019	2018
	JD "000"	JD "000"
Raw materials		
Raw materials as at 1 January	1,281	2,294
Purchases	17,834	18,300
Minus: Raw materials as at 31 December (Note 14)	(10)	(1,281)
Raw materials used in production	19,105	19,313
Salaries and wages	67,183	67,214
Fuel and electricity	61,438	87,291
Depreciation (Note 5)	43,115	62,653
Maintenance	34,762	30,031
Freight costs	30,646	31,490
Water	9,254	8,375
Rentals	5,446	4,248
Professional fees	3,266	3,296
Insurance	3,153	3,415
Amortisation (Note 6)	1,410	1,070
Others	9,116	8,969
	287,894	**327,365**
Add: beginning finished goods	20,596	9,261
Less: ending finished goods (Note 14)	(30,061)	(20,596)
	278,429	**316,030**

(27) Administrative Expenses

	2019	2018
	JD "000"	JD "000"
Salaries and other benefits	9,780	8,632
Professional and consulting fees	3,606	1,405
Travel and hospitality	767	534
Insurance	584	962
Depreciation on right of use of leased asset (Note 34)	538	-
Depreciation (Note 5)	486	503
Maintenance and repairs	346	242
Post and telephone	209	145
Electricity	147	168
Fuel	51	63
Others	2,566	2,305
	19,080	**14,959**

(28) Other Income, Net

	2019	2018
	JD "000"	JD "000"
Reversal of provisions	3	-
Scrap sales of spare parts	1,178	497
Others, net	71	(461)
	1,252	**36**

(29) Royalty to the Government of Jordan

The movement on accrued royalty provision is as follows:

	2019	2018
	JD "000"	JD "000"
Balance as at 1 January	(886)	339
Additions during the year	24,839	15,114
Payments during the year	(24,000)	(16,339)
Balance (Due from) to the government as at 31 December (Note 16)	**(47)**	**(886)**

(30) Selling and Distribution Expenses

	2019	2018
	JD "000"	JD "000"
Marketing		
Sales commission	3,282	3,863
Salaries and other benefits	762	704
Travel and transportation	412	348
Sample testing	289	265
Post and telephone	23	18
Depreciation (Note 5)	11	11
Advertising	10	61
Others	280	851
	5,069	**6,121**
Aqaba – Selling Office		
Handling fees	8,576	8,414
Depreciation (Note 5)	2,153	2,065
Salaries, wages and other benefits	1,940	2,128
Maintenance and repair	480	409
Electricity	430	448
Insurance	116	132
Rent	100	74
Fuel	17	18
Others	756	692
	14,568	**14,380**
	19,637	**20,501**

(31) Finance Costs and Bank Charges

	2019	2018
	JD "000"	JD "000"
Interest expense	5,332	8,184
Bank commissions	2,783	2,654
Finance cost on operating lease liability (Note 34)	384	-
	8,499	**10,838**

(32) Earnings Per Share

	2019	2018
	JD "000"	JD "000"
Profit for the year	151,695	124,874
Weighted average number of shares ("000")	83,318	83,318
	Fills/ JD	Fills/ JD
Basic and diluted, earnings per share (JD / Fils)	1.821	1.499

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 affect the basic earnings per share.

(33) Related Party Transactions

Related party transactions include transactions with shareholders' 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.

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

	2019	2018
Amounts due from related parties	JD "000"	JD "000"
Accounts receivable – Jordan Bromine Company	1,073	922

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

	2019	2018
	JD "000"	JD "000"
Sales – Nippon Jordan Fertilizer Company (Associate)	3,943	1,905
Sales – Jordan Bromine Company (Joint venture)	10,512	8,828
Company's share of profit of associates and joint ventures	52,350	34,852

Compensation of the key management personnel was as follows:

	2019	2018
	JD "000"	JD "000"
Key management benefits (Salaries, wages, and bonus) for the Group	2,027	2,303

(34) Changes In Accounting Policies

On adoption of IFRS 16, the Group recognized lease liabilities in relation to leases which had previously been classified as "operating leases". These liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019.

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

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

The Group recognized a right of use asset and a lease liability amounting to JD 3,742 thousand as of 1 January 2019, which is the present value of all the minimum lease payments for the remaining 9 years representing the maximum contract duration excluding the extension option (which is non-obligatory). Amortization is calculated on a straight-line basis to allocate the cost over the entire term of the right of use asset of 9 years. The interest of the lease obligation is calculated using a 9% interest rate implicit in the lease contract as the discount rate that represents the interest rate applicable to the delay in the lease payments. The lease payments made in 2019 were deducted from the lease liability balance. Interest expense is recognized for the period related to the lease liability.

During the year, an additional area of land was agreed and signed between Kemapco and ADC. The contract was signed in August of 2019 and was added to the right of use of leased asset and the lease liability recorded as of 1 January 2019. The agreement follows the same terms and conditions as the original contract; the duration of the contract and the interest rate used is the same as the original contract. The annual rent payment amount to JD 173 thousand paid at the beginning of each year.

The impact of the adoption on the consolidated financial statements is disclosed in Note 2.

The schedule below shows the movement on the right of use of leased asset and the operating lease liability as of 31 December 2019:

Right of use- leased asset	Cost at 1 January 2019	Additions during the year	Depreciation	Net book value
	JD "000"	JD "000"	JD "000"	JD "000"
Kemapco	3,742	2,654	(538)	5,858

Operating lease liability	Beginning balance (1-Jan-2019)	Additions during the year	Interest expense	Rent payments	Ending balance (31-Dec-2019)	Current lease liabilities	Non-current lease liabilities
	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"
Kemapco	3,742	2,654	384	(1,671)	5,109	760	4,349

(35) Contingencies and Commitments

As of 31 December 2019, the Group had the following contingencies and commitments:

	2019	2018
	JD "000"	JD "000"
Letters of Guarantees	18,777	27,609
Letters of Credit	8,543	28,212
Bills of collection	4,631	112

Capital Commitments:

- The Group has committed and contracted for capital expenditure amounting to JD 152,000 thousand as at 31 December 2019 (2018: JD 164,000 thousand).
- The Group has committed but not contracted for capital expenditure amounting to JD 96,000 thousand as at 31 December 2019 (2018: JD 375,000 thousand).

Operating lease commitments

The Company leases the land under mining through a non-cancellable operating lease expiring in 2058. The lease 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:

	2019	2018
	JD "000"	JD "000"
Within one year	1,836	2,290
After one year but not more than five years	7,344	9,160
More than five years	60,588	63,360
	69,768	**74,810**

Legal claims

There are a number of individual claims filed against the Group by a number of employees, most of which are related to insurance indemnities resulting from 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 4,255 thousand as at 31 December 2019 (2018: JD 6,466 thousand), see note 22, which were provided for by management based on the opinion of the legal advisor (Note 22).

(36) Subsequent events

The existence of novel coronavirus (Covid-19) was confirmed in early 2020 and has spread across mainland China and beyond, causing disruptions to businesses and economic activity. The Group considers this outbreak to be a non-adjusting post balance sheet event. As the situation is fluid and rapidly evolving, we do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the Group. The impact of this outbreak on the macroeconomic forecasts will be incorporated into the Group's IFRS9 estimates of expected credit loss provisions in2020.

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