ARAB POTASH COMPANY
PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

31 MARCH 2019

ARAB POTASH COMPANY
(PUBLIC SHAREHOLDING COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

31 MARCH 2019

pwc

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

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Arab Potash Company - Public Shareholding Company (the "Company") and its subsidiaries (together the "Group") as at 31 March 2019, and the related interim consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the three months then ended. The management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 (Interim Financial Reporting). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

Certified Public Accountants
pwc
Amman - Jordan

PricewaterhouseCoopers "Jordan" L.L.C.

Amman – Jordan
30 April 2019

PricewaterhouseCoopers "Jordan", Jabal Amman - 3rd Circle, 14 Hazza' Al Majali St., P.O.Box 5175, Amman 11183 - Jordan
T: +962 (6) 500 1300, F: +962 (6) 461 0880, www.pwc.com

Arab Potash Company - Public Shareholding Company
Interim Consolidated Statement of Financial Position
As at 31 March 2019

	Notes	31 March 2019 JD "000" Unaudited	31 December 2018 JD "000" Audited
Assets			
Non-current assets			
Property, plant and equipment	4	233,248	243,267
Intangible assets	5	29,396	20,981
Projects in progress	6	31,538	25,166
Investment in associates		4,770	4,770
Investment in joint ventures		209,969	190,160
Financial assets at amortized cost	7	20,981	21,007
Employees' housing loans		15,897	16,656
Other non-current assets	6	31,964	31,964
Financial assets at fair value through other comprehensive income		568	568
Deferred tax assets		20,811	21,378
		599,142	575,917
Current assets			
Inventories		25,861	21,949
Spare parts and supplies		44,188	43,723
Employees' housing loans		2,794	2,822
Accounts receivable		51,157	66,778
Other current assets		47,181	53,458
Cash on hand and bank balances	10	286,333	245,958
		457,514	434,688
Total Assets		1,056,656	1,010,605
Shareholders' Equity and Liabilities			
Shareholders' Equity			
Paid in capital		83,318	83,318
Statutory reserve	8	50,464	50,464
Voluntary reserve		80,699	80,699
Fair value reserve		(89)	(89)
Re-measurement of post-employment benefit obligations		(7,423)	(8,190)
Retained earnings		677,393	638,892
Net Shareholders' Equity		884,362	845,094
Liabilities			
Non-current liabilities			
Long-term loan		13,516	15,861
Obligations against capital projects	5	7,344	8,900
Death and compensation fund obligations		43,170	49,922
Other non-current liabilities		7,126	7,609
Lease liabilities	15	8,045	-
		79,201	82,292
Current liabilities			
Bank overdraft		3,541	3,688
Current portion of long term loan		4,915	3,798
Obligations against capital projects	5	3,983	3,236
Death and compensation fund obligations		8,404	3,106
Potash mining fees due to the government of the Hashemite Kingdom of Jordan		4,881	-
Trade payables		18,230	21,961
Income tax provision	12	12,135	12,061
Other current liabilities		36,541	35,369
Lease liabilities	15	463	-
		93,093	83,219
Total Liabilities		172,294	165,511
Total Shareholders' Equity And Liabilities		1,056,656	1,010,605

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements

ARAB POTASH COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED INCOME STATEMENT
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2019

	Notes	For the three months period ended 31 March 2019 JD "000" (Unaudited)	2018 JD "000" (audited)
Sales	11	128,364	109,894
Cost of sales		(74,641)	(73,483)
Gross profit	11	53,723	36,411
Administrative expenses		(3,545)	(3,648)
Selling and distribution expenses		(5,297)	(4,476)
Corporate social responsibility expenses		(3,658)	(5,759)
Foreign currency exchange differences		(307)	449
Potash mining fees	1	(5,767)	(2,717)
Profit from operations		35,149	20,260
Finance income		2,957	3,119
Finance costs		(2,758)	(895)
Other expense, net		(75)	(188)
Profit before gain from associates, joint ventures and income tax		35,273	22,296
Group's share of profit from associates and joint ventures	9	14,808	7,587
Profit before income tax		50,081	29,883
Income tax expense	12	(11,580)	(4,144)
Profit for the period		38,501	25,739
Earnings per share		JD / Fils	JD / Fils
Basic and diluted earnings per share for the period	16	0.462	0.309

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements

ARAB POTASH COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2019

	For the three months period ended 31 March	
	2019	2018
	JD "000"	JD "000"
	(Unaudited)	(Restated and unaudited)
Profit for the period	38,501	25,739
Add: other comprehensive income		
Items that will not be reclassified to profit or loss:		
Re-measurement of post-employment benefit obligations	767	(26)
Total comprehensive income for the period	39,268	25,713

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements

	Share capital JD "000"	Statutory reserve JD "000"	Voluntary reserve JD "000"	Fair value reserve JD "000"	Re-measurement of post-employment benefit obligations JD "000"	Retained Earnings JD "000"	Total equity JD "000"
For the three months ended 31 March 2019							
Balance at 1 January 2019	83,318	50,464	80,699	(89)	(8,190)	638,892	845,094
Other comprehensive income for the period	-	-	-	-	767	-	767
Profit for the period	-	-	-	-	-	38,501	38,501
Total comprehensive income for the period	-	-	-	-	767	38,501	39,268
Balance at 31 March 2019	83,318	50,464	80,699	(89)	(7,423)	677,393	884,362
For the three months ended 31 March 2018 (restated)							
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)
Restated total equity as at 1 January 2018	83,318	50,464	80,699	(51)	(5,712)	597,336	806,054
Other comprehensive income for the period	-	-	-	-	(26)	-	(26)
Profit for the period	-	-	-	-	-	25,739	25,739
Total comprehensive income for the period	-	-	-	-	(26)	25,739	25,713
Balance at 31 March 2018	83,318	50,464	80,699	(51)	(5,738)	623,075	831,767

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements

ARAB POTASH COMPANY PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2019

	Notes	For the three months period ended 31 March	
		2019 JD "000" (Unaudited)	2018 JD "000" (audited)
OPERATING ACTIVITIES			
Profit for the period before income tax		50,081	29,883
Adjustments for			
Depreciation		14,541	15,244
Amortization		436	805
Interest income		(2,957)	(3,119)
Finance costs		2,758	895
Share of profit from associates and joint ventures	9	(14,808)	(7,587)
Employees' postretirement benefits provision		-	(108)
Potash mining fees		5,767	2,717
Compensation and death provision		1,840	1,481
End of service indemnity provision		143	97
Provision for slow moving inventory		(250)	250
Provision for unpaid leaves		352	(15)
Provision for medical disability		221	(87)
Working capital adjustments:			
Inventories		(3,912)	(5,174)
Spare parts		(216)	(1,266)
Accounts receivable		15,621	1,855
Other current assets		840	(13,808)
Trade and other payables		(3,731)	(736)
Other current liabilities		(24)	3,726
Net cash flows from operating activities before income tax		66,702	25,053
Income tax paid		(6,007)	(309)
Mining fees paid		(886)	(339)
Death and compensation fund obligations paid		(2,527)	(2,353)
Net cash flows generated from operating activities		57,282	22,052
INVESTING ACTIVITIES			
Purchases of property, plant and equipment	4	(949)	(2,321)
Projects in progress		(9,946)	(6,748)
Interest received		2,957	3,119
Dividends received from associates and joint ventures		-	5,223
Investment in associates and joint ventures		(5,001)	(12,500)
Employees' housing loans		787	334
Short-term bank deposits		(19,738)	(42,443)
Net cash flows used in investing activities		(31,890)	(55,336)

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements

ARAB POTASH COMPANY PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2019

	Notes	For the three months period ended 31 March	
		2019	2018
		JD "000"	JD "000"
		(Unaudited)	(audited)
FINANCING ACTIVITIES			
Repayment of loan		(1,228)	-
Loans		-	1,068
Obligations against capital projects paid		(809)	(810)
Interest paid		(2,571)	(895)
Net cash flows used in financing activities		(4,608)	(637)
Net change in cash and cash equivalents		20,784	(33,921)
Cash and cash equivalents at 1 January		36,588	84,455
Cash and cash equivalents at 31 March/ 31 December	10	57,372	50,534
NON-CASH TRANSACTIONS			
Offset income tax payable against sales tax receivable		(4,932)	-
Transfers from projects in progress to property, plant and equipment		3,574	15,764
Right of use of leased assets		8,825	-
Lease liabilities		8,825	-

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements

(1) GENERAL

The Arab Potash Company "APC", the "Company", is a public shareholding company that was founded and registered on 7 July 1956 in Amman - Jordan, during 1958, the Company was granted a concession from the Government of the Hashemite Kingdom of Jordan to exploit the minerals and salts of the Dead Sea brine. The concession expires after 100 years from the grant date, after which, the Company's factories and installations become the property of the Government of the Hashemite Kingdom of Jordan. As based on the agreement, the Company will not be responsible for any decommissioning costs. The concession agreement was amended during 2003 in accordance with the Temporary Law Number (55) of 2003, whereby amendments included the annual rent fees for lands within the concession area, the concession area borders and the exclusive rights given to the Company. On 11 May 2010 the Government of Jordan and APC agreed to amend the lease fee of the concession land in Ghour Al Safi site to JD 1.5 million per annum; and the lease fee shall be increased annually in accordance with the Consumer Price Index to become JD 1.790 million as at 31 March 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.

The Company's shares are all listed in Amman Stock Exchange as at 31 March 2019.

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

The registered address of the Company is P. O. Box 1470 Amman 1118, the Hashemite Kingdom of Jordan.

The interim condensed consolidated financial statements have been approved by the audit committee with the authorization of the Board of Directors at their meeting held on 24 April 2019.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2-1 Basis of Preparation

The interim condensed consolidated financial statements for the three months ended 31 March 2019 have been prepared in accordance with International Accounting Standard 34 (Interim Financial Reporting).

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

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group's annual financial statements as at 31 December 2018. In addition, results for the three-months period ended 31 March 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

2-2 Basis of Consolidation

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

The interim condensed consolidated financial statements comprise the financial statements of Arab Potash Company (the Company) and its following subsidiaries (together the "Group") as at 31 March 2019:

	Paid in capital	Percentage of Ownership
	(Thousands of shares)	%
Arab Fertilizers and Chemicals Industries (KEMAPCO)	29,000	100
Numeira Mixed Salts and Mud Company	800	100
Jordan Dead Sea Industries (JODICO)	100	100

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

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

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

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

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

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

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

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.

Shareholders with significant influence over the Group

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

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

	Number of shares	Ownership
		%
PCS Jordan Limited Liability Company	23,294,614	28
Management of Government Contributions Company	21,782,437	26.1
Arab Mining Company	16,655,651	20
	61,732,702	74.1

2.3 Changes in Accounting Policies

2.3.1 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the group

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

- IFRS 16, "Leases"

Nature of change: IFRS 16 was issued in January 2016. It will result in almost all leases being recognized on the consolidated statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases, and leases under exploration, concession and extraction.

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 interim 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 can not 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.

The Group has adopted IFRS 16 with effect from 1 January 2019. The Group has not reissued the 2018 financial statements under the transition provisions specified in the Standard rather it has followed the modified prospective approach.

Impact on the interim consolidated statement of financial position (increase/(decrease)) as at 1 January 2019:

	1 January 2019 JD "000" (Unaudited)
Interim consolidated statement of financial position	
Assets	
Right of use of assets	8,825
Other debit balances	(505)
Total Assets	8,320
Liabilities	
Lease liabilities	8,508
Total Liabilities	8,508

Impact on the interim consolidated statement of income statement (increase/(decrease)) for the three months period ended 31 March 2019:

	31 March 2019 JD "000" (Unaudited)
Interim consolidated statement of income statement	
Amortisation expense (included in Cost of sales)	(58)
Rent expense (included in Cost of sales)	126
Gross profit	68
Finance costs	(187)
Profit from operations	(119)

- **Amendment to IFRS 9, "Financial Instruments"** - The amendment allows for the measurement of more assets at amortized cost more frequently than the earlier issue of IFRS 9, and in particular some of the financial assets paid in advance. The amendment also provides that adjustments to financial liabilities will result in immediate recognition of profit or loss.

- **IFRIC 23, "Doubts on Income Tax Processes"** - explains the definition of taxable profits (tax loss), tax bases, unused tax benefits and tax rates when there is uncertainty about income tax treatments under the Standard International Accounting Standard No. 12. The interpretation is specifically concerned:
  - Whether tax remedies should be considered collectively.
  - Assumptions of tax authorities.
  - Determination of tax profit (tax loss), tax bases, unused tax losses and tax rates.

  Effect of changes in facts and circumstances.

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.

(3) Key accounting estimates and judgments

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

In preparing these condensed interim financial statements, significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the Group's audited consolidated financial statements as at and for the year ended 31 December 2018.

(4) PROPERTY, PLANT AND EQUIPMENT

During the three months ended 31 March 2019, the Group has acquired property, plant and equipment with a cost of JD 949 thousands (31 March 2018: JD 2,321 thousands).

In addition, the Group has transferred an amount of JD 3,574 thousands from projects in progress to property, plant and equipment during the three months ended 31 March 2019 (31 March 2018: JD 15,764 thousands).

(5) INTANGIBLE ASSETS AND OBLIGATIONS AGAINST CAPITAL PROJECTS

A- *Right of use of natural gas pipeline*

On 19 February 2014, Arab Potash Company signed an agreement stating the construction of Gas pipelines, to provide the Company with natural gas as a source of energy. This agreement resulted in an obligation against capital projects of JD 15,583 thousands with an annual interest rate of LIBOR 3 months plus 5% marginal fixed interest rate. This commitment will be settled over a period of 60 monthly payments starting 31 October 2017.

Amortization is calculated on a straight-line basis to allocate the cost over the entire term of the access right's contract of 15 years.

B- *Right of use of electricity from NEPCO*

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

C- *Right of use of leased items*

KEMAPCO (a subsidiary of Arab Potash Company) and Aqaba Development Corporation signed a long-term land lease contract for the site where KEMAPCO performs all its operations in Aqaba. The contract effective start date was 1st of January 2008. The contract duration is 20 years; however the Company has an option to extend the contract for an additional 29 years (at a maximum land lease period of 49 years). 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 amounting to JD 8,825 thousand as of 1 January 2019, which is the present value of all the minimum lease payments for the remaining 38 years representing the maximum contract duration. Amortization is calculated on a straight-line basis to allocate the cost over the entire term of the right of use asset of 38 years. During the three months ended 31 March 2019 an amortisation of JD 58 thousands were recorded.

(6) PROJECTS IN PROGRESS AND OTHER NON-CURRENT ASSETS

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

During the three months ended 31 March 2019, the Group has initiated new/ additional projects in progress at a cost of JD 9,946 (March 31, 2018: JD 6,748 thousands).

During the three months ended 31 March 2019, an amount of JD 3,574 thousands was transferred from projects in progress to property, plant and equipment (31 March 2018: JD 15,764 thousands).

(7) FINANCIAL ASSETS AT AMORTIZED COST

Details of this item are as follows:

	31 March 2019	31 December 2018
	JD "000" (Unaudited)	JD "000" (Audited)
Unquoted financial assets – governmental bonds*	20,981	21,007

* This item represents bonds for the Jordanian Government in U.S Dollars that mature on 29 January 2026 and bearing annual interest rate of 6.125% and payable every six months.

As per management calculations, the expected credit losses required by IFRS 9 are not material and were not recorded.

(8) STATUTORY RESERVE

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

(9) SHARE OF PROFIT FROM ASSOCIATES AND JOINT VENTURES

This item represents the Group's share from gains and losses of investments in associates:

	For the three months ended 31 March	
	2019	2018
	JD "000" Unaudited	JD "000" audited
Jordan Bromine Company*	15,073	7,021
Nippon Jordan Fertilizer Company	-	100
Jordan Industrial Ports Company	(265)	466
	14,808	7,587

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

(10) CASH ON HAND AND AT BANKS

	31 March 2019 JD "000" Unaudited	31 December 2018 JD "000" Audited
Cash on hand	92	133
Cash at banks	30,829	14,433
Short term deposits*	29,992	25,710
Cash and cash equivalents	60,913	40,276
Short term deposits with original maturities of more than 3 months**	227,464	207,726
Expected credit loss	(2,044)	(2,044)
Net Cash on hand and at banks balances	286,333	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:

	31 March 2019 JD "000" Unaudited	31 March 2018 JD "000" Unaudited
Cash on hand	92	99
Cash at banks	30,829	35,953
Short term deposits*	29,992	14,482
	60,913	50,534
Bank overdraft	(3,541)	-
Balances per statement of cash flows	57,372	50,534

* This item represents deposits in Jordanian Dinars at local banks with an interest rate of 5.1% (2018: 4.6%) and mature within one to three months from the date of the deposit.

** This item represents deposits in Jordanian Dinars at local banks with an interest rate of 5.8% (31 December 2018: 5.5%) and mature within a period more than three to twelve months from the date of the deposit.

(11) SEGMENT INFORMATION

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

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

The Group is comprised of the following operating segments:

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

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

	Three months ended 31 March 2019 (Unaudited)					
	Arab Potash Co.	KEMAPCO	Numeira Co.	Total	Eliminations	Total
	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"
Sales to external customers	116,462	11,790	112	128,364	-	128,364
Inter-company sales	6,401	-	368	6,769	(6,769)	-
Total sales	122,863	11,790	480	135,133	(6,769)	128,364
Segment gross profit	50,022	4,274	124	54,421	(697)	53,723
Results						
Share of profits of associates and joint ventures	14,808	-	-	-	-	14,808
Depreciation and amortization	14,361	619	199	15,179	(202)	14,977
Capital expenditures:						
Property and equipment and projects in progress	9,840	1,055	-	10,895	-	10,895

	As at 31 March 2019 (Unaudited)					
	Arab Potash Co.	KEMAPCO	Numeira Co.	Total	Eliminations	Total
	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"
Total Assets	960,731	106,502	2,666	1,069,899	(13,242)	1,056,657
Total Liabilities	154,270	21,874	2,284	178,428	(6,319)	172,109
Investments in associates and joint ventures	214,739	-	-	214,739	-	214,739

	Three months ended 31 March 2018 (Unaudited)					
	Arab Potash Co. JD "000"	KEMAPCO JD "000"	Numeira Co. JD "000"	Total JD "000"	Eliminations JD "000"	Total JD "000"
Sales to external customers	92,797	16,968	129	109,894	-	109,894
Inter-company sales	4,429	-	386	4,815	(4,815)	-
Total sales	97,226	16,968	515	114,709	(4,815)	109,894
Segment gross profit	27,588	6,815	93	34,496	1,915	36,411
Results						
Share of profits of associates and joint ventures	7,587	-	-	7,587	-	7,587
Depreciation and amortization	16,628	357	27	17,012	(988)	16,024
Capital expenditures:						
Property and equipment and projects in progress	7,466	1,599	4	9,069	-	9,069

	As at 31 December 2018 (Unaudited)					
	Arab Potash Co. JD "000"	KEMAPCO JD "000"	Numeira Co. JD "000"	Total JD "000"	Eliminations JD "000"	Total JD "000"
Total Assets	924,914	95,009	1,878	1,021,801	(11,196)	1,010,605
Total Liabilities	156,230	13,188	1,512	170,930	(5,419)	165,511
Investments in associates and joint ventures	194,930	-	-	194,930	-	194,930

INDUSTRY SEGMENT AND GEOGRAPHICAL ALLOCATION

Following is a summary of sales by the Group based on customers' geographical location for the three-months ended 31 March 2019 and 2018:

	For the three-months ended 31 March 2019 (unaudited)				For the three-months ended 31 March 2018(unaudited)			
	Arab Potash Co.	KEMAPCO	Numeira Co.	Total	Arab Potash Co.	KEMAPCO	Numeira Co.	Total
	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"
China & India	63,038	376	-	63,414	31,374	722	-	32,096
Far East	25,121	609	-	25,730	27,798	1,162	-	28,960
Europe	5,777	6,534	-	12,311	12,883	8,880	8	21,771
America & Australia	-	1,088	-	1,088	34	2,016	3	2,053
Middle East	7,958	2,085	112	10,155	4,904	1,899	118	6,921
Africa	14,568	754	-	15,322	15,804	2,064	-	17,868
Canada	-	344	-	344	-	225	-	225
Total	116,462	11,790	112	128,364	92,797	16,968	129	109,894

(12) INCOME TAX

The provision for the year ended 31 December 2018 and the period ended 31 March 2019 has been calculated in accordance with the income tax law No, (34) of the year 2014.

- **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 year of 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 interim condensed consolidated financial statements.

Due from Sales Tax Department

Other receivables include JD 11.4 million representing the general sales tax authorities paid by the Company over the past years. These amounts are refundable under the provisions of the General Sales Tax Law.

The Income and Sales Tax Department approved a refund of JD 8.5 million from the above balance after the audit, which represents amounts of 6 months. The tax department has approved the request for reply and the audit will take place in April 2019.

- **Numeira Mixed Salts and Mud Company**

Tax returns have been submitted up to 2018, and the valuation has not been completed as at the date of these interim condensed consolidated financial statements.

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

According to the management, Arab Fertilizers and Chemicals Industries (KEMAPCO - Subsidiary) is a company 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 of the Free Zones Law No. (32) for the year 1984 and its amendments regarding the coverage of the profits of domestic sales in the tax exemption. 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.

(13) LITIGATION

There are a number of individual claims filed against the Group by a number of employees, most of which are related to health insurance indemnities resulting from the health deficit. The Group estimates the total amount of these compensations at about JD 6,022 thousand as at the date of the interim condensed consolidated financial statements, which have been provided for.

(14) CONTINGENT COMMITMENTS

Under the agreement signed on September 9, 2003 and its amendments as of October 27, 2016 with the Ministry of Water and Irrigation, the potash company is obliged to withdraw 3 million cubic meters per year at a minimum price of 1.25 dinars per cubic meter. If the Potash Company does not withdraw the minimum amount, it will be obliged to pay the amounts that have not been withdrawn from this minimum per year.

(15) LEASE LIABILITIES

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.

Under the agreement signed between KEMAPCO (subsidiary of Arab Potash Company) and Aqaba Development Corporation a long-term land lease contract for the site where KEMAPCO performs all its operations in Aqaba. The contract effective start date is the 1st of January 2008. The contract duration is 20 years; however the Company has an option to extend the contract for an additional 29 years (as a maximum land lease period of 49 years). 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.

The Group recognized a right of use asset amounting to JD 8,825 thousand as of 1 January 2019, which is the present value of all the minimum lease payments for 38 years which is the amount of years remaining from the maximum contract duration. Amortization is calculated on a straight-line basis to allocate the cost over the entire term of the right of use asset of 38 years.

The schedule below shows the movement on the right of use asset as of 31 March 2019:

	Right of use assets JD "000" (Unaudited)
Beginning Balance 1 January 2019 (as previously stated)	-
Add: right of use of leased assets	8,825
Beginning Balance 1 January 2019 (restated)	8,825
Amortization for the three months ended in 31 March 2019	(58)
Ending Balance 31 March 2019	8,767

The Group recognized lease liabilities against the right of use assets which amounted to JD 8,320 thousand.

The lease payment for 2019 was deducted from the lease liabilities as it was paid in advance. Interest expense is recognized for the period related to the lease liabilities.

The below schedules show the recognition of the lease liabilities:

	Lease liabilities JD "000" (Unaudited)
Beginning balance as at 1 January 2019 (as previously stated)	-
Add: Gross lease liability commitment at 1 January 2019	40,650
Discounted using the lessee's incremental borrowing rate at the date of initial application	(31,825)
Less: annual payment for the year 2019	(505)
Add: interest expense for the period ended 31 March 2019	188
Ending balance as at 31 March 2019	8,508

The lease liabilities have been divided as follows:

	31 March 2019 JD "000" (Unaudited)
Current lease liabilities	463
Non-current lease liabilities	8,045
	8,508

(16) EARNINGS PER SHARE

	31 March 2019 JD "000" (Unaudited)	31 March 2018 JD "000" (Unaudited)
Profit for the year	38,687	25,739
Weighted average number of shares ("000")	83,318	83,318
	Fills/ JD	Fills/ JD
Basic and diluted, earnings per share (JD / Fils)	0.464	0.309

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 earning per share.

(17) Subsequent events

Subsequent to the date of the interim condensed consolidated statement of financial position, the General Assembly resolved in its ordinary meeting held on 24 April 2019 to distribute an amount of JD 100,000 thousands (equivalent to 120% of the Company's capital) as cash dividends to the shareholders.