ARAB POTASH COMPANY
(PUBLIC SHAREHOLDING COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

31 MARCH 2021

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Arab Potash Company - Public Shareholding Company ("the Company") and its subsidiaries (together the "Group") as at 31 March 2021, and the related interim condensed consolidated statement of income, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in shareholders' equity and the interim condensed consolidated statement of cash flows for the three-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard (IAS) 34 (Interim Financial Reporting). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

For and on behalf of PricewaterhouseCoopers "Jordan"

Hazem sababa
License No (802)

Certified Public Accountants
pwc
Amman - Jordan

Amman – Jordan
29 April 2021

ARAB POTASH COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021 (UNAUDITED)

	Notes	31 March 2021	31 December 2020
		JD "000"	JD "000"
ASSETS		(Unaudited)	(Audited)
Non-current assets			
Property, plant and equipment	4	414,392	396,830
Rights of use	5	17,809	18,161
Right of use of leased asset	16	4,969	5,147
Investment in associates	8	3,449	3,291
Investment in joint ventures	8	218,158	218,269
Financial assets at amortised cost	6	20,764	20,793
Employees' housing loans		14,461	14,785
Other non-current assets		37,257	35,460
Financial assets at fair value through other comprehensive income		609	609
Deferred tax assets		21,851	22,779
		735,719	736,124
Current assets			
Inventories		26,802	33,089
Spare parts and supplies		45,180	43,668
Employees' housing loans		2,755	2,762
Accounts receivable		54,595	64,064
Other current assets	9	90,504	88,424
Cash on hand and bank balances	10	174,075	150,908
		393,911	382,915
TOTAL ASSETS		1,147,630	1,119,039
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Paid in share capital		83,318	83,318
Statutory reserve	7	50,464	50,464
Voluntary reserve		80,699	80,699
Fair value reserve		(48)	(48)
Re-measurement of post-employment benefit Obligations		(15,834)	(15,834)
Retained earnings		774,398	734,178
NET SHAREHOLDERS' EQUITY		972,997	932,777

The attached notes from 1 to 19 are part of these interim condensed consolidated financial statements

ARAB POTASH COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021 (UNAUDITED) (CONTINUED)

	Notes	31 March 2021	31 December 2020
		JD "000"	JD "000"
Liabilities		(Unaudited)	(Audited)
Non-current liabilities			
Long-term loans		4,871	6,343
Obligations against capital projects		1,621	2,427
Lease liabilities	16	3,935	3,819
Death and compensation fund obligations	11	50,967	53,672
Other non-current liabilities		7,068	7,483
		68,462	73,744
Current liabilities			
Bank overdraft		6	3,582
Current portion of long-term loans		6,494	6,343
Obligations against capital projects		3,234	3,234
Lease liabilities	16	777	774
Death and compensation fund obligations	11	7,285	7,349
Potash mining fees due to the government of the Hashemite Kingdom of Jordan		5,083	4,986
Trade payables		11,899	9,957
Income tax provision	14	31,179	28,643
Other current liabilities	12	40,214	47,650
		106,171	112,518
TOTAL LIABILITIES		174,633	186,262
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,147,630	1,119,039

The attached notes from1 to 19 are part of these interim condensed consolidated financial statements

ARAB POTASH COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2021 (UNAUDITED)

	Notes	For the three months ended 31 March 2021 JD "000" (Unaudited)	2020 JD "000" (Unaudited)
Revenue from contracts with customers	13	124,572	105,792
Cost of sales		(76,790)	(64,964)
Gross profit		47,782	40,828
Administrative expenses		(3,715)	(3,411)
Selling and distribution expenses		(5,117)	(5,511)
Corporate social responsibility expenses		(1,273)	(10,144)
Net foreign currency exchange differences		(533)	(75)
Potash mining fees	1	(5,083)	(2,991)
Operating profit		32,061	18,696
Interest income		1,278	2,804
Finance costs and bank charges		(1,388)	(1,507)
Other income, net		1,242	172
Profit before the group's share of profit from and joint ventures and income taxes		33,193	20,165
Group's share of profit from associates and joint ventures	8	18,711	12,161
Profit before income tax		51,904	32,326
Income tax expense	14	(11,684)	(6,869)
Profit for the period		40,220	25,457
Earnings per share		JD / Fils	JD / Fils
Basic and diluted earnings per share for the period	17	0.483	0.306

The attached notes from 1 to 19 are part of these interim condensed consolidated financial statements

ARAB POTASH COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2021 (UNAUDITED)

	For the three months ended 31 March	
	2021	2020
	JD "000" (Unaudited)	JD "000" (Unaudited)
Profit for the period	40,220	25,457
Add: other comprehensive income		
Items that will not be reclassified to profit or loss:		
Actuarial gains from re-measurement of post-employment benefit obligations	-	-
Total comprehensive income for the period	40,220	25,457

The attached notes from 1 to 19 are part of these interim condensed consolidated financial statements

Arab Potash Company - Public Shareholding Company
Interim Condensed Consolidated Statement of Changes in Shareholders' Equity
For the Three Months Ended 31 March 2021 (Unaudited)

	Paid in share capital	Statutory reserve	Voluntary reserve	Fair value reserve	Re-measurement of post-employment benefit obligations	Retained earnings	Net Shareholders' equity
	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"
For the three months ended 31 March 2021 (unaudited)							
Balance at 1 January 2021	83,318	50,464	80,699	(48)	(15,834)	734,178	932,777
Profit for the period	-	-	-	-	-	40,220	40,220
Balance at 31 March 2021	83,318	50,464	80,699	(48)	(15,834)	774,398	972,997
For the three months ended 31 March 2020 (unaudited)							
Balance at 1 January 2020	83,318	50,464	80,699	(72)	(13,314)	690,606	891,701
Profit for the period	-	-	-	-	-	25,457	25,457
Balance at 31 March 2020	83,318	50,464	80,699	(72)	(13,314)	716,063	917,158

The attached notes from 1 to 19 are part of these interim condensed consolidated financial statements

ARAB POTASH COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2021 (UNAUDITED)

	Notes	For the three months ended 31 March	
		2021	2020
		JD "000" (Unaudited)	JD "000" (Unaudited)
OPERATING ACTIVITIES			
Profit for the period before income tax		51,904	32,326
Adjustments for			
Depreciation of property, plant and equipment		10,555	9,407
Depreciation on right of use of leased asset		178	178
Amortisation		1,357	1,479
Gain from disposal of property, plant and equipment		(669)	-
Interest income		(9,018)	(2,804)
Finance costs		5,822	1,507
Group's share of profit from associates and joint Ventures	8	(18,711)	(12,161)
End of service indemnity provision		233	48
Potash mining fees		5,083	2,991
Provision for slow moving spare parts and Inventory		-	250
Reversed from provision for spare parts, inventory and slow moving supplies		(202)	-
Provision for employees' unpaid leaves		214	(52)
Employee's legal cases compensation provision		-	(156)
Death and compensation provision		1,802	1,746
Working capital changes:			
Inventories		6,287	(4,067)
Spare parts		(1,310)	765
Accounts receivable		9,469	(18,041)
Other current assets		(4,853)	(11,709)
Trade payables		1,942	11,658
Other current liabilities		(8,298)	11,270
Net cash flows generated from operating activities before income tax, mining fees and death and compensation fund obligations paid		51,785	24,635
Income tax paid		(8,219)	(32,830)
Potash mining fees paid		(4,986)	-
Death and compensation fund obligations paid		(4,571)	(700)
Net cash flows generated from (used in) operating activities		34,009	(8,895)

The attached notes from 1 to 19 are part of these interim condensed consolidated financial statements

ARAB POTASH COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2021 (UNAUDITED) (CONTINUED)

	Notes	For the three months ended 31 March 2021 JD "000" (Unaudited)	For the three months ended 31 March 2020 JD "000" (Unaudited)
INVESTING ACTIVITIES			
Purchases of property, plant and equipment and projects in progress	4	(28,206)	(14,022)
Proceeds from sale of property, plant and equipment		757	-
Dividends received from associates and joint ventures		18,664	10,107
Granted employees' housing loans		(377)	(270)
Proceeds from Employees housing loans		708	759
Short-term bank deposits with original maturities of more than 3 months		(5,048)	60,685
Interest received		9,018	2,804
Net cash flows (used in) generated from investing activities		(4,484)	60,063
FINANCING ACTIVITIES			
Repayment of loan		(1,321)	(1,461)
Payments for obligations against capital projects		(806)	(809)
Interest paid		(5,703)	(1,388)
Net cash flows used in financing activities		(7,830)	(3,658)
Net change in cash and cash equivalents		21,695	47,510
Cash and cash equivalents at 1 January		29,438	8,942
Cash and cash equivalents at 31 March	10	51,133	56,452

The attached notes 1 to 19 form part of these interim condensed consolidated financial statements

(1) GENERAL

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 1,875 thousand as at 31 March 2021.

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

The company calculated the potash mining fees for the three-month period ended on 31 March 2021 and 2020 at 25% of the net profits of the Arab Potash Company after tax and before the company's share of the results of the subsidiaries and affiliates' businesses, and it was presented in a separate item in the interim condensed consolidated statement of income.

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

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

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

The consolidated financial statements were authorized for issue by the audit committee on 29 April 2021.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2-1 Basis of Preparation

The interim condensed consolidated financial statements for the three months ended 31 March 2021 have been prepared in accordance with International Accounting Standard 34 (Interim Financial Reporting).

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

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2020. In addition, results for the three-month period ended 31 March 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

2-2 Basis of Consolidation

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

The interim condensed consolidated financial statements comprise the financial statements of Arab Potash Company and its subsidiaries:

	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

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
		%
Man Jia Industrial Development Limited	23,294,614	28
Management of Government Contributions Company	21,782,437	26.1
Arab Mining Company	16,653,395	20

2-3 Changes in Accounting Policies

(a) New and amended standards and interpretations issued and adopted by the group in the financial year beginning on 1 January 2021:

New standard	Description	Effective date
Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions	As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.	1 June 2020
Amendments to IFRS 17 and IFRS 4, 'Insurance contracts' deferral of IFRS 9	These amendments defer the date of application of IFRS 17 by 2 years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial instrument until 1 January 2023.	1 January 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2	The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.	1 January 2021

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

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

The Group has not yet applied the following new standards, amendments and interpretations that have been issued but are not yet effective:

New standards, amendments and interpretations:	Effective for annual periods beginning on or after
• **Amendments to IAS 1, Presentation of financial statements' on classification of liabilities -** These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.	1 January 2022
A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16	1 January 2022

- **Amendments to IFRS 3,' Business combinations'** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- **Amendments to IAS 16, 'Property, plant and equipment'** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- **Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets'** specify which costs a company includes when assessing whether a contract will be loss-making.
- **Annual improvements** make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, ' Leases'.

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 2020.

(4) PROPERTY, PLANT AND EQUIPMENT

During the three months ended 31 March 2021, the Group has acquired property, plant and equipment with a cost of JD 3,634 thousand (31 March 2020: JD 2,001 thousand).

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

During the three months ended 31 March 2021, the Group has initiated new/ additional projects in progress at a cost of JD 24,572 thousand (31 March 2020: JD 12,021 thousands).

During the three months ended 31 March 2021, an amount of JD 6,468 was transferred from projects in progress to property, plant and equipment (31 March 2020: JD 523 thousands).

(5) RIGHTS OF USE AND OBLIGATIONS AGAINST CAPITAL PROJECTS

A- Right of use of natural gas pipeline

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

Amortization is calculated on a straight-line basis to allocate the cost over the entire term of the access right's contract of 15 years. The amortisation expense during the three months ended on 31 March 2021 amounted to 260 thousand dinar (2020: 260 thousand dinar).

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

Arab Potash Company has signed an agreement with National Electrical Power Company (NEPCO) during 2017 as a contingent option to be able to use the electricity as an alternative source of power in case of any malfunctions in the currently used gas turbine. The agreement requires NEPCO to keep its generators stand-by and ready for immediate use by Arab Potash Company for 20 years for one-time payment of JD 7,420 thousand that was paid during December 2018 and will be amortised over the contract period. The amortisation expense during the three months ended on 31 March 2021 amounted to 93 thousand dinar (2020: 93 thousand dinar).

(6) FINANCIAL ASSETS AT AMORTIZED COST

	31 March 2021 JD "000" (Unaudited)	31 December 2020 JD "000" (Audited)
Unquoted financial assets – governmental bonds*	20,764	20,793

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

(7) 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.

(8) SHARE OF PROFIT (LOSSES) FROM ASSOCIATES AND JOINT VENTURES

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

	For the three months ended 31 March	
	2021	2020
	JD "000" (Unaudited)	JD "000" (Unaudited)
Jordan Bromine Company*	18,358	12,280
Nippon Jordan Fertilizer Company	157	(300)
Jordan Industrial Ports Company	196	181
	18,711	12,161

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

(9) OTHER CURRENT ASSETS

	31 March 2021	31 December 2020
	JD'000 (Unaudited)	JD'000 (Audited)
Advance payments to contractors	74,823	71,611
Due from Sales Tax Department	10,698	9,522
Prepaid expenses	1,641	3,024
Others	3,342	4,267
	90,504	88,424

(10) CASH ON HAND AND BANK BALANCES

	31 March 2021	31 December 2020
	JD'000 (Unaudited)	JD'000 (Audited)
Cash on hand	138	80
Cash at banks	33,885	20,834
Short term deposits*	17,116	12,106
Cash and cash equivalents	51,139	33,020
Short term deposits with original maturities of more than 3 months**	123,914	118,832
Expected credit loss as per IFRS 9	(978)	(944)
	174,075	150,908

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 period as follows:

	31 March 2021	31 March 2020
	JD "000" (Unaudited)	JD "000" (Unaudited)
Cash on hand	138	194
Cash at banks	33,885	27,955
Short term deposits*	17,116	32,303
	51,139	60,452
Bank overdraft	(6)	(4,000)
Cash and cash equivalent	51,133	56,452

* This item represents deposits in Jordanian Dinars at local banks with an interest rate of 3.25% (2020: 4.5%) and mature within one to three months.

** This item represents deposits in Jordanian Dinars at local banks with an interest rate of 4.22% (31 December 2020: 4.55%) and mature within a period more than three to twelve months.

(11) DEATH AND COMPENSATION FUND OBLIGATIONS

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

	31 March 2021	31 December 2020
	JD "000"	JD "000"
	(Unaudited)	(Audited)
Beginning balance	61,021	55,805
Current and past service cost	1,802	4,090
Discount value	-	3,372
Actuarial losses resulting from the remeasurement of the defined benefit plans	-	3,073
Paid during the year	(4,571)	(5,319)
Ending balance	58,252	61,021

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

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

	31 March 2021	31 December 2020
	JD "000"	JD "000"
	(Unaudited)	(Audited)
Non- current		
Death and compensation fund obligations	50,967	53,672
Current		
Death and compensation fund obligations	7,285	7,349
	58,252	61,021

(12) OTHER CURRENT LIABILITIES

	31 March 2021	31 December 2020
	JD "000"	JD "000"
	(Unaudited)	(Audited)
Accrued expenses	18,416	22,614
Contractors retentions	10,414	10,812
Employees' legal cases compensation provision	3,619	3,619
Dividends payable	1,456	1,462
Others	6,308	9,143
	40,213	47,650

(13) SEGMENT INFORMATION

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

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

The Group is comprised of the following operating segments:

- Producing potash and salt through Arab Potash Company.
- Producing potassium nitrate and di-calcium phosphate through Arab Fertilizers and Chemicals Industries (KEMPACO).

Producing mixed salts and mud through Numeira Mixed Salts and Mud Company.

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

	Three months ended 31 March 2021 (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	105,192	19,246	134	124,572	-	124,572
Inter-company sales	5,611	-	522	6,133	(6,133)	-
Total sales	110,803	19,246	656	130,705	(6,133)	124,572
Segment gross profit	41,133	6,797	214	48,144	(362)	47,782
Results						
Share of profits of associates and joint ventures	18,711	-	-	18,711	-	18,711
Depreciation and amortization	11,483	739	17	12,239	(149)	12,090
Capital expenditures:						
Property, plant and equipment	26,732	1,468	6	28,206	-	28,206

	As at 31 March 2021 (Unaudited)					
	Arab Potash Co.	KEMAPCO	Numeira Co.	Total	Eliminations	Total
	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"
Total Assets	1,056,951	100,417	2,830	1,160,198	(12,568)	1,147,630
Total Liabilities	160,319	17,392	4,358	182,069	(7,436)	174,633
Investments in associates and joint ventures	221,607	-	-	221,607	-	221,607

	Three months ended 31 March 2020 (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	89,066	16,233	493	105,792	-	105,792
Inter-company sales	5,271	-	172	5,443	(5,443)	-
Total sales	94,337	16,233	665	111,235	(5,443)	105,792
Segment gross profit	35,741	4,399	265	40,405	423	40,828
Results						
Share of profits of associates and joint ventures	12,161	-	-	12,161	-	12,161
Depreciation and amortization	10,461	733	25	11,219	(155)	11,064
Capital expenditures:						
Property, plant and equipment	13,769	252	1	14,022	-	14,022

	As at 31 December 2020 (Audited)					
	Arab Potash Co.	KEMAPCO	Numeira Co.	Total	Eliminations	Total
	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"
Total Assets	1,031,669	97,243	2,654	1,131,566	(12,527)	1,119,039
Total Liabilities	171,659	18,107	4,327	194,093	(7,831)	186,262
Investments in associates and joint ventures	221,560	-	-	221,560	-	221,560

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 2021 and 2020:

	For the three months ended 31 March 2021 (unaudited)				For the three months ended 31 March 2020 (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	48,685	1,025	-	49,710	30,462	970	-	31,432
Far East	17,045	852	-	17,897	32,225	445	-	32,670
Middle East	10,130	2,161	134	12,425	7,632	1,750	418	9,800
Africa	8,525	1,867	-	10,392	5,365	2,355	-	7,720
Europe	3,501	10,553	-	14,054	5,598	9,031	75	14,704
Southeast Asia	11,078	-	-	11,078				
America & Australia	6,228	2,532	-	8,760	7,784	1,359	-	9,143
Canada	-	256	-	256	-	323	-	323
Total	105,192	19,246	134	124,572	89,066	16,233	493	105,792

(14) INCOME TAX

The provision for the period ended 31 March 2021 and 2020, have been calculated in accordance with the income tax law No, (38) of the year 2018.

- **Arab Potash Company**

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

Due from Sales Tax Department

Other receivables include a balance of JD 10,698 thousand as at 31 March 2021 (31 December 2020: JD 9.5 million) representing the general sales tax authorities paid by the Company over the past years and mainly on the expansion project which was completed in 2010. These amounts are refundable under the provisions of the General Sales Tax Law. A request for a refund of JD 5.3 million was submitted in May 2020, but it has not yet been audited. The company reached an agreement with the Income and Sales Tax Department to net off the sales tax from the income tax payable.

- **Numeira Mixed Salts and Mud Company**

  Tax returns have been submitted up to the year 2019, 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 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.

(15) CONTINGENCIES AND COMMITMENTS

The Group had the following contingencies and commitments:

	2021 JD "000" (Not audited)	2020 JD "000" (Audited)
Letters of Guarantees	13,962	52,976
Letters of Credit	49,670	19,632
Bills of collection	48	13

Legal claims

There are a number of individual claims filed against Arab Potash Company by a number of employees, most of which are related to health insurance indemnities resulting from the health deficit. The Company estimates the total amount of these compensations at about JD 3,512 thousand as at the date of the interim condensed consolidated financial statements (31 December 2020: JD 3,619), which have been provided for.

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

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

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

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

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

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

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 a lease are initially measured on a present value basis. Lease liabilities 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, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the Group under residual value guarantees.
- The exercise price of the purchase option if the Group is reasonably certain of exercising this option.
- Payments for rent termination penalties, if the rental terms indicate the tenant's use of this option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

Extension and termination option is included in the lease agreement with Kempaco. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The extension and termination option held is exercisable only by the Group and not by the respective lessor. The extension option in the lease agreement has not been included in the lease liability, because the Company could replace the assets without significant cost or business disruption.

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

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

	31 March 2021 JD "000" (Unaudited)	31 December 2020 JD "000" (Audited)
Right of use of leased assets	4,969	5,147

	31 March 2021 JD "000" (Unaudited)	31 December 2020 JD "000" (Audited)
Lease liabilities		
Current portion	777	774
Non-current portion	3,935	3,819
lease liabilities as at 31 December	4,712	4,593

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

	31 March 2021 JD "000" (Unaudited)	31 March 2020 JD "000" (Unaudited)
Depreciation charge of right-of-use assets	(178)	(178)
Interest expense (included in finance cost)	(119)	(119)
	(297)	(297)

(17) EARNINGS PER SHARE

	For the three months period	
	31 March 2021 JD "000" (Unaudited)	31 March 2020 JD "000" (Unaudited)
Profit for the year	40,220	25,457
Weighted average number of shares	83,318	83,318
	JD / Fils	JD / Fils
Basic and diluted, earnings per share (JD / Fils)	0.483	0.306

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.

(18) COVID-19 IMPACT ON THE GROUP OPERATIONS

The existence of novel coronavirus (Covid-19) was confirmed in early 2020 and has spread across mainland China and beyond, which was classified as a pandemic by the World Health Organization in March 2020, due to its global outbreak, and this has led to a state of uncertainty of the negative effects on the overall economy that lead to disturbances in business and economic activity. Financial and monetary authorities, both domestic and international, have announced various financial and incentive measures around the world to counter potential negative impacts.

Business Continuity Planning

The Group closely monitors the situation and takes the right measures to ensure the safety and security of the Group's employees and to ensure the continuity of production and sales. Work arrangements were tested in line with government directives during the curfew.

The Group's management collects and analyses the best possible information to assess these potential risks in order to establish appropriate response measures and reduce as much as possible these risks and ensure the Group's ability to continue. Some of these measures have been the development of an emergency and risk management plan that includes controlling processes remotely, digitisation of operations, updating the supply and sales chain with minimal human resources and remote working to ensure the continuity of operations in the upcoming months.

Liquidity management

Management has set a set of necessary measures to ensure the liquidity for running the business without any interruption; by balancing suppliers' payments against cash receipts, in addition to the availability of sufficient cash balances at banks as well as credit facility limits.

The Group did not face any liquidity issues during the year that might have an impact on the business operations.

Impact on expected credit losses

The Group reviewed the potential impact of the COVID-19 outbreak on inputs and assumptions for measuring expected credit losses in light of available information. In general, the status of COVID-19 remains variable and rapidly evolving at this point, making it difficult to show the effects of this in the Group's estimate of expected credit losses reliably.

The Group has considered the potential effects of the current economic fluctuations when determining the reported amounts of the Group's financial and non-financial assets, and it represents the best management assessment based on observable information. However, the Group does not expect any material impact on the expected credit losses as all receivables from customers are either secured by bank letter of guarantees or through a credit insurance policy.

Impairment of non-financial assets

The management has undertaken a study to assess whether there are factors that may indicate a decline in the non-financial assets of the Group as a result of Covid-19. There was no indication that there may be any indication of impairment in non-financial assets to the Group's knowledge.

(19) 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 8 April 2021 to distribute an amount of JD 83,318 thousands (equivalent to 100% of the Company's capital) as cash dividends to the shareholders.