

**ARAB POTASH COMPANY  
(PUBLIC SHAREHOLDING COMPANY)**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)**

**30 SEPTEMBER 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 30 September 2021, and the related interim condensed consolidated statement of income, the interim condensed consolidated statement of comprehensive income for the three and nine months period ended 30 September 2021, the interim condensed consolidated statement of changes in shareholders' equity and the interim condensed consolidated statement of cash flows for the nine-months 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**

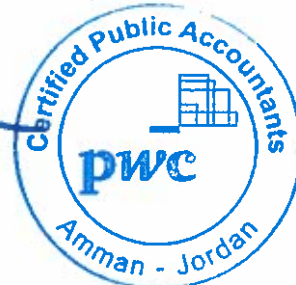
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the independent Auditor of the Entity". A review of Interim financial statements consists of making inquiries, primarily of persons responsible for the financial 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)



Amman – Jordan  
28 October 2021

**ARAB POTASH COMPANY - PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2021 (UNAUDITED)**

	Notes	30 September 2021 JD "000" (Unaudited)	31 December 2020 JD "000" (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	483,838	396,830
Rights of use	5	17,104	18,161
Right of use of leased asset	16	4,614	5,147
Investment in associates	8	3,902	3,291
Investment in joint ventures	8	219,646	218,269
Financial assets at amortized cost	6	20,706	20,793
Employees' housing loans		14,339	14,785
Other non-current assets		40,275	35,460
Financial assets at fair value through other comprehensive income		609	609
Deferred tax assets		21,843	22,779
		<u>826,876</u>	<u>736,124</u>
<b>Current assets</b>			
Inventories		20,142	33,089
Spare parts and supplies		47,983	43,668
Employees' housing loans		2,762	2,762
Accounts receivable		95,242	64,064
Other current assets	9	104,195	88,424
Cash on hand and bank balances	10	106,310	150,908
		<u>376,634</u>	<u>382,915</u>
<b>TOTAL ASSETS</b>		<u>1,203,510</u>	<u>1,119,039</u>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
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		(14,858)	(15,834)
Retained earnings		792,340	734,178
<b>NET SHAREHOLDERS' EQUITY</b>		<u>991,915</u>	<u>932,777</u>

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 30 SEPTEMBER 2021 (UNAUDITED) (CONTINUED)**

	<u>Notes</u>	<u>30 September 2021</u> JD "000" (Unaudited)	<u>31 December 2020</u> JD "000" (Audited)
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term loans		1,624	6,343
Obligations against capital projects		-	2,427
Lease liabilities	16	4,167	3,819
Death and compensation fund obligations	11	54,723	53,672
Other non-current liabilities		6,821	7,483
		<u>67,335</u>	<u>73,744</u>
<b>Current liabilities</b>			
Bank overdraft		-	3,582
Current portion of long-term loans		6,500	6,343
Obligations against capital projects		3,239	3,234
Lease liabilities	16	784	774
Death and compensation fund obligations	11	3,394	7,349
Potash mining fees due to the government of the Hashemite Kingdom of Jordan		23,250	4,986
Trade payables		10,977	9,957
Income tax provision	14	39,896	28,643
Other current liabilities	12	56,220	47,650
		<u>144,260</u>	<u>112,518</u>
<b>TOTAL LIABILITIES</b>		<u>211,595</u>	<u>186,262</u>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<u>1,203,510</u>	<u>1,119,039</u>

\_\_\_\_\_  
**General Manager**

\_\_\_\_\_  
**Executive Vice President of financial  
and support services**

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 INCOME**  
**FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2021 (UNAUDITED)**

	For the three months period ended 30 September		For the nine months period ended 30 September	
	2021	2020	2021	2020
	JD "000" (Unaudited)	JD "000" (Unaudited)	JD "000" (Unaudited)	JD "000" (Unaudited)
Notes				
13	174,800	122,169	441,117	352,584
	(81,317)	(72,920)	(244,640)	(211,099)
<b>Gross profit</b>	<b>93,483</b>	<b>49,249</b>	<b>196,477</b>	<b>141,485</b>
Administrative expenses	(3,823)	(3,192)	(11,168)	(11,287)
Selling and distribution expenses	(4,580)	(4,972)	(14,602)	(15,009)
Corporate social responsibility expenses	(2,449)	(551)	(4,087)	(29,976)
Net foreign currency exchange differences	(30)	408	(300)	277
Potash mining fees	(11,998)	(5,457)	(23,250)	(11,215)
<b>Operating profit</b>	<b>70,603</b>	<b>35,485</b>	<b>143,070</b>	<b>74,275</b>
Interest income	963	1,951	3,708	7,296
Finance costs	(1,273)	(1,786)	(3,887)	(4,518)
Other income, net	621	706	1,981	1,060
<b>Profit before the group's share of profit from associates and joint ventures and income taxes</b>	<b>70,914</b>	<b>36,356</b>	<b>144,872</b>	<b>78,113</b>
Group's share of profit from associates and joint ventures	13,343	13,721	46,538	40,793
<b>Profit before income tax</b>	<b>84,257</b>	<b>50,077</b>	<b>191,410</b>	<b>118,906</b>
Income tax expense	(23,473)	(10,116)	(49,930)	(24,164)
<b>Profit for the period</b>	<b>60,784</b>	<b>39,961</b>	<b>141,480</b>	<b>94,742</b>
<b>Earnings per share</b>	<b>JD / Fils</b>	<b>JD / Fils</b>	<b>JD / Fils</b>	<b>JD / Fils</b>
Basic and diluted earnings per share for the period	0.73	0.48	1.70	1.14

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 AND NINE MONTHS ENDED 30 SEPTEMBER 2021 (UNAUDITED)**

	For the three-months period ended 30 September		For the nine-months period ended 30 September	
	2021	2020	2021	2020
	JD "000"	JD "000"	JD "000"	JD "000"
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period	60,784	39,961	141,480	94,742
<b>Add: other comprehensive income (loss)</b>				
<i>Items that will not be reclassified to profit or loss:</i>				
Actuarial (losses) gains from re-measurement of post-employment benefit obligations	-	(3,403)	1,415	(3,437)
Effect of tax	-	1,055	(439)	1,065
<b>Total comprehensive income for the period</b>	<b>60,784</b>	<b>37,613</b>	<b>142,456</b>	<b>92,370</b>

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 NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 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"
<b>For the nine months ended</b>							
<b>30 September 2021 (unaudited)</b>							
Balance at 1 January 2021	83,318	50,464	80,699	(48)	(15,834)	734,178	932,777
Profit for the period	-	-	-	-	-	141,480	141,480
Other comprehensive income for the period	-	-	-	-	976	-	976
Total comprehensive income for the period	-	-	-	-	976	141,480	142,456
Dividends distribution (Note 18)	-	-	-	-	-	(83,318)	(83,318)
<b>Balance at 30 September 2021</b>	<b>83,318</b>	<b>50,464</b>	<b>80,699</b>	<b>(48)</b>	<b>(14,858)</b>	<b>792,340</b>	<b>991,915</b>
<b>For the nine months ended</b>							
<b>30 September 2020 (unaudited)</b>							
Balance at 1 January 2020	83,318	50,464	80,699	(72)	(13,314)	690,606	891,701
Profit for the period	-	-	-	-	-	94,742	94,742
Other comprehensive loss for the period	-	-	-	-	(2,372)	-	(2,372)
Total comprehensive income for the period	-	-	-	-	(2,372)	94,742	92,370
Dividends distribution (Note 18)	-	-	-	-	-	(83,318)	(83,318)
<b>Balance at 30 September 2020</b>	<b>83,318</b>	<b>50,464</b>	<b>80,699</b>	<b>(72)</b>	<b>(15,686)</b>	<b>702,030</b>	<b>900,753</b>

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 NINE- MONTHS PERIOD ENDED 30 SEPTEMBER 2021 (UNAUDITED)**

	Notes	For the nine months ended	
		30 September	
		2021	2020
		JD "000"	JD "000"
		(Unaudited)	(Unaudited)
<b>OPERATING ACTIVITIES</b>			
Profit for the period before income tax		191,410	118,906
<b>Adjustments for</b>			
Depreciation of property, plant and equipment		33,039	28,197
Depreciation on right of use of leased asset		533	533
Amortisation		3,659	4,605
Loss from disposal of property, plant and equipment		12	-
Interest income		(3,708)	(7,296)
Finance costs		3,887	4,518
Group's share of profit from associates and joint Ventures	8	(46,538)	(40,793)
End of service indemnity provision		(380)	(91)
Potash mining fees		23,250	11,215
Provision for slow moving spare parts and Inventory		702	750
Provision for employees' unpaid leaves		(367)	(173)
Employee's legal cases compensation provision		(189)	(136)
Death and compensation provision		6,296	6,520
<b>Working capital changes:</b>			
Inventories		12,947	7,570
Spare parts and supplies		(5,017)	(1,282)
Accounts receivable		(31,178)	17,009
Other current assets		(23,101)	(28,680)
Trade payables		1,020	(3,487)
Other current liabilities		7,306	1,611
<b>Net cash flows generated from operating activities before income tax, mining fees and death and compensation fund obligations paid</b>			
		173,583	119,496
Income tax paid		(38,180)	(40,196)
Potash mining fees paid		(4,986)	-
Death and compensation fund obligations paid		(7,784)	(3,315)
<b>Net cash flows generated from operating activities</b>		<b>122,633</b>	<b>74,985</b>

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 NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2021 (UNAUDITED) (continued)**

	Notes	For the nine months ended	
		30 September	
		2021	2020
		JD "000"	JD "000"
		(Unaudited)	(Unaudited)
<b>INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment	4	(9,033)	(7,513)
Proceeds from sale of property, plant and equipment		77	-
Projects in progress	4	(111,101)	(61,714)
Dividends received from associates and joint ventures		44,550	11,107
Investment in associates and joint ventures		-	-
Employees' housing loans granted		(1,839)	(1,106)
Proceeds from employees housing loans		2,286	2,003
Short term deposits with original maturities of more than 3 months		49,598	89,457
Interest received		3,708	7,296
<b>Net cash flows (used in) generated from investing activities</b>		<b>(21,754)</b>	<b>39,530</b>
<b>FINANCING ACTIVITIES</b>			
Repayment of loan		(4,562)	(4,383)
Payments for obligations against capital projects		(2,425)	(2,428)
Interest paid		(3,529)	(4,159)
Dividends paid to shareholders		(81,781)	(81,645)
<b>Net cash flows used in financing activities</b>		<b>(92,297)</b>	<b>(92,615)</b>
<b>Net change in cash and cash equivalents</b>		<b>8,582</b>	<b>22,900</b>
Cash and cash equivalents at 1 January		29,438	8,942
<b>Cash and cash equivalents at 30 September</b>	10	<b>38,020</b>	<b>31,842</b>

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

**ARAB POTASH COMPANY - PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021**

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**(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 1,881 thousand as at 30 September 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 nine-months period ended on 30 September 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 28 October 2021.

**ARAB POTASH COMPANY - PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021**

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**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2-1 Basis of Preparation**

The interim condensed consolidated financial statements for the nine months period ended 30 September 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 nine months period ended 30 September 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:

	<u>Paid in capital</u> (Thousands of shares)	<u>Percentage of Ownership</u> %
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

**ARAB POTASH COMPANY - PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021**

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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.

***Changes in ownership interests***

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

**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:

	<u>Number of shares</u>	<u>Ownership %</u>
Man Jia Industrial Development Limited	23,294,614	28
Governmental Investments Management Company	21,782,437	26
Arab Mining Company	16,633,897	20

**ARAB POTASH COMPANY - PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021**

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**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:**

<b>New standard</b>	<b>Description</b>	<b>Effective date</b>
<b>Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions</b>	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 September 2020
<b>Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2</b>	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.

**ARAB POTASH COMPANY - PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021**

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**(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:

	<b>Effective for annual periods beginning on or after</b>
<p><b>New standards, amendments and interpretations:</b></p> <ul style="list-style-type: none"> <li>• <b>Amendments to IAS 1, 'Presentation of financial statements' on classification of liabilities</b> - 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.</li> </ul>	1 January 2022
<p><b>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</b></p> <ul style="list-style-type: none"> <li>• <b>Amendments to IFRS 3, 'Business combinations'</b> update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.</li> <li>• <b>Amendments to IAS 16, 'Property, plant and equipment'</b> 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.</li> <li>• <b>Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets'</b> specify which costs a company includes when assessing whether a contract will be loss-making.</li> <li>• <b>Annual improvements</b> 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'.</li> </ul>	1 January 2022

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.

**ARAB POTASH COMPANY - PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021**

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**(3) KEY ACCOUNTING ESTIMATES AND JUDGMENTS**

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

In preparing these condensed interim financial statements, significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the Group's audited consolidated financial statements as at and for the year ended 31 December 2020.

**(4) PROPERTY, PLANT AND EQUIPMENT**

During the nine months ended 30 September 2021, the Group has acquired property, plant and equipment with a cost of JD 9,033 thousand (30 September 2020: JD 7,513 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 nine months ended 30 September 2021, the Group has initiated new/ additional projects in progress at a cost of JD 111,101 thousand (30 September 2020: JD 61,714 thousand).

**(5) RIGHTS OF USE AND OBLIGATIONS AGAINST CAPITAL PROJECTS**

***A- Right of use of natural gas pipeline***

On 19 February 2014, Arab Potash Company signed an agreement stating the construction of Gas pipelines, to provide the Company with natural gas as a source of energy. This agreement resulted in an obligation against capital projects of JD 15,583 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 nine months ended on 30 September 2021 amounted to JD 779 (2020: JD 779 thousand).

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

Arab Potash Company has signed an agreement with National Electrical Power Company (NEPCO) during 2017 as a contingent option to be able to use the electricity as an alternative source of power in case of any malfunctions in the currently used gas turbine. The agreement requires NEPCO to keep its generators stand-by and ready for immediate use by Arab Potash Company for 20 years for one-time payment of JD 7,420 thousand that was paid during December 2018 and will be amortised over the contract period. The amortisation expense for the nine months ended on 30 September 2021 amounted to JD 278 thousand (2020: JD 278 thousand).



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**(6) FINANCIAL ASSETS AT AMORTIZED COST**

	30 September 2021	31 December 2020
	JD "000" (Unaudited)	JD "000" (Audited)
Unquoted financial assets – governmental bonds*	20,706	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) THE GROUP SHARE OF PROFIT FROM ASSOCIATES AND JOINT VENTURES**

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

	For the nine months ended 30 September	
	2021	2020
	JD "000" (Unaudited)	JD "000" (Unaudited)
Jordan Bromine Company*	45,069	39,508
Nippon Jordan Fertilizer Company	627	(376)
Jordan Industrial Ports Company	858	1,661
Jordan Investment and Southern Development Co.	(16)	-
	<u>46,538</u>	<u>40,793</u>

\* 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%.

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**(9) OTHER CURRENT ASSETS**

	30 September 2021	31 December 2020
	JD'000 (Unaudited)	JD'000 (Audited)
Advance payments to contractors	87,051	71,611
Due from Sales Tax Department	12,647	9,522
Prepaid expenses	2,356	3,024
Others	2,141	4,267
	<u>104,195</u>	<u>88,424</u>

**(10) CASH ON HAND AND BANK BALANCES**

	30 September 2021	31 December 2020
	JD'000 (Unaudited)	JD'000 (Audited)
Cash on hand	92	80
Cash at banks	24,055	20,834
Short term deposits*	13,873	12,106
<b>Cash and cash equivalents</b>	<u>38,020</u>	<u>33,020</u>
Short term deposits with original maturities of more than 3 months**	69,200	118,832
Expected credit loss as per IFRS 9	(910)	(944)
	<u>106,310</u>	<u>150,908</u>

**Reconciliation to cash flow statement**

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

	30 September 2021	30 September 2020
	JD "000" (Unaudited)	JD "000" (Unaudited)
Cash on hand	92	168
Cash at banks	24,055	31,837
Short term deposits*	13,873	2,238
Bank overdraft	-	(2,401)
<b>Cash and cash equivalent</b>	<u>38,020</u>	<u>31,842</u>

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

\*\* This item represents deposits in Jordanian Dinars at local banks with an interest rate of 4.1% (31 December 2020: 4.8%) and mature within a period more than three to twelve months.

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**(11) DEATH AND COMPENSATION FUND OBLIGATIONS**

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

	30 September 2021	31 December 2020
	JD "000" (Unaudited)	JD "000" (Audited)
Beginning balance	61,021	55,805
Current and past service cost	3,795	4,090
Discount value	2,500	3,372
Actuarial (gains) losses resulting from the remeasurement of the defined benefit plans	(1,415)	3,073
Paid during the period/year	(7,784)	(5,319)
Ending balance	<u>58,117</u>	<u>61,021</u>

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:

	30 September 2021	31 December 2020
	JD "000" (Unaudited)	JD "000" (Audited)
<b>Non- current</b>		
Death and compensation fund obligations	<u>54,723</u>	<u>53,672</u>
<b>Current</b>		
Death and compensation fund obligations	<u>3,394</u>	<u>7,349</u>
	<u>58,117</u>	<u>61,021</u>

**(12) OTHER CURRENT LIABILITIES**

	30 September 2021	31 December 2020
	JD "000" (Unaudited)	JD "000" (Audited)
Accrued expenses	27,632	22,614
Contractors retentions	15,084	10,812
Employees' legal cases compensation provision	3,429	3,619
Dividends payable	1,537	1,462
Others	8,538	9,143
	<u>56,220</u>	<u>47,650</u>

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**(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.

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

For the three months ended 30 September 2021  
(Unaudited)

	APC JD "000"	KEMAPCO JD "000"	Numeira JD "000"	Total JD "000"	Eliminations JD "000"	Total JD "000"
Sales to external customers	151,992	22,640	168	174,800	-	174,800
Inter-company sales	7,003	-	537	7,540	(7,540)	-
Net Sales	158,995	22,640	705	182,340	(7,540)	174,800
Segment Gross Profit	89,914	3,441	195	93,550	(67)	93,483
<b>Results:</b>						
Group's share of profit of associates and joint ventures	13,343	-	-	13,343	-	13,343
Depreciation and amortization	12,157	752	17	12,926	(149)	12,777
<b>Capital expenditures</b>						
Property, plant and equipment and projects in progress	44,277	2,213	45	46,535	-	46,535

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For the nine months ended 30 September 2021  
(Unaudited)

	APC JD "000"	KEMAPCO JD "000"	Numeira JD "000"	Total JD "000"	Eliminations JD "000"	Total JD "000"
Sales to external customers	375,055	65,443	619	441,117	-	441,117
Inter-company sales	18,475	-	1,866	20,341	(20,341)	-
Net Sales	393,530	65,443	2,485	461,458	(20,341)	441,117
Segment Gross Profit	180,058	16,232	887	197,177	(700)	196,477

**Results:**

Group's share of profits of associates and joint ventures 46,538

Depreciation and amortization 35,394

**Capital expenditures**

Property, plant and equipment and projects in progress 113,826

	As at 30 September 2021 (Unaudited)					
	APC JD "000"	KEMAPCO JD "000"	Numeira JD "000"	Total JD "000"	Eliminations JD "000"	Total JD "000"
Total Assets	1,118,066	97,877	3,592	1,219,535	(16,025)	1,203,510
Total Liabilities	193,596	24,930	4,644	223,170	(11,575)	221,595
Investments in associates and joint ventures	223,548	-	-	223,548	-	223,548

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For the three months ended 30 September 2020  
(Unaudited)

	APC JD "000"	KEMAPCO JD "000"	Numeira JD "000"	Total JD "000"	Eliminations JD "000"	Total JD "000"
Sales to external customers	103,782	18,309	78	122,169	-	122,169
Inter-company sales	4,718	-	538	5,256	(5,256)	-
Net Sales	108,500	18,309	616	127,425	(5,256)	122,169
Segment Gross Profit	43,318	5,873	191	49,382	(133)	49,249
<b>Results:</b>						
Group's share of profit of associates and joint ventures	13,721	-	-	13,721	-	13,721
Depreciation and amortisation	10,696	735	12	11,443	(155)	11,288
<b>Capital expenditures</b>						
Property, plant and equipment and projects in progress	34,059	234	69	34,362	-	34,362

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For the nine months ended 30 September 2020

	(Unaudited)					
	APC JD "000"	KEMAPCO JD "000"	Numeira JD "000"	Total JD "000"	Eliminations JD "000"	Total JD "000"
Sales to external customers	294,075	58,012	497	352,584	-	352,584
Inter-company sales	15,685	-	1,430	17,115	(17,115)	-
Net Sales	<u>309,760</u>	<u>58,012</u>	<u>1,927</u>	<u>369,699</u>	<u>(17,115)</u>	<u>352,584</u>
Segment Gross Profit	<u>123,270</u>	<u>17,836</u>	<u>638</u>	<u>141,744</u>	<u>(259)</u>	<u>141,485</u>

**Results:**

Group's share of profits of associates and joint ventures

	40,793	-	-	40,793	-	40,793
Depreciation and amortisation	<u>31,519</u>	<u>2,201</u>	<u>79</u>	<u>33,799</u>	<u>(464)</u>	<u>33,335</u>

**Capital expenditures**

Property, plant and equipment and projects in progress

	68,632	488	107	69,227	-	69,227
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As at 31 December 2020

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



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**INDUSTRY SEGMENT AND GEOGRAPHICAL ALLOCATION**

Following is a summary of sales by the Group based on customers' geographical location for the nine-months ended 30 September 2021 and 2020:

	For the nine months ended 30 September 2021 (unaudited)				For the nine months ended 30 September 2020 (unaudited)			
	Arab		Numeira		Arab		Numeira	
	Potash Co. JD "000"	KEMAPCO JD "000"	Co. JD "000"	Total JD "000"	Potash Co. JD "000"	KEMAPCO JD "000"	Co. JD "000"	Total JD "000"
China & India	112,356	7,010	-	119,366	136,178	4,263	-	140,441
Far East	78,547	3,140	-	81,687	62,142	1,941	-	64,083
Middle East	35,533	7,973	373	43,879	25,595	4,947	276	30,818
Africa	48,567	5,723	-	54,290	28,315	6,343	-	34,658
Europe	13,700	29,171	246	43,117	11,251	28,993	221	40,465
Southeast Asia	27,708	-	-	27,708	18,761	10,677	-	29,438
America & Australia	58,644	11,687	-	70,331	11,833	-	-	11,833
Canada	-	739	-	739	-	848	-	848
<b>Total</b>	<b>375,055</b>	<b>65,443</b>	<b>619</b>	<b>441,117</b>	<b>294,075</b>	<b>58,012</b>	<b>497</b>	<b>352,584</b>

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**(14) INCOME TAX**

The income tax provision for the period ended 30 September 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 has issued the final tax clearance for those years. As for the years 2019 and 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 JD12.6 million as at 30 September 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.

- **Numeira Mixed Salts and Mud Company**

Tax returns have been submitted up to the year 2020, and the valuation has not been completed for the years 2018, 2019 and 2020 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:

	30 September 2021	31 December 2020
	JD "000"	JD "000"
	(unaudited)	(Audited)
Letters of Guarantees	14,002	19,632
Letters of Credit	24,754	52,976
Bills of collection	-	13

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**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 3,429 thousand as at the date of the interim condensed consolidated financial statements (31 December 2020: JD 3,619 thousand), which have been provided for.

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

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

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

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

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

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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:

	30 September 2021 JD "000" (Unaudited)	31 December 2020 JD "000" (Audited)
Right of use of leased assets	4,614	5,147
	30 September 2021 JD "000" (Unaudited)	31 December 2020 JD "000" (Audited)
<b>Lease liabilities</b>		
Current portion	784	774
Non-current portion	4,167	3,819
	<u>4,951</u>	<u>4,593</u>

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

	30 September 2021 JD "000" (Unaudited)	30 September 2020 JD "000" (Unaudited)
Depreciation charge of right-of-use assets	(533)	(533)
Interest expense	(359)	(359)
	<u>(892)</u>	<u>(892)</u>

**(17) BASIC AND DILUTED EARNINGS PER SHARE**

	For the three months period		For the nine months period	
	30 September 2021 JD "000" (Unaudited)	30 September 2020 JD "000" (Unaudited)	30 September 2021 JD "000" (Unaudited)	30 September 2020 JD "000" (Unaudited)
Profit for the period	60,784	39,961	141,480	94,742
Weighted average number of shares	83,318	83,318	83,318	83,318
	Fills/ JD	Fills/ JD	Fills/ JD	Fills/ JD
Basic and diluted earnings per share (JD / Fils)	0.73	0.48	1.70	1.14

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

**(18) DIVIDENDS DISTRIBUTION**

**2021**

The general assembly resolved in its ordinary meeting held on 8 April 2021 to distribute an amount of JD 83,318 thousand (equivalent to 100% of the company's capital) as a cash dividend to the shareholders.

**2020**

The general assembly resolved in its ordinary meeting held on 15 June 2020 to distribute an amount of JD 83,318 thousand (equivalent to 100% of the company's capital) as a cash dividend to the shareholders.

**(19) 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.

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**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.

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 as at 30 September 2021.