2012 | Annual Report

شركة البوتاس العربية المساهمة العامة

Arab Potash Company PLC

His Majesty
King Abdullah II Ibn Al-Hussein

His Royal Highness Crown
Prince Al-Hussein Bin Abdullah II

Arab Potash Company PLC

Fifty Sixth Annual Report

Of the Board of Directors and the consolidated financial statements of the Company for the year ended 31 December 2012, presented at the Ordinary General Assembly Meeting in Amman at 12:00 noon on Wednesday 7 Jamadi Al Akher 1434H , 17 April 2013 AD

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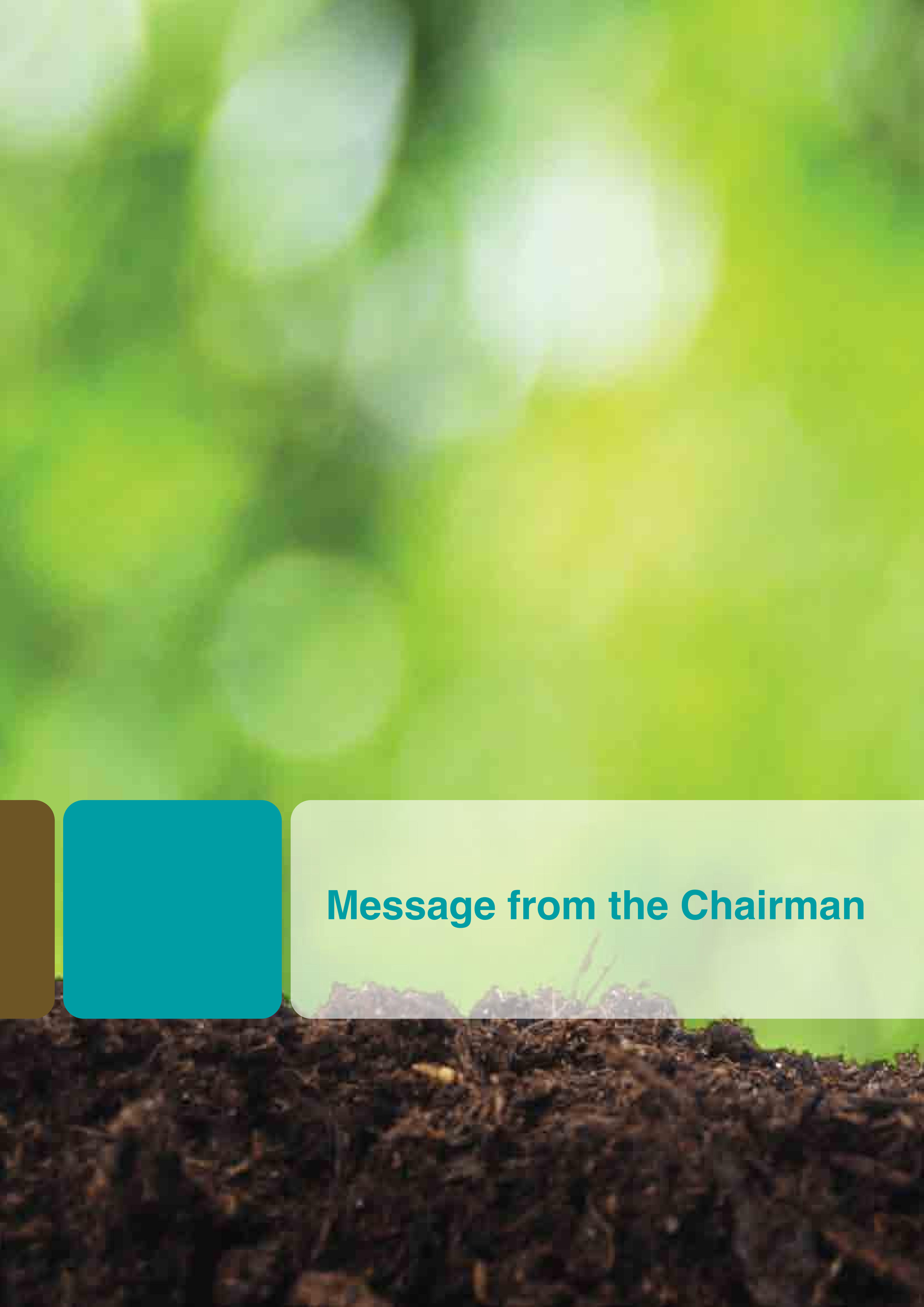


Message from the Chairman

Message from the Chairman

" APC celebrated more than 4 million man hours without a lost time injury "

" APC spent around JD 10 million on projects adopted in consultation with local authorities and civil society organizations "

" APC's contributions to the Treasury of the Hashemite Kingdom of Jordan in 2012 were approximately JD 115 million "

The past year, 2012, was the 30th anniversary of the start of the Arab Potash Company (APC) operations, after completion of construction work on its plant in Ghor Al Safi in 1982.

On this occasion, my fellow Board members and I, and members of Executive Management are honored to submit to you the 2012 annual report on APC's operations, including its consolidated financial statements for the year ended 31 December 2012, to review the achievements of the past year and explore future horizons in the new year.

2012 was rich in challenges.
The protracted global economic crisis has not excluded Jordan from its consequences, and there was a drop in demand for potash in international markets.

Despite this, APC, which has been since its inception an Arab shareholding company, continued to achieve success in fulfilling its duty to shareholders as a profit-making enterprise, and fulfilling its role as a national establishment in which the Government of Jordan is an investor. The admission of a strategic partner, Potash Corp of Canada in 2003, which is one of the world's largest producers of fertilizers, turned this giant company from a competitor to a strong ally that invests in developing APC's operations.

In keeping with the vision of His Majesty King Abdullah II Ibn Al Hussein that the first priority is improving the quality of life for every citizen of Jordan, APC's first priority is to create a safe work environment for its employees who number more than 2,000 persons, largely from local communities. APC celebrated more than 4 million man hours without a lost time injury, which places it among the top companies worldwide in this field. It should also be noted that APC is one of the top companies in Jordan in the remuneration packages of its employees.

In the area of Corporate Social Responsibility (CSR) to develop local communities and prevent environmental degradation, APC spent around JD 10 million on projects adopted in consultation with local authorities and civil society organizations, in the areas of water, sanitation, environmental protection, construction of public facilities, health services, support for professional and workers' associations, maintenance of mosques and churches, support for media and cultural activities, the campaign against pockets of poverty, grants to poor students, and support to schools and universities. More than 2,000 organizations and 100,000 citizens benefitted from these grants.

As a national enterprise, APC is one of the most important pillars of the national economy. APC's contributions to the Treasury of the Hashemite Kingdom of Jordan in 2012 were approximately JD 115 million, and it is one of the leading enterprises in the Amman financial market, one of the private sector's leading exporters and earners of foreign currency, and one of the private sector's leading creators of work opportunities.

APC produced 1.8 million tonnes of potash in 2012, of which it sold 1.6 million tonnes. Last year it launched a marketing campaign in India, which is the world's largest importer of fertilizers and a very important market for Jordanian potash since 1985. During the past five years India imported 3.1 million tonnes of potash valued at JD 971 million, and the Indian market absorbed 30% of Jordan's potash during the past 20 years. It is hoped that the marketing campaign will help increase Jordan's exports to this market.

Finally, in my own name and on behalf of my colleagues on the Board of Directors and in the Executive Management, and all members of the APC family, I would like to thank the Company's shareholders and clients for their continued trust in APC and its products, and I address my most sincere appreciation to APC employees for their diligent efforts and contributions to the Company. I pray to Almighty God to grant us success in the coming years to realize our objectives and make greater contributions to the service of our cherished Jordan, in keeping with the vision of His Majesty King Abdullah II Ibn Al Hussein.

May God's peace and blessings be with you.

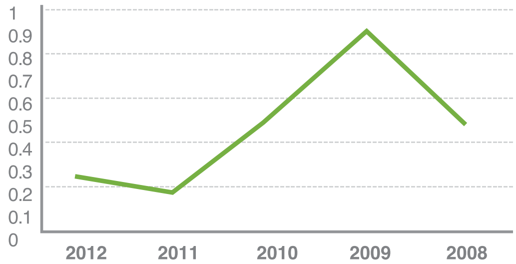
Chairman
Jamal Ahmad Mofleh Al-Sarayrah

The most Important Achievements of 2012

Charts show comparative figures for 2008-2012 to the following:

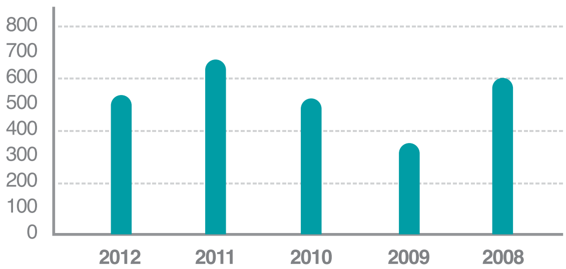
APC Annual Accident Frequency Rate

Rate of Frequency of Injury per 200,000 person hours worked



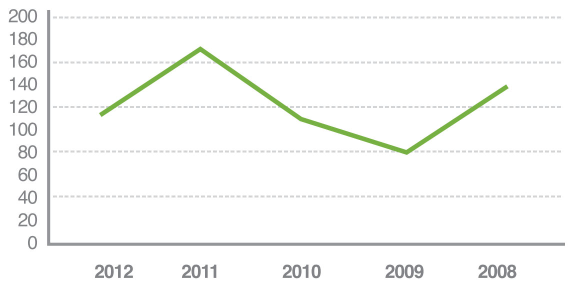
Sales Revenues

Million Dinars



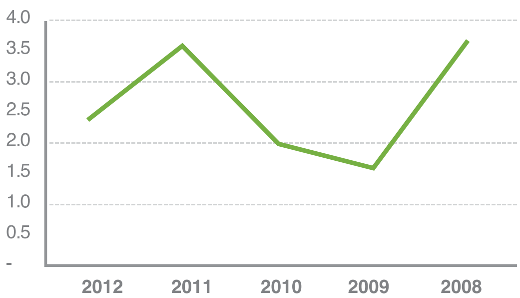
Contributions to the Treasury of the Hashemite Kingdom of Jordan

Million Dinars



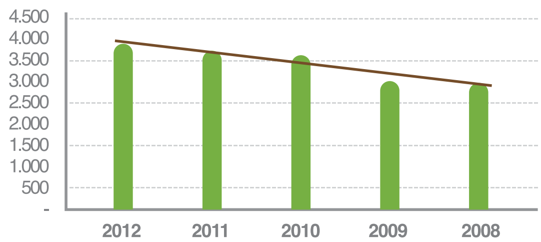
Earnings Per Share

Jordanian Dinars



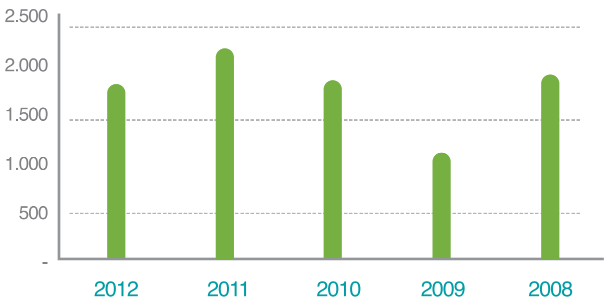
Market Value

Million Dinars



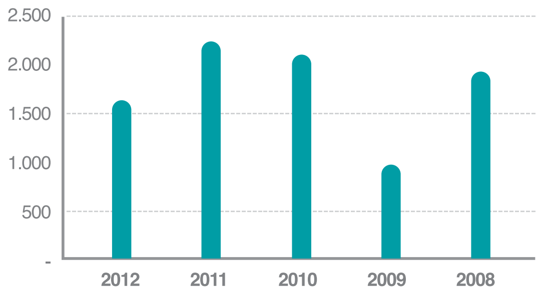
Production

thousands tonnes



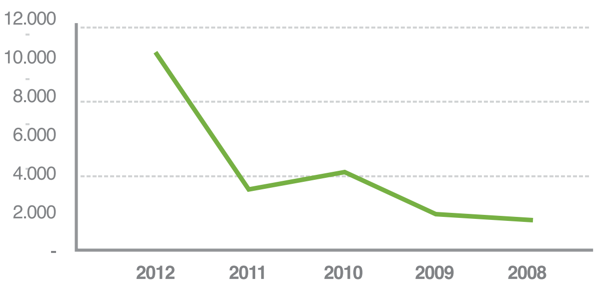
Sales

thousands tonnes



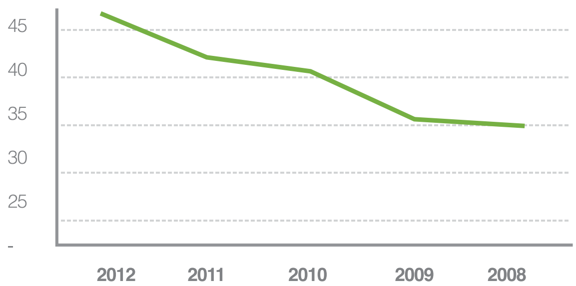
Donations

Million Dinars



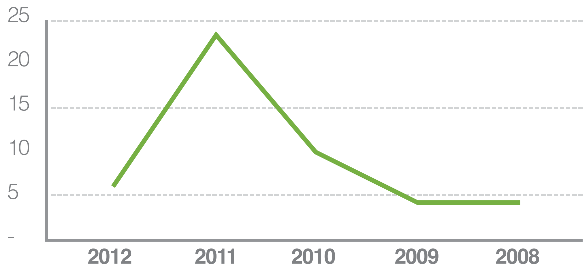
Closing Share Price

Jordanian Dinars

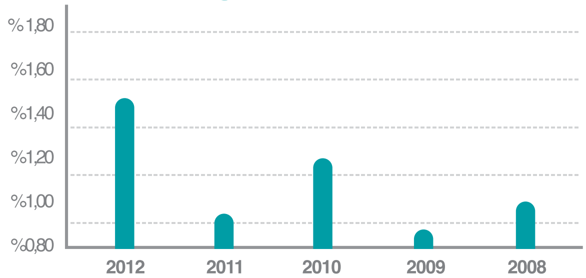


Claims

Claims by Customers



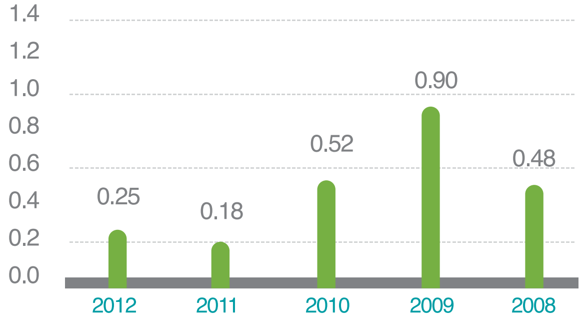
APC Employee Turn Over Percentage



Safety

APC considers that its top priority is to provide a safe work environment for its employees, which includes providing them personal protection equipment. The Company also works to maintain its leading position in this area in Jordan and internationally. As the figure below shows, the Lost Time Injury Rate in 2012 was 0.25 Accidents per 200,000 Person Hours Worked.

APC Annual Accident Frequency rate



Only 2 trucking accidents occurred during 2012 compared with 3 in 2011, which shows the effectiveness of proactive safety measures that were performed such as the trucking safety forums dedicated in particular to truck drivers.
Safety initiatives in 2012 included:

- Reviewing and updating key safety procedures such as Hot Work Permit Procedure.
- Updating the Emergency Safety Plan for all APC sites and implementing scheduled emergency drills in conjunction with the Civil Defense Department and the Jordan Radiation Protection Commission.
- Effective participation in problem solving during the severe winter conditions at Karak, Safi and the Aqaba Highway.
- Developing and distributing the first issue of Office Safety Diary which enhances safety awareness among all employees.
- Conducting scheduled safety forums for truck drivers and superintendents, which proved to be a very effective tool for improving safety and significantly reducing accidents.
- Conducting safety celebrations on the occasions of achieving one million or more Person Hours Worked free of Lost Time Injuries.

Production

Total production in 2012 reached 1,824 thousand tonnes, which is equal to 101.3% of the yearly production plan of 1,800 thousand tonnes. The surplus in production was equal to 24 thousand tonnes.

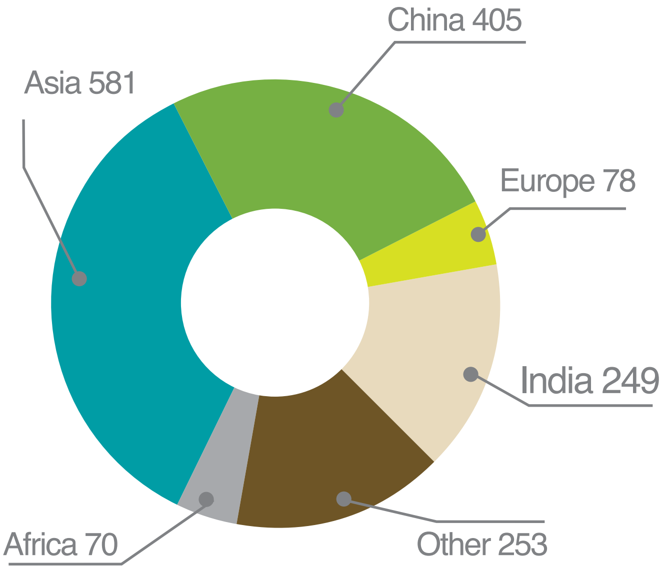
The table below details products, quantity of each product, and its percentage of total production in 2012.

Type	Thousand Tonnes	%
Standard	873	48
Fine	808	44
Granular	106	6
Industrial	37	2
Total	1,824	100%

Sales

Sales in 2012 decreased from 2011 by 26% as a result of the weakness in the Company's main markets. The decrease in India hit APC hardest and the general weakness in the second half of the year did not allow for any adjustment to sales. Despite these difficult conditions, sales by area reached the levels shown in the figure below:

Distribution of Sales by Region (Thousand Tonnes) During 2012



International Quality Standards

Recognizing the importance of customer satisfaction as the basis for enhancing productivity and profitability, and realizing that quality control is pivotal to achieving customer satisfaction, APC implements a quality management system to maximize the performance of the company's product-related processes and ensure optimal utilization of resources and high quality of outputs according to the required specifications at all stages of production. This is done through compliance with the most important quality standards, for which APC has received certification of compliance from international certification bodies and Jordan Standards and Metrology Institution.

A. In 1998, APC received the international standard (ISO-9001) certificate for establishing a documented quality management system for all processes that affect product quality. The system emphasizes total quality principles as leadership tools to lead company by focusing on customer satisfaction as a priority, and enhancing processes through effective decision-making and dependence on quality objectives for continual improvement. The certificate of compliance is renewed every three years and audited semi-annually to ensure that APC complies with (ISO-9001:2008) requirements. The last renewal of the certificate was in September 2012.

B. APC received the Jordan Institution for Standards and Metrology (JISM) certificate of compliance with the requirements of Jordan's Quality standards for potash fertilizers and other industrial products through auditing the processes that directly affect potash products. The certificate will be renewed in early 2013 for three years. In compliance with this certificate, a team from the APC quality control and laboratories shall participate in the JISM Technical Committee responsible for establishing and reviewing Jordan potash product specifications. Updates are usually carried out according to APC management directions and in the light of customers' needs and changes in the market.

C. To achieve better communication and effective follow-up to improve the quality of end products, regular meetings are held under the chairmanship of the Deputy General Manager -Technical Affairs, with the participation of representatives from quality, production and technical departments to discuss customer complaints and review the quality of products as they come out of plants, arrive at the Aqaba site, and are loaded. The meetings focus on cases of non-compliance and take the preventive and corrective measures needed to prevent their recurrence.

D. Maintain the accreditation certificate of APC Technical Laboratories for monitoring and measuring of product quality at all stages of production to ensure high quality of products and to enhance APC customers trust in final certificates through compliance of sampling and testing with the requirements of international standard ISO17025: 2005 by the Accreditation Unit in Jordan Institution for Standards and Metrology as a national accreditation body and associate member in the International Laboratory Accreditation Cooperation ILAC

E. Maintain the certificate of quality management system for medical Services provided by APC to ensure patients' satisfaction according to international standard (ISO-9001:2008). An external audit was conducted on September 2012. Also work was closely completed on establishing a safety and quality management system of food provided in the APC restaurant according to international standard ISO-22000: 2005; pending the completion of infrastructure improvement of the restaurant to start implementation and proceed to request a certificate of compliance by the certification body.

One of the most important achievements regarding product quality during 2012 was the decrease in the number of customer complaints to (6) in comparison with (23) in 2011.
Objectives and action plans have been drawn to raise product quality during 2013 to the highest possible level.

Governance

The governance guide was prepared in view of the development of the national economy at all levels and in line with the Jordan Securities Commission's (JSC) efforts to develop the national capital market and its regulatory and organizational framework. The guide contains rules of corporate governance for shareholding companies listed on Amman Stock Exchange (ASE) for the purpose of establishing a clear framework that regulates their relations and management and defines their rights, duties and responsibilities in order to realize their objectives and safeguard the rights of stakeholders. These rules are based principally on a number of legislations, mainly the Securities Commission Law and related regulations, the Companies Law, and international principles established by the Organization of Economic Cooperation and Development (OECD). On July 31, 2008 JSC published a Corporate Governance Code that became effective for public Shareholding Companies on January 1, 2009. The Company adheres and complies with the guidelines as set forth in the governance manual, as follows:

Board of Directors:

Duties and Responsibilities of the Board of Directors
The Company is in compliance with all items in the governance guidelines related to the Board of Directors.

The Board of Directors Committees
The Board of Directors established several Committees as required by the rules.

Board of Directors Meetings
The Board of Directors held seven meetings during 2012, and held another special meeting to review the suggestions for the strategic future plan.

General Assembly Meetings.
The Company is in full compliance with guidelines related to General Assembly Meetings.

Shareholders' Rights

General Rights
The Company is in compliance with all items in the governance guidelines related to Shareholders' rights.

Rights within the jurisdictions of the General Assembly
The Company is in compliance with all these guidelines.

Disclosures and Transparency
Audit Committee
The company is in compliance with all of the guidelines related to the audit committee.

Audit Committee Responsibilities
The company is in compliance with all of the guidelines related to the audit committee.

Powers of the Audit Committee
The company is in compliance with all of the guidelines related to the audit committee

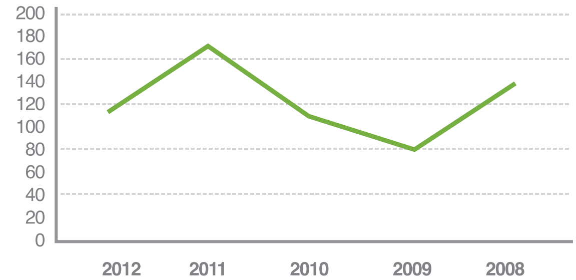
External Auditor
The Company is in compliance with all the guidelines related to the external auditor.

Payments Made or Due to Be Paid to the Government either Through the Ministry of Finance or Other Relevant Institutions

The total amounts that were paid or due to be paid to the Treasury through the Ministry of Finance and related institutions (dividends, royalties, income tax, road fees, port fees, scientific research fees and others) amounted to JD 115 Million in 2012 compared to JD 178 Million in 2011.

Payments Made to the Treasury 2008-2012

Million Dinars



Corporate Social Responsibility (CSR)

Arab Potash Company (APC) focuses on translating the vision of His Majesty King Abdullah II Ibn Al Hussein into reality by supporting local communities and working to fulfill their needs so as to raise local standards of living and contribute to the development of services provided in various sectors… in the aim of achieving social balance and sustainable development.
Acting on this vision, APC paid around JD 10 million to support development projects in education, health, water, fighting poverty, sports activities, religious affairs, and literary activities. in partnership with national and civil society institutions that include the Royal Hashemite Court, the ministries of Municipal and Rural Affairs, Water, Health and Education, as well as municipalities and non-governmental organizations and civil society institutions such as the Jordan Hashemite Fund for Human Development, Jordan River Foundation, Royal Scientific Society, Royal Marine Conservation Society of Jordan, Royal Society for the Conservation of Nature, and the Children's Museum (Mobile Museum) and local society organizations such as houses of worship, charities, cooperatives, sports federations and clubs, and the campaign against poverty pockets.

Safi Kindergarten Opening ceremony.

Handing Vehicles to Greater Karak Municipality

Sponsored Renewable Energy Conference


Ghor Haditha Recycling Workshop Products


Computer lab at Mutah University


Kindergarten at Ghor Safi after Rehabilitation


Kids in Kindergarten at Ghor Safi


The Hashemite Hall building in the village of Iraq - Karak


Opening of Al-Khansaa School in Ghor Safi


Water Wells Drilling in Ghor Safi


Chamber of Commerce Building Karak

Board of Directors Report

According to the Requirements of the
Jordan Securities Commission

info@arabpotash.com
www.arabpotash.com

Honorable Shareholders,

The Board of Directors welcomes you to this Ordinary Annual General Meeting and presents to you the Fifty-sixth Annual Report and the Consolidated Financial Statements for the year ended December 31, 2012 in accordance with the Companies Law, Financial Securities Law and APC by-laws.

Arab Potash Company Addresses

Head Office - Amman
Al Shmeisani - Aljaheth St.
P.0. Box 1470 Amman 11118
Jordan
Tel.: +96265200520
Fax: +96265200080

Plants Site - Al Karak
Ghour Al Safi - Aqaba
Main Road

Tel.: +96265200520
Fax: +96265200290

Aqaba Site - Aqaba Southern
Industrial Zone - Industrial Port
Saudi Arabia International
Road
Tel.: +96265200520
Fax: +96265200299

1. Company Activities

A. Company Activities

The Arab Potash Company (APC) was established on July 7th, 1956 and in 1958 the Government of the Hashemite Kingdom of Jordan granted APC an exclusive concession for the exploitation of Dead Sea salts and minerals. Upon termination of the concession after 100 years from the date it was granted, ownership of all plants and installations would be transferred to the government of the Hashemite Kingdom of Jordan at no cost to the latter.
The objectives of the Company include the extraction of salts and minerals from the Dead Sea and establishing industries that use these salts and minerals. The activities of APC and its subsidiaries concentrate on the production of potash, potassium nitrate and other derivatives and marketing them internationally.

B. Number of employees by geographic location

The table below shows the distribution of employees by geographic location

Company	Ghor Al Safi	Aqaba	Amman	Total
APC	1,827	80	159	2,066
Jormag	6	-	3	9
Kemapco	-	214	8	222
Numeira	45	-	11	56
JODICO	-	-	-	-
Total	1,878	294	181	2,353
%	80	12	8	100

C. Capital Investment

The consolidated value of property, plant and equipment amounted to JD 949 million in 2012, compared with JD 937 million at end of 2011, an increase of 1% from the previous year. Net book value of said assets after deduction of consolidated accumulated depreciation was JD 375 million compared with JD 426 million at the end of 2011, a decrease of 12% from the previous year, which was due to annual depreciation.

2. Subsidiary and Affiliate Companies

A. Subsidiaries

1. Arab Fertilizers and Chemicals Industries (KEMAPCO)
Limited Liability Company

P.O. Box 2564, Aqaba 77110
The Company was established in 1998 with a share capital of JD 29 million for the purpose of producing NOP and DCP. APC owns 100 percent of the share capital of the Company. Number of employees at the Company is 222. The Company's sales in 2012 amounted to JD 72.9 million from selling 108.8 thousand tonnes NOP and 2.3 thousand tonnes DCP, and the Company's production in 2012 amounted to 105.8 thousand tonnes NOP and 3.3 thousand tonnes DCP

2. Jordan Magnesia Company (JORMAG)
Public Shareholding Company

P.O. Box 941701, Amman 11194
The Company was established in 1997 with a share capital of JD 30 million for the purpose of producing Magnesium Oxide (DBM) used in the fire bricks industry, Magnesium Hydroxide and Magnesium Oxide (CCM). APC owns 55.3% of the Company's share capital. The Company's provision for losses as at 31 December 2012 was JD 62.1 million. The company has not been in operation since 2005. The number of employees is 9.
The Group expects to increase its percentage of ownership in JORMAG's capital to 92.549% during 2013 by increasing JORMAG's paid in capital to JD 60 million, of which JD 55.3 million represents the Group's share after the increase. The capital increase in JORMAG will be achieved through capitalization of the balances due to APC.

3. Numeira Mixed Salts and Mud Company
Limited Liability Company

P.O. Box 941681, Amman 11118
The Company was established in 1997 for the purpose of extracting, buying, and packaging mud from the Dead Sea for the cosmetic industry. APC owns 100% of the share capital which amounts to JD 800,000. The number of employees is 56.

4. Jordan Dead Sea Industries Company
Limited Liability Company

P.O. Box 1470, Amman 11118
The Company was established in 1994 as a private

limited liability company with a share capital of JD 100,000, owned in total by APC. There is no organizational structure and no employees except a general manager position held by APC's General Manager. The Company's main purpose is to be a vehicle for potential investments.

B. Affiliates

1. Jordan Bromine Company

The Company was established in 1999 for the purpose of producing bromine and associated derivatives, which are marketed through Albemarle Corporation, USA, based on a marketing agreement with the latter. Its capital amounts to JD 30 million and a JD 24.7 million premium issue distributed equally between the two shareholders.

The company started extensive expansion by investing more than JD 150 million, which is expected to be completed in the first half of 2013 and new production will start in 2013, which will raise annual production capacity by 100,000 tonnes and increase annual exports to more than JD 320 million. The Company produces bromine and its derivatives such as tetra brome, sodium bromide, calcium bromide, hydrogen bromide, and potassium hydroxide.

2. Nippon-Jordan Fertilizers Company

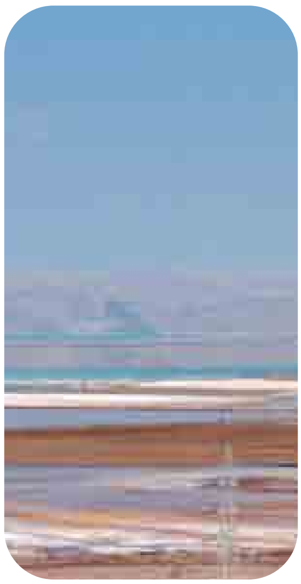
The Company was established in 1999 to produce NPK and phosphate ammonium fertilizer and to market the products in Japan. The Company's capital of JD 16.7 million is held by APC (20%), Jordan Phosphate Mines Company (70%), and Mitsubishi Corporation (10%).

3. Jordan Industrial Ports Company

The Company was established on May 17th, 2009 for the purpose of refurbishing the existing jetty and constructing a new deep water jetty at the Aqaba Industrial Terminal. JIPC is a joint venture between APC and Jordan Phosphate Mines Company as equal shareholders in the Company's authorized and paid in capital of JD 1 million. The Development and Operating Agreement is valid for a period of 30 years and is currently under review by both shareholders. The Board of Directors assigned a Steering Committee to run the activities of the company until the signing of the Development and Operating Agreement .

4. Jordan Safi Salt Company (under liquidation)

The Liquidation Committee appointed by the Company's General Assembly has not finalized liquidation procedures as of December 31, 2012.



3. Board of Directors and Executive Management

A. Board of Directors

Name	Title	Committees
Government of the Hashemite Kingdom of Jordan, Ministry of Finance		
HE. Jamal Ahmad Mofleh Al-Sarayrah	Chairman of the Board since 13/6/2012	1,2,3,4,6
"Mohammad Saeed" Mohammad Ibraheem Shaheen	Chairman of the Board from 12/4/2012 Until 13/6/2012	
Dr. Nabih Ahmad Mahmoud Salameh AL-Zenat	Chairman of the Board until 12/4/2012	
"Ahmad Jamal" Nawwaf Al Bataineh	Board Member since 12/8/2012	4,5,6
"Mohammed Nour" Abd Al-Majeed "Mohamad Ali" Al-Shreideh	Board Member until 12/8/2012	
Rami Saleh Abdulkareem Wraikat Al-Edwan	Board Member since 26/1/2012	1,2,5,6
Mohammed Suliman Al-Sanie'	Board Member until 26/1/2012	
Eyad Jamal Ahmed Al-Qudah	Board Member until 12/4/2012	
PCS JORDAN LLC		
George David Delaney	Board Member	1,2
Michael Terence Hogan	Board Member since 8/8/2012	3
Garth William Moore	Board Member until 8/8/2012	
Dr. Duried Mohammad Abd Al Hameed Al-Mahasneh	Board Member since 1/2/2012	1,2,3,4,5,6
Thamer Ahmed Abdul-Majid Obaidat	Board Member until 1/2/2012	
Arab Mining Company		
Mansour Bin Sulaiman Bin Ibrahim Al-Mebrek	Vice Chairman	
Adnan Ahmed Rashed Al-Rashdan	Board Member	
Jordan Social Security Corporation		
Imad Jamal Ahmed Al-Qudah	Board Member since 1/8/2012	1,2,3,5
Jihad Ali Ahmad Al Shar'e	Board Member from 12/4/2012 until 1/8/2012	
Islamic Development Bank,Jeddah		
Dr. Jamal (Mohammad Hijazi) Sa'ed Salah	Board Member since 12/4/2012	5
Hisham Ibrahim Rashid Al-Sha'ar	Board Member until 12/4/2012	
Government of Iraq		
Abdul Wadoud Abdul-Sattar Mahmoud Al-Dulaimi	Board Member	
Libyan Arab Foreign Investment Company		
Adbul Al-Hakeem Ali Al-Ajnaff	Board Member	
Kuwait Investment Authority- Kuwait		
Fahid Majid Al Sultan Al Salim	Board Member since 12/4/2012	
Abdullah Hasan Mshari Al-Bader	Board Member until 12/4/2012	

Board Committees:

1. Investments Committee
2. Finance, Administrative and Incentives Committee
3. Tenders Committee
4. Dikes Affairs Committee
5. Audit Committee
6. Corporate Social Responsibility and Donations Committee

Curriculum Vitae of Board Members

Representatives of the Government of the Hashemite Kingdom of Jordan (Ministry of Finance)

H.E. Jamal Ahmad Al-Sarayrah

Holds a Post-Graduate Diploma in international law and relations from the University College of Wales, UK and a BA in English literature from the University of Kuwait, Kuwait. Mr. Al Sarayrah has 30 years of experience in strategic and business development, having served as chairman and manager of many companies in the public and private sectors including Telecommunication, Post, Transport, Regulation, Oil and Gas. Mr. Al Sarayrah held several leading positions including: Senior Advisor in Strategic and Business Development for Telecom, Oil and Gas at Reliance Globalcom, Dubai, UAE; Minister of Post and Telecommunications and Transport in Jordan; Chairman of Telecommunications Corporation; Member of Parliament (elected) and Manager of Aramco (Jordan, Lebanon, Syria and Turkey).

Date of Birth: 10/08/1954.

"Mohammad Saeed" Mohammad Ibraheem Shaheen

was APC Chairman from 12/04/2012 till 13/06/2012. He received a Bachelor degree in economics from the American University of Cairo in 1973 and a Master degree in economic development from Harvard University, USA in 1978. He occupied several positions including Governor and Chairman of the Jordanian Central Bank, General Manager of Jordan Deposit Insurance Corporation and Director of the Investments Department at the Arab Monetary Fund.

Date of Birth 02/07/1948.

Dr. Nabih Ahmad Mahmoud Salameh AL-Zenat

was Chairman of the Board of Directors since January 2010, and Board Member since March 2001 till April 12, 2012. He holds a Ph.D. in economics from the Institute of Arab Research and Studies, Cairo, did Higher Studies in Economics at Harvard University, USA in 1988, and he received an M.Sc. in economics from the University of Jordan in 1981 and a BSc in economics from the University of Jordan in 1969. His career included several posts that include General Manager of Jordan Investment Board, Secretary General of the National Population Commission and Member of Privatization Committee.

Date of Birth 07/11/1946.

"Ahmad Jamal" Nawwaf Al Bataineh.

APC board member since 12/08/2012. He occupied the position of Manager of the Military Intelligence at the Jordanian Armed Forces with the military ranking of Major General until the year 2000, Military Attaché of Jordan to the United Kingdom until the year 1999, General Manager of the National Resources Development Company until the year 2007. He also occupied the position of the Basket-ball Union President during the period from 2000 till 2003. He received the esteemed Jordanian medal of (Al Istiqlal and Al Nahdah) in addition to medals of leadership and managerial efficiency and other medals.

Date of Birth 05/11/1948.

Mohammed Nour Abd Al-Majeed MohamadAli Al-Shreideh

was APC board member from February 2003 until August 12, 2012. He holds an M.Sc. degree in business administration from the University of Jordan in 1990. His career includes service as Secretary at the Prime Ministry, Advisor to the Prime Minister and Economic Secretary to the Prime Minister. He is currently Under Secretary at the Prime Ministry.

Date of Birth 19/04/1961.

Rami Saleh Abdulkareem Wraikat Al-Edwan

served as APC board member since 26/01/2012. He holds a Bachelor degree in Business Administration, received Higher Diploma in 1999 and he enrolled in a Master program in private law at the Middle East University. Currently he is General Secretary of the Ministry of Parliamentary Affairs and a member of a number of youth organizations.

Date of Birth 27/07/1969.

Mohammed Suliman Al-Sanie'

was APC board member from July 2010 until January 26, 2012. He holds an M.Sc in finance and accounting from the Arab Academy for Banking and Financial Science and currently works as advisor to the Finance Minister.

Date of Birth 15/01/1962.

Eyad Jamal Ahmed Al-Qudah

was APC board member from February 2003 until April 12, 2012. He holds an M.Sc degree in Business Administration from Sul Ross State University. He is currently Director General of the Free Zones Company.

Date of Birth 03/05/1961

Representatives of PCS Jordan LLC

George David Delaney

is APC Board Member since June 29, 2010. A graduate of Southern Illinois University, Mr. Delaney completed the Executive Management Program at the University of Pittsburgh. He became Executive Vice President and Chief Operating Officer of PCS in June 2010 after 10 years as President of PCS Sales. He has overall responsibility for all PotashCorp operations, with special emphasis on continuing the company's efforts to improve safety performance. Mr. Delaney joined PCS as Vice President, Industrial Sales in 1997, following its acquisition of Arcadian Corporation, where he had been Vice President, Agricultural Sales for its eastern territory. He began his career in Allied Chemicals fertilizer division, which later became Arcadian, where he worked in various supervisory roles.

Date of Birth 10/06/1961

Michael Terence Hogan

APC Board Member since August 2012, Mr. Hogan graduated in Mining Engineering from Queen's University, Kingston, Ontario in 1982,holds the position of President, PCS Potash. He joined PCS Potash in 1989 and has held senior operating positions including Vice President, Potash Operations, General Manager at the Lanigan and New Brunswick Divisions. He also served as APC General Manager from 2007 to January 2010. Prior to his appointment as President, PCS Potash in 2013, Mr. Hogan was Senior Vice President, PCS Potash. and he is a member of the Association of Professional Engineers and Geoscientists of Saskatchewan, Director of Saskatchewan Mining Association , Director of Saskatchewan Potash Producers Association and Director of International Minerals Innovation Institute

Date of Birth 08/08/1958

Garth William Moore

Member of the Board since October 2003 till August 2012, holds B.Sc. degree in Mining Engineering from Saskatchewan University, President of the Mining Association in Saskatchewan in Canada, and the Canadian Association for Environment and Technology Development. He had 30 years' experience in the potash industry, 20 years thereof with PCS.

Date of Birth 20/05/1948.

Dr. Duried Mohammad Abd Al Hameed Al-Mahasneh

APC Board Member since February 1, 2012, occupies the position of CEO of Tawfiq Ghargour and Fils Co. Before that, Dr. Mahasneh worked as a Manager at IAG Mercedes Iraq, Project Advisor and part time consultant at Ch2M Hill and MWH, Consultant at Forward USAID Funded Project, Secretary General at Jordan Valley Authority, Director General at Aqaba Ports Corporation, Secretary General and Assistant President at Aqaba Region Authority, Director of Aqaba Marine Science Station, Assistant Professor at Aqaba Marine Science Station and University of Yarmouk. Dr. Mahasneh holds a PhD in marine science from the University of Cluj 1980 and a Post Doctorate from Duke University's Duke Marine Laboratory 1983. He also has several publications on marine ecology environment and coastal zone management. Dr. Mahasneh received a number of Jordanian and international awards.

Date of Birth: 10/03/1952

Thamer Ahmed Abdul-Majid Obaidat was APC Board Member untill 1/2/ 2012. He holds an M.Sc. degree in law from Harvard University, USA 1988, and he is a licensed to practice law in the courts of Jordan and New York State.

Date of Birth 16/11/1965.

Representatives of the Arab Mining Company

Mansour Bin Sulaiman Bin Ibrahim Al-Mebrek

is APC board member and Vice Chairman of the Board since October 2007. He holds a Bachelor degree in accounting from King Sa'oud University and a diploma in management and finance from the Institute of Economy in Colorado, USA. He is currently Chairman of the Arab Company for Agricultural Production and Industry.

Date of Birth 23/02/1955.

Adnan Ahmed Rashed Al-Rashdan

is a board member since October 2007. He received a Bachelor degree in industrial engineering and computer science from Miami University, USA in 1986. He is Manager of Information Infrastructure of the Public Investment Commission of Kuwait.

Date of Birth 15/10/1963.

Representative of Jordan Social Security Corporation

Imad Jamal Ahmad Al Qudah

was APC board member since 01/08/2012, representing the Social Security Corporation, and he works as Manager of the Equities Investment Department of the Social Security Investment Fund. He holds a Master degree in business administration from Texas University, USA. He is also a board member of the Jordanian Kuwaiti Bank and Saraya Aqaba Company.

Date of Birth 03/05/1961.

Jihad Ali Ahmad Al Shar'e

was APC board member from 12/04/2012 until 01/08/2012, representing the Social Security Corporation, where he is Manager of the Equities Support Department. He holds a Bachelor degree in economics and banking from Ghazi University in Turkey, and a Higher Diploma and Master degree in Economics from the Institute of Economic Research and Studies in Cairo. He also holds a Master degree in Literature.

Date of Birth 21/03/1958.

Representative of the Islamic Development Bank, Jeddah

Dr. Jamal (Mohammad Hijazi) Sa'ed Salah
is APC board member since 12/04/2012, representing the Islamic Bank for Development, Jeddah. He holds a PHD in economics, monetary policy and banks from the UK. He was Manager of the Jordanian Company for Loans Guarantees until 2011, Executive Director of the Research Department at the Central Bank of Jordan, General Secretary of the Ministry of Planning and Consultant for the Islamic Bank for Development, Jeddah. Currently he is a board member of the Jordanian Petroleum Refinery Company representing the Islamic Bank for Development , Jeddah.

Date of Birth 26/07/1947.

Hisham Ibrahim Rashid Al-Sha'ar
was Board Member from November 1997 until 12/04/2012. He has a Bachelor degree in law and Economics from St. Josef University, Lebanon 1958, as well as Diplomas in Postgraduate Studies and Public Administration from Washington University. He is currently Consultant at the Lebanese Prime Ministry and On-Call Governor of the Islamic Bank for Development , Jeddah.

Date of Birth 10/03/1932.

Representative of The Government of Iraq

Abdul Wadoud Abdul-Sattar Mahmoud Al-Dulaimi
is Board Member since December 2003. He holds a BSc degree in electrical engineering from the University of Baghdad 1977. He is Director General for the Iraqi Phosphate Public Company, and Chairman of the Board of Directors and General Manager of Diala Company for Electrical Industries.

Date of Birth 15/11/1954

Representative of Libyan Arab Foreign Investment Company

Eng. Adbul Al-Hakeem Ali Al-Ajnaff
is a Board Member since October 2011. He holds a Bachelor degree in mechanical engineering 1993 and currently works in the management of the Libyan Company for Investments.

Date of Birth 18/12/1971

Representatives of the Kuwait Investment Authority – Kuwait.

Mr. Fahid Majid Al Sultan Al Salim
is a Board Member since 12/04/2012. He holds a Bachelor degree in business administration from Ohio University, USA and currently works as Director of Strategy and Planning at the Public Investment Commission of Kuwait.

Date of birth 05/11/1955.

Mr. Abdullah Hasan Mshari Al Badir
was Board Member from May 1998 until 12/04/2012. He holds a Bachelor degree in commerce and currently works as Internal Audit Manager at the Public Investment Commission of Kuwait. He is also member of a number of occupational societies.

Date of Birth 08/03/1958.

B. Members of the Executive Management

Name	Title	Committees
William Keith Thornton	General Manager until 15/2/2013	1,2,3,4,6
William Lawrence Flahr	Deputy General Manager - Finance since 15/2/2012 and Acting General Manager since 15/2/2013	
Dr. Roderick Joseph McEachern	Deputy General Manager - Technical Affairs	
Julie Ann Fortunato	Deputy General Manager - Finance until 15/2/2012	
Jafar Mohammad Hafez Salem	Deputy General Manager - Marketing	
Adnan Sulaiman Faris Al Ma'aitah	Deputy General Manager - Human Resources since 1/11/2012	
Ernst & Young	Auditors	

Curriculum Vitae

William Keith Thornton
was APC General Manager from January 2010 until February 2013. He holds a B.Sc. degree in Mechanical Engineering from West Virginia University, USA, and has more than 36 years of experience that included work as General Manager for White Springs Phosphate Plant.

Date of Birth 20/01/1953

William Lawrence Flahr
is Deputy General Manager for Finance since February 2012 and Acting General Manager since February 2013. A Chartered Accountant and Certified Public Accountant (Illinois), he worked for an international public accounting firm for sixteen years, then Potash Corp for seventeen years. He Worked as Senior Director, Taxation before becoming APC Deputy General Manager for Finance from July 2006 until June 2009. Most recently he was Senior Director , Finance Projects before assuming his new roll with APC.

Date of Birth 09/11/1956

Dr. Roderick Joseph McEachern
has worked as Deputy General Manager for Technical Affairs since July 2011. He received a PhD from University of Saskatchewan, Canada in 1993 in chemistry and his career has mostly been in the mining industry. He has twenty three years of experience in PCS.

Date of Birth 31/12/1958

Julie Ann Fortunato
was Deputy General Manager for Financial Affairs from August 2009 till February 2012. She as a Certified Public Accountant (Maryland) and Certified Management Accountant. Her most recent position was Controller, PSC Nitrogen Fertilizer L.P. in Augusta, Georgia USA. She has over 28 years of experience in accounting, procurement and warehouse operations.

Date of Birth 16/04/1959.

Jafar Mohammad Hafez Salem
has worked as Deputy General Manager for Marketing since October 2003. He holds a BSc in Chemical Engineering from Aston University in Birmingham, UK (1981), and has worked for APC since 1984 in the Marketing Department. He represents the Company in several organizations including the International Fertilizers Association and he chairs the Potash Committee at the International Fertilizers Association and Board. He is also a member of the International Plant Nutrition Institute.

Date of Birth 04/05/1958

Adnan Sulaiman Faris Al Ma'aitah
was appointed as Deputy General Manager for Human Resources in November 2012. He holds an MBA in human resources management from New York Institute of Technology, and a BSc. in industrial engineering (engineering management) from the University of Jordan. He has more than 17 years of experience in human resources management in a wide range of business environments and multinational organizations,he worked as HR Manager in several international Companies in Jordan and Saudi Arabia.

Date of Birth 16/12/1971

4. Names of Major Shareholders

Shareholder's Name	No. of Shares (As at 31 December 2012)	%	No. of Shares (As at 31 December 2011)	%
PCS Jordan LLC	23,294,614	28	23,294,614	28
Jordan Ministry of Finance	22,398,101	27	22,398,151	27
Arab Mining Co.	16,601,699	20	16,625,357	20
Jordan Social Security Corporation	4,342,968	5	4,331,107	5
Islamic Development Bank - Jeddah	4,300,000	5	4,300,000	5
Iraqi Government	3,920,707	5	3,920,707	5
Libyan Company for Foreign Investment	3,386,250	4	3,386,250	4
Kuwait Investment Authority	3,286,095	4	3,286,095	4
Other	1,787,066	2	1,775,219	2
Total	**83,317,500**	**100**	**83,317,500**	**100**

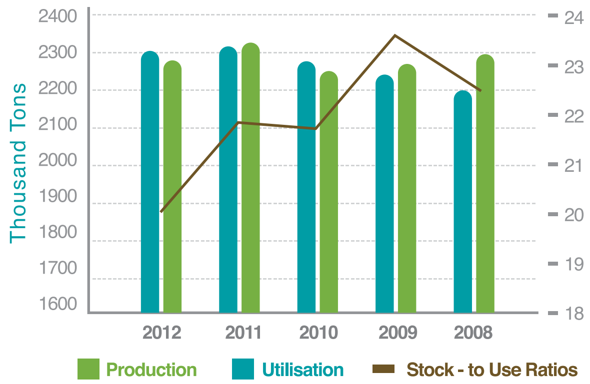
5. Competitive Position within the Potash Industry

A. International Outlook

After a good performance by world economic standards in 2011, last year witnessed a setback. Growth slowed down and the Euro crisis, coupled with adjustments in high growth economies in Asia and Latin America brought compounded growth down to about 3.3% according to the International Monetary Fund (IMF). This weakening of economic activity impacted commodity prices (including fertilizer prices) which stagnated throughout the year. The picture looks brighter going into 2013 with signs of recovery in developed markets and hopes of a resumption of growth in developing and emerging economies.

World cereal output declined in 2012 by around 3%, which raised cereal prices in the last quarter of the year. This sets the scene for 2013 when an expansion of agricultural activity is expected and cereal prices are projected to remain firm, providing a positive environment for fertilizer sales and usage. Regarding fertilizer usage, IFA expects steady growth of 2-3% in 2013 taking into account the state of the world economy and agriculture.

Cereal Production Utilization and Stock Ratios



B. Potash Production

Global production dropped by about 11% to just above 50.3 million tonnes in 2012. This total is lower than production in 2011,which was 56.1 million tonnes.

The bulk of the reduction was in the two major producing areas: North America (18%) and the Russian/ Belorussian region (13%), due to weak demand, particularly in the latter half of the year. Chinese potash production continued to grow as a new processing unit was put on stream. APC production fell by about 13 % in reaction to global demand.

In terms of additional capacity, there was no major expansion or greenfield projects throughout the year, but there will be new capacity coming on stream gradually in 2013 through 2016 when new projects in Canada and others in Russia are expected.

Potash Production by Country Thousands of Tonnes

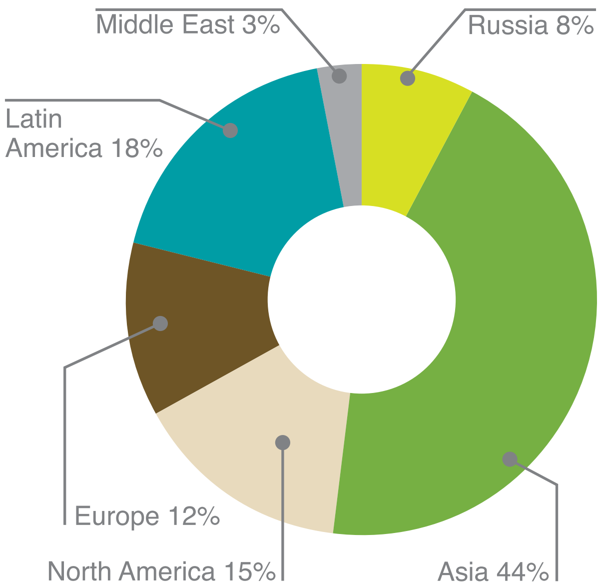
	2012	2011	2010	2009	2008
Russia	17,000	19,700	18,900	10,200	18,100
North America	15,500	19,000	16,600	8,000	18,300
Germany	5,000	5,000	5,000	3,000	5,500
China	4,500	4,300	3,300	3,400	3,300
Israel	4,200	4,300	4,700	4,100	4,900
Brazil/ Chile	2,200	2,200	2,000	1,800	1,400
Jordan	1,900	2,200	1,900	1,200	2,000
Total	**50,300**	**56,700**	**52,400**	**31,700**	**53,500**

C. Global Potash Deliveries and Demand

After the record achieved in 2011, world potash deliveries in 2012 reached about 52.3 million tonnes, a drop of 6.4 million tonnes (11%) from 2011. The fall was most significant in Asia, particularly in India, Malaysia, and Indonesia.

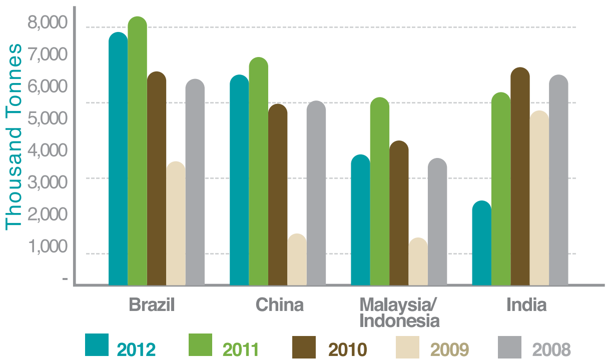
In Europe, deliveries fell by about 10% while consumption in Russia and Belorussia continued to grow. The local prices for potash encouraged compound fertilizer exports from the region and this trend is set to continue.

Distribution of World Potash Deliveries 2012



Major Importers of Potash

Thousand Tonnes



D. Potash Prices

The year began with negotiations between buyers in China and potash suppliers. The price established in the spot markets and Brazil was above USD 500 CFR and reached USD 550 in some cases. The momentum however was changing and the contract in China was for a truncated period from March to June and it was agreed at USD 470 CFR.

Talks continued throughout the second half of the year. The late conclusion of the first half contract in China and the continued shipments of potash from Russia to China across the border did not encourage a speedy settlement as supplies were secured. The situation in India was complicated since the Government of India reduced subsidy rates for potash and demand fell in that country.

Spot prices held for a while but they started to fall in September. They reached USD 470 CFR and in some cases this was breached as speculation about contract levels under discussion varied widely.

The closing days of the year finally brought an end to the speculation as a new price was agreed between the buyers in China and suppliers at USD 400 CFR, which reflected a USD 70 reduction from first half 2012 prices. Immediately following this announcement, suppliers declared prices for spot markets would be maintained at USD 450 CFR.

E. Developments in APC's Main Markets

1.India

Potash deliveries in 2012 fell by nearly 50 % although consumption may have fallen by less than that.

The outlook for 2013 remains unclear. It is certain that potash is needed and that it is essential to achieve balanced fertilization, which can only be achieved if the application of nitrogen is controlled by raising local prices or cutting subsidies for nitrogen.

With so many uncertainties surrounding this key market for APC, the forecast for 2013 calls for reducing stocks, with the expectation of a resurgence in demand and imports towards the latter part of 2013 or early 2014.

2. China

Demand in China in 2012 followed normal patterns and consumption is estimated to have increased slightly from 2011. Local production increased as did domestic deliveries.

It is estimated that imports may have been slightly lower than 2011. The main development in China in 2012 was the significant rise of Russian border shipments which continued throughout the year at a rate of 200,000 tonnes a month. This increased the market share of Russian/ Belorussian suppliers to almost 55% of Chinese imports. The regular nature of these shipments regardless of price was the main reason for the absence of contracts in the second half of 2012. Local prices for potash in China were a prelude to the weakness in the global potash market and they fell below the USD 400 mark at some points, which set the scene for the final conclusion of a new price for 2013 at the end of the year.

3. Malaysia and Indonesia

The growth witnessed in 2011 was not repeated in 2012. Weakness and subsequent stagnation of the palm oil market was another negative factor for potash imports. In the second half of the year, imports fell significantly. Prices of local tenders fluctuated wildly and continued to search for direction and a benchmark. APC increased its market share in Indonesia through participation in both the Government and the private sectors. In Malaysia APC lost some of its market share because the market is estimated to have contracted by more than 20%.

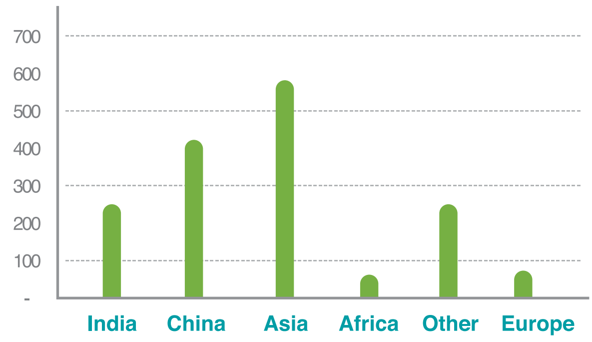
4. Local and Regional Markets

Jordan's potash consumption decreased across the board this year by about 48,000 tonnes or close to 23%. The SOP producer faced technical and financial issues and Potassium hydroxide production by Jordan Bromine Company also decreased. However, there is a positive outlook for 2013. All channels are expected to increase demand and SOP production is set to reach levels close to its capacity. In regional markets, APC lost some of its market share in Saudi Arabia due to competition from Russian products in Oman, but the Company maintained and increased its share of the Egyptian market despite political and economic uncertainties. A new SOP complex is expected to come on stream in 2013 which will boost APC exports to Egypt further.

F. Sales and Marketing

Sales in 2012 decreased from the 2011 level by 26% in reaction to the weakness in APC's main markets. The decline in India hit APC hardest and the general weakness in the second half of the year did not allow for any adjustment to sales. Despite these difficult conditions sales by region were as shown in the figure below:

2012 APC Sales Distribution in thousand tonnes



Sales to China fell from the 2011 level but China remained the largest market for APC accounting for 25% of sales tonnes. APC sales by volume to China and Indonesia surpassed those to India. Sales to Indonesia grew by 40% while India fell by 55%. APC is now poised to capitalize on its presence in Malaysia and Indonesia as the market resumes activity after the lull in 2012. There has been an expansion in sales in the open market and new sales channels are being explored.

Sales to Africa expanded slightly as Nigeria became a first time buyer during the year. Granular sales were made to Indonesia and APC was able to maintain the level of its containerized shipments which indicates that this is less susceptible to market downturns than bulk shipments. The office in Kuala Lumpur played an important and active role during

the year in promoting APC's position, maintaining a profile and feeding vital market information.

APC Sales by Country
Thousand tonnes

Country	2012	2011	2010	2009	2008
China	405	462	313	43	203
Indonesia	298	214	141	62	69
India	249	557	842	637	809
Jordan	157	206	167	69	195
Malaysia	140	269	203	51	231
Egypt	54	47	56	28	59
Taiwan	50	37	44	2	-
Japan	29	49	43	-	-
S. Africa	27	27	-	-	-
Mozambique	24	18	-	-	-
Philippines	22	44	33	7	23

G. Shipping and Logistics

Freight rates during 2012 dropped by more than 20% compared to 2011. The APC average realized freight rate per tonne for vessels went down by almost USD 10. Destinations obviously varied. APC shipped its bulk volumes on 78 vessels of which 48 were chartered by APC, down from 67 the year before, while 30 were on an FOB basis mainly to Egypt and Japan.
Bulk container operations were maintained at a regular pace and the tonnage during the year was about 198,000 tonnes in 8,250 containers which is a slight drop from the year before. Freight rates for container cargoes remained competitive with bulk vessels but the rates remained steady in 2012.

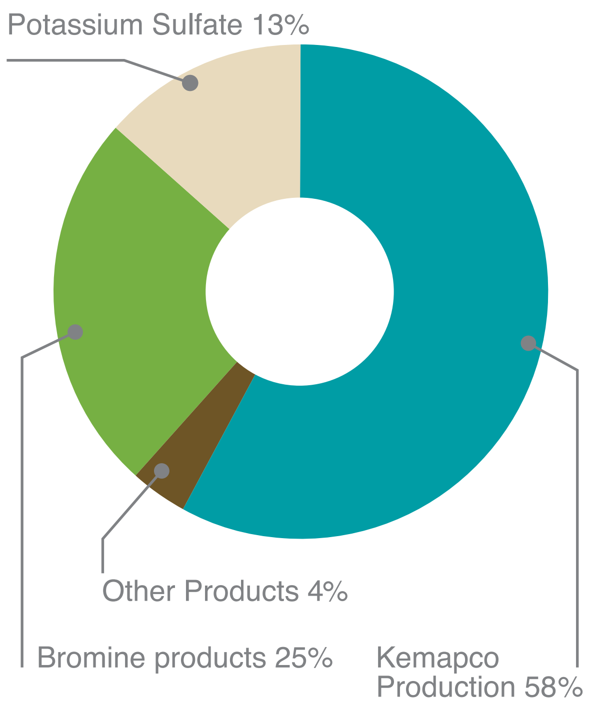
H. International Activities and Promotion

APC continued to play an active role within IFA. Potash production capacities, supply demand balances, as well as environmental and technical subjects were tackled within the committees of the organization. New promotional and responsible use directives were planned.
APC took part in most of the activities of the Arab Fertilizer Association (AFA). Regional contacts and statistics were exchanged. Training and sharing of experience was also a theme during the year. Several initiatives were discussed and APC was a catalyst for the AFA to be more active in IFA and International Plant Nutrition Institute (IPNI) activities.
APC participated in the activities of the IPNI. It took part in the meetings of the advisory group and continues to focus on promoting potash use in the region and in Africa.
There is an effort to cooperate with IPNI for special potash promotion activities in India and for studying the establishment of a model farm near APCs facilities.

Steps are being made to activate a representative office in India in 2013.

APC sales in 2012 to the non-fertilizer sector fell slightly from the year before to 180,000 tonnes but the overall share of these sales increased to about 11% of total sales.

2012 Local Sales Distribution



6. Company's Dependence on a Local or Foreign Supplier or Customer greater than 10%.

The table below shows the details:

Dependence on suppliers greater than 10% of total purchases

No	Supplier	%
1	National Electric Power Company	33%
2	Jordan Petroleum Refinery	27%

Dependence on customer greater than 10% of total sales

No	Customer	%
1	Sinochem Fertilizer Limited	25%

7. Government Protection or Concessions to the Company or its Products:

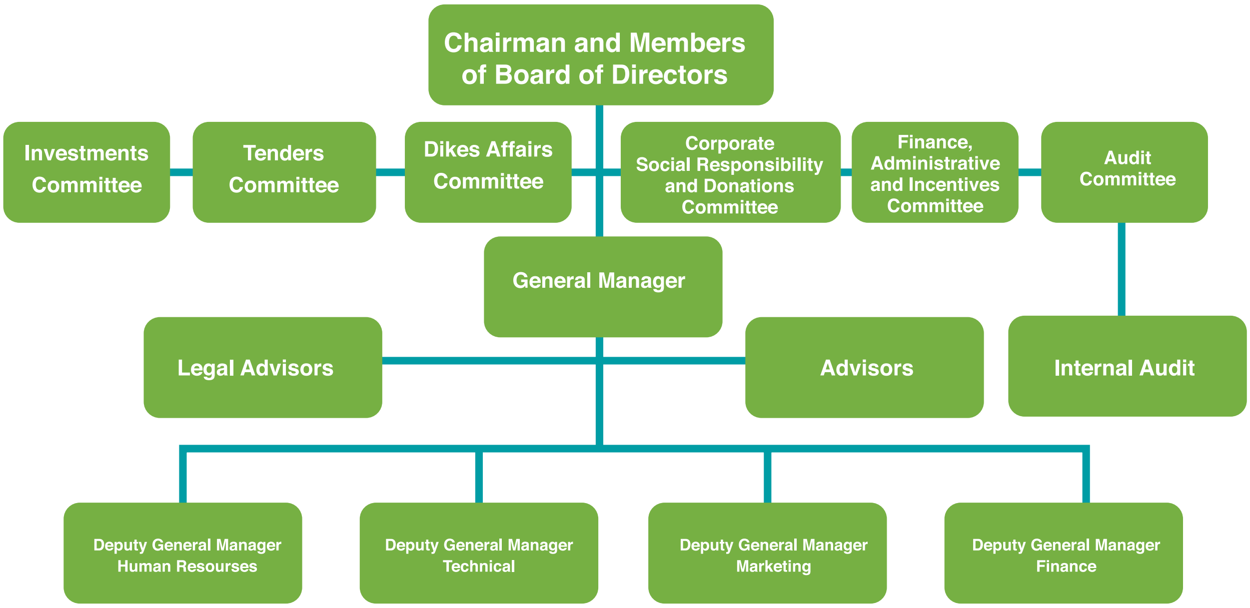
The Arab Potash Company was established on July 7th, 1956 and in 1958 it received an exclusive concession for one hundred years from the Government of the Hashemite Kingdom of Jordan, after which ownership of all plants and installations shall be transferred to the Government of the Hashemite Kingdom of Jordan at no cost to the latter.
The objectives of the Company include the extraction of salts and minerals from the Dead Sea and establishing industries that use these salts and minerals. The activities of APC and its subsidiaries concentrate on the production of potash, potassium nitrate and other derivatives and marketing them internationally.
The company has no other patents or exclusive rights other than the concession mentioned above.

8. Decisions by the Government or International Organizations that Had a Material Effect on the Operations of the Company or Its Competitiveness

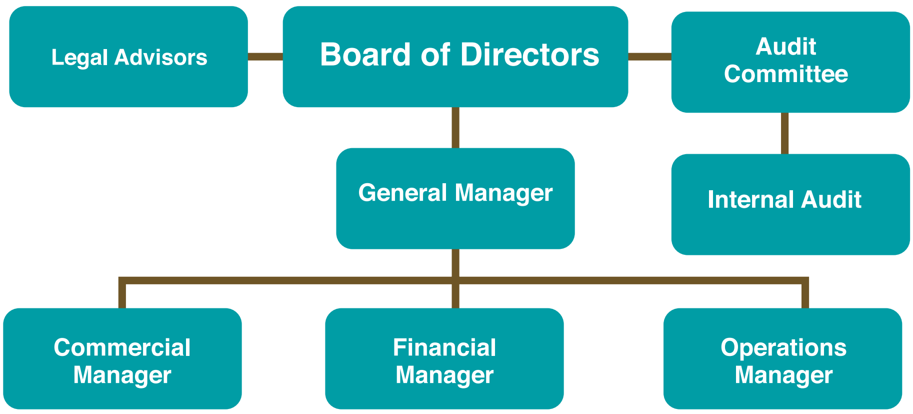
In June 2012 the electricity rates were increased by 150% which increased the Companys electric costs by JD 27.6 million in the last half of the year.

9. Organizational Structure

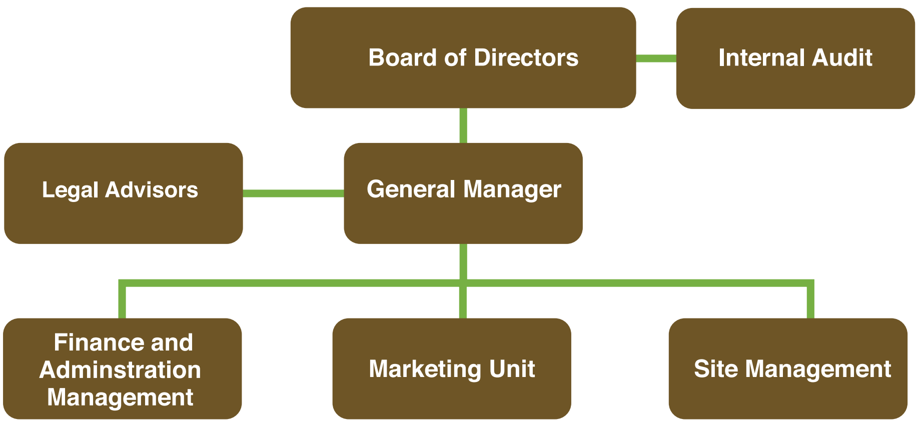
A.1 Organizational Chart for Arab Potash Company PLC



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



A-3. Organizational Chart for Numeira Mixed Salts and Mud Company.



B.Number and Qualifications of Company Employees

The total number of employees at the end of 2012 was 2,066 in addition to 236 daily workers (14 days)

Training Activties

Distribution of Employees by Academic Qualification 2012

Company Name	Ph D	MA/MS	High Diploma	Bachelor	Diploma	High School	Total
Arab Potash Company PLC (APC)	10	40	6	354	387	1,269	2,066
Jordan Magnesia Company(JORMAG)	-	-	-	5	3	1	9
Arab Fertilizers and Chemicals Industries (KEMAPCO)	-	4	1	66	46	105	222
Numeira Mixed Salts and Mud Company	-	-	-	10	3	43	56
Jordan Dead Sea Industries Company (JODICO)	-	-	-	-	-	-	-
Grand Total	10	44	7	435	439	1,418	2,353
	0.4%	1.9%	0.3%	18.5%	18.6%	60.2%	100%

Turnover Rate for Year 2012 1.53%

C. Training Courses for APC Employees 2012

Activity	No. of Activities	Participants	Subjects
Internal Training	74	937	29
Training Inside Jordan	46	128	15
Training Outside Jordan	20	29	8
Local Community Training	-	449	44
Other Activities	336	450	-
Total	476	1,993	96

D. Other Benefits and Housing

The company continues to provide housing loans to its employees. The number of the beneficiaries from this scheme reached 1,587 employees. Gross housing loans granted in 2012 increased by JD 4.8 million from 2011 to reach JD 47 million.
The Company also provides occupational housing to about 1,906 employees and their families.

10. Risk Management

The nature of APC's activities exposes it to many factors beyond the Company's control. The Executive Management and the Audit Committee of the board, study and assess these risks on a regular basis. These risks include:

A. Factors affecting Potash sales,
which include price volatility in global markets and the slowdown in the global economy, resulting in decreased demand for potash.

B. Changes and amendments to laws and government regulations,
which include two parts:

1. Concessions and permits provided by the Government to the company to conduct its activities, including the mining royalty.

2. Government policies of importing countries, particularly subsidy levels for the agricultural sector and farmers, which may affect the amount of agricultural crops and by consequence sales of fertilizer products.

C. Rising energy costs and the scarcity of water.
The process of extraction and production of potash consumes large quantities of water and energy. Accordingly significant shortages or a price increase of water and energy would impact production cost and/or quantities.

D. The Company depends entirely on the Aqaba port for loading and transportation of most of its potash production.

E. Labor disputes and the political situation. The region in general experiences unrest due to economic, political, and social conditions which may impact the region's commercial and investment activities. This includes potential labor strikes and disputes at the Company facilities and the public service sector.

F. Vulnerability to natural disasters.
The Ghor Al Safi area, where the plants are located, is susceptible to occasional flash floods and earthquakes. In addition there is the environmental impact of the Dead Sea's decreasing water level.

11. APC's Main Achievements During the Financial Year

A. Safety:
APC considers that its top priority is to provide a safe work environment for its employees.
In 2012, APC exceeded 4 million person hours without a lost time injury.

4 Million Hours Safety Celebration

B. Distribution of profits
The APC General Assembly, in its meeting of 20 Jamadi Awwal 1434 H, 12 April 2012, took a decision to distribute profits at a ratio of 300% of capital, to the value of JD 249 million, which is the highest rate in the Company's history.

12. Financial Impact of Non-Recurring Activities that Occurred during the Financial Year and are Not Part of the Company's Core Activity.

A. The APC General Assembly decided in its extraordinary meeting on September 3, 2012 to approve payment of a gratuity of JD 5,000 to retired workers who ended their services to the company before April 30, 2012, according to records of the Social Security Corporation. The total amount of the grant amounted to JD 7 million.

B. On July 26, 2012, APC signed a collective labor agreement with the General Trade Union of Workers in Mines and Mining for a period of two years effective from 1 January 2013, such an agreement granted employees with additional benefits during the term of the agreement.

13. Trend of Major Financial Indicators for the period 2008 - 2012

The following table summarizes the major indicators for the past five years. All figures (except for the financial ratios, per share data, production and sales volumes) are in Thousands of Jordan Dinars:

Details	2012	2011	2010	2009	2008
Potash Production (MillionTonnes)	1.8	2.3	1.9	1.1	2.0
Potash Sales (Million Tonnes)	1.6	2.2	2.1	0.9	1.9
Consolidated Sales Revenue	586,300	720,200	559,000	373,700	667,600
Potash Sales Revenue	541,300	676,800	529,000	352,500	604,900
Gross Profit	300,700	402,000	262,100	214,200	449,800
Profit from Operations	212,400	304,000	185,800	150,200	359,300
Financing Charges	3,300	4,900	3,800	3,100	3,600
Other Revenues	30,200	44,800	15,600	19,000	25,100
Net Profit After Tax	198,800	299,700	162,700	131,800	311,400
Net Fixed Assets	375,300	426,600	409,700	193,200	106,400
Long Term Loans & Other Long Term Obligations	20,700	41,800	44,400	55,600	63,100
Shareholders' Equity	963,900	1,015,200	819,900	715,500	642,000
Debt: Equity Ratio	0.8%	2.0%	3.9%	6.1%	8.6%
Return On Assets	18.4%	24.5%	16.1%	15.0%	44.0%
Return On Shareholders' Equity	20.1%	32.7%	19.8%	19.4%	60.4%
Debt Service Ratio	13.6	21.2	12.6	3.7	3.6
Current Ratio	5.7	3.8	2.9	2.7	2.8
Closing Share Price/JD	46.51	44.10	43.50	36.21	35.15
Profit Dividends	-	249,953	104,146	58,322	58,322
Dividends Percentage	-	300%	125%	70%	70%
Earnings Per Share / JD	2.4	3.6	2.0	1.6	3.7
Market Price / Earnings Ratio	19.5	12.3	22.3	22.9	9.4
Royalty Fees (JD per tonne)	30.5	26.9	19.1	35.0	36.0

14. Financial Performance Analysis

A. Property, Plant and Equipment
The value of property, plant and equipment amounted to JD 949 million, compared with JD 937 million at end of 2011, an increase of 1% from the previous year. Net book value of said assets after deduction of consolidated accumulated depreciation was JD 375 million compared with JD 426 million at the end of 2011, a decrease of 12% from the previous year due to annual depreciation

B. Inventory
Potash inventory amounted to JD 49.2 million, and 298,200 tonnes in 2012 compared to JD 15.1 million, and 125,900 tonnes as at the end of 2011. Spare parts and supplies inventory amounted to JD 52 million in 2012 compared to JD 48.1million at the end of 2011. This inventory is subject to close control and follow-up for the purpose of maintaining optimal stock levels.

C. Investments
The Company's investments in affiliates and other companies increased from JD 71.5 million in 2011 to JD 78.9 million in 2012, an increase of 10% due to accounting of Company's share of income from affiliated companies (equity accounting) as per International Financial Reporting Standards.

D. Loans
The balance of consolidated long term loans decreased in 2012 to JD 7.7 million from JD 20.1 million as at the end of 2011.

E. Revenues from Sales
Total consolidated sales revenue for 2012 amounted to JD 586.3 million compared to JD 720.2 million

in 2011, a decrease of 18%. Sales revenues of potash in 2012 amounted to JD 512.8 million, which accounts for 87% of gross sales revenues. The remaining JD 73.4 million is primarily attributed to Kemapco.

Gross Cost (JD Million)						
Details	2012	2011	2010	2009	2008	% 2011 - 2012
Consolidated Gross Cost	417.7	465.2	413.1	261.0	381.2	(10)
Consolidated Cost of Goods Sold	285.5	318.3	298.8	159.4	217.8	(10)
Selling and Distribution Expenses	16.3	21.5	15.5	10.5	12.4	(24)
Royalty	49.9	60.2	39.8	34.1	67.8	(17)
General and Administrative Expenses	22.1	16.6	21.0	19.5	10.3	33

F. Profits
The Company realized a consolidated income before tax of JD 228.5 million. After deduction of income tax the Net Income amounted to JD 198.8 million, compared with JD 299.7 million for the year 2011.

Details	JD Million
Board of Directors' Remunerations	0.1
Provision for Income Tax	30.0
Net Income	198.8
Total	228.9

G. Shareholders' Equity
Shareholders' Equity at the end of 2012 amounted JD 963.9 million, an increase of 5% from 2011. The book value of the Company's shares amounted to JD 11.57 as at the end of 2012.

15. Future Plans

The Company is working on several initiatives to enhance production and improve performance that serve the interests of the Company and the national economy of Jordan.

A. Human Resources and Safety:
The Company believes that the safety of its employees is its top priority and implements the necessary procedures to maintain a safe working environment for employees.

B.Production:
The Company evaluates options for increasing production, efficiency and evaporation areas.

C.Energy and Water:
The Company is studying several options to economize on energy utilization and increase water resources available.

D.Aqaba Port:
The Company intends to devote considerable resources to expand and rehabilitate the industrial jetty through Jordan Industrial Ports Company.

E.Marketing:
The Company works to address the issues of diversifying its markets, improving its relations with clients, and establishing representative offices in its main markets.

F.Information Technology:
In 2013 APC plans to complete the upgrade of its ORACLE ERP system, moving to a new version that offers more flexibility and addresses new business process. APC will continue its support and investment in IT to meet and achieve business goals.

16. Auditors' , Legal and Consultants' Fees for the Company and Subsidiaries

A.External Auditor's Fees
The external auditors' fees for 2012 amounted to JD 81.2 Thousand for the Arab Potash Company, JD 20 Thousand for Arab Fertilizers and Chemicals Industries "KEMAPCO". JD 2.6 Thousand for Numeira Mixed Salts and Mud Company,

B.Internal Auditor's Fees
The internal Auditor's Fees for 2012 amounted to JD 51.6 Thousand for Arab Potash Company, JD 2.8 Thousand for Arab Fertilizers and Chemicals Industries "KEMAPCO".

C.Legal Fees
The legal fees for 2012 amounted to JD 738.9 Thousand for Arab Potash Company, JD 13.9 Thousand for Arab Fertilizers and Chemicals Industries "KEMAPCO" and JD 2.4 Thousand for Numeira Mixed Salts and Mud Company.

17. Number of Shares Held by Members of the Board of Directors and Executive Management and Their Relatives

The Company complies fully with these guidelines and below are the required disclosures:

A.Shares owned by Members of the Board of Directors

The only members of the Board of Directors that own Shares in the company are as follows:

Name	Title	Nationality	Number of Shares as at 31/12/2012	Number of Shares as at 31/12/2011	Companies they control
Dr. Nabih Ahmad Mahmoud Salameh AL-Zenat	Chairman until 12/4/2012	Jordanian	50	50	N/A
Dr. Duried Mohammad Abd Al Hameed Al Mahasneh	Board Member since 1/2/2012	Jordanian	500	-	N/A
Jihad Ali Ahmad Al Shar'e	Board Member until 1/8/2012	Jordanian	1,750	-	N/A
Total			**2,300**	**50**	

B.Shares Owned by Members of the Executive Management

No member of the Executive Management own shares in the company or its affiliates.

C. Shares Owned by Relatives of Members of the Board of Directors and Executive Management

The only relatives of members of the Board of Directors or Executive Managment that own Shares in the company are as follows:

Name	Relative of	Nationality	Number of Shares as at 31/12/2012	Number of Shares as at 31/12/2011	Companies they control
Najwa Yousef Mahmoud Al-Ansari	Wife of Dr. Nabih Ahmad Mahmoud Salameh AL-Zenat	Jordanian	50	50	N/A
Hind Mohammad Muflieh Alsaad	Wife of Dr. Duried Mohammad Abd Al Hameed Al Mahasneh	Jordanian	500	-	N/A
Lubna Marawan Abedlaulfatah Abu Zahra	wife of Jafar Mohammad Hafez Salem	Jordanian	1,750	-	N/A
Total			**2,300**	**50**	

18.Compensation and Benefits

A.Compensation and Benefits to Members of the Board of Directors (JD Thousand)

Name	Title	Nationality	Transportation & Committees Allowance	Representation Fees	Remuneration	Perdiem	Indemnity	Total
Government of the Hashemite Kingdom of Jordan (Ministry of Finance)					15.0	-	-	15.0
HE. Jamal Ahmad Mofleh Al-Sarayrah	Chairman of the Board since 13/6/2012	Jordanian	9.0	15.8	-	13.8	-	38.5
"Mohammad Saeed" Mohammad Ibraheem Shaheen	Chairman of the Board from 12/4/2012 until 13/6/2012	Jordanian	3.7	2.5	-	3.0	5.0	14.1
Dr. Nabih Ahmad Mahmoud Salameh Al-Zenat	Chairman of the Board until 12/4/2012	Jordanian	5.1	10.2	-	11.5	58.7	85.5
Ahmad Jamal Nawwaf Al-Bataineh	Board Member since 12/8/2012	Jordanian	6.9	4.7	-	1.3	-	12.8
Mohammed Nour Abd Al-Majeed MohamadAli Al-Shreideh	Board Member until 12/8/2012	Jordanian	11.1	19.1	-	-	-	30.2
Rami Saleh Abdulkareem Wraikat Al-Edwan	Board Member since 26/1/2012	Jordanian	16.7	14.4	-	1.3	-	32.3
Mohammed Suliman Al-Sanie'	Board Member until 26/1/2012	Jordanian	1.3	0.7	-	-	5.0	7.0
Eyad Jamal Ahmed Al-Qudah	Board Member until 12/4/2012	Jordanian	5.1	11.0	-	-	32.0	48.2
PCS JORDAN LLC					15.0	-	-	15.0
George David Delaney *	Board Member	American	18.0	-	-	12.5	-	30.5
Michael Terence Hogan*	Board Member since 8/8/2012	Canadian	9.0	-	-	5.0	-	14.0
Garth William Moore*	Board Member until 8/8/2012	Canadian	9.0	-	-	7.5	-	16.5
Dr. Duried Mohammad Abd Al-Hameed Al-Mahasneh	Board Member since 1/2/2012	Jordanian	16.5	22.2	-	8.3	-	47.0
Thamer Ahmed Abdul-Majid Obaidat	Board Member until 1/2/2012	Jordanian	1.5	1.5	-	-	17.9	20.9

Name	Title	Nationality	Transportation & Committees Allowance	Repre-sentation Fees	Remu-neration	Perdiem	Indemnity	Total
Arab Mining Company					10.0	-	-	10.0
Mansour Bin Sulaiman Bin Ibrahim Al-Mebrek	Vice Chairman	Saudi	18.0	-	-	13.8	-	31.8
Adnan Ahmed Rashed Al-Rashdan	Board Member	Kuwaiti	18.0	-	-	11.3	-	29.3
Jordan Social Security Corporation					5.0	-	-	5.0
Imad Jamal Ahmed Al-Qudah**	Board Member since 1/8/2012	Jordanian	5.5	5.5	-	-	-	10.9
Jihad Ali Ahmad Al-Shar'e**	Board Member until 1/8/2012	Jordanian	6.0	4.7	-	1.3	-	11.9
Islamic Development Bank/Jeddah					5.0	-	22.1	27.1
Dr. Jamal (Mohammad Hijazi) Sa'ed Salah***	Board Member since 12/4/2012	Jordanian	13.0	13.0	-	1.3	-	27.2
Hisham Ibrahim Rashid Al-Sha'ar	Board Member until 12/4/2012	Lebanese	5.1	-	-	5.0	-	10.1
The Government of Iraq					5.0	-	-	5.0
Abdul Wadoud Abdul-Sattar Mahmoud Al-Dulaimi	Board Member	Iraqi	18.0	-	-	13.8	-	31.8
Libyan Arab Foreign Investment Company					5.0	-	-	5.0
Adbul Al-Hakeem Ali Al-Ajnaff	Board Member	Libyan	18.0	-	-	13.8	-	31.8
Kuwait Investment Authority – Kuwait.					5.0	-	-	5.0
Fahid Majid Al-Sultan Al-Salim	Board Member since 12/4/2012	Kuwaiti	13.0	-	-	6.3	-	19.2
Abdullah Hasan Mshari Al-Bader	Board Member until 12/4/2012	Kuwaiti	5.1	3.3	-	5.0	24.7	38.0
Total			232.3	128.3	65.0	135.3	165.4	726.3

* Transportation, Committee Allowance and Representation Allowance are paid directly to PCS Jordan LLC

** Transportation, Committee Allowance and Representation Allowance are paid directly to Jordan Social Security Corporation

*** Transportation, Committee Allowance and Representation Allowance are paid directly to Islamic Development Bank/Jeddah

B.Compensation and Benefits to the Chairman of the Board of Directors and Members of the Executive Management (JD Thousand)

Name	Title	Nationality	Total Annual salaries	Represent-ation Fees	Perdiem	Housing and Utilities	Indemnity	Total
HE. Jamal Ahmad Mofleh Al-Sarayrah*	Chairman of the Board since 13/6/2012	Jordanian	84.9	-	9.3	-	-	94.2
"Mohammad Saeed" Mohammad Ibraheem Shaheen.	Chairman of the Board from 12/4/2012 until 13/6/2012	Jordanian	26.4	-	3.0	-	-	29.4
Dr. Nabih Ahmad Mahmoud Salameh Al-Zenat	Chairman of the Board until 12/4/2012	Jordanian	40.8	-	9.0	-	-	49.8
William Keith Thornton*	General Manager until 15/2/2013	American	120.2	-	14.2	42.6	-	177.0
William Lawrence Flahr**	Deputy General Manager/ Finance Since 15/2/2012 And Acting General Manager since 15/2/2013	Canadian	91.1	-	5.4	28.9	-	125.4
Dr. Roderick Joseph McEachern*	Deputy General Manager / Technical	Canadian	96.2	-	16.8	42.5	-	155.6
Julie Ann Fortunato	Deputy General Manager/ Finance until 15/2/2012	American	3.6	-	-	-	-	3.6
Jafar Mohammad Hafez Salem**	Deputy General Manager/ Marketing	Jordanian	96.3	3.6	16.8	-	-	116.7
Adnan Sulaiman Faris Al-Ma'aitah**	Deputy General Manager/ Human Resources since 1/11/2012	Jordanian	15.2	-	-	-	-	15.2
Total			574.6	3.6	74.5	114.1	-	766.8
Grand Total								1,493.1

* Other Benefits: The Chairman, The General Manager and Deputy General Manager/ Technical have two cars with drivers.
** Other Benefits: The other Executive Management Members have one car with driver.

19. Donations and Grants given by APC in 2012

Details	JD Thousand
Municipalities	1,785
Schools and Universities	1,713
Charity Organizations	1,491
Water Projects	1,344
Government and Military Organizations	1,204
Health Services	700
Pockets of Poverty Campaign – Households and Students	276
Pockets of Poverty Campaign – Welfare Packages	270
Community Halls	385
Churches and Mosques	298
Sports Clubs and Federations	193
Journalism, Media & Writers	95
Professional and Workers' Association Activities	84
Total	**9,838**

20. Related Party Transactions

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

21. APC Contributions to the Protection of the Environment and Local Communities

A. APC contributions to Protecting the Environment

Acting on the company's concern to preserve the environment from degradation and to use of natural resources responsibly in order to achieve sustainable development, the company planned activities in the Dead Sea and Aqaba areas carefully so as to minimize environmental damage, and preserve the environment and landscape that make the region. The Company is proud to have received a certificate of conformity to global ISO 14001 in this regard.

On a broader level, APC provided considerable support to municipalities in the past year to purchase garbage trucks and containers, and built a waste liquids treatment plant as well as a medical waste incinerator. This company also supported "Toward a Cleaner World 2012" initiative in Aqaba.

B. APC contributions to the service of local communities

Arab Potash Company (APC) focuses on translating the vision of His Majesty King Abdullah II Ibn Al Hussein into reality by supporting local communities and working to fulfill their needs so as to raise local standards of living and contribute to the development of services provided in various sectors… in the aim of achieving social balance and sustainable development.

Acting on this vision, APC paid more than JD 10 million to support development projects in education, health, water, fighting poverty, sports activities, religious affairs, and literary activities. in partnership with national and civil society institutions that include the Royal Hashemite Court, the ministries of Municipal and Rural Affairs, Water, Health and education, as well as municipalities and non-governmental organizations and civil society institutions such as the Jordan Hashemite Fund for Human Development, Jordan River Foundation, Royal Scientific Society, Royal Marine Conservation Society of Jordan, Royal Society for the Conservation of Nature, and the Children's Museum (Mobile Museum) and local society organizations such as houses of worship, charities, cooperatives, sports federations and clubs, and the campaign against poverty pockets.

Projects that received support included:

1. Assistance to 32 municipalities in the governorates of Ajloun, Balqa, Irbid, Jerash, Karak, Madaba, Tafilah, and Zarqa to purchase or maintain garbage trucks, tanker trucks, loaders (large bulldozers) electric winches, garbage containers, and similar equipment. More than 1 million citizens in the municipalities concerned benefitted from these donations

2. Building computer labs, sports grounds, a radio transmission studio, support for the Agricultural Research Station, and support for scientific and medical conferences at the University of Jordan, Tafileh University, and Mu'tah University. More than 200,000 students (of both sexes) benefitted from these donations, in addition to 200 poor students whose fees were paid so they would not be compelled to discontinue their studies

3. Maintenance and upgrading of 150 schools and kindergartens in the Ghor area and providing school bags and stationery for children of the Ghor, as well as fees for tutors for Tawjihi (high school certificate) students at the Ghor, which raised the success rate from 7% to 26%.

4. Support for charity organizations which benefitted more than 500,000 people through 700 charity organizations and centers. Projects included rehabilitation of the special needs center at Karak, construction of multi-purpose community halls, construction of a modern bakery to serve the Southern Ghor area, construction of dairy factories at Madaba and Tafileh, and constructions of a sewing mill at Tafileh.

5.Water projects included digging wells, support to buy tanker trucks to deliver drinking water, and construction of the waste liquids treatment station.

6. The projects included health support by funding Operation Smile surgeries to correct birth defects. Installation of air conditioning units in the incubator section in Al Safi hospital, and support the Ministry of Health to purchase of equipment for dialysis, a tanker truck, refrigerator car for vaccines and medicines, and building incinerator for medical waste, construction and equipment X-rays room, and the construction of a wall, and buy hospital beds to support the Royal Medical Services.

7. Fight against poverty campaign, which included assistance to 2,000 poor families, assistance to 1,000 students, and distribution of 5,000 welfare packages in different locations throughout the Kingdom during Ramadan

8.Maintenance and installation of air conditioning and PA systems in 200 churches and mosques.

9. Support for 80 sports clubs and federations and for sports activities.

10. Support for more than 200 media organizations and writers.

11. Support for 11 professional associations and workers' unions.

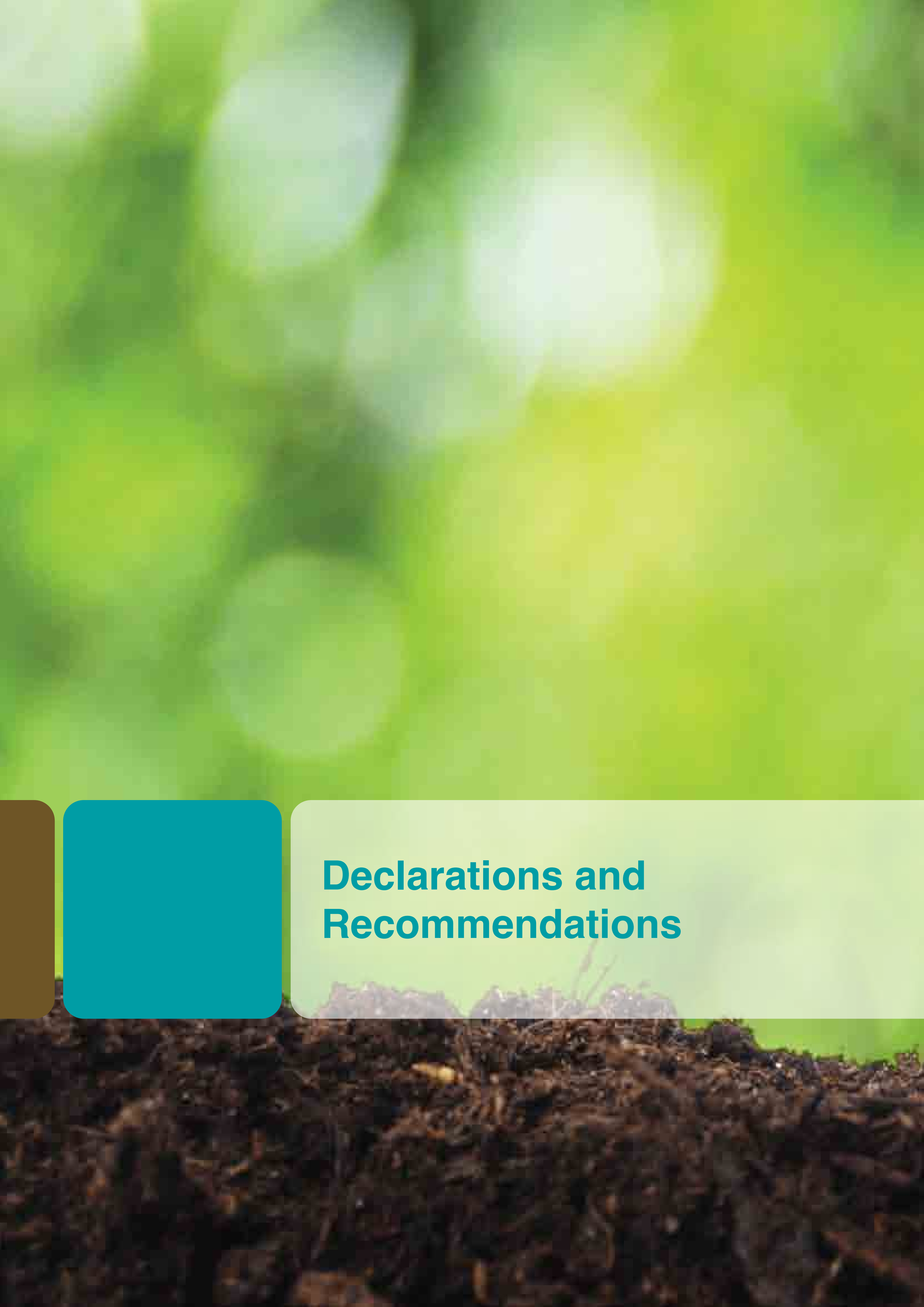
Opening of kindergarten at Ghor Safi after Rehabilitation

Opening of Al-Khansaa School in Ghor Safi

Distribution of Blankets at Alzatery

Welfare Packages

Ghor Haditha Recycling Workshop Products



Declarations and Recommendations

Declarations of the Board of Directors

The Board of Directors of the Arab Potash Company hereby declares that, according to the best of their information and in their opinion, there are no substantial matters that may affect the Company as a going concern during 2013.

The Company's Board of Directors hereby declares its responsibility for the preparation of the financial statements and an effective control system in the Company.

Chairman of the Board
HE. Jamal Ahmad Mofleh Al-Sarayrah

Deputy Chairman
Mansour Bin Sulaiman
Bin Ibrahim Al-Mebrek

Board Member
Abdul Wadoud
Abdul-Sattar Mahmoud
Al-Dulaimi

Board Member
Adnan Ahmed Rashed
Al-Rashdan

Board Member
George David Delaney

Board Member
Adbul Al-Hakeem Ali Al-Ajnaff

Board Member
Rami Saleh Abdulkareem Wraikat

Board Member
Dr. Duried Mohammad
Abd Al Hameed Al Mahasneh

Board Member
Fahid Majid Al Sultan Al Salim

Board Member
Dr. Jamal (Mohammad Hijazi)
Sa'ed Salah

Board Member
Imad Jamal Ahmed Al-Qudah

Board Member
Michael Terence Hogan

Board Member
"Ahmad Jamal" Nawwaf Al Bataineh

The Chairman of the Board, the General Manager and the Deputy General Manager – Finance declare that all the data and statements in the Annual Report 2012 are correct, accurate and complete.

Chairman of the Board
HE. Jamal Ahmad Mofleh Al-Sarayrah

Acting General Manager
Deputy General Manager - Finance
William Lawrence Flahr

Recommendations

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

1.Minutes of the previous General Assembly Meeting,

2.The Board of Directors Report regarding the company's activities for the year 2012 and its future plan,

3.The Independent Auditor's Report,

4. The Consolidated Statement of Financial Position, the Consolidated Income Statement and Other Consolidated Financial Statements,

5. The rate of distribution of dividends,

6. Election of the Independent Auditors for the fiscal year ending December 31, 2013 and determining their fees, and,

7. Any other matters.

To conclude, the Board of Directors extends thanks to the Government of the Hashemite Kingdom of Jordan, shareholding Arab Governments, the Islamic Development Bank of Jeddah and Potash Corporation of Saskatchewan Inc., for their support and assistance.

The Board also extends thanks to all Arab and International financing institutions and organizations which contributed in financing the Company's projects.
We especially thank the Company's clients for their trust in our product and services and we commend the efforts exerted by Company employees at their different locations.

Arab Potash Company PLC

Consolidated Financial Statements
31 December 2012

This Financial Statements was Printed on a Recycled Paper

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF ARAB POTASH COMPANY PUBLIC SHAREHOLDING COMPANY
AMMAN – JORDAN

Consolidated Financial Statements Report

We have audited the accompanying consolidated financial statements of ARAB POTASH COMPANY (a public shareholding company) "The Company" and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2012 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly in all material respects, the financial position of the Group as of 31 December 2012 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Regulatory Requirements

The Group maintains proper books of accounts and the accompanying consolidated financial statements and financial information in the Board of Directors' report are in agreement with.

Ernst & Young

Amman – Jordan
3 March 2013

Arab Potash Company PLC
Consolidated Statement of Financial Position
as at 31 December 2012

	Notes	2012	2011
Assets		JD "000"	JD "000"
Non-current assets			
Property, plant and equipment	3	375,324	426,571
Projects in progress	4	17,957	10,902
Strategic spare parts	5	25,940	24,288
Investments in associates	6	78,876	71,520
Financial assets at fair value through other comprehensive income	7	714	846
Deferred tax assets	18	3,846	4,731
Employees' housing loans		23,341	20,855
		525,998	**559,713**
Current assets			
Employees' housing loans		2,276	2,160
Accounts receivable	8	80,694	135,527
Inventories	9	60,332	28,696
Spare parts and supplies	5	26,064	23,802
Other debit balances	10	58,553	61,385
Cash and bank balances	11	329,536	411,986
		557,455	**663,556**
Total Assets		**1,083,453**	**1,223,269**
Equity and Liabilities			
Equity attributable to equity holders of the parent			
Paid up capital	1	83,318	83,318
Statutory reserve	12	50,464	50,464
Voluntary reserve	12	80,699	80,699
Fair value reserve	7	57	189
Retained earnings		749,377	800,501
Total equity		**963,915**	**1,015,171**
Non-current liabilities			
Long term loans	13	1,198	7,723
Contingent liability reserve	16	7,159	5,190
Other non-current liabilities	17	12,873	21,688
		21,230	34,601
Current liabilities			
Current portion of short term loans	13	6,529	12,417
Mining fees due to the Government of the			
Hashemite Kingdom of Jordan	1, 22	6,578	60,220
Trade payables and accruals		26,835	30,170
Income tax payable	18	20,050	35,809
Other credit balances	14	38,316	34,881
		98,308	173,497
Total liabilities		**119,538**	**208,098**
Total Equity and Liabilities		**1,083,453**	**1,223,269**

The attached notes 1 to 31 form an integral part of these consolidated financial statements

Arab Potash Company PLC
Consolidated Income Statement
for the year ended 31 December 2012

	Notes	2012	2011
		JD "000"	JD "000"
Sales	15	586,268	720,150
Cost of sales	19	(285,557)	(318,333)
Gross profit	15	300,711	401,817
Administrative expenses	20	(22,106)	(21,505)
Selling and distribution expenses	23	(16,338)	(16,579)
Royalty to the Government of Jordan	1,22	(49,883)	(60,220)
Operating profit		212,384	303,513
Finance revenue		15,043	11,243
Donations expenses		(9,838)	(3,158)
Finance costs and bank charges	24	(3,344)	(4,908)
Other income	21	2,537	2,355
Other expenses		(336)	(484)
Net foreign currency exchange differences		142	26
Profit before gain from associates and tax		**216,588**	**308,587**
Company's share of profit of associates	6	12,548	18,764
Revaluation of Islamic Development Bank loan for			
Jordan Magnesia Company and reversed provisions	16	(109)	12,384
Loss for Jordan Magnesia company		(489)	(242)
Profit before tax		228,538	339,493
Income tax expense	18	(29,716)	(39,802)
Profit for the year		198,822	299,691
		JD/ Fills	JD/ Fills
Earnings per share			
Basic and diluted, earnings per share	**25**	**2.386**	**3.597**

Arab Potash Company PLC
Consolidated Statement of Comprehensive Income
for the year ended 31 December 2012

	Notes	2012	2011
		JD "000"	JD "000"
Profit for the year		198,822	299,691
Other Comprehensive income			
Net change in fair value for financial assets at fair value through other comprehensive income	7	(132)	(257)
Total comprehensive income for the year		198,690	299,434

The attached notes 1 to 31 form an integral part of these consolidated financial statements

Arab Potash Company PLC
Consolidated Statement Of Changes In Equity
For The Year Ended 31 December 2012

	Paid up Capital	Statutory Reserve	Voluntary Reserve	Fair Value Reserve	Retained Earnings*	Total
	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"
2012						
Balance at 1 January 2012	83,318	50,464	80,699	189	800,501	1,015,171
Profit for the year	-	-	-	-	198,822	198,822
Other comprehensive income	-	-	-	(132)	-	(132)
Total comprehensive income for the year	-	-	-	(132)	198,822	198,690
Dividends declared (Note 12)	-	-	-	-	(249,946)	(249,946)
Balance at 31 December 2012	**83,318**	**50,464**	**80,699**	**57**	**749,377**	**963,915**
2011						
Balance at 1 January 2011	83,318	50,464	80,699	446	604,956	819,883
Profit for the year	-	-	-	-	299,691	299,691
Other comprehensive income	-	-	-	(257)	-	(257)
Total comprehensive income for the year	-	-	-	(257)	299,691	299,434
Dividends declared (Note 12)	-	-	-	-	(104,146)	(104,146)
Balance at 31 December 2011	**83,318**	**50,464**	**80,699**	**189**	**800,501**	**1,015,171**

*Retained earnings include an amount of JD 3,846 thousand which represents deferred tax assets.

The attached notes 1 to 31 form an integral part of these consolidated financial statements

Arab Potash Company PLC
Consolidated Statement of Cash Flows
for the year ended 31 December 2012

	Notes	2012	2011
Operating Activities		JD "000"	JD "000"
Profit for the year before tax		228,538	339,493
Adjustments -			
Depreciation	3	64,212	63,450
Interest revenue		(15,043)	(11,243)
Interest expense	24	1,783	2,318
Share of profit of associates	6	(12,548)	(18,764)
Revaluation of Islamic Development loan from			
Jordan Magnesia Company and reversed provisions		109	(12,384)
Losses of Jordan Magnesia Company		489	242
Employee's legal cases compensation provision		2,928	1,619
Compensation and death provision		1,071	1,017
End of service indemnity provision		842	1,472
Allowance for doubtful debts	8	-	717
Employees un-paid leaves provision		188	-
Employees' post-retirement benefits provision		-	7,451
Provision for slow moving inventory	9	142	-
		272,711	375,388
Working capital changes:			
Accounts receivable		54,833	(6,449)
Inventories		(31,778)	(16,818)
Spare parts		(3,914)	(9,380)
Other debit balances		2,832	(17,076)
Trade payables and accruals		(3,335)	(12,732)
Other credit balances		(73,221)	33,161
Income tax paid	18	(44,590)	(35,216)
Net cash flows from operating activities		173,538	310,878
Investing Activities			
Purchase of property, plant and equipment	3,4	(2,489)	(9,173)
Projects in progress	4	(17,532)	(20,022)
Dividends received from associates		4,985	20
Investment in associates		(250)	-
Interest and commission received		15,043	11,243
Net employees' housing loans		(2,602)	(2,236)
Net cash flows used in investing activities		(2,845)	(20,168)
Financing Activities			
Repayment of loans		(12,414)	(11,840)
Interest paid		(1,783)	(2,318)
Dividends paid to shareholders	12	(238,946)	(99,426)
Net cash flows used in financing activities		(253,143)	(113,584)
Net (decrease) increase in cash and cash equivalents		(82,450)	177,126
Cash and cash equivalents at 1 January		411,986	234,860
Cash and cash equivalents at 31 December		329,536	411,986

The attached notes 1 to 31 form an integral part of these consolidated financial statements

Arab Potash Company PLC
Notes To The Consolidated Financial Statements
31 December 2012

1.General

The Arab Potash Company "APC", "the Company", a public shareholding company, was founded and registered on July 7, 1956 in Amman - Jordan. During 1958, the Company was granted a concession from the Government 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 Jordan. 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 1,500,000 million per annum; and the lease fee shall be increased annually in accordance with the Consumer Price Index. Under the terms of the concession, the Government 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 produced, effective 17 March 2008. On 5 August 2008 the Council of Ministers resolved to increase the royalty fees to JD 125 for each ton produced, effective 16 September 2008 with maximum royalty payable limited to 25% of the Company's net profit after tax for the year.

The authorized and paid in capital is 83,317,500 shares with a nominal value of JD 1 per share. The Company issued Global Depository Receipts (GDRs) which are listed on London Stock Exchange. Each GDR represents one ordinary share with a nominal value of JD 1 per share.

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

The consolidated financial statements were authorized for issue by the board of directors on 3 March 2013; these consolidated financial statements require the approval of the shareholders of the Company.

2.1 Basis Of Preparation Of The Consolidated Financial Statements

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income that have been measured at fair value.

The financial statements are presented in Jordanian Dinars, which represents the functional currency of the Group. Values are rounded to the nearest thousand (JD "000"), except when otherwise indicated.

The consolidated financial statements of the Company and all its subsidiaries ("The Group") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB").

2.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group as at 31 December 2012. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases.

All intra-company balances, income and expenses and unrealized gains or losses resulting from intra-company transactions are eliminated in full

The following subsidiaries have been consolidated:

	Paid in capital	Percentage of Ownership
	(Thousands of shares)	%
Jordan Magnesia Company*	30,000	55.3
Arab Fertilizers and Chemicals		
Industries (KEMAPCO)	29,000	100
Numeira Mixed Salts and Mud Company	800	100
Jordan Dead Sea Industries (JODICO)	100	100

* The Group will increase its investment in the paid in capital of Jordan Magnesia Co. to a percentage of 92.549% during 2013 by increasing the paid in capital of the Company to become JD 60 million, by means of capitalizing the accrued liabilities of Jordan Magnesia to Arab Potash Co.

The Group records the resulting effects of the change in the percentage of ownership in a subsidiary which does not result in loss of control in equity. In the case of loss of control in equity of a subsidiary, the Group shall:

- Derecognize assets (including good-will) and liabilities of the subsidiary.
- Derecognize non-controlling interest.
- Derecognize the reserve for foreign currency translation.
- Recognize the fair value of the received amounts.
- Recognize the fair value of the investment in the subsidiary.
- Recognize the gain or loss resulting from loss of control.

2.3 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the consolidated financial statements for the year ended 31 December 2012 are consistent with those of the previous financial year, except for the following amendments to IFRS effective as of 1 January 2012:

IAS 12 Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets

IFRS 7 Financial Instruments: Disclosures – Enhanced Derecognition Disclosure Requirements

The effect of application of the above amendments is described below:

IAS 12 Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets

The amendment clarified the determination of deferred tax on investment property measured at fair value and introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. It includes the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 should always be measured on a sale basis.

The amendment was effective for annual periods beginning on or after 1 January 2012 and has had no effect on the Group's financial position, performance or its disclosures.

IFRS 7 Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements

The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about the entity's continuing involvement in derecognised assets to enable the users to evaluate the nature of, and risks associated with, such involvement. The amendment is effective for annual periods beginning on or after 1 July 2011. The Group does not have any assets with these characteristics so there has been no effect on the presentation of its financial statements.

2.4 Summary of significant accounting estimates and assumptions

Use of Estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, provision, impairment on investments and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Useful Lives of Property And Equipment

The Group's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the useful lives annually and future depreciation charges would be adjusted where management believes the useful lives differ from previous estimates.

2.5 Summary of significant accounting policies

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the consolidated income statement.

Depreciation is calculated on the straight-line basis at the following rates:

Buildings	2%-10%
Dikes	6%-10%
Machinery and equipment	10%-12%
Vehicles	20%
Furniture's and fixture	10%
Computers	20%
Tools	20%

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Projects in progress

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

Inventories, Spare Parts and Strategic Spare Parts

Finished goods are valued at the lower of moving average cost or net realisable value. Cost includes all direct production costs plus a share of the indirect overheads. Work in progress for potash is not recognised, since the production cycle spanning the pumping of carnellite, the essential raw material, to the refineries is less than one day.

Spare parts and materials are valued at the lower of the moving average cost or market value after provision for slow moving items. Strategic spare parts are expected to be used after more than one year. The Company's policy is to maintain sufficient strategic spare parts since the spare parts required for the equipment used in producing potash should be available on a timely basis as needed.

Investments in Associates

The Group's investments in its associates (generally investments of 20% to 50% in a company's equity) are accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence.

Under the equity method, the investment in the associate is carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate.

The share of profit of associates is shown on the face of the consolidated income statement. This is the profit attributable to equity holders of the associates and therefore, is profit after tax and non-controlling interest in the subsidiaries of the associates.

Financial assets at fair value through other comprehensive income

These financial assets are initially recognized at fair value plus attributable transaction costs and subsequently measured at fair value. The change in fair value of those assets is presented in the consolidated statement of comprehensive income within equity, including the change in fair value resulting from the foreign exchange differences of non-monetary assets. In case those assets – or part of them – were sold, the resultant gain or loss is recorded in the statement of comprehensive income within equity and the fair value reserve for the sold assets is directly transferred to the retained earnings and not through the consolidated income statement.

These are financial assets limited to equity instruments and are no longer subject to impairment testing.

Impairment of financial assets

The Group assesses at each consolidated statement of financial position date whether a financial asset or group of financial assets is impaired.

- In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

No impairment was identified by the Group's management during 2012 and 2011.

Accounts Receivable

Accounts receivable are stated at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable.

Cash and Bank Balances

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

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured

Employees benefits

The pension obligation is measured at the present value of estimated future cash flows using a discount rate that is similar to the interest rate on government bonds.

The Group records the accrued benefits which mature during the year after the date of the consolidated financial statements within current liabilities and records the accrued benefits which mature after one year of the date of the consolidated financial statements within non-current liabilities.

Accounts Payable and Accruals

Liabilities are recognized for amounts to be paid in the future for services or goods received whether billed by the supplier or not.

Long Term Loans

All term loans are initially recognized at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and bonds are subsequently measured at amortized cost using the effective interest rate method.

Finance Costs

Borrowing cost directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the assets. All other borrowing costs are expensed in the period they occur. Borrowing cost consists of interest and other cost that an entity incurs in connection with the borrowing.

Revenue Recognition

Revenue from sales of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be reliably measured.
Revenue from interest is recognised as interest accrues, using the effective interest rate method.
Other revenues are recognized on an accrual basis.
Revenue from dividends is recognised in the consolidated income statement when they are approved by the general assembly of the company invested in.

Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated to Jordanian Dinars using the prevailing exchange rates at year end. Foreign currency transactions during the year are recorded using exchange rates that were in effect at the dates of the transactions. Foreign exchange gains or losses are reflected in the consolidated statement of income.

Income tax

Income tax expense represents current year income tax and deferred income tax.

- Current income tax is calculated based on the tax rates and laws that are applicable at the statement of financial position date.

- Accrued tax expenses are calculated based on taxable income, which may be different from accounting income as it may include tax-exempt income, nondeductible expenses in the current year that are deductible in subsequent years, tax-accepted accumulated losses or tax-deductible items.

- Deferred income taxation is provided using the liability method on all temporary differences at the statement of financial position date. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on laws that have been enacted at the statement of financial position date.

- The carrying values of deferred income tax assets are reviewed at each consolidated statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Fair value

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the statement of financial position date. If quoted market prices are not available, reference can also be made to broker or dealer price quotations.

For financial instruments where there is not an active market, the fair value is determined by using valuation techniques. Such techniques include using recent arm's length transactions, reference to the current market value of another instrument which is substantially the same and/or discounted cash flow analysis. For discounted cash flow techniques, estimated future cash flows are based on management's best estimates and the discount rate used is a market related rate for a similar instrument.

If the fair value cannot be measured reliably, these financial instruments are measured at cost, being the fair value of the consideration paid for the acquisition of the investment or the amount received on issuing the financial liability. All transaction costs directly attributable to the acquisition are also included in the cost of the investment.

Segment reporting

For the purpose of reporting to management and the decision makers in the Group, a business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

Offsetting

Offsetting between financial assets and financial liabilities and presenting the net amount on the statement of financial position is performed only when there are legally-enforceable rights to offset, the settlement is on a net basis, or the realization of the assets and satisfaction of the liabilities is simultaneous.

3. Property, plant and equipment

	Land	Buildings	Dikes	Machinery and Equipment	Vehicles	Furniture and Fixture	Computers	Total
2012 -	JD"000"	JD"000"	JD"000"	JD"000"	JD"000"	JD"000'	JD"000"	JD"000"
Cost:								
Balance at 1 January 2012	3,008	96,123	175,290	609,302	37,880	6,598	9,145	937,346
Additions	3	6,463	-	3,950	1,979	106	464	12,965
Disposals	-	-	-	(388)	(629)	(223)	(79)	(1,319)
Balance at 31 December 2012	3,011	102,586	175,290	612,864	39,230	6,481	9,530	948,992
Depreciation								
Balance at 1 January 2012	-	49,848	135,888	286,069	26,370	5,281	7,319	510,775
Depreciation charge for the year	-	4,925	6,985	47,583	3,695	396	628	64,212
Disposals	-	-	-	(388)	(629)	(223)	(79)	(1,319)
Balance at 31 December 2012	-	54,773	142,873	333,264	29,436	5,454	7,868	573,668
Net Book Value At 31 December 2012	3,011	47,813	32,417	279,600	9,794	1,027	1,662	375,324
2011 -	JD"000"	JD"000"	JD"000"	JD"000"	JD"000"	JD"000'	JD"000"	JD"000"
Cost:								
Balance at 1 January 2011	3,008	87,334	174,729	567,803	34,914	6,514	8,879	883,181
Additions	-	8,789	561	65,869	4,760	84	275	80,338
Disposals	-	-	-	(24,370)	(1,794)	-	(9)	(26,173)
Balance at 31 December 2011	3,008	96,123	175,290	609,302	37,880	6,598	9,145	937,346
Depreciation								
Balance at 1 January 2011	-	45,883	127,505	263,863	24,711	4,882	6,618	473,462
Depreciation charge for the year	-	3,965	8,383	46,576	3,417	399	710	63,450
Disposals	-	-	-	(24,370)	(1,758)	-	(9)	(26,137)
Balance at 31 December 2011	-	49,848	135,888	286,069	26,370	5,281	7,319	510,775
Net Book Value At 31 December 2011	3,008	46,275	39,402	323,233	11,510	1,317	1,826	426,571

4. Projects in progress

	Balance as at 1 January 2012	Additions	Transfers	Balance as at 31 December 2012
	JD "000"	JD "000"	JD "000"	JD "000"
Multiple projects*	10,902	17,532	(10,477)	17,957
	10,902	17,532	(10,477)	17,957

	Balance as at 1 January 2011	Additions	Transfers	Balance as at 31 December 2011
	JD "000"	JD "000"	JD "000"	JD "000"
Other projects**	62,009	20,022	(71,129)	10,902
	62,009	20,022	(71,129)	10,902

* The additions represent the motor control centre which is to be installed in Arab Potash Company's plants as well as the maintenance of the fourth harvester for the purpose of developing the production capacity in the Company's plant. These projects were started in 2011 and are expected to be completed by the first half of 2013.

Transfers represent the completion of the motor control centre project in Arab Potash Company which has commenced during 2011 at a total amount of JD 5,163 (thousand JD), in addition to the completion of evaporation reservoirs expansionary project for the Arab Fertilizers and Chemicals Industries at a total cost of JD 5,313 (thousand JD).

** Other Projects comprise mainly the cost of the new intake pumping station. The work on this project started during 2008 and the Company completed the project during the first half of 2011; the total cost of this project was approximately JD 110.34 Million.

5. Spare parts and strategic supplies

	2012	2011
	JD "000"	JD "000"
Spare parts	47,993	45,367
Fuel store	2,461	2,458
Other	4,898	3,784
	55,352	51,609
Provision for slow-moving spare parts *	(3,348)	(3,519)
	52,004	48,090

Spare parts are classified as follows:

	2012	2011
	JD "000"	JD "000"
Total strategic spare parts	29,288	27,807
Provision for slow-moving spare parts *	(3,348)	(3,519)
Strategic spare parts	25,940	24,288
Spare parts and supplies expected to be consumed within a year	26,064	23,802

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

	2012	2011
	JD "000"	JD "000"
At 1 January	3,519	5,956
Write – off during the year	(171)	(2,437)
At 31 December	3,348	3,519

6. Investments in associates

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

	Number of shares	Percentage of ownership	Investment in associates 2012	Investment in associates 2011
		%	JD "000"	JD "000"
Jordan Bromine Company (JBC)*	15,000,000	50	72,758	65,378
Nippon Jordan Fertilizer Company (NJFC)	3,345,600	20	5,484	5,648
Jordan Investment and South Development Company (JISDC)	833,000	45.45	210	229
Jordan Industrial Port Company (JIPC)	500,000	50	366	178
Jordan International Chartering Company (JICC)	12,000	20	58	87
			78,876	**71,520**

This item represents gain (loss) from investments in associates as follows:

	2012	2011
	JD "000"	JD "000"
Jordan Bromine Company (JBC)*	12,782	19,360
Nippon Jordan Fertilizer Company (NJFC)	(164)	(575)
Jordan Investment and South Development Company (JISDC)	(20)	(20)
Jordan Industrial Port Company (JIPC)	(62)	(30)
Jordan International Chartering Company (JICC)	12	29
	12,548	**18,764**

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

	JBC*		NJFC		JISDC		JIPC		JICC	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"
Share of the associate's Statement of financial position:										
Current assets	41,690	57,987	5,685	3,792	85	57	237	45	74	108
Non-current assets	74,786	51,360	1,805	1,990	190	202	326	327	1	1
Current liabilities	(14,617)	(18,407)	(2,006)	(134)	(65)	(30)	(197)	(193)	(17)	(22)
Non-current liabilities	(3,554)	(7,842)	-	-	-	-	-	-	-	-
Net assets	98,305	83,098	5,484	5,648	210	229	366	178	58	87
Share of the associate's revenue:										
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"
Revenue	35,482	43,613	3,832	5,016	142	118	-	-	12	96

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

During 2011 Jordan Bromine Company commenced an expansion project for a total expected cost of JD 150 million. The Group's share of the capital cost is JD 75 million. Jordan Bromine Company aims to finance this expansion from its internal cash flows.

7. Financial assets at fair value through other comprehensive income

	2012	2011
	JD "000"	JD "000"
Quoted shares	638	770
Unquoted shares*	76	76
	714	846

The following is the movement on the fair value reserve:

	2012	2011
	JD "000"	JD "000"
At 1 January	189	446
Net unrealized losses	(132)	(257)
At 31 December	57	189

* Market values are not obtainable for financial assets at fair value through other comprehensive income (Unquoted) and there is no other way for valuing these investments. The Group's management is not aware of any indications of impairment on these financial assets.

8. Accounts receivable

	2012	2011
	JD "000"	JD "000"
Trade receivables	77,662	133,880
Due from associates	3,585	2,374
Others	212	38
	81,459	136,292
Less: Allowance for doubtful accounts*	765	765
	80,694	135,527

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

	2012	2011
	JD "000"	JD "000"
At 1 January	765	48
Charge for the year	-	717
At 31 December	765	765

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

		Past due but not impaired			
	Neither past due nor impaired	1- 30 days	30 – 90 days	91 – 120 days	Total
	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"
2012	30,237	27,162	12,123	7,375	76,897
2011	109,119	12,656	6,786	4,554	133,115

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. The majority of Group's sales are made through letters of credit.

9. Inventories

	2012	2011
	JD "000"	JD "000"
Finished goods	58,851	26,246
Raw materials	1,508	2,352
Others	115	98
	60,474	28,696
Less: provision for slow moving inventory*	142	-
	60,332	28,696

* The movement of the provision for slow moving inventory during the year:

	2012	2011
	JD "000"	JD "000"
At 1 January	-	-
Charge for the year	142	-
At 31 December	142	-

10. Other Debit Balances

	2012	2011
	JD "000"	JD "000"
Prepayments	4,221	4,178
Advance payment to contractors	7,077	17,281
Due from Sales Tax Department	44,155	36,491
Others	3,100	3,435
	58,553	61,385

11. Cash and bank balances

	2012	2011
	JD "000"	JD "000"
Cash on hand	73	48
Cash at banks*	27,651	49,427
Short term deposits**	301,812	362,511
	329,536	411,986

* This item includes checks under collection with maturities within 3 months from the statement of financial position date in the amount of JD 3,274 (Thousand Dinars) (2011: 2,635 (Thousand Dinars)).

** This item consists of time deposits in Jordanian Dinars at local banks bearing average annual interest rate of 4.5% (2011: 4%).

12. Reserves

Statutory reserve

The accumulated amounts in this account of JD 50,464,000 represent 10% of the Group's net income before income tax according to the Companies Law. The Group has the option to cease such appropriations when the balance of this reserve reaches 25% of the Company's authorised capital. The Company decided in 2005 to cease appropriations to the statutory reserve. The statutory reserve is not available for distribution to equity holders.

Voluntary reserve

The accumulated amounts in this account of JD 80,699,000 represent cumulative appropriations not exceeding 20% of net income before income tax. This reserve is available for distribution to equity holders.

Dividends

The Group's general assembly approved in its ordinary meeting held during 2012 to distribute JD 249,946,050 as dividends which represent 300% of Company's paid up capital. A total amount of JD 238,945,731 has been distributed during the period, and the remaining amounts recorded in other liabilities (2011: JD 104,146,875 as dividends which represents 125% of Company's paid up capital).

13. Loans

		2012		2011
	Short term	Long term	Short term	Long term
	JD "000"	JD "000"	JD "000"	JD "000"
Islamic Development Bank - Jeddah	3,336	-	7,397	3,333
European Investment Bank	3,193	1,198	5,020	4,390
	6,529	1,198	12,417	7,723

The details of these loans are as follows:

Islamic Development Bank - Jeddah

Jordan Dead Sea Industries Company (JODICO) has signed an agreement on 28 September 1997 with Islamic Bank for Development - Jeddah, by which the bank has assigned JODICO to buy machinery and equipment on behalf of Jordan Magnesia Company it for a maximum amount of USD 28,035,000 and to lease it to JODICO for 9 years after a preparation period of 3 years for an annual fee of 7.5%. The ownership of the machinery will be transferred to JODICO at the end of the agreement period. This agreement is guaranteed by Arab Potash Company. The loan agreement was modified on 29 August 2002 for Jordan Magnesia Company to become the borrower instead of JODICO. The loan is repayable over 18 equal semi annual instalments amounting SDR 2,046,000 each, the first of which was due on 1 July 2004 and the last instalment was settled on 31 December 2012.

Arab Fertilizers and Chemicals Industries (KEMAPCO) signed an agreement on 11 March 2001 with Islamic Development Bank - Jeddah, in which the bank assigned the Company the right to buy the components of the Nitric Acid Plant for an amount not exceeding USD 27,000,000 and to lease it to the Company for a period of 10 years, after a preparation period of 2 years for an annual fee of 5.4%. The ownership of the machinery will be transferred to the Company at the end of the lease period. During 2009 Kemira GrowHow guarantee was cancelled and replaced by Arab Potash Company guarantee for the whole loan amount. The last instalment of the loan will be due on 1 December 2013.

European Investment Bank

On 28 April 1998, the Company signed a loan agreement amounting to USD 47,485,000 to finance its operations. The loan is repayable over 22 semi annual instalments, the first of which was due on 10 October 2002 and the last instalment will be due on 10 April 2013. The loan is guaranteed by the Government of Jordan and bears an interest rate of 6.18% per annum and a guarantee fee at 1% per annum.

On 22 September 1999, Arab Fertilizers and Chemicals Industries (KEMAPCO) signed a loan amounting to Euro 30,000,000 to be used in financing the Company's project. The loan is repayable over 22 semi annual instalments, the first instalment was due on 20 March 2004 and the last instalment will be due on 20 September 2014. The loan bears an interest rate between 5.02% to 5.99% and is guaranteed by Arab Potash Company.

The aggregate amounts of annual principal maturities of long and short term obligations during 2013 and after are as follows:

	JD "000"
2013	6,529
2014	1,198
	7,727

14. Other credit balances

	2012	2011
	JD "000"	JD "000"
Employees' legal cases compensation provisions	10,414	7,636
Employees' post-retirement benefits provision (Note 17)	117	238
Dividends payable (Note 12)	15,675	4,720
Contractors retentions	1,253	4,155
Accrued interest and expenses	5,816	12,530
Other	5,041	5,602
	38,316	34,881

15. Segment information

The Group is comprised of the following operating segments

- Producing potash and salt through Arab Potash Company.
- Producing potassium nitrate and di calcium phosphate through Arab Fertilizers and Chemical Industries (KEMAPCO)
- Producing mixed salts and mud through Numeira Company.

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

2012	Arab Potash Co.	KEMAPCO	Numeira Co.	Total	Elimination & Adjustments	Total
	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"
Sales to external customers	512,828	72,942	498	586,268	-	586,268
Inter-company Sales	28,457	-	1,756	30,213	(30,213)	-
Total Sales	541,285	72,942	2,254	616,481	(30,213)	586,268
Segment profit	283,133	17,427	151	300,711	-	300,711
Results						
Share of profit of associates	12,548	-	-	12,548	-	12,548
Depreciation	63,880	272	60	64,212	-	64,212
Investments in associates	78,876	-	-	78,876	-	78,876
Capital Expenditure						
PP&E and projects in progress	19,046	946	29	20,021	-	20,021
Total Assets	**1,086,936**	**94,116**	**1,738**	**1,182,790**	**(99,337)**	**1,083,453**
Total Liabilities	**164,731**	**15,271**	**569**	**180,571**	**(61,033)**	**119,538**

2011	Arab Potash Co.	KEMAPCO	Numeira Co.	Total	Elimination & Adjustments	Total
	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"
Sales to external customers	646,841	73,007	302	720,150	-	720,150
Inter-company Sales	29,978	-	1,721	31,699	(31,699)	-
Total Sales	676,819	73,007	2,023	751,849	(31,699)	720,150
Segment profit	384,683	16,473	661	401,817	-	401,817
Results						
Share of profit of associates	18,764	-	-	18,764	-	18,764
Depreciation	63,219	176	55	63,450	-	63,450
Investments in associates	71,520	-	-	71,520	-	71,520
Capital Expenditure						
PP&E and projects in progress	24,956	4,190	49	29,195	-	29,195
Total Assets	**1,219,449**	**101,888**	**1,396**	**1,322,733**	**(99,464)**	**1,223,269**
Total Liabilities	**254,707**	**22,122**	**259**	**277,088**	**(68,990)**	**208,098**

Following is a summary of sales by company and customer's geographical location for the year ended 31 December 2012 and 2011:

	31 December 2012				31 December 2011			
	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	212,327	3,995	12	216,334	298,860	5,624	-	304,484
Far East	195,123	5,201	-	200,324	239,974	3,849	1	243,824
Middle East	32,411	9,463	448	42,322	40,875	9,879	276	51,030
Africa	47,836	8,979	-	56,815	37,213	10,262	-	47,475
Europe	24,873	32,377	38	57,288	29,639	34,004	20	63,663
America & Australia	258	12,927	-	13,185	279	9,390	5	9,674
	512,828	**72,942**	**498**	**586,268**	**646,840**	**73,008**	**302**	**720,150**

16. Commitments and contingencies

The amount of JD 7,159,000 (2011: 5,190,000) in the consolidated statement of financial position represents the extra contingent amount that might be payable by Arab Potash Company and not included in the liabilities of JORMAG.

17. Other non-current liabilities

	2012	2011
	JD "000"	JD "000"
Company and employees share in compensation and death fund *	697	8,412
End of service indemnity provision	6,008	6,063
Employees' post-retirement benefits provision **	6,168	7,213
	12,873	**21,688**

* The Arab Potash Company reached a final agreement with the General Jordanian Trade Union of Workers in Mining and Metals Association (the "Union") on 26 July 2012 to amend the company's contribution to the Compensation and Death Fund to become 2% of the company's non-consolidated net profit with a maximum amount of six million Jordanian Dinars starting from 2013. This agreement includes all of the employees whose services ended after 1 May 2012.

** Employee post-retirement benefit provision is classified according to maturity as follows:

	2012	2011
	JD "000"	JD "000"
Employee' post-retirement benefits provision	6,168	7,213
Provision payable within one year (Note14)	117	238
	6,285	7,451

The Company estimates the amount of these benefits to be JD 6,285,000 which represents the discounted value of the original benefits with an amount of JD 14,972,000.

18. Income tax

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

	2012	2011
	JD "000"	JD "000"
Balance At 1 January	35,809	28,599
Income tax expense for the year	28,831	42,426
Less: Income tax paid	(44,590)	(35,216)
Balance At 31 December	**20,050**	**35,809**

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

	2012	2011
	JD "000"	JD "000"
Current year income tax	28,831	42,426
Prior year income tax – subsidiary	-	5
Deferred tax asset	885	(2,629)
	29,716	**39,802**

Income tax expense

The principal differences between the effective tax rate and the statutory rate of 14% are as follows:

	2012	2011
	JD “000”	JD “000”
Computed tax at statutory rates	31,820	44,425
Tax effect of subsidiaries profit not subject to income tax	(1,308)	(199)
Tax effect of gain on investment in associates	(1,757)	(1,980)
Tax effect of expenses not allowable for tax purposes	1,774	2,109
Tax effect of provision and expenses allowable for tax relief	(1,698)	(1,929)
	28,831	**42,426**
Effective income tax rate	**12.6%**	**12.5%**
Statutory income tax rate	**14.0%**	**14.0%**

Deferred tax assets

	2012	2011
	JD “000”	JD “000”
At 1 January	4,731	2,102
Additions during the year	705	3,569
Retirements during the year	(1,590)	(940)
At 31 December	3,846	4,731

The provision for income tax for the year ended 31 December 2012 and 2011 has been calculated in accordance with the temporary Income Tax Law number (28) for 2009.

The Income and Sales Tax Department reviewed the Company’s records for 2004 and 2005 and estimated an amount of JD 6,589,000 in excess for the aforementioned years. This issue has been resolved during 2011 and it was agreed to pay the Income and Sales Tax Department an amount of JD 1,056,000 as a final settlement for the aforementioned amount.

The Income and Sales Tax Department re-opened the Arab Potash Company’s records for 2007 regarding the acquisition of Arab Fertilizers and Chemicals Industries (KEMAPCO) and issued a claim against the Company by JD 2,215,000. Arab Potash Company has filed a lawsuit with the court of First Instance to prevent the claim issued by the Income and Sales Tax Department for the aforementioned amount. The issue has not been resolved as at the date of the consolidated financial statements.

The Income and Sales Tax Department rejected The Company’s right for the tax discount which relates to 2008 income tax by an amount of JD 146,000. During 2012, the Cessation Court decision was in favour of the Income and Sales Tax Department and the Arab Potash Company has paid the aforementioned amount as a final settlement for this issue.

The Income and Sales Tax Department has reviewed the Company’s records for the year 2011 and has issued the final tax clearance for 2011.

The Income and Sales Tax Department has reviewed the Company’s records for Numeira Mixed Salts and Mud Company (subsidiary) till 2010 and 2011 and no final settlement was reached till the date of the consolidated financial statements. The company has reached a final settlement from the Income and Sales Tax Department till 2009.

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

As at 31 December 2012, an amount of JD 44.1 Million is included in other assets (Note 10) which represents a recoverable sales tax balance of which the company has applied to recover the amount of JD 23.4 million, of which JD 6,172 (Thousand Dinars) has been audited by the Income and Sales Tax Department and the remaining balance is still subject to audit.

19. Cost of sales

	2012	2011
	JD "000"	JD "000"
Raw materials used in production	19,468	19,926
Salaries and wages	45,457	52,872
Freight costs	29,995	51,461
Depreciation	60,717	59,708
Fuel and electricity expense	101,145	83,118
Maintenance expense	34,769	40,816
Water expense	7,674	6,596
Insurance expense	7,681	6,252
Other expenses used in production	11,256	12,226
	318,162	**332,975**
Add: Beginning inventory	26,246	11,604
Less: Ending inventory	(58,851)	(26,246)
	285,557	**318,333**

20. Administrative expenses

	2012	2011
	JD "000"	JD "000"
Salaries and other benefits	4,795	3,924
Professional and consulting fees	2,523	1,776
Litigation compensations	2,458	1,619
Employees' post-retirement compensations	-	7,451
Extraordinary grant for the company's retired employees*	6,895	-
Allowance for doubtful debts	-	717
Travel expenses	914	705
Depreciation	911	1,107
Maintenance and repairs	553	358
Electricity	162	121
Fuel	118	115
Post and telephone	331	427
Dike 19 expenses	377	377
Board of Directors' remuneration	65	65
Others	2,004	2,743
	22,106	**21,505**

* The Company's General Assembly has resolved in its extraordinary meeting which was held during September 2012 to pay a grant in the amount of 5 (Thousands Dinars) for each retired employee from the company for those who have retired before 30 April 2012 based on the Social Security records. The total cost for these grants was JD 6,895 (Thousand Dinars).

21. Other income

	2012	2011
	JD "000"	JD "000"
Scrap sales	1,188	1,099
Others, net	1,349	1,256
	2,537	**2,355**

22. Royalty to the Government of Jordan

During 2012, royalty due to the Government of Jordan was JD 49,883 (Thousand Dinars) (2011: JD 60,220 (Thousand Dinars)).

During 2012, the Company paid an advance payment in the amount of JD 40 million from the total mining fees payable of JD 46.5 million (which is due for payment in March of each year to the Government of Jordan) based on the Ministry of Finance request. Accordingly, the balance due from the accrued mining fees as at 31 December 2012 is JD 6.5 million.

23. Selling and distribution expenses

	2012	2011
	JD "000"	JD "000"
Marketing		
Salaries and other benefits	892	821
Sales commission	4,537	4,088
Travel expenses	432	411
Membership dues	433	415
Depreciation	58	47
Sample testing	172	276
Advertising expenses	89	68
Post and telephone	33	36
Others	989	497
	7,635	**6,659**

	2012	2011
	JD "000"	JD "000"
Shipping terminal – Aqaba	3,009	4,309
Port handling fees	2,187	2,180
Salaries, wages and other benefits	2,240	2,301
Depreciation	414	391
Electricity	336	301
Maintenance	49	53
Fuel	159	136
Insurance	101	62
Rent	208	187
Others	8,703	9,920
	16,338	**16,579**

24. Finance Costs and bank charges

	2012	2011
	JD "000"	JD "000"
Interest expense	1,783	2,318
Bank commissions	1,561	2,590
	3,344	**4,908**

25. Earnings per share

	2012	2011
Profit for the year (JD "000")	198,822	299,691
Weighted average number of shares (In thousands of shares)	83,318	83,318
Basic and diluted, earnings per share (JD)	2.386	3.597

26. Related party transactions

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

The concession to exploit the Dead Sea brine was granted by the Government of Jordan. In return, the Company pays to the government an annual royalty, which is computed as explained in Note 1. The concession agreement was amended during 2010 in accordance with the Temporary Law Number (55) of 2003 whereby amendments included the annual rent fees for lands within the concession area to become JD 1,500,000 annually, retrospectively effective June 2008.
As explained in Note (13), the Government of Jordan has guaranteed certain loans granted to the Company.

On 9 September 2003, the Company signed an agreement with the Ministry of Water and Irrigation which was amended effective on 1 August 2011 whereby the water usage has been determined in terms of water sources, quantities and prices per the agreement and the amendment the cost of cubic meter of Wadi Al Mujib and Al Hasa water used by the Company is JD 1.25 compared to 2010 cost of JD 0.53 / cubic meter.

As explained in Note (13), the Company guaranteed Jordan Dead Sea Industries Company obligations to Islamic Development Bank - Jeddah which resulted from the agreement to purchase and lease Jordan Magnesia Company machinery and equipment for an amount of USD 28,035,000. The loan agreement was modified on 29 August 2002 for Jordan Magnesia Company to become the borrower instead of Jordan Dead Sea Industries Company.

The Company guaranteed 50% of the loans obtained by Jordan Bromine Company from the European Investment Bank and the Islamic Development Bank – Jeddah for Euro 50,000,000 and USD 29,000,000 respectively.

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

	2012	2011
Amounts due from related parties	JD "000"	JD "000"
Accounts receivable – Jordan Bromine Company	3,585	2,374

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

	2012	2011
	JD "000"	JD "000"
Sales – Nippon Jordan Fertilizer Company	1,088	1,179
Sales – Jordan Bromine Company	11,175	11,124

Compensation of the key management personnel was as follows:

	2012	2011
	JD "000"	JD "000"
Benefits (Salaries, wages, and bonus)	1,867	1,621

27. Contingencies and commitments

As of 31 December 2012, the Group had the following contingencies and commitments:

Letters of credit and collection bills amounting to JD 8,771,000. (2011: JD 21,712,000).

The Group has committed and contracted for capital expenditure amounting to JD 16,898,000. (2011: JD 103,758,000).

The Group has committed but not contracted for capital expenditure amounting to JD 72,552,000. (2011: JD 84,607,000).

Legal claims

The Group was named as plaintiff as at 31 December 2012 in the following lawsuits:

1-a Dike No. 19 cases:
APC raised an arbitration case against ATA, the contractor of Dike19 claiming JD 37,477,000. An arbitration agreement was signed between the parties on 10 April 2001. The Arbitration Committee issued a majority ruling on 30 September 2003 where it has rejected APC's claim and awarded ATA Company a sum of JD 5,907,000 for the counter claim it had filed against APC before the same arbitration panel. APC appealed the Arbitration Committee ruling on 29 October 2003. The Court of Appeal accepted APC's appeal whereby the Arbitration decision and the Arbitration Clause in the Contract was cancelled. ATA took the case to the Cassation Court, and the Cassation Court issued its decision upholding the Court of Appeal decision. APC has filed a lawsuit accordingly. During 2008 APC filed a lawsuit against ATA Company in the Jordanian courts claiming ATA Company for the damages sustained from Dike 19 collapse. The lawsuit is under process as of the date of the consolidated financial statements.

1-b ICSID case submitted by ATA against the Jordan Government:
ATA registered an arbitration case in the International Center for the Settlement of Investment Disputes (ICSID) in Washington DC against the Jordan Government claiming that the Jordan courts (Appeal and Cassation) were biased against ATA after they annulled the majority arbitration decision and extinguished the arbitration clause in the contract. By doing so ATA claims that the Jordan Government violated the Turkey – Jordan Bilateral Treaty by failing to protect ATA investment.

The final award was rendered on 18 May 2010 dismissing all of ATA claims except restoring its right to go to arbitration in accordance with the agreement signed between APC and ATA on 2 May 1998.

On 8 March 2011 the ICSID Tribunal released its decision that allowed APC's interpretation of order no. (5) and confirmed APC right to arbitration in accordance with the Agreement signed between the parties on 2 May 1998. Furthermore, the tribunal ordered both parties to comply with order no. (4) of the original award to drop the court case "immediately and unconditionally". After this decision, the case is considered closed.

1-c Lawsuit raised against Middle East Insurance Company, the insurer of Dikes 19 and 20 during construction (issuance of CAR insurance Policy), whereby APC is claiming JD 27,518,000. On 31 May 2009, the Court of First Instance rejected MEIC request to invite Gibb as a joint respondent in this case and decided to proceed with the original case. However, on 15 September 2009 the MEIC appealed the case. On 1 November 2009, the Court of Appeal rejected the Court of First Instance decision and accepted the MEIC appeal to invite Gibb as a joint respondent in this case. On 22 December 2009, APC sent the case to the Court of Cassation.

The Court of Cassation on 3 March 2011, agreed with the Middle East Insurance request to invite Gibb as a second Respondent in this case.
On 27 April 2011, APC submitted a request to the Court of Cassation asking it to reconsider its decision. No reply of the Court of Cassation has been received as of the approval date of the financial statements.

2- Dike No.18 case
Lawsuit against ATA Company, the contractor of Dike 18. ATA filed for the dismissal of the case on the grounds that there is an arbitration clause in the Construction Contract. The First Instance Court accepted ATA's request. APC appealed the ruling for which a refusal decision was issued on 14 July 2004. APC took the case to the Cassation Court and the said court upheld the Court of Appeal decision. It was agreed between the parties to form arbitration panel in which each of the parties has nominated an arbitrator and agreed on a third arbitrator who has accepted the appointment. On 30 September 2009, the Company presented its initial claim. The Respondent (ATA) submitted their Statement of Defence and Motion to Dismiss on 2 January 2010 as scheduled. The Company prepared their reply on both and submitted to the Tribunal as scheduled on 15 February 2010.

The tribunal reached on 10 September 2011 a unanimous decision rejecting ATA's motion to dismiss APC's case on the ground of time bar. The parties will now move on to arbitrate the merits of the case. The first hearing session on the merits was postponed because ATA refused to pay its share of the Tribunal fees and the fees of the Tribunal appointed experts. After the said fees were paid by APC, the tribunal issued an interim award ordering ATA to reimburse APC with fees. The final hearing on this case was held in Amman between 19 and 25 October 2012. The final brief by APC was submitted on 3 January 2013 and ATA on 4 February 2013. The Final Decision on this case is expected during June 2013.

3- There are a number of individual claims filed against APC by a number of employees relating to medical insurance claims. The outcome of these claims is estimated to reach JD 10,414,000 as at the date of the consolidated financial statements.

4- A dispute exists between the Arab Fertilizers and Chemicals Industries (KEMAPCO) and Haymour Cousins Contracting Company, the contractor who executed work related to construction of a pipe-line. According to the Company, the pipe-line was delivered with incorrect specifications and was rejected during the testing phase. The Company installed another pipe-line at an approximate cost of JD 602,000 and incurred additional costs of JD 450,000. The Company has retained amounts due to the contractor amounting to JD 592,000 and holds a performance contractual retention amounting to JD 463,000. Furthermore, the Company believes it has the right to claim for liquidated damages in the amount of JD 695,000. On 12 April 2012, a final reconciliation and agreement were reached between both parties through a court decision related to lawsuit No. (105/ 2011). The reconciliation consists of the disputed guarantee, where Haymour Cousins Contracting Company committed not to claim the issued guarantee from the Arab Egyptian Real Estate bank and to return this guarantee to the aforementioned bank during the agreed time between both parties.

28. Risk management

Interest rate risk

The Group is exposed to interest rate risk on its interest bearing assets and liabilities (bank deposits and term loans).

The following table demonstrates the sensitivity of the consolidated income statement to reasonably possible changes in interest rates, with all other variables held constant.

The sensitivity of the income statement is the effect of the assumed changes in interest rates on the Group's profit for one year, based on the floating rate financial assets and financial liabilities held at 31 December.

There is no other impact on the Group's equity.

2012				
Currency	Increase in basis	Effect on profit for the year	Decrease in basis	Effect on profit for the year
	points	JD "000"	points	JD "000"
JD	50	1,383	(50)	(1,383)

2011				
Currency	Increase in basis	Effect on profit for the year	Decrease in basis	Effect on profit for the year
	points	JD "000"	points	JD "000"
JD	50	1,812	(50)	(1,812)

Credit risk

The Group uses letters of credit and credit insurance to ensure that sales are made to customers with appropriate credit history and do not exceed acceptable credit exposure limits.

The Group sells its products to limited numbers of customers and fertilizing companies. Its 5 largest customers account for 68% of outstanding accounts receivable at 31 December 2012 (2011: 80.02%).

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

Liquidity risk

The Group's policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of committed credit facilities to meet its commitments.

The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 December 2012, based on contractual payment dates and current market interest rates.

Year ended 31 December 2012	Less than 3 months	3 to 12 months	1 to 5 years	Total
	JD "000"	JD "000"	JD "000"	JD "000"
Trade payables and accruals	26,695	140	-	26,835
Royalty to the Government of Jordan	-	6,578	-	6,578
Term loans	2,352	4,829	1,317	8,498
Total	**29,047**	**11,547**	**1,317**	**41,911**

Year ended 31 December 2011	Less than 3 months	3 to 12 months	1 to 5 years	Total
	JD "000"	JD "000"	JD "000"	JD "000"
Trade payables and accruals	29,527	643	-	30,170
Royalty to the Government of Jordan	-	60,220	-	60,220
Term loans	622	11,795	8,938	21,355
Total	**30,149**	72,658	8,938	111,745

Currency risk

The Group's transactions in U.S. Dollar do not give rise to foreign currency risk since the Jordanian Dinar is fixed against the U.S. Dollar (USD 1.41 for each one JD).

The table below indicates the Group's foreign currency exposure at 31 December, as a result of its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the JD currency rate against the Euro and SDR, with all other variables held constant, on the income statement (due to the fair value of currency sensitive monetary assets and liabilities).

2012				
Currency	Increase in Exchange Rate	Effect on Profit Before Tax	Decrease in Exchange Rate	Effect on profit Before Tax
	points	JD "000"	points	JD "000"
EURO	10	44	(10)	(44)
Special Drawing Right (SDR)	5	(17)	(5)	17

2011				
Currency	Increase in Exchange Rate	Effect on Profit Before Tax	Decrease in Exchange Rate	Effect on profit Before Tax
	points	JD "000"	points	JD "000"
EURO	10	86	(10)	(86)
Special Drawing Right (SDR)	5	(54)	(5)	54

29. Fair values of financial instruments

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash and bank balances, receivables, and financial assets at fair value through other comprehensive income and other current assets. Financial liabilities consist of bank overdrafts, term loans, payables and other current liabilities.

The fair values of financial instruments are not materially different from their carrying values.

30. Capital management

The primary objective of the Group's capital management is to ensure that it maintains capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2012 and 31 December 2011. Capital comprises share capital, reserves and retained earnings, and is measured at JD 963,858,000 as at 31 December 2012 (2011: JD 1,014,982,000).

31. Standards and interpretations issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1
The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position or performance. The amendment was effective for annual periods beginning on or after 1 July 2012.
IAS 19 Employee Benefits (Revised)
The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The Group does not expect the amendments to have any impact on its financial position or performance as the Group does not have employees benefit plans

IAS 28 *Investments in Associates and Joint Ventures* (as revised in 2011)
As a consequence of the new IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The revised standard becomes effective for annual periods beginning on or after 1 January 2013.

IAS 32 Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32
These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2014.

IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities — Amendments to IFRS 7
These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation.

The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments will not impact the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2013.

IFRS 10 *Consolidated Financial Statements,* IAS 27 *Separate Financial Statements*
IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation — Special Purpose Entities.

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. Based on the preliminary analysis performed, IFRS 10 is not expected to have any impact on the currently held investments of the Group.

This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 11 *Joint Arrangements*
IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities - Non-monetary Contributions by Ventures. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method.

The application of this new standard will not impact the financial position of the Group as the company is currently accounting for these investments under the equity method.

IFRS 12 ***Disclosure of Interests in Other Entities***
IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities.

A number of new disclosures are also required, but these have no impact on the Group's financial position or performance. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 13 ***Fair Value Measurement***
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Group is currently assessing the impact that this standard will have on the financial position and performance, but based on the preliminary analysis, no material impact is expected. This standard becomes effective for annual periods beginning on or after 1 January 2013.
IFRIC 20 ***Stripping Costs in the Production Phase of a Surface Mine***
This interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity. The interpretation is effective for annual periods beginning on or after 1 January 2013. The new interpretation will not have an impact on the Group.

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