البوتاس العربية
Arab Potash

ANNUAL REPORT **2016**

Partners in Food Security

His Majesty
King Abdullah II Ibn Al Hussein

His Royal Highness Crown
Prince Al Hussein Bin Abdullah II

SIXTIETH ANNUAL REPORT

Of the Board of Directors and the consolidated financial statements of the Company for the year ended 31 December 2016, presented at the Ordinary General Assembly Meeting at 12:00 noon on Thursday 20 April 2017 AD, 23 Rajab 1438 H.

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MESSAGE FROM THE CHAIRMAN

The Members of the Board of Directors and the Executive Management of the Arab Potash Company (APC) and I are delighted and honored to submit to you the 60th annual report for the year 2016 on the Company's operations, including its consolidated financial statements for the year ended 31/12/2016. The report also contains a review of the past year's achievements and an outlook for 2017.

I take great pride in starting my message this year with the crowning achievement of the Arab Potash Company, receiving the Independence Medal of the First Class which His Majesty King Abdullah II Ibn Al Hussein bestowed upon APC in recognition of his support for the national economy, employment of Jordanian labor, and services in local community development. This honor goes to each and every member of the Arab Potash Family.

Operationally, the first priority of APC continues to be the safety and the wellbeing of its employees, however, in spite of all the precautionary and safety measures implemented, APC and its employees suffered a tragic fatality early last year when a colleague fell from a high scaffolding. Following this accident, APC performed a complete review of our fall arrest and scaffolding procedures. Also, a number of our employees received scaffolding inspector training to make them competent inspectors. Furthermore, a fall hazard survey was conducted by an outside expert to identify areas of concern and to take remedial actions. As a result of these and other measures, we were able to complete two million work hours without a lost time injury.

Pursuant to our care for the wellbeing of our employees, APC concluded a new two-year (2017-2018) collective labor agreement with the General Association of Workers in Mining and Metals in order to ensure the smooth continuity of production.

The year 2016 was full of severe challenges which impacted APC's profitability. Profits decreased by 48% from 2015, to JD 67.4 million as consolidated net profits after royalties, taxes and provisions. However, we still consider this to be a major achievement in light of the challenges faced by the Company as well as the potash industry worldwide, the most grueling of which was the drop of global potash prices to the lowest level in the past ten years.

The causes were international factors beyond APC's control and we had no choice but to sell at the international prices. As a result, our operating profit from the production and sale of potash dropped to almost zero last year. The hardships were compounded by an extended shutdown for the maintenance and upgrading of the Hot Leach Plant. We also needed to carry out additional dredging operations which were deferred throughout 2015.

These factors combined led to an increase in the cost of production per ton. Regardless, we were able to realize a net savings of $ 19 per ton largely due to our cost-saving measures. This amounted to a total savings of around $ 38 M.

Based on the above, it is evident that all the profits realized last year were the result of non-recurring activities, and from the operations of downstream industries, namely the Jordan Bromine Company (JBC) and KEMAPCO. APC's share of JBC's profits was JD 28.8 million, while KEMAPCO, which is totally owned by APC, achieved a net profit of JD 16.1 million.

This is a testimony to the Arab Potash Company's investment policy in addition to the prudent management of these two companies. Our investment in the diversification of our products years ago accounted for the only profits which our company earned this year. We shall continue to invest in downstream industries, which will be discussed under the future plans.

In addition to the contribution of the APC investees, a number of milestones were met in the course of the past and current year which contributed positively to APC profits from non-operational activities:

The first was achieving progress in the liquidation of the Jordan Safi Salt Company. In 2016, APC decided to appoint a new Liquidation Committee, which has partially finalized the majority of liquidation procedures during the year. As a result, JD 3.2 million was paid to APC, representing the majority of the dues owed by The Jordan Safi Salt Company. The Liquidation Committee

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is expected to finalize the remaining procedures by the end of 2017.

In addition, APC was able to successfully settle long outstanding court cases related to dikes in its favor, which resulted in realizing total income of JD 12.1 million under other income in the consolidated statement of profit and loss.

Another milestone was the renewal of the memorandum of understanding with Sinochem. The signing of the MoU took place in Amman under the auspices of His Excellency the Prime Minister, and it guarantees for APC the continued partnership with Sinochem, which is key to our presence in the Chinese market, one of the two largest markets for our exports.

The fourth milestone was the sale of the Jordan Magnesia Company JORMAG, where APC sold its shares of JORMAG. The sale was through an open bid that was awarded to Manaseer Group for Industrial and Commercial Investments. The selling price of all JORMAG shares was US$ 12.5 million. The sale was concluded in February, 2017 after obtaining all governmental, legal, regulatory and corporate approvals. The sales process was transparent and was conducted based on international best practices.

The challenges of the past year did not prevent APC from continuing to work pursuant to its mission to help local communities, not only in its vicinity, but in all of Jordan. Given the recent difficulties within the potash industry, the CSR budget was reduced from JD 10 M to around JD 8 M in 2016; however, APC's CSR contributions as a percentage of the Company's profits remained one of the highest in the world. Below is a breakdown of APC's CSR spending over the past five years, 2012 - 2016:

	2016	2015	2014	2013	2012	Total	Yearly average	%
Education	2,323,760	2,162,372	2,203,257	2,331,820	1,713,000	10,734,209	2,146,842	24
Social Development	1,184,220	1,670,855	1,554,419	1,848,901	2,037,000	8,295,395	1,659,079	18
Official organizations	1,092,692	2,914,094	1,683,948	2,054,591	3,374,000	11,119,325	2,223,865	24
Water and the environment	68,400	711,320	256,147	1,241,700	1,344,000	3,621,567	724,313	8
Health	2,521,744	1,809,400	831,740	1,328,170	700,000	7,191,054	1,438,211	16
Sports	432,915	372,484	604,550	487,500	193,000	2,090,449	418,090	5
Houses of worship	176,348	219,568	186,899	356,673	298,000	1,237,488	247,498	3
Culture	244,215	240,000	209,340	312,150	95,000	1,100,705	220,141	2
Professional associations	73,806	38,605	102,700	38,495	84,000	337,606	67,521	1
Total	**8,118,100**	**10,138,698**	**7,633,000**	**10,000,000**	**9,838,000**	**45,727,798**	**9,145,560**	**100**

As you can see, our program has focused on education, social development and health care in 2016. However, the Company is also keen to contribute in other areas including water, the environment, and sporting activities.

APC also continued to be among the major contributors to the Treasury of Jordan. Royalties to the Government amounted to JD 4 million and income tax amounted to JD 4.1 million. Moreover, APC is among the highest contributors to the foreign currency reserve in Jordan generating around US$ 520 million during 2016.

It would be difficult to over emphasize our challenges in 2016, and it would be prudent to expect conservatively that all the challenges will not be dissipated in the course of 2017. However, it is important to bear in mind that the long-term prospect for the potash market remains positive. Demand for potash is driven by the need to produce more food to feed a growing world population in an agricultural area that is diminishing due to urbanization. The world will need to expand its use of fertilizers, and potash is one of the essential nutrients for plants and has no negative effects on the environment. Consequently, even with a conservative and prudent outlook on the short term, APC continues with its ambitious future plans which include:

1. Greater cost savings by generating our own electricity from natural gas.
2. The expansion of production of the Arab Fertilizers and Chemicals Industries (KEMAPCO) to 175,000 tons per year. Last year KEMAPCO produced 123,000 tons of NOP, which were sold to Europe, Mediterranean countries and Asia.
3. Continuing construction work of the industrial port by the Jordan Industrial Ports Company, which is a joint investment between APC and the Jordan Phosphate Mines Company. The port is due for completion in March, 2018.
4. Optimization of Al Numeira Mixed Salts and Mud Company, which extracts, buys, and packages mud from the Dead Sea for the cosmetic industry.

"It would be difficult to overemphasize ourchallenges in 2016, and it would be prudent to expect conservatively that all the challenges will not be dissipated in the course of 2017. However, it is important to bear in mind that the long-term prospect for the potash market remains positive."

5. A feasibility study is underway for construction of a railway link between the plant site at Ghor Al Safi and Aqaba, which would cut shipping costs and minimize traffic on the roads.
6. More diversification through investment in downstream projects that add value to our potash product, mainly the production of chlorine, caustic soda, and hydrogen peroxide: The year 2016 showed clearly the strategic role of downstream industries and the diversification of our investment portfolio. Accordingly, APC's Board of Directors is taking all the necessary steps, in a prudent and structured manner, to embark on these downstream industries which will maximize the Company's revenues and create new jobs. In this regard, I would like to extend my sincere thanks to the Government of Jordan represented by His Excellency Prime Minister Dr. Hani Al Mulki, His Excellency Dr. Ibrahim Saif Minister of Energy and Mineral Resources, and His Excellency Omar Malhas Minister of Finance for all of the support they have given to ensure the success of these projects.
7. Optimization of water resources:

A. Work is underway on the construction of Wadi Ibn Hammad Dam in cooperation between the Ministry of Water and Irrigation, the Jordan Valley Authority, and the Arab Potash Company. APC expects to achieve financial savings in water costs from this project as the agreement provides for the recovery of the cost for building the dam, which is funded completely by APC through the reduction of the tariff on water used by Company.

B. APC has recently signed an agreement to finance construction of the Alwadat Dam, which is being built by the Jordan Valley Authority at a cost of up to JD 4 million. The dam will provide an additional 0.5 million cubic meters of water annually for industry and agriculture.

C. The Jordan Bromine Company Board of Directors also approved the allocation of $ 400,000 to study the construction of Wadi Assal Dam and in the Jordan Valley area.

8. Production:

A. The Company is considering options to expand and increase production through a review of the options available and the possibility of increasing the efficiency of existing plants and evaporation ponds. The Management is still studying the feasibility of a project to increase the production capacity of potash by 180,000 tons, especially in light of the current global potash market conditions and decrease in the selling price.

B. The Board of Directors approved a project to raise the production capacity of granular potash by 250,000 tons per year by installing an additional compaction unit expected to be in service by the end of 2017.

C. Lisan area is located outside APC Concession area and it is expected that the Government of Jordan will conduct a technical study for this area for the purposes of identifying the quantities of potash in that area. APC has assigned an amount of money to finance the study to be conducted by a specialized company that will be engaged by the Government of Jordan, in order to enable APC to compete at a later stage if the Government allowes companies to tender for Lisan area mining rights.

In conclusion, I would like to extend, in my own name and on behalf of Members of the Board of Directors and Executive Management, as well as all members of the Arab Potash family my sincere thanks to the Company's shareholders and our valued customers for their continued trust in APC and its products. I also thank our strategic partner Potash Corp for providing us with valuable advice and expertise that empower us to make constant improvement and progress. I also express my sincere appreciation and pride in the staff of the Company for their outstanding achievements. I pray to God Almighty to bless us and grant us success in the coming years so that we may continue to realize our objectives and make greater contributions in the service of our cherished Jordan, in keeping with the vision of His Majesty King Abdullah II Ibn Al Hussein, may God protect him.

May God's peace and blessings be with you

Chairman of the Board
Jamal Ahmad Al Sarayrah

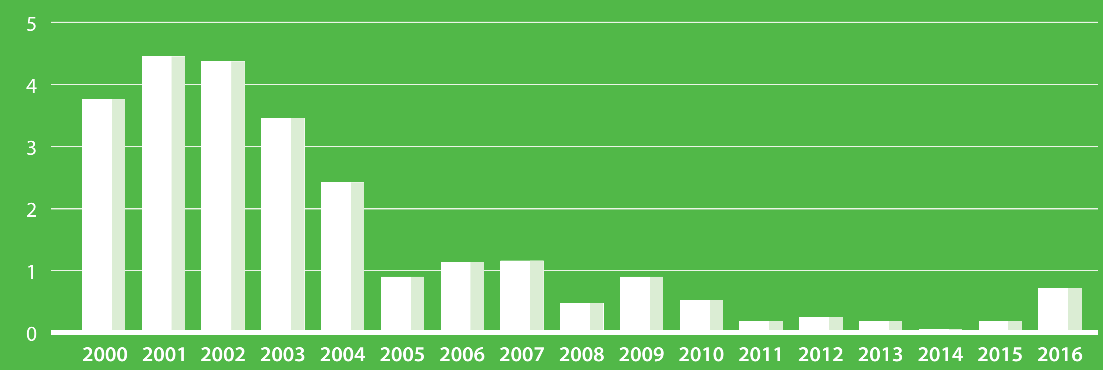
2016 IN NUMBERS

Arab Potash Company in numbers 2012-2016:

1. Safety

LTI Frequency Rate

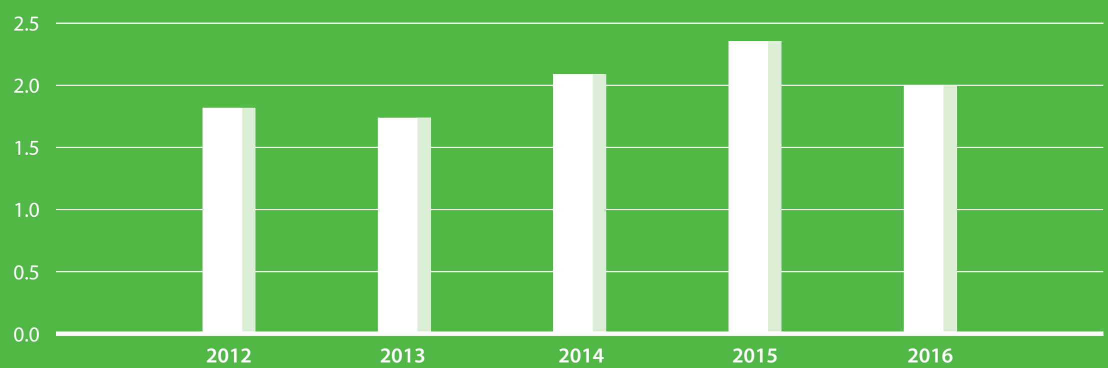
2000 - 2016



2. Production

APC had an extended maintenance shutdown for one of its major plants (Hot Leach Plant) for approximately two months. The monthly capacity of HLP plant is 120 thousand MT. The shutdown resulted in drop in production quantities and increase in production cost per ton, but the company was successful to offset most of these additional costs.

Potash Production (million tons)



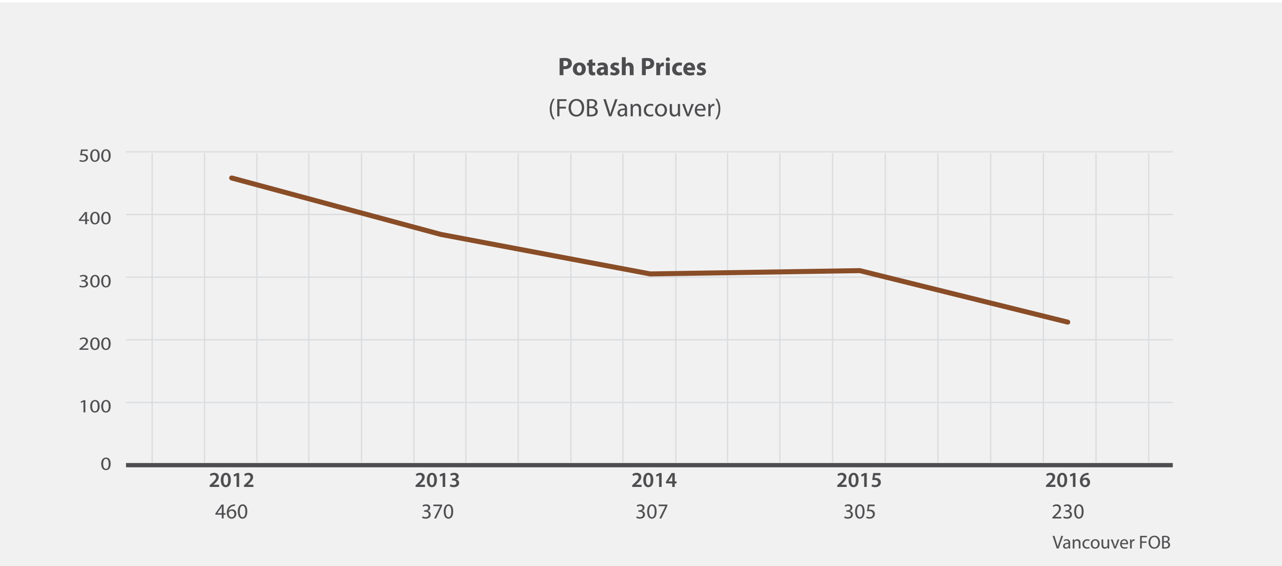
3. Prices

The current low prices continued to dominate markets in the beginning of the year, particularly in light of the absence of major contracts in India and China. The contract discussions with Chinese and Indian buyers stretched well into the second half of the year. This left the markets directionless in the first half. Buyers were cautious and spot sales were the norm as Brazilian and North American prices dropped.

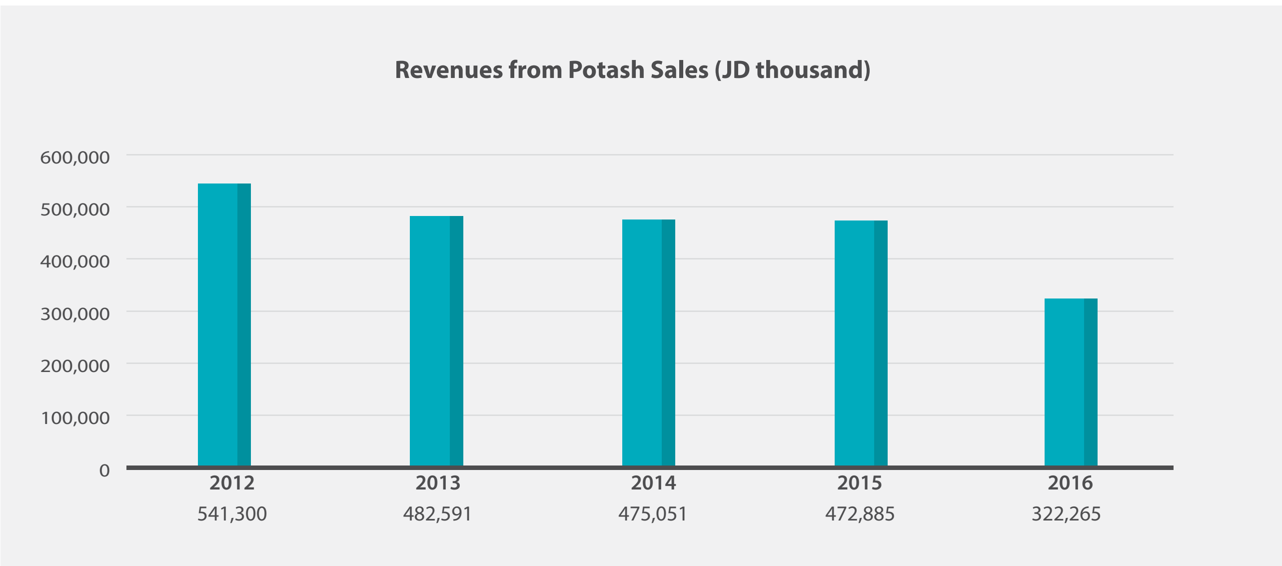
The Indian buyers were the first to settle a contract in the beginning of July with an adjustment of USD 105 per ton downwards from the previous contract. New agreements soon followed in China with a 96 dollar cut.

The conclusions of these contracts brought stability to markets and major suppliers announced floor prices for spot markets reflecting a minimum of USD 240 per ton CFR.

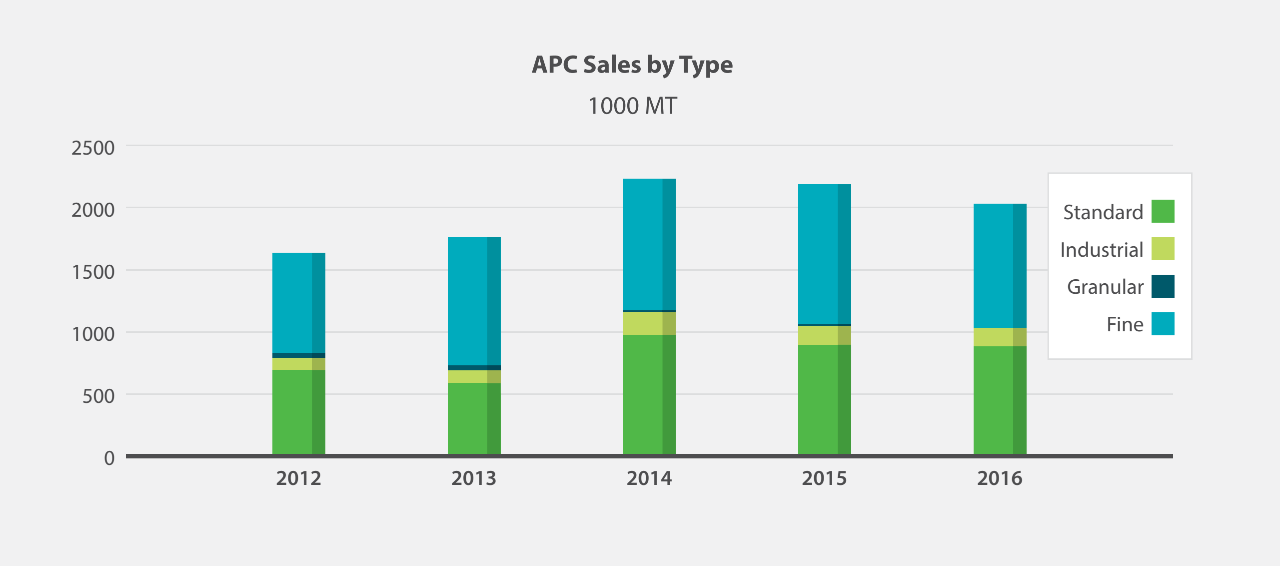
The graph below shows the development of global potash prices, and it shows clearly the considerable drop in global potash prices in 2016.



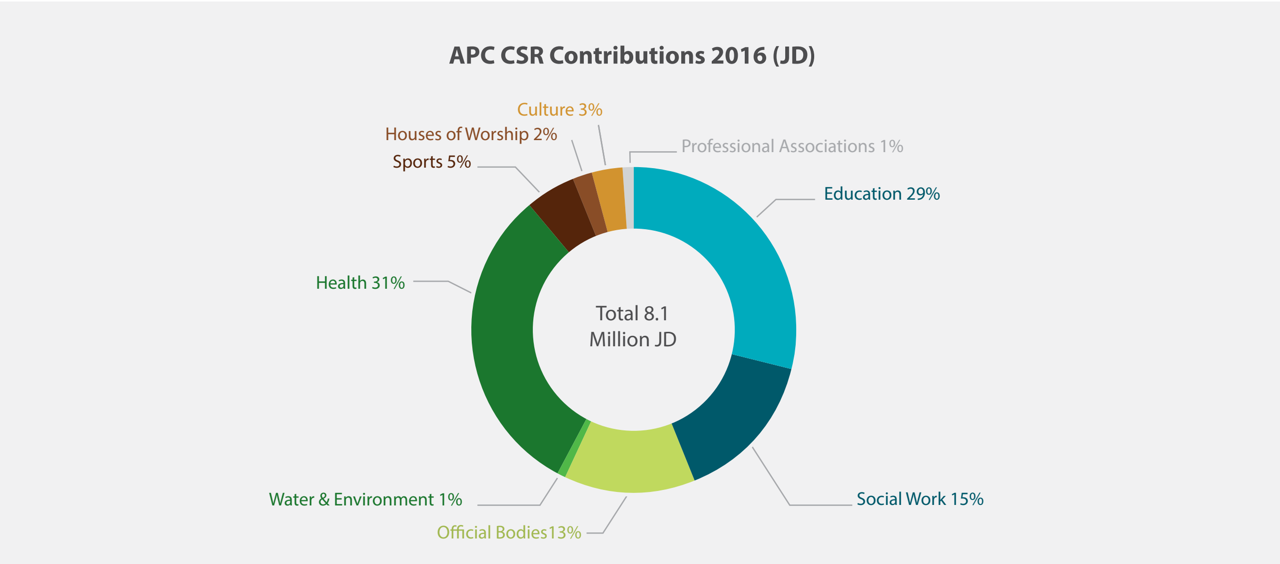
4. Revenues from Potash Sales



5. APC Sales by Type



6. Contributions to local community development



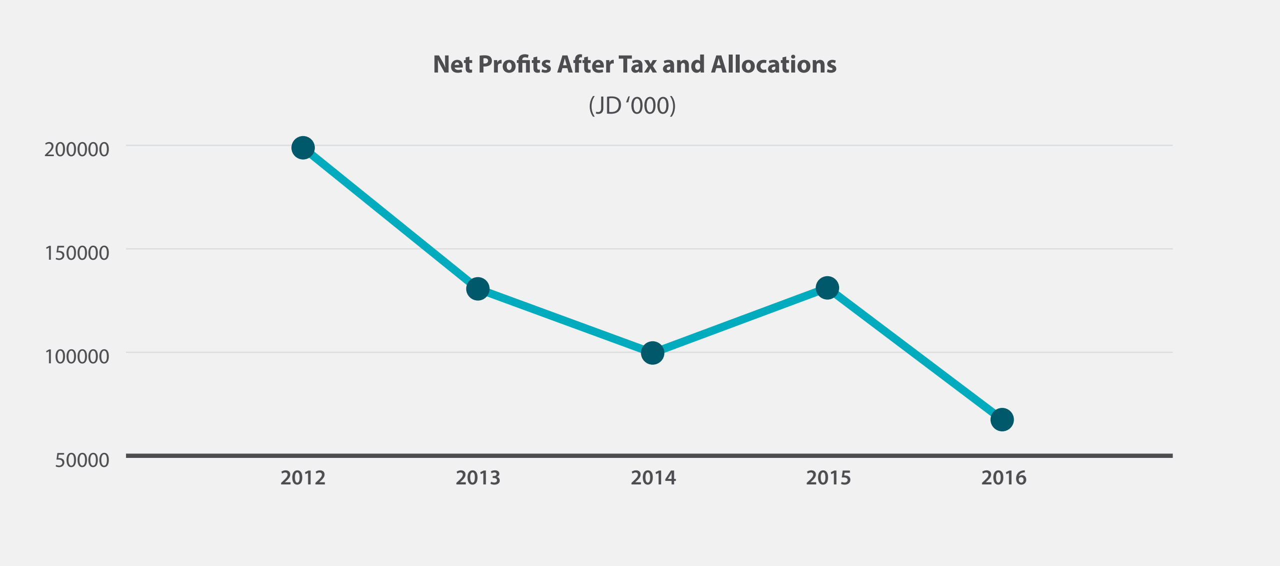
7. Contributions to the Treasury of the Hashemite Kingdom of Jordan 2012 – 2016 (Thousand JD)

Year	Dividends	Income Tax	Royalties	Other Fees	Total	Percentage of APC non-consolidated profits
2012	59,798	30,015	49,883	6,090	145,786	74%
2013	33,601	17,212	25,949	6,357	83,119	63%
2014	26,881	10,529	13,330	7,338	58,078	74%
2015	26,881	31,691	23,698	7,640	89,910	73%
2016	- *	5,826	4,063	7,275	17,164	24%
Total	**147,161**	**93,571**	**116,923**	**34,700**	**392,355**	**66%**

* 2016 dividends will be decided in the Annual General Assembly Meeting.

8. Net Consolidated Profits 2012 – 2016

2016 saw a decrease in sales revenue mainly due to the decline in the global potash prices -the lowest level in 10 years. Much of the decline was due to the delay in concluding annual contracts with China and India. This decrease led to reduced revenues and forced a number of global producers to announce the closure of their potash mines and reduce production in 2016. This coincided with our planned shutdown of the Hot Leaching Plant for approximately two months. The Company also incurred additional costs for dredging in 2016 compared to the previous year.

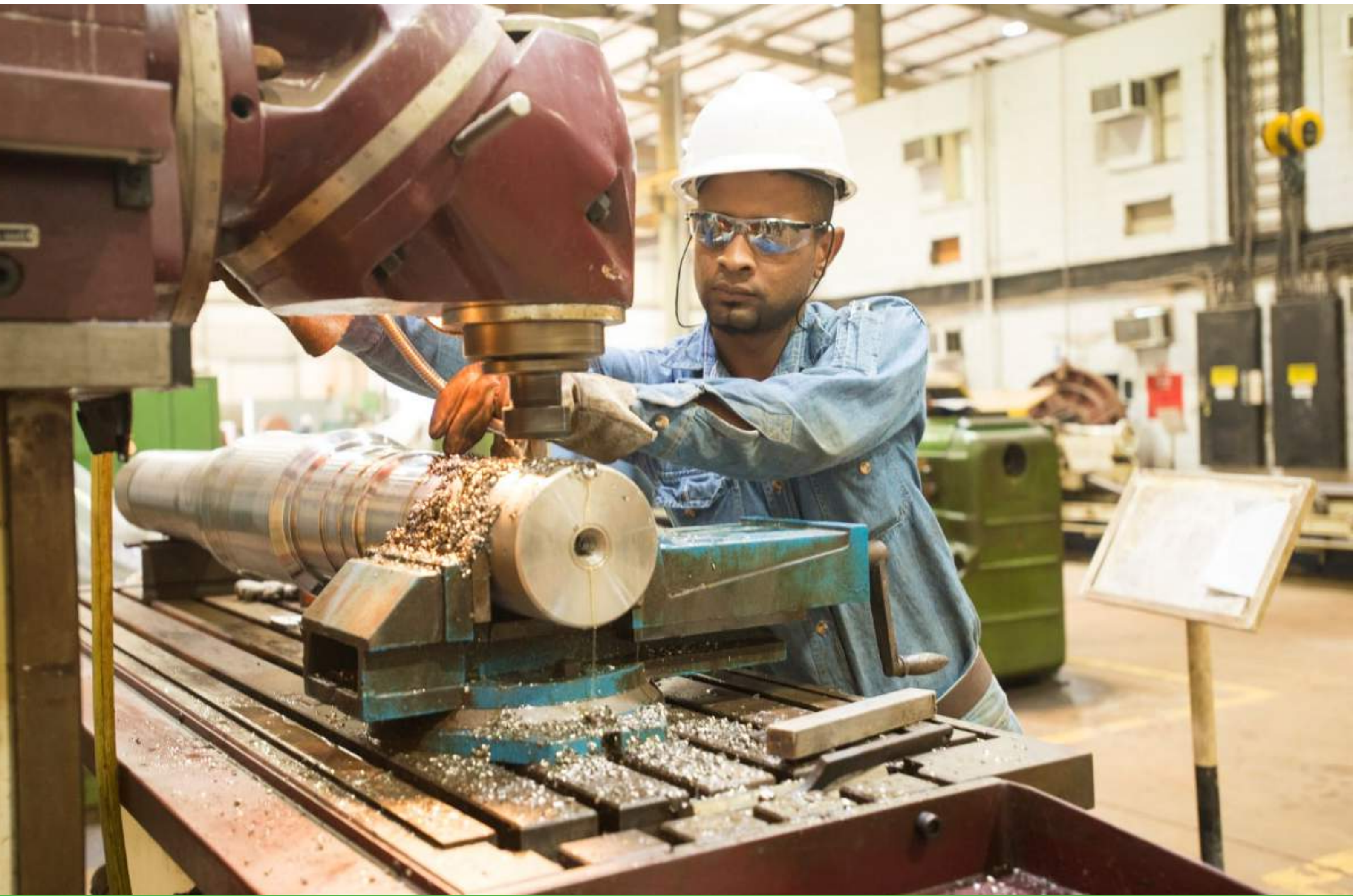


Major Financial Indicators 2012 – 2016 in Thousands of Dinars except Financial Ratios, Share Data, Production and Sales Numbers

Details	2016	2015	2014	2013	2012
Potash Production (Million Tons)	2.00	2.36	2.09	1.74	1.82
Potash Sales (Million Tons)	2.03	2.19	2.24	1.77	1.63
Consolidated Sales Revenue	369,651	527,527	535,465	521,209	586,268
Potash Sales Revenue	322,265	472,885	475,051	482,591	541,300
Gross Profit	68,158	214,314	140,507	183,296	300,700
Profit from Operations	28,507	147,105	85,681	122,986	212,400
Financing Charges	1,857	1,525	641	1,027	3,344
Other Revenues	17,739	1,887	3,338	1,588	17,722
Net Profit After Tax	67,434	131,133	99,676	130,661	198,822
Net Fixed Assets	232,078	241,573	291,846	33,947	379,001
Long Term Loans & Other Long Term Obligations	9,935	9,377	9,919	12,266	20,032
Shareholders' Equity	859,532	892,190	860,982	886,488	963,915
Debt: Equity Ratio	0%	0%	0.01%	0.15%	0.70%
Return On Assets	7%	13%	11%	13%	18%
Return On Shareholders' Equity	8%	15%	12%	15%	20%
Current Ratio	8.3	4.7	6.2	5.1	5.7
Closing Share Price/JD	19.18	21.00	19.50	28.05	46.51
Dividends	* -	99,981	99,981	124,977	208,293
Dividends Percentage	* -	120%	120%	150%	250%
Earnings Per Share / JD	0.8	1.6	1.2	1.6	2.4
Market Price / Earnings Ratio	23.7	13.3	16.25	17.9	19.5
Royalty / ton produced	2.0	10.1	6.4	14.6	31.2

* Dividends ratio for 2016 will be determined at the Annual General Assembly Meeting.


SAFETY &
ENVIRONMENT
2 Million
working hours without
a lost time injury



2

Million working hours without a lost time injury

SAFETY AND ENVIRONMENT

The Arab Potash Company believes firmly that the safety of its employees is its top priority. This is the first item in the Company's core values because the Board of Directors and senior management consider themselves responsible for the safe return of all employees to their families and loved ones every day. Accordingly, the Company focuses on providing a safe working environment for its employees, which includes providing appropriate personal safety equipment, strict enforcement of work safety procedures, and implementation of work permits applying equally to service providers, contractors, and visitors.

Following a tragic and fatal fall of a colleague from a high scaffolding early in 2016, APC performed a complete review of our fall arrest and scaffolding procedures. A number of APC employees received scaffolding inspector training to improve their inspection competence. A fall hazard survey was conducted by an outside expert to identify areas of concern and to take remedial actions. Safety procedures are constantly updated and reinforced to keep APC at the fore front of industrial companies in worker safety.

Figure: Number of trucking accidents

2002 – 2016

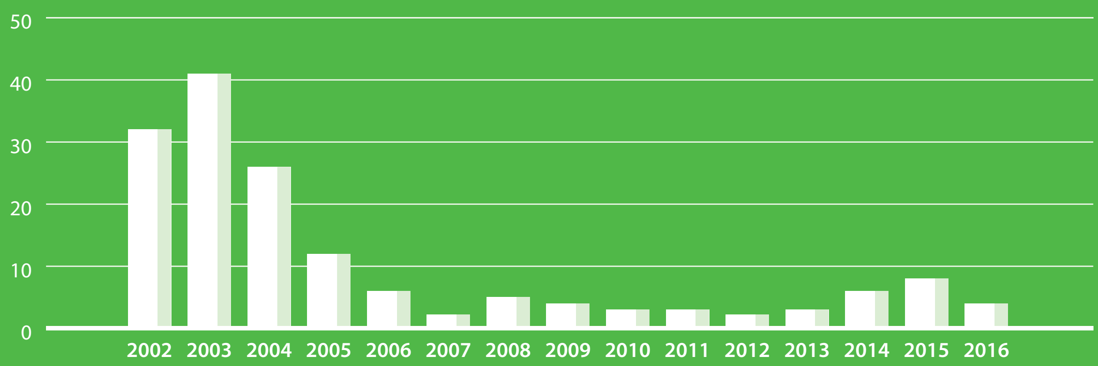


Figure 2, which traces the number of lost time work injuries per 200,000 work hours, shows that injuries in 2016 were 0.71 per 200,000 work hours.

* Rate of lost time work injuries = number of injuries x 200,000 work hours / total number of work hours.

Safety and Environment Initiatives in 2016 included:

1. Completing two million work hours without a lost time injury.
2. Organizing three safety forums for supervisors and superintendents and one for drivers.
3. Updated and improved procedures and practices for fall arrest and scaffolding.
4. Training some APC employees to be competent scaffolding inspectors.
5. Effective implementation of the APC workplace key safety procedures audit program.
6. Following up safety performance evaluation for APC service providers.
7. Conducting safety awareness and training courses for APC service providers.
8. Continuous logistical support to APC Civil Defense Center by providing firefighting, rescue and diving equipment, as well as medical supplies according to the agreement with the Civil Defense.
9. Preparing the office safety calendar in Arabic and English to enhance safety awareness among APC employees.
10. Organizing safety celebrations on completion of each one-million work hours without lost time injuries.
11. Monitoring the speed of cars, trucks, and busses around the clock through GPS.
12. Developing road hazard report for the truck drivers to alert them of changing road hazards.
13. Developing safety absolutes policy to ensure employees understand the importance of our key safety procedures which includes lockout and tagout (LOTO), fall arrest. Confined spaces and seatbelt usage.
14. APC obtained IFA certificate (Protect and Sustain Product Stewardship Programme Certificate) with Excellence Level.
15. APC prepared "Dealing with Work Injuries/Reporting Work Injuries" policy, and this policy is under signing up process by related parties.
16. APC conducted rescue drills in the three work locations (Amman Offices, Safi Plants and Aqaba Site), in addition to a training scenario of fallen radioactive source in cooperation with Civil Defense and Energy and Minerals Regulatory Commission
17. APC obtained the required certifications from Energy and Minerals Regulatory Commission of the radioactive sources used in its Plants (70 radioactive sources) as a legal requirement.
18. Putting in action two air monitoring stations for ambient air, in APC Township and in Alsafi region.

PRODUCTION

Annual production volume

2.003

Million Tons for the year 2016

2.003 Annual production volume
Million Tons for the year 2016

PRODUCTION

Total production for 2016 was 2,003,500 tonnes which is equal to 101.7% of the revised annual production plan of 1,970,000 tonnes.

The following table and chart show the quantities of potash produced by type and the corresponding ratios of the total 2016 production.

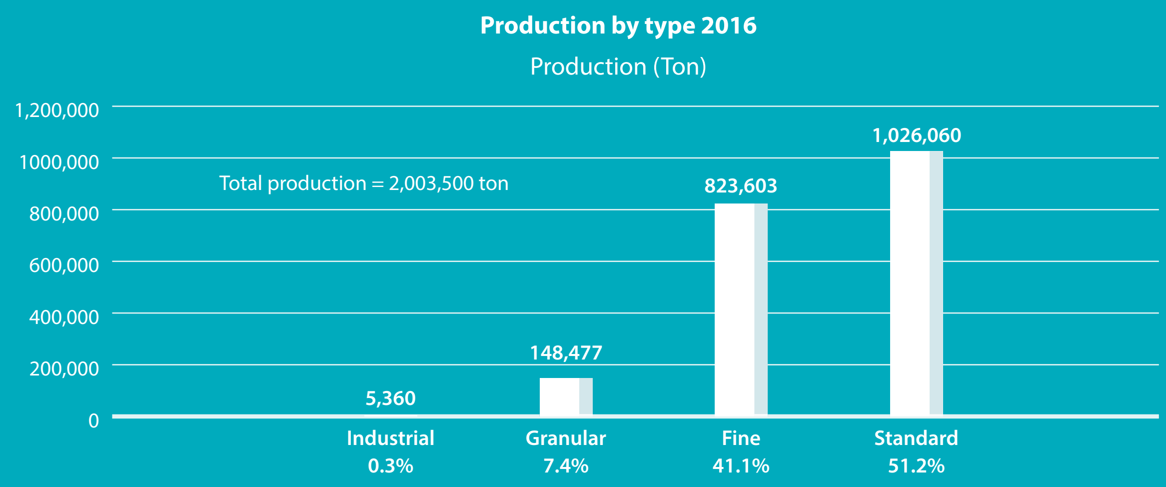
Production by type 2016

Type	Quantity (ton)	Ratio (%)
Standard	1,026,060	51.2
Fine	823,603	41.1
Granular	148,477	7.4
Industrial	5,360	0.3
Total	**2,003,500**	**100%**

Potash is transported to the Aqaba warehouse and to KEMAPCO, NJFC and JBC by APC's fleet of trucks while products for the local markets are loaded at the Safi site. Quantities transported in 2016 are shown in the following table and charts:

Quantities transported by destination

Destination	Quantity (ton)	Ratio (%)
Aqaba warehouse	1,564,285	77.1
Local markets	291,655	14.4
KEMAPCO	109,993	5.4
JBC	59,608	2.9
NJFC	3,714	0.2
Total	**2,029,255**	**100%**



APC SALES & MARKETING

APC's sales reached

2.030

Million Tons for the year 2016

2.030

Million Tons of sales for the year 2016

APC SALES AND MARKETING

Sales in 2016 decreased by about 7% from the previous year. Sales volumes and market share increased in Egypt and Malaysia, but fell in most other countries. A new three year Memorandum of Understanding was signed under the patronage of H.E. the Prime Minister in Amman in December which called for the supply of 2.6 Million tons of Potash to China through 2019. The Memorandum also reaffirmed the partnership between APC and Sinochem. This will be a major cornerstone in APC's Sales strategy going forward.

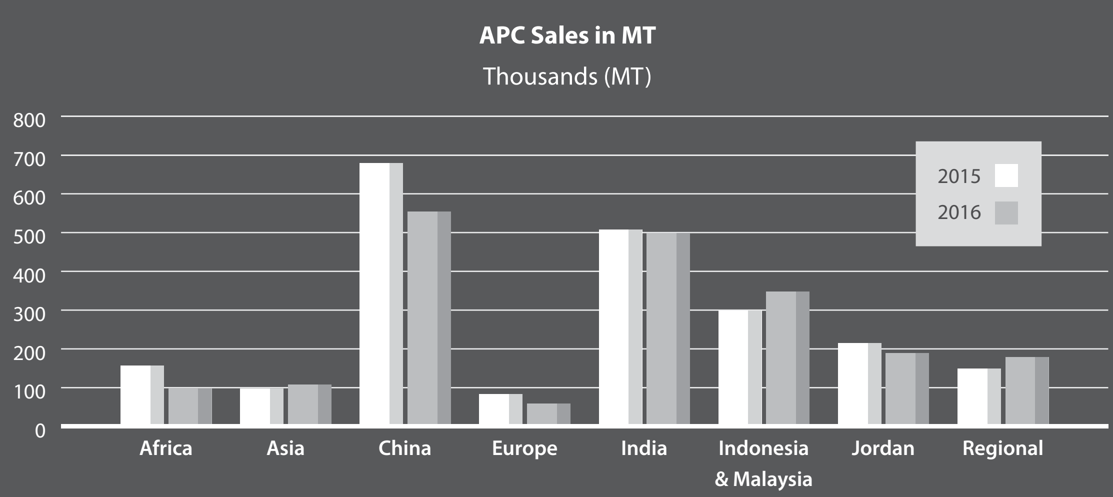
APC also agreed with Indonesian partners on a renewed approach to that important and growing market.
APC's market share position in India was maintained despite reduction to volume overall.

The top ten markets for APC had a concentration of 93% of the total compared to 89% in 2015.

Production of industrial grade potash was phased out as the fine grade content of KCL topped 99% and replaced it for use in chemical and industrial applications.

Granular grade sales fell slightly in 2016 compared to the previous year. Europe and Africa represented about 45% of the total granular sales compared to 61% the year before, mainly due to the increase in granular sales to Malaysia.

The top ten customers for APC were at 79% of the total sales compared to 76% the year before.



The Overseas offices played an important role in maintaining market presence, information, and expanding specialty customers and logistics services. APC direct sales to non-fertilizer customers reached around 161,000 tons which represents 8% of APC total sales. Jordan Bromine, Halliburton, the major oil drilling services companies in the Middle East and the industrial customers in Asia accounted for the majority of these sales.

COMPLIANCE WITH NATIONAL AND INTERNATIONAL QUALITY STANDARDS

The Arab Potash Company recognizes the importance of customer satisfaction as the basis for enhancing productivity and profitability. Maintaining quality is a pivotal factor in achieving this objective as made evident by our commitment to consistently attain certificates of conformity from national and international certification bodies. Quality assurance management systems are implemented in accordance with ISO-9001international standards to enhance the performance of production and support operations and also to ensure high quality of output in line with the technical specifications required in all phases of production.

Continued compliance with the requirements of the Jordanian Quality Mark (JQM) for potash products for agricultural and industrial purposes granted by the Jordan standards and Metrology Organization (JSMO) through an annual audit of handling, storage, final inspection and shipping operations of potash products.

Continued compliance with the requirements of the Australian Quarantine and Inspection Standards (AQIS) for all potash products exported by sea, both in bulk and packaged in closed containers. Handling, storage, transport and shipping operations at the factory as well as Aqaba sites underwent a third external audit by the delegated representative of the Australian accreditation body to confirm compliance with all of their requirements. All processes of manufacturing, quality and cleanness received close attention to ensure the absence of any organic substances throughout all stages of production. This achievement is considered a prerequisite and supports the Company's efforts to export its potash products to product-sensitive Australian markets.

APC joined the international program «Protect and Sustain» of the International Fertilizer Association (IFA) to receive the global certificate for the sustainability of safe products. The program, encourages caring for the product to maintain the quality, safety, security and sustainability requirements before and during the production process until delivery to the client

To enhance customer confidence in the final certificates of compliance with approved specifications and quality testing, APC started to update quality management and technical laboratory systems to renew the accreditation certificate in accordance with International Standard ISO17025: 2005 by the Accreditation Unit the Jordan standards and Metrology Organization (JSMO) as a national accreditation agency and member of the International Organization of Laboratory Accreditation ILAC.

The regular meetings of the Quality Committee were the main element of quality assurance management and its direct impact on the constant performance improvement in production processes. Quality indicators are measured and compared with approved technical specifications for customer satisfaction, and they are analyzed to take preventive and curative measures as appropriate in a timely manner to address any deviations and ensure real improvement of the quality of products during the manufacturing as well as monitoring the implementation of product quality improvement projects.

APC continuously reviews policies, procedures, instructions and business models that represent the approved reference for senior management, which are adhered to by all departments to ensure the quality assurance of operations with direct and indirect impact on the quality of potash products.

Ongoing implementation of internal audits in cooperation with the departments concerned aims to measure compliance with quality and environmental regulations and safety requirements in the workplace and to produce recommendations for continuous improvement.
Regular administrative review meetings on the implementation of quality, environment and safety systems ensure that all departments review their objectives and performance according to the requirements of international standards for quality, environment and safety.

GOVERNANCE

Net profits for the year 2016

67.4

Million JD

67.4

Million JD Net profits for the year 2016

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 (JSC)'s effort to develop the national capital market and its regulatory and organizational framework. It contains rules of corporate governance for shareholding companies listed on the Amman Stock Exchange (ASE) for the purpose of establishing a clear framework that regulates their affairs and management while defining their rights, duties and responsibilities in order to realize their objectives and safeguard the rights of all stakeholders. These rules are based mainly on the Securities and Companies Law and related regulations along with the international principles established by the Organization of Economic Cooperation and Development (OECD).

The Company adheres and complies with the guidelines as set forth in the corporate governance manual. Arab Potash Company has a vision to enhance its performance and compliance with corporate governance.

Board of Directors

A. Duties and Responsibilities of the Board of Directors

The Company is in general compliance with the governance guidelines related to the Board of Directors.

B. The Board of Directors Committees

The Board of Directors established several Committees according to its needs and as required by the rules and regulations, including:

- Finance, Administrative, Investment and Remuneration (FAIR) Committee
- Tendering Committee
- Audit & Risk Management Committee
- Corporate Social Responsibility (CSR) and Donations Committee

C. Board of Directors' Meetings

The company is in compliance regarding board of directors meetings. During 2016 it convened six times.

General Assembly Meetings

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

General Rights

The Company is in compliance with all items in the governance guidelines related to general rights.

Shareholders' 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

A. Audit and Risk Management

The company is in general compliance with the guidelines related to the Audit Committee.

B. Audit and Risk Management Committee Responsibilities

- The primary responsibility of the Audit and Risk Management Committee is to oversee the Arab Potash Company's financial controls including appropriate disclosure, internal controls, enterprise risk management, external and internal audit activities, and reporting processes. It reports the results of its activities to the Board of Directors.
- The responsibility of the Audit and Risk Management Committee does not waive the ultimate responsibility of the Board of Directors and Executive Management regarding APC's internal controls, compliance with rules and regulations and soundness of financial information.
- The Committee may seek legal, financial, administrative or technical advice from an independent external consultant if the need arises
- The Audit and Risk Management Committee consists of a minimum of three and a maximum of five non-executive members of the Board of Directors. The majority of committee members preferably to be independent and one of them is nominated to Chair the Audit Committee. The Board of Directors selects members of the committee and appoints its Chairman. The Committee appoints one of its members as deputy chairman, to deputize for the chairman in his absence.
- All committee members are financially literate with financial and managerial experience. At least one member is designated as the financial expert. The financial expert shall have worked previously in accounting and auditing and/or has related degrees and professional certification.
- The committee meets at least four times a year and the minutes of the meetings are properly recorded. During 2016 the committee held eight meetings.

C. Authorities of the Audit and Risk Management Committee

The company is in compliance with the guidelines related to the powers and authorities of the Audit Committee

External Auditor

- The Company is in general compliance with the guidelines related to the external auditor.
- The Audit Committee during 2016 met with the company's external auditor without the presence of Executive Management or any person representing it.

Finance, Administrative, Investment and Remuneration (FAIR) Committee

The company is in general compliance with the guidelines related to the Finance, Administrative, Investment and Remuneration (FAIR) Committee.

A. The Committee consists of five non-executive Board members (one of them is an Audit and Risk Management Committee member), provided that three of them are independent members and one of them chairs the committee. Committee members and its Chairman shall be selected by the Board of Directors.

B. The Committee appoints from its members a Deputy Chairman of the Committee to deputize for the Committee Chairman in his absence. Also, the committee shall appoint its secretary from the employees of the Human Resources or Finance Departments at the Company in order to organize committee meetings, prepare their agendas, write their minutes of meetings and its resolutions in a special register and same to be signed by Committee Chairman and its members who attended the meeting.

C. Tasks and responsibilities of the committee:

I. To ensure the independence of FAIR Committee members at regular Board of Directors' meetings.

II. To review draft regulations set out by the Executive Management of the Company related to granting bonuses and incentives in addition to salary scale and benefits of APC employees and/or any amendments to these regulations and submitting them to the Board of Directors for their approval. These regulations are reviewed on an annual basis.

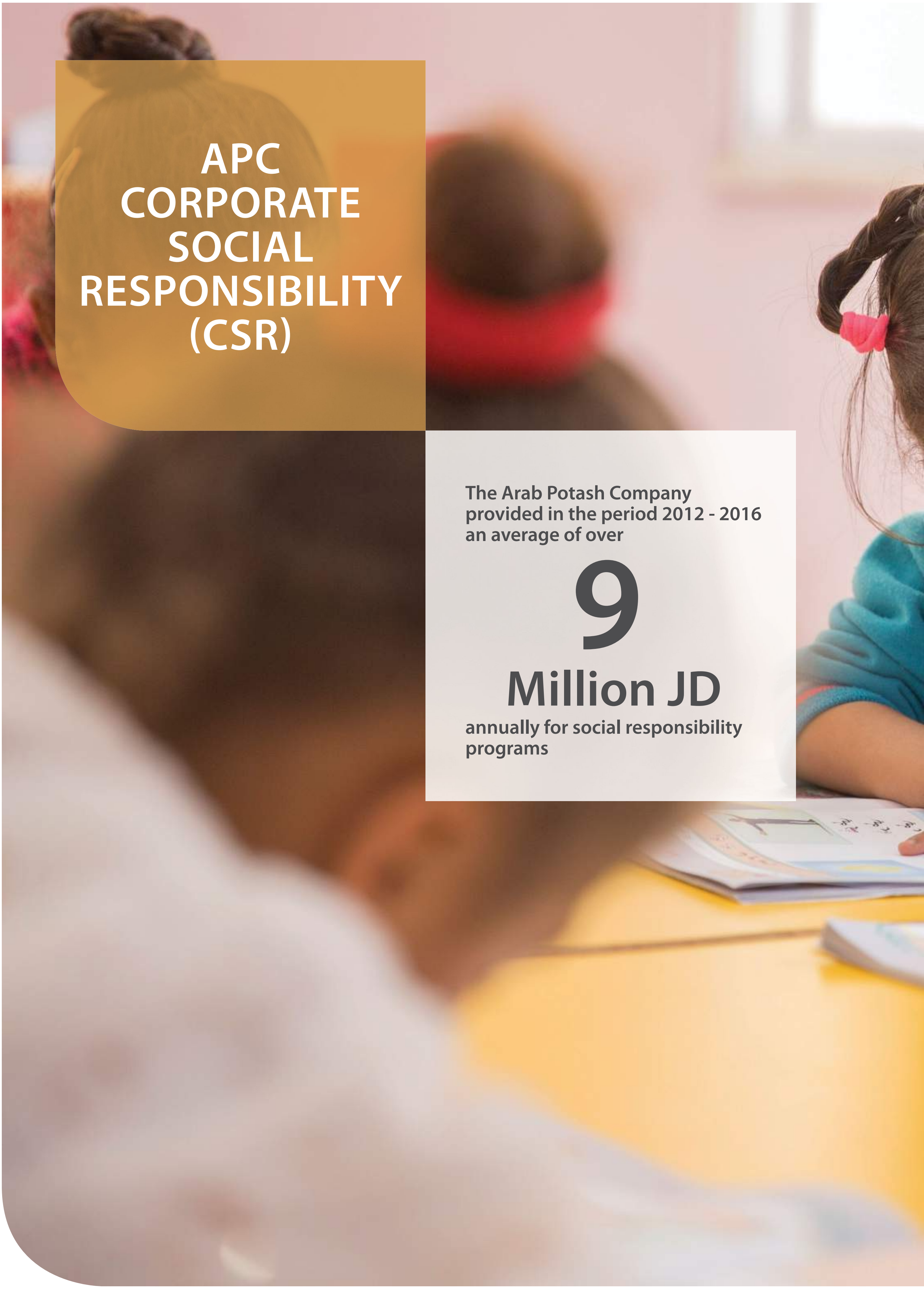
III. Review draft regulations set out by the Executive Management of the Company related to Human Resources and/or any amendments to these regulations and submitting them to the Board of Directors for their review and approval on an annual basis.

IV. Review draft regulations of the Company and/or any amendments to the Company's regulations set out by the Executive Management of the Company and submitting them to the Board of Directors for their Approval.

V. Review the organizational structure of the Executive Management and/or any amendments thereof and submit the same to the Board of Directors for its approval.

VI. Determine the company's needs related to Executive Management and basis of their selection.

VII. Overseeing the company's investments and follow-up in order to maximize returns on these investments and protect them from potential risks, and searching for future investment opportunities and studying them in sound practical ways, and to assist the Board in the sound investment decision in a timely manner, and according to the authorities set forth in the Investments Regulations of the company in effect.



APC CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Arab Potash Company provided in the period 2012 - 2016 an average of over

9

Million JD

annually for social responsibility programs

9 Million JD provided by the Arab Potash Company in the period 2012 - 2016 for Social Responsibilty

APC CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Arab Potash Company continued to reinforce its position as one of the top companies in Jordan with regards to social responsibility, guided by the vision of His Majesty King Abdullah II Ibn Al Hussein, may God protect him, that the priority is to secure a better life for all Jordanians.

The Arab Potash Company stands out as one of the largest enterprises in Jordan while its plants are located in the largest concentration of pockets of poverty and unemployment in the Kingdom. This means we as an organization have a responsibility to work for the improvement of living standards of local communities most affected by APC's activities.

The Arab Potash Company provided in the period 2012 – 2016 an average of over JD 9 million annually for social responsibility programs, which were divided as follows:

	2016	2015	2014	2013	2012	Total	Yearly average	%
Education	2,323,760	2,162,372	2,203,257	2,331,820	1,713,000	10,734,209	2,146,842	24
Social Development	1,184,220	1,670,855	1,554,419	1,848,901	2,037,000	8,295,395	1,659,079	18
Official organizations	1,092,692	2,914,094	1,683,948	2,054,591	3,374,000	11,119,325	2,223,865	24
Water and the environment	68,400	711,320	256,147	1,241,700	1,344,000	3,621,567	724,313	8
Health	2,521,744	1,809,400	831,740	1,328,170	700,000	7,191,054	1,438,211	16
Sports	432,915	372,484	604,550	487,500	193,000	2,090,449	418,090	5
Houses of worship	176,348	219,568	186,899	356,673	298,000	1,237,488	247,498	3
Culture	244,215	240,000	209,340	312,150	95,000	1,100,705	220,141	2
Professional associations	73,806	38,605	102,700	38,495	84,000	337,606	67,521	1
Total	8,118,100	10,138,698	7,633,000	10,000,000	9,838,000	45,727,798	9,145,560	100

BOARD OF DIRECTORS REPORT

According to the Requirements of the Jordan Securities Commission

Honorable shareholders,

The Board of Directors welcomes you to this ordinary annual General Assembly meeting and presents to you the sixtieth APC Annual Report and the consolidated financial statements for the year ended December 31, 2016 in accordance with the Companies Law, Jordan Securities Commission Law and APC by laws.

Arab Potash Company Addresses

Head Office – Amman,

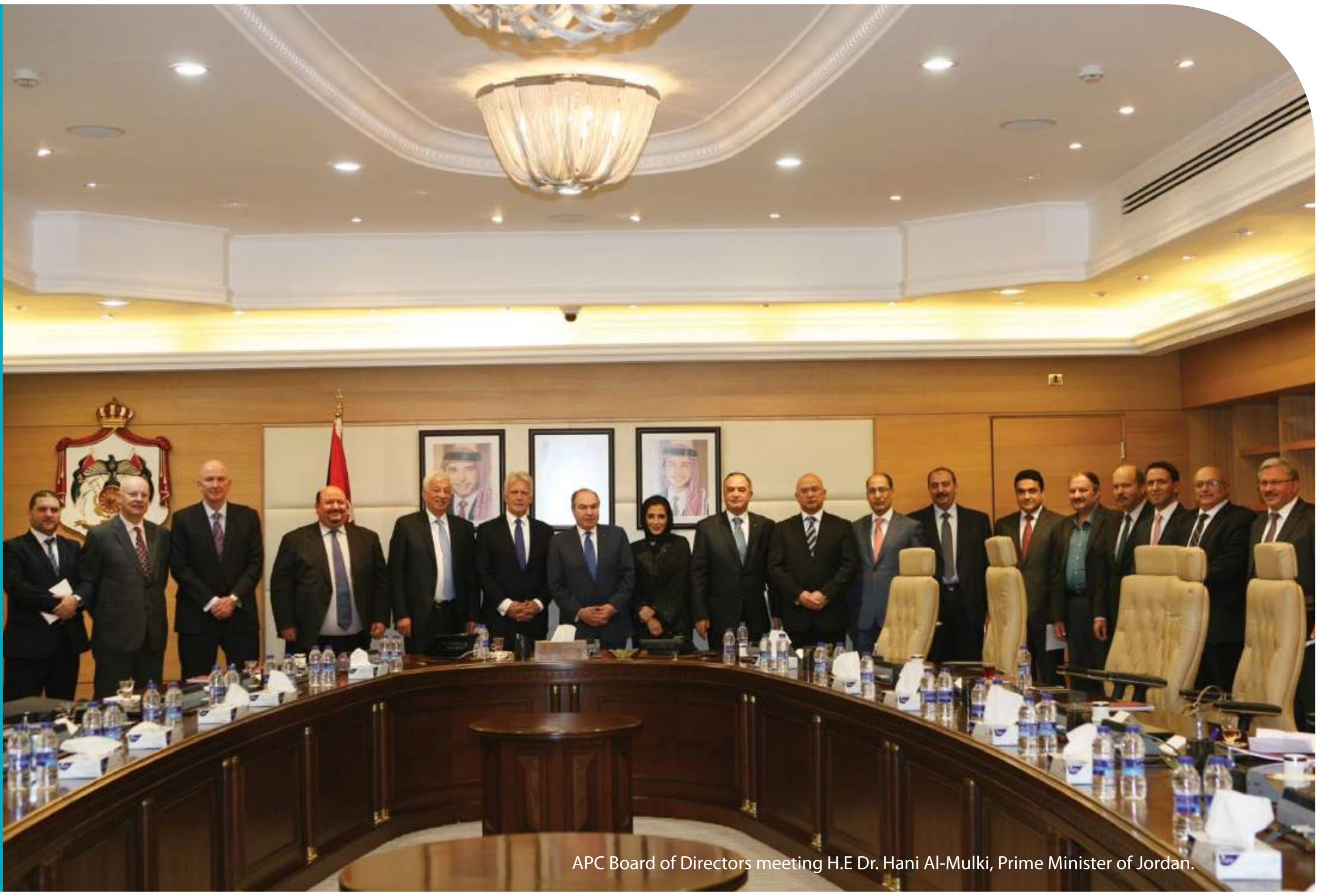
Al Shmeisani - Aljaheth St.
P.0. Box 1470 Amman 11118 Jordan
Tel.: +96265200520
Fax: +96265200080
Website: www.arabpotash.com

Plant Site - Al Karak

Ghor Al Safi - Aqaba Main Road
Tel.: +96265200520
Fax: +96265200290

Aqaba Site - Aqaba
Southern Industrial Zone - Industrial Port

Tel.: +96265200520
Fax: +96265200299



APC Board of Directors meeting H.E Dr. Hani Al-Mulki, Prime Minister of Jordan.

1. COMPANY ACTIVITIES

The Arab Potash Company (APC) was established on July 7, 1956, and in 1958 the Government of the Hashemite Kingdom of Jordan granted APC an exclusive concession for the exploitation of Dead Sea salts and minerals. Upon termination of the concession, 100 years from the date it was granted, ownership of all plants and installations will be transferred to the government of the Hashemite Kingdom of Jordan at no cost to the latter.

The operational objectives of the Company include the extraction of salts and minerals from the Dead Sea and establishing industries that use these salts and minerals. The activities of APC and its subsidiaries concentrate on the production of potash, potassium nitrate and other derivatives and to market them both domestically and internationally.

B. Capital Investment

The value of property, plant and equipment amounted to JD 1.1 billion in 2016, compared with JD 1 billion at end of 2015, an increase of 10% from the previous year. Net book value of said assets after deduction of consolidated accumulated depreciation was JD 232 million compared with JD 242 million at the end of 2015, a decrease of 4% from the previous year due to annual depreciation.

A. Number of employees by geographic location

Company	Ghor Al Safi	Aqaba	Amman	Total
APC	1,726	68	131	1,925
JORMAG	-	-	3	3
KEMAPCO	-	234	9	243
Numeira	62	-	16	78
JODICO	-	-	-	-
Total	**1,788**	**303**	**159**	**2,249**
Percentage	79%	13%	7%	100%

2. SUBSIDIARY AND AFFILIATE COMPANIES

A. Subsidiaries

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

P.O. Box 2564, Aqaba 77110
KEMAPCO (share capital 100% owned by APC) was established in 1999 with a share capital of JD 29 million and today it employs 243 people. In 2016, sales reached JD 65 million, which consisted mainly of 116 thousand tons of potassium nitrate (NOP) and achieved a net profit of JD 16 million. Production in 2016 amounted to 123 thousand tons of NOP. Europe, Mediterranean countries and Asia are KEMAPCO's main markets.

ii. Jordan Magnesia Company (JORMAG) Public Shareholding Company,

P.O. Box 941701, Amman 11194
JORMAG was established in 1997 with a share capital of JD 10 million to produce magnesium oxide (DBM) used in the fire bricks industry, magnesium hydroxide, and other magnesium derivatives. APC owns 55% of the Company's share capital. JORMAG's provision for losses as at 31 December 2016 was JD 62.8 million. JORMAG employs three people and it has been inactive since 2005.

JORMAG Board of Directors and General Assembly resolved to sell the shares of the Company through a broad auction. In February 2017 the shares of JORMAG were sold to Manaseer Group for Industrial and Commercial Investments for US$ 12.5 million after obtaining all governmental, legal, regulatory and corporate approvals.

iii. Numeira Mixed Salts and Mud Company,

Limited Liability Company, P.O. Box 941681, Amman 11118
Numeira was established in 1997 to extract, buy, and package mud from the Dead Sea for the cosmetic industry. APC owns 100% of its JD 800,000 share capital. Numeira employs a staff of 78. The Company suffered a JD 164 thousand loss for the year ended 2016.

iv. Jordan Dead Sea Industries Company (JODICO), Limited Liability Company,

P.O. Box 1470, Amman 11118
JODICO was established in 1994 as a private limited liability company with a share capital of JD 100,000, owned in total by APC. The Company has no organizational structure and no employees. APC's CEO acts as CEO for JODICO, whose objectives are to be an incubator for any new investments.

B. Affiliates

i. Jordan Bromine Company (JBC)

Jordan Bromine (JBC) is a private Limited (Private Free Zone) company that was incorporated in 1999 based on a Joint Venture Agreement between Arab Potash Company and Albemarle Holdings. JBC's capital amounts to JD 30 million and a JD 24.7 million additional paid in capital distributed equally between the two shareholders, APC and Albemarle. The Company produces bromine and its derivatives such as tetra bromide, sodium bromide, calcium bromide, hydrogen bromide, and potassium hydroxide.

ii. Nippon-Jordan Fertilizers Company

The Company was established in 1999 to produce NPK and ammonium phosphate fertilizers, which are marketed in Japan. With regards to the Company's JD 16.7 million of paid-in-capital, APC and the Jordan Phosphate Mines Company (JPMC) hold 20% and 70%, respectively while Mitsubishi Corporation holds the remaining 10%.

iii. Jordan Industrial Ports Company (JIPC)

To ensure continuity of potash exports, and in light of the Government's intention to upgrade the operations of Aqaba ports, particularly in the Aqaba Industrial Terminal on the southern beach, APC and the Jordan Phosphate Mines Company (JPMC) signed a memorandum of understanding with the Aqaba Development Corporation (ADC) and the Aqaba Special Economic Zone Authority (ASEZA) on 31 August 2008 to refurbish, develop, upgrade and expand the existing jetty under the joint venture umbrella of JIPC, which was established on May 17th, 2009 with an authorized and paid in capital of JD 1 million, shared equally between APC and JPMC. Implementation started immediately after signing the operating and management agreements with ADC on 8 July 2014. The project is scheduled to be completed in March 2018. On 1/2/2015, JIPC signed an agreement with the Spanish consortium of TECNICAS REUNIDAS, S.A. - PHB WESERHUTTE, S.A for the overhauling and expansion of the industrial port on the southern part of The Gulf of Aqaba, we lease it to import production inputs and export finished products through a dedicated industrial port. APC's investment in JIPC at the end of 2016 was JD 40 million.

iv. Jordan Safi Salt Company (under liquidation)

In 2016, APC decided to appoint a new Liquidation Committee, which has partially finalized the majority of liquidation procedures during the year. JD 3.2 million were paid to APC, representing the majority of the dues owed by Jordan Safi Salt Company. The Liquidation Committee is expected to finalize the remaining procedures by the end of 2017.

3. BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

A. Board of Directors

Name	Representative of	Position	Committees
H.E. Jamal Ahmad Mufleh Al-Sarayrah	Government Investments Management Company	Chairman of the Board	Chairman of: FAIR Committee Board Tendering Committee CSR and Donations Committee
"Ahmad Jamal" Nawwaf Al Bataineh	Government Investments Management Company	Board Member	FAIR Committee CSR and Donations Committee
Rami Saleh Abdulkareem Wraikat	Government Investments Management Company	Board Member until 9/6/2016	FAIR Committee CSR and Donations Committee
Dr. Mustafa Mohammad Abdel Latif Al Barari	Government Investments Management Company	Board Member as of 12/6/2016	Vice Chairman of the Audit & Risk Management Committee
George David Delaney	PCS Jordan LLC	Board Member until 1/2/2016	FAIR Committee
Brent Edward Heimann	PCS Jordan LLC	Board Member, President, and CEO	Board Tendering Committee CSR and Donations Committee
Dr. Duried Mohammad Abd Al Hameed Al Mahasneh	PCS Jordan LLC	Board Member until 21/4/2016	FAIR Committee Board Tendering Committee CSR and Donations Committee
Wayne Brownlee	PCS Jordan LLC	Board member as of 21/4/2016	Vice – Chairman of the FAIR Committee
Iain Guille	PCS Jordan LLC	Board member as of 21/4/2016	Board Tendering Committee
Mansour Bin Sulaiman Bin Ibrahim Al-Mebrek	Arab Mining Company	Vice Chairman until 2/6/2016	
Abdul Ghani Fakri Abdul Wahhab Al-Jaafar	Arab Mining Company	Board Member until 2/6/2016	
Mohammad Sultan	Arab Mining Company	Board member as of 2/6/2016 Vice Chairman as of 3/8/2016	
Azza Al Suwaidi	Arab Mining Company	Board Member as of 2/6/2016	
Dr. Maen Fahad Abdul-Karim Nsour	Social Security Corporation	Board Member	Chairman of the Audit & Risk Management Committee as of 10/11/2016 Member of FAIR Committee
Areej Obaidat	Social Security Corporation	Board member as of 15/12/2016	
Dr. Jamal (Mohammad Hijazi) Sa'ed Salah	Islamic Development Bank, Jeddah	Board Member until 10/11/2016	Chairman of the Audit & Risk Management Committee until 10/11/2016
Abdul Wadoud Abdul - Sattar Mahmoud Al - Dulaimi	Government of Iraq	Board Member	Board Tendering Committee
Salem Husni Salem Braibish	Libyan Arab Foreign Investment Company	Board Member	Audit & Risk Management Committee
Fahad Majid Al Sultan Al Salim	Kuwait Investment Authority - Kuwait	Board Member	

Curriculum Vitae of Board Members

H.E. Jamal Ahmad Mufleh Al-Sarayrah

Representative of	Government Investments Management Company
Position	Chairman of the Board
Other positions in APC Group	Chairman of the Board of: Jordan Bromine Company JORMAG KEMAPCO
Board member of	JIPC Nippon Jordan Fertilizer Co.
Committees Chairman	Finance, Administrative, Investment, and Remuneration (FAIR) Committee, Board Tendering Committee, CSR and Donations Committee
Date of birth	10/08/1954

Mr. Jamal Al Sarayrah, Chairman of the Arab Potash Company (APC) Board of Directors since 13/6/2012, member of the Board of Directors of the International Fertilizer Association (IFA) and former Chairman of Arab Fertilizers Association (AFA) from 31/10/2013 – 31/12/2014. Has 30 years of experience in politics and business strategy development. He chaired a number of companies in the public and private sectors in post and communications, transportation, regulation, and oil and gas. Mr. Al Sarayrah held a number of ministerial and parliamentary positions that included Minister of Post and Communication and Minister of Transportation, First Deputy Speaker and member of the Chamber of Deputies of Jordan, member of the Royal Commission for the National Charter of Jordan, Chairman of Jordan Telecom, Senior Advisor for business strategy development in telecommunication, oil, and gas (Reliance Globalcom, Dubai), and GM of ARAMCO office (Jordan, Lebanon, Syria and Turkey). He holds a post-graduate diploma in international law and international relations from the Aberystwyth University in Wales and a BA in English Literature from the University of Kuwait.

"Ahmad Jamal" Nawwaf Al Bataineh

Representative of	Government Investments Management Company
Position	Board Member
Other positions in APC Group	Board Member: KEMAPCO JORMAG
Committees:	FAIR Committee CSR and Donations Committee
Date of birth	05/11/1948

APC Board Member since 12/8/2012. A career military officer, Mr. Bataineh attained the rank of Major General of the Jordanian Armed Forces and held the positions of Director of Military Intelligence until 2000 and Military Attaché of Jordan to the United Kingdom until 1999. He was also General Manager of the National Resources Development Company until 2007, he is founder and CEO of Al Salam Company for security of protection until 2011, President of the Basketball Union 2000 - 2003. He received a number of high decorations from Jordan and other countries.

Rami Saleh Abdulkareem Wraikat

Representative of	Government Investments Management Company
Position	Board Member until 9/6/2016
Other positions in APC Group	Board Member of: Al Numeira for Mixed Salts & Mud Jordan Bromine Company
Committees	Finance, Administrative, Investment and Remuneration (FAIR) Committee CSR and Donations Committee
Date of birth	01/01/1969

APC Board Member from 26/01/2012 until 9/6/2016. He holds a bachelor degree in business administration, and he enrolled in a master program in private law at the Middle East University. He served as Minister of Youth, Secretary General of the Ministry of Political and Parliamentary Affairs, adviser to the Prime Minister, and Head of Investors' Complaints and the Chief of Protocol Department of the Prime Ministry. He is also member of a number of youth organizations.

Dr. Mustafa Mohammad Abdel Latif Al Barari

Representative of	Government Investments Management Company
Position	Board member as of 12/6/2016
Other positions in APC Group	Board Member of: KEMAPCO JIPC
Committees	Vice Chairman of the Audit & Risk Management
Date of birth	09/05/1960

A Member on the Board of Directors since June 12, 2016, and currently a Member at the Jordanian House of Senates. He held the post of the President of the Ombudsman Bureau until June 2016, and earlier served as President of the Audit Bureau for a period exceeding 13 years, and as Secretary General of the Audit Bureau, and General Manager of Financial Affairs at the Aqaba Special Economic Zone Authority (ASEZA), also worked as Sr. Audit Manager at Deloitte, and Audit Manager and Financial and Economic Expert at Osama El-Khereiji; certified auditors and business consultants in Jeddah, Saudi Arabia. Dr. Al-Barari has a PhD in Law from University of Riverside, California, USA , an MBA in Business Administration - Accounting and Finance from the same university, and an MBA in Financial and Administrative Sciences, and a BSC in Accounting and Economics from the University of Jordan. Dr. Al-Barari is also qualified as a Certified Public Accountant (CPA) from USA , and as a Uniform Certified Public Accountant (JCPA), and a member of the Jordan Association of Certified Public Accountants (JACPA).

George David Delaney

Representative of	PCS Jordan LLC
Position	Board Member until 1/2/2016
Committees	Finance, Administrative, Investment and Remuneration (FAIR) Committee
Date of birth	10/01/1961

APC Board Member from June 29, 2010 until 1/2/2016. Mr. Delaney is a graduate of Southern Illinois University and also completed the Executive Management Program at the University of Pittsburgh. He became Executive Vice President and Chief Operating Officer of PotashCorp 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.

Brent Edward Heimann

Representative of	PCS Jordan LLC
Position	Board Member, President, & CEO
Other positions in APC Group	Chairman of: Jordan Industrial Ports Company P.S.C. Numeira for Mixed Salts & Mud
Board member of	KEMAPCO
Committees	Board Tendering Committee CSR and Donations Committee
Date of birth	04/12/1960

Arab Potash Company President and CEO as of 03/12/2014, Brent Heimann had served as APC General Manager from October 2003 until February 2007. On 01/11/2013, he was seconded as APC Acting General Manager by Potash Corporation, where he was working as the President of both PCS Phosphate and PCS Nitrogen. After that Mr. Heimann became APC General Manager and Board Member on 01/07/2014. Mr. Heimann holds a bachelor degree in chemical engineering from the University of Cincinnati, USA, and his experience in the fertilizers industry spans over 25 years.

Dr. Duried Mohammad Abd Al Hameed Al Mahasneh

Representative of	PCS Jordan LLC
Position	Board Member until 21/4/2016
Other positions in APC Group	Board member of: KEMAPCO, Al Numeira for Mixed Salts & Mud, JORMAG, Jordan Industrial Ports Company
Committees	Finance, Administrative, Investment and Remuneration (FAIR) Committee, Tendering Committee, CSR and Donations Committee
Date of birth	10/03/1952

APC Board Member from 1/2/2012 until 21/4/2016, he occupies the position of CEO of Tawfiq Ghargour and Fils Co. Before that, Dr. Mahasneh worked as a Project 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 Babes- Cluj (1980) and a Post Doctorate from Duke University's Duke Marine Laboratory (1983). He also has several publications and prints on marine ecology environment and coastal zone management. Dr. Mahasneh received a number of Jordanian and international awards.

Wayne Brownlee

Representative of	PCS Jordan LLC
Position	Board member as of 21/4/2016
Committees	Vice – Chairman of the Finance, Administrative, Investment and Remuneration (FAIR) Committee
Date of birth	17/01/1953

Executive Vice President, Treasurer and Chief Financial Officer of PotashCorp of Saskatchewan (PCS). Prior to that he served PotashCorp seven years as Senior Vice President, Treasurer and Chief Financial Officer. He has also held the positions of Senior Vice President, Expansion and Development; Vice President, Expansion and Development; and Director, Business Development.

Iain Guille

Representative of	PCS Jordan LLC
Position	Board member as of 21/4/2016
Committees	Board Tendering Committee
Date of birth	10/01/1960

Iain Guille is currently General Manager of PCS New Brunswick division, a role he has been in since September 2015. Prior to that he held the position of General Manager of PCS Rocanville division from July 2013 to August 2015. Iain Guille holds a bachelor degree in chemical engineering from the University of Strathclyde, Scotland, UK. His experience in mining and mineral processing of a variety of commodities spans more than 25 years.

Mansour Bin Sulaiman Bin Ibrahim Al-Mebrek

Representative of	Arab Mining Company
Position	Vice Chairman until 2/6/2016
Date of birth	23/02/1955

APC Board Member and Vice Chairman of the Board from 1/11/ 2007 until 2/6/2016, Mr. Al-Mebrek 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.

Abdul Ghani Fakri Abdul Wahhab Al-Jaafar

Representative of	Arab Mining Company
Position	Board Member until 2/6/2016
Date of birth	01/07/1954

APC Board Member from 23/6/2013 until 2/6/2016, Mr. Al-Jaafar received a degree in mechanical engineering from the University of Technology, Baghdad in 1979. He is currently the Director General of the Iraqi Geological Survey and he held a number of important and sensitive positions that included Director-General of the Investment Department, Director of the Engineering Bureau at the Ministry of Military Industries, Expert at the Ministry of Industry and Minerals, and Director-General of the Textile Industries Sector at the Ministry of Industry and Minerals. He was also member of a number of important boards of directors, including those of Textile Companies, the Arab Textile Industries Forum, the Iraqi-Syrian Relations Committee, and the Iraqi-Egyptian Relations Committee as a representative of the Ministry of Industry and Minerals.

Mohammad Sultan

Representative of	Arab Mining Company
Position	Board member as of 2/6/2016, Vice Chairman as of 3/8/2016
Date of birth	03/04/1971

Mohammad Sultan is a Senior Investment Manager at the Equities Department in the General Reserve Sector of the Kuwait Investment Authority (KIA), where he has worked since 1997. In the context of his work at KIA, he served in Cairo as the Chairman and CEO of Logistics Co. for Cold Storage Services, the Liquidator of the Kuwaiti Egyptian Co. for Pipes (Eslone Misr), and the CEO of the Kuwaiti Egyptian Investment Co. Mr. Sultan also serves KIA as a member of the Board of APC and the Arab Mining Company (Jordan), and previously of the Kuwaiti Egyptian Investment Co., the Kuwaiti Moroccan Consortium for Development (CMKD), and the International Group for Hotels and Tourism (Egypt). Mr. Sultan graduated with a Bachelor of Science degree from the University of Central Florida (USA), with a double major in Finance and Hospitality Management.

Azza Al Suwaidi

Representative of	Arab Mining Company
Position	Board Member as of 2/6/2016
Date of birth	02/07/1978

Azza Al Suwaidi has worked since 2012 as Director of Revenue Development Department of the United Arab Emirates (UAE) Ministry of Finance (MoF), where Ms. A; Suwaidi has served since 2003 in a number positions that included: Deputy Director of Revenue Development Department, Head of the General Taxes Division, Project Manager of Implementing Taxes in the UAE, and Member of the Country Team for the Project to Implement VAT in the UAE and GCCC. Ms. Al Suwaidi has a bachelor degree in business administration and a higher diploma in business administration, and she graduated from the United Arab Emirates Leaders Program (UAEGLP Future Leaders Program).

Dr. Maen Fahad Abdul-Karim Nsour

Representative of	Jordan Social Security Corporation
Position	Board Member
Other positions in APC Group	Board Member of: KEMAPCO, Jordan Bromine Co. JORMAG
Committees	Chairman of Audit & Risk Management Committee as of 10/11/2016 Member of Finance, Administrative, Investment and Remuneration (FAIR) Committee
Date of birth	01/11/1961

APC Board Member since 15/8/2013, Dr. Nsour received a Ph.D. in political economy from George Mason University in Virginia, USA in 1998, and currently works as President for Global Academy for Training and Consultancy, Chairman of the Executive Board of Sweimeh Development for Investment Company, and member of the Board of the Kingdom Investment Group. He worked previously as Director-General of the Social Security Corporation, Acting Director of the Social Security Investment Fund, member of the Ministerial Economic Development Committee, member of the Economic Social Council, Special Advisor and Chief-of- Staff to the Prime Minister, Chief Executive Officer of the Jordan Investment Board, and Senior Advisor of Programming at the UNDP in New York. Before joining UNDP, he was Director of Studies and Policies and Director of the Aid Coordinating Unit at the Jordan Ministry of Planning. He also taught political economy, international trade and investment, and public policy at George Mason University and international economics at the University of Jordan. He now teaches international business and globalization for the MBA Program in business administration at the German Jordanian University, and public policy at the University of Jordan.

Areej Obaidat

Representative of	Jordan Social Security Corporation
Position	Board Member as of 15/12/2016
Date of birth	30/11/1982

APC Board Member since December 15, 2016. Areej Obaidat heads the Analysis and Valuation Section (since 2016) of the Equity Department at the Social Security Investment Fund (SSIF), where she has worked since 2004. Her positions at the SSIF included Senior Financial Analyst at the Analysis and Valuation Section (2008-2016), and Internal Auditor (2004-2008). Ms. Obaidat received a BA in accounting and an MBA, Finance from the University of Jordan. She also completed successfully levels 1 and 2 of the Chartered Financial Analyst (CFA) program and is currently preparing for level 3 of the program.

Dr. Jamal (Mohammad Hijazi) Sa'ed Salah

Representative of	Islamic Development Bank, Jeddah
Position	Board Member until 10/11/2016
Committees	Chairman, Audit & Risk Management Committee until 10/11/2016
Date of birth	26/07/1947

APC Board Member from 12/04/2012 until 10/11/2016, Dr. Salah holds a PhD in economics, monetary policy and banks from the UK. He was Manager of the Jordanian Company for Loans Guarantees until July 2011, Executive Director of the Research Department at the Central Bank of Jordan, Secretary General of the Ministry of Planning and Consultant for the Islamic Bank for Development, Jeddah.

Abdul Wadoud Abdul-Sattar MahmoudAl-Dulaimi

Representative of	Government of Iraq
Position	Board Member
Committees	Board Tendering Committee
Date of birth	15/11/1954

APC Board Member since 25/12/2003, Mr. Al-Dulaimi holds a BSc degree in electrical engineering from the University of Baghdad (1977). He is currently works as the Chairman of the Board of Directors and General Manager of Diala Company for Electrical Industries. Mr. Dulaimi was Director General for the Iraqi Phosphate Public Company.

Salem Husni Salem Braibish

Representative of	Libyan Arab Foreign Investment Company
Position	Board Member
Committees	Audit & Risk Management Committee
Date of birth	28/08/1976

APC Board Member since 10/12/2014, Mr. Braibish holds a bachelor degree in accounting from the "Al Jabal Al Gharbi" University / Gharyan – Libya 1999. He occupied several positions and he is currently the Director of Finance and Public Administration at the Libyan Arab Foreign Investment Company since 01/01/2014. Mr. Braibish participated as a board member at the Syrian–Libyan Company for Industrial and Agricultural Investments Damascus and the Yamani–Libyan Holding Company. Currently Mr. Braibish is a board member at the Libya Company for Investment / Egypt and the Arab Company for Agricultural Projects; whereas both companies are subsidiaries of the AFICO.

Fahad Majid Al Sultan Al Salim

Representative of	Kuwait Investment Authority- Kuwait
Position	Board Member
Date of birth	05/11/1955

APC Board Member since 12/04/2012, Mr. Al Salim 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.

Board Committees

1. Finance, Administrative, Investment and Remuneration (FAIR) Committee
2. Tendering Committee
3. Audit & Risk Management Committee
4. Corporate Social Responsibility (CSR) and Donations Committee

B. Members of the Executive Management

Name	Position	Committees
Brent Edward Heimann	Board Member, President, & CEO	Board Tendering Committee CSR and Donations Committee
Lane Bernard Knorr	VP Operations	Board Tendering Committee
Scott Raymond Maczka	VP Finance and Support Services	
Jafar Mohammad Hafez Salem	VP Marketing and Sales	
Adnan Sulaiman Faris Al Ma'aitah	VP Human Recourses and Corporate Affairs	

Curriculum Vitae of Executive Management

Brent Edward Heimann

Position	Board Member, President, & CEO
Other positions in APC Group	Chairman of: Jordan Industrial Ports Company P.S.C. Al Numeira for Mixed Salts & Mud
Board member of	KEMAPCO.
Committees	Board Tendering Committee CSR and Donations Committee
Date of birth	04/12/1960

Arab Potash Company President and CEO as of 03/12/2014, Brent Heimann had served as APC General Manager from October 2003 until February 2007. On 01/11/2013, he was seconded as APC Acting General Manager by Potash Corporation, where he was working as the President of both PCS Phosphate and PCS Nitrogen. After that Mr. Heimann became APC General Manager and Board Member on 01/07/2014. Mr. Heimann holds a bachelor degree in Chemical Engineering from the University of Cincinnati, USA, and his experience in the fertilizers industry spans over 25 years.

Lane Bernard Knorr

Position	VP Operations
Committees	Board Tendering Committee
Date of birth	23/05/1964

Lane began his career at PotashCorp in 1989 as an Electrical Engineer at the Lanigan Mine after graduating with a BSc in Electrical Engineering from the University of Saskatchewan. He was promoted to Electrical General Foreman in the Mill in 1995, Maintenance Superintendent in 2000, and was the Mill General Superintendent from 2003 – 2015.

Scott Raymond Maczka

Position	VP Finance and Support Services
Date of birth	03/02/1974

Scott Maczka holds a BSc. Degrees in Accounting and Finance from Marquette University as well as Certified Public Accountant (Wisconsin) and Chartered Global Management Accountant designations. He worked for PotashCorp since May, 2000 in Corporate Taxation, Budgeting & Forecasting, Project Management, and Supply Chain Planning & Analysis covering Nitrogen, Phosphate, and Potash nutrients. He worked as an expatriate for two years on assignment in Saskatoon, Saskatchewan Canada and has over 5 years of Big Four accounting firm experience.

Jafar Mohammad Hafez Salem

Position	VP Marketing and Sales
Other positions in APC Group	Board Member of Jordan International Chartering Company KEMAPCO
Date of birth	04/05/1958

Jafar Salem 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 as a member of the Production and International Trade Committee. He is also a member of the Board of the International Plant Nutrition Institute (IPNI). Jafar is also a member of the Economic Committee of the Arab Fertilizer Association.

Adnan Sulaiman Faris Al Ma'aitah

Position	VP Human Recourses and Corporate Affairs
Other positions in APC Group	Board Member of Al Numeira for Mixed Salts & Mud JORMAG
Date of birth	16/12/1971

Adnan Al Ma'aitah 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, and has held worked HR Manager in several international Companies in Jordan and Saudi Arabia.

4. MAJOR SHAREHOLDERS

	31-12-2016		31-12-2015	
Shareholder	**No. of Shares**	**Percentage**	**No. of Shares**	**Percentage**
PCS Jordan LLC	23,294,614	28	23,294,614	28
Government Investments Management Company	22,382,437	27	0	0
Jordan Ministry of Finance*	18,743	0	22,401,074	27
Arab Mining Co.	16,655,651	20	16,655,651	20
Social Security Corporation	8,642,968	10	4,342,968	5
Islamic Development Bank, Jeddah	0	0	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	1,730,035	2	1,730,141	2
Total	**83,317,500**	**100**	**83,317,500**	**100**

* On 6 March 2016 the jordan Ministry of finance sold 22,382,437 shares to Government Investments Management Company.

5. COMPETITIVE POSITION WITHIN THE SECTOR OF ACTIVITIES

A. The International Scene

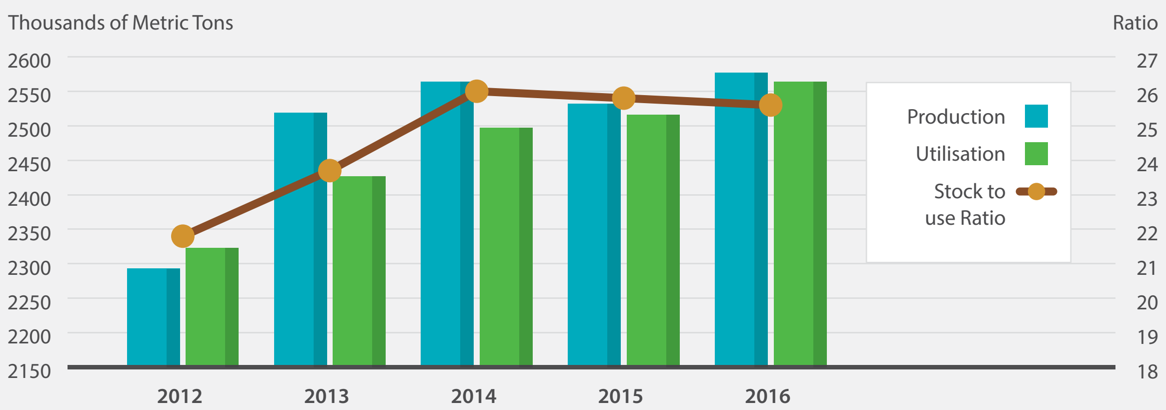
World Agriculture during 2016 was stable with favorable weather conditions. The global cereal output was slightly higher than 2015 and is at an all-time record. The growth from last year was around 1.7%. Stocks remain at high levels and signal a comfortable availability and no risk of food shortages in the short term. There is a recognition that high yields from crops have also played a role in the increased production which maintains the call for balanced fertilization and crop management.

Agriculture commodity prices in 2016 were stable and therefore had a neutral effect on planting decisions. The stability of prices in the major crops is expected to continue into 2017. However, some commodities such as sugar, palm oil and cotton witnessed shortages and significant price increases in 2016. The Stocks-to-Use ratio for cereals was about 25.8% according to the FAO which is without significant change from 2015.

World economic growth was about 3% in 2016 with expectations of a stronger 2017 and a continued strength in the US Currency against all others which weakens the ability of fertilizer importers and adds pressure to the fertilizer demand equation.

After a drop of fertilizer demand in 2015, The International Fertilizer Association (IFA) expected 2.1% demand growth in 2016, and a further expansion in 2017. Potassium demand is expected to grow at a faster rate than the other nutrients due to balanced fertilization and some environmental restrictions on the use of Nitrogen as well as the need for optimum efficiency called for in many countries.

Cereal Production, Utilisation and Stock Ratios



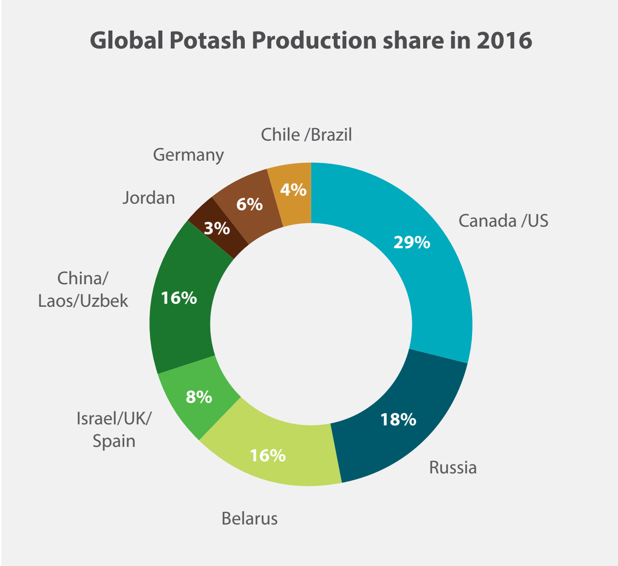
Forecasts for potash usage are robust for the next few years as growth is seen to continue in Africa and Asia with a mature market elsewhere seeing fluctuations according to crop prices and plantings.

B. World Potash Production

Potash Production by Country in Millions of Tons KCL

	2016	2015	2014	2013	2012
Canada /US	17.2	19.5	18.5	17.5	16.2
Russia	10.7	11.4	12.1	10.0	9.0
Belarus	9.2	10.3	10.2	7.0	8.0
Israel/UK/Spain	4.6	4.2	5.1	5.1	4.9
China/Laos/ Uzbek	9.5	8.9	8.2	6.9	5.1
Jordan	2.0	2.4	2.1	1.7	1.8
Germany	3.7	4.0	4.0	4.0	4.0
Chile /Brazil	2.5	2.5	2.5	2.5	2.5
Total	**59.4**	**63.2**	**62.7**	**54.7**	**51.5**

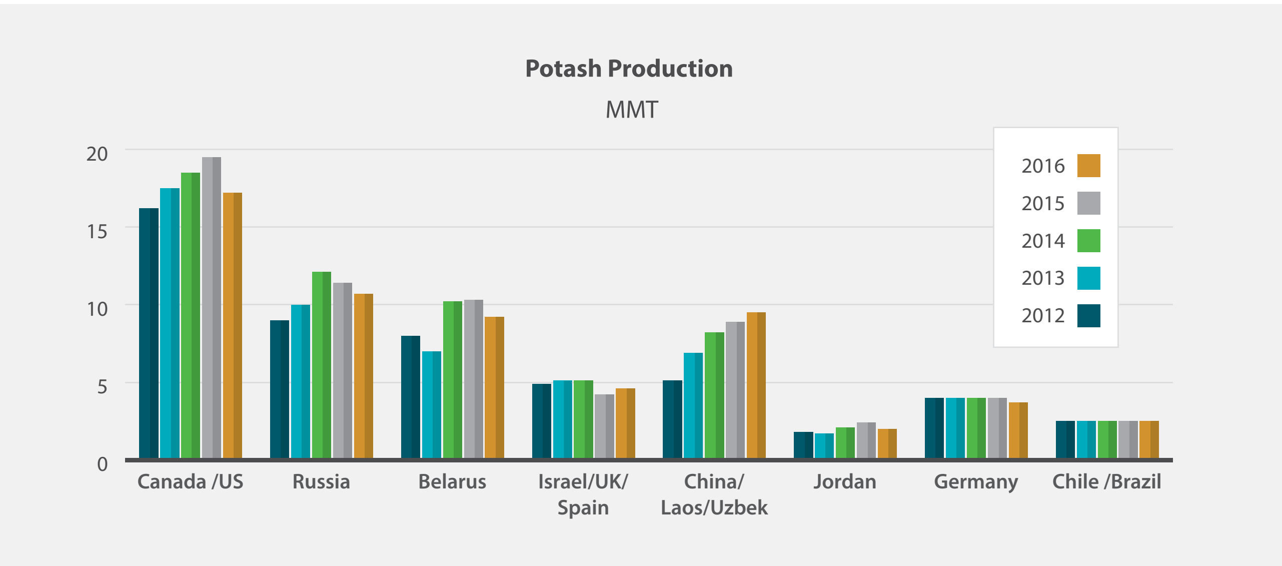
Source: (IFA;Fertecon)



Global production in 2016 is estimated at about 59.4 million tons of KCL. This total is 6% lower than the record of 2015. It is however, the third highest production ever after 2014 and 2015. The two halves of the year were evenly divided and the drop in production was universal except for China which grew again to approach the 10 million ton mark.

Another exception to cutbacks was ICL which had fallen in 2015 due to a prolonged strike in the first half of the year.

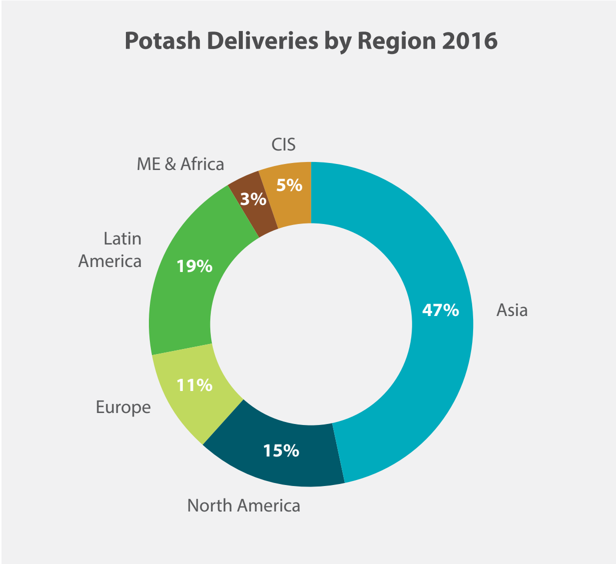
Global nameplate capacity is estimated by IFA in 2016 to be around 89 million tons but actual production capability is probably about 70 million tons. This capacity takes into account part of the new expansions in Canada. The 2017/2018 capacity figures will include a further portion of the new mines expected to be operational later in 2017 and 2018 and will therefore be over 90 million tons. There were no new viable capacity addition announcements during the year.



C. Potash deliveries and demand

Global deliveries of Potash in MMT Product

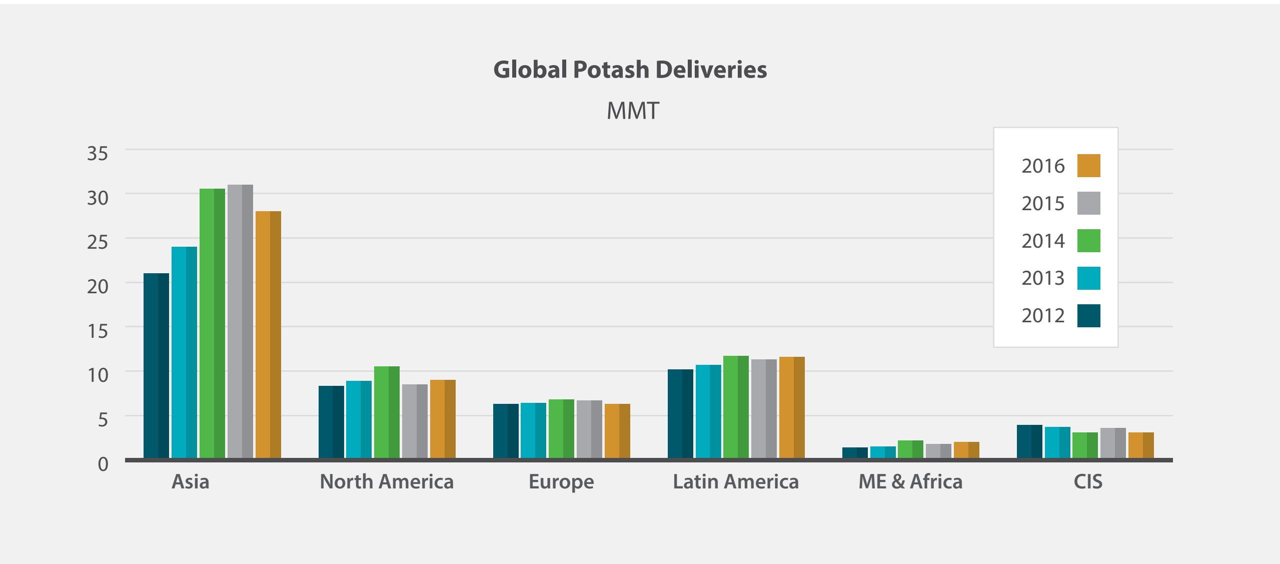
	2016	2014	2013	2013	2012
Asia	28	31	30.5	24	21
North America	9.0	8.5	10.5	8.9	8.3
Europe	6.3	6.7	6.8	6.4	6.3
Latin America	11.6	11.3	11.7	10.7	10.2
ME & Africa	2.0	1.8	2.2	1.5	1.4
CIS	3.1	3.6	3.1	3.7	3.9
TOTAL	**60.0**	**62.9**	**64.8**	**55.2**	**51.1**

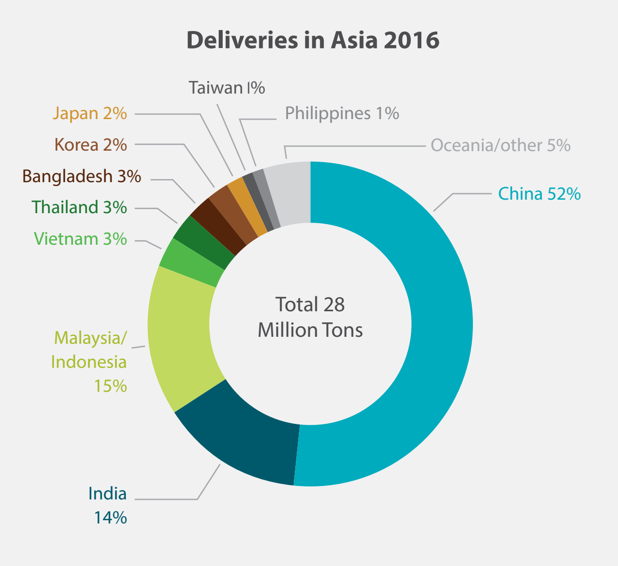


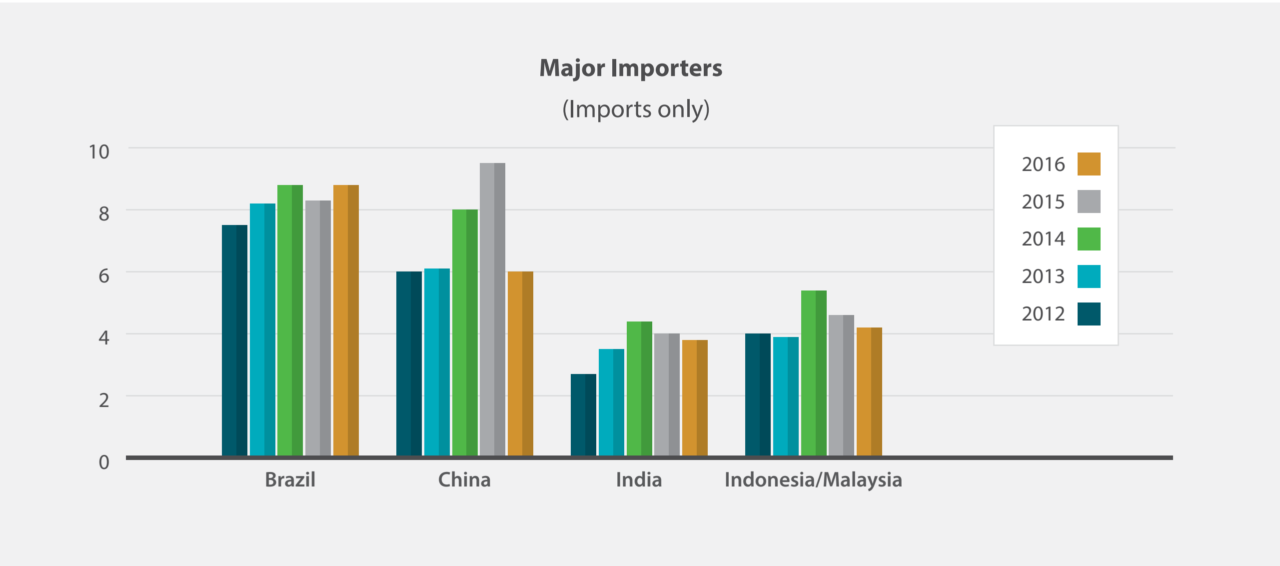
Deliveries in the first half of 2016 were significantly behind those of the same period of the previous year. The shortfall was about 11% or 3.5 million tons. The second half of 2016 was a much more robust period and made up some of the lag but the year overall is estimated to total about 60 million tons in deliveries which is a 3 million ton drop compared to 2015 and about 5 million tons behind the record year of 2014. This will be the third highest year of Potash deliveries and from the momentum witnessed in the last quarter of the year, the negative growth is reversing.

Both North and Latin America are thought to have seen significant growth in deliveries and especially in the second half of the year. The major falls in deliveries were in Asia and are basically due to the unusually long delay in contract discussions which caused the holdup. The strong shipments of the second half of 2016 were not enough to outweigh the small volumes of the first half in India and China.

There were also reduction in deliveries to Indonesia and Malaysia during 2016. The strong demand is set to continue into the first quarter of 2017 and the medium term target for growth in potash consumption of the International Fertilizer Association (IFA) of 2-3% was reconfirmed. World inventories were at relatively low levels at the end of 2016 signaling a turnaround in sentiment and renewed buying and stocking.




Deliveries in Asia 2016
Taiwan 1%
Japan 2%
Philippines 1%
Korea 2%
Oceania/other 5%
Bangladesh 3%
China 52%
Thailand 3%
Vietnam 3%
Total 28
Million Tons
Malaysia/
Indonesia
15%
India
14%


Major Importers
(Imports only)
10
8
6
4
2
0
2016
2015
2014
2013
2012
Brazil
China
India
Indonesia/Malaysia

D. Prices

The year began on a weak note with spot prices drifting lower and in search of an absent benchmark. The contract discussions with Chinese and Indian buyers stretched well into the second half of the year. This left the markets directionless in the whole of the first half. Buyers were cautious and spot sales were the norm as Brazilian and North American prices dropped.

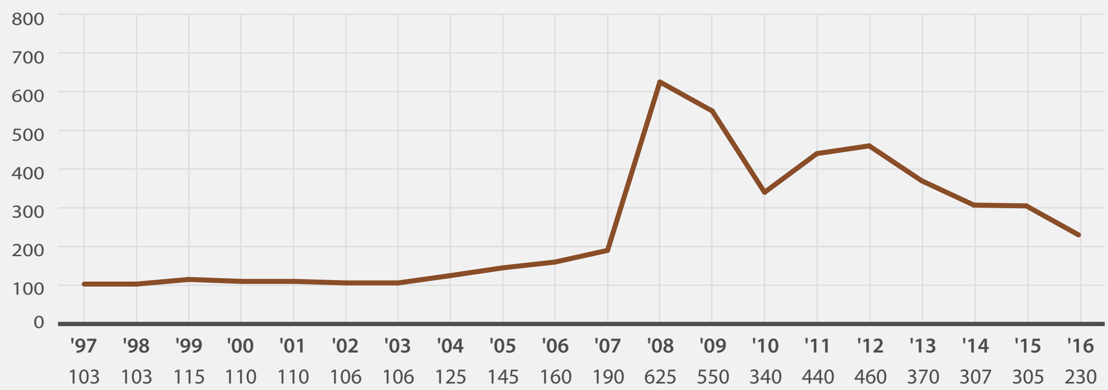
The Indian buyers were the first to settle a contract in the beginning days of July with an adjustment of USD 105 downwards from the headline level of the previous contract. However, that old contract had already been amended twice during its course. New agreements soon followed in China with a 96 dollar cut.

The conclusions of the contracts brought stability to markets and major suppliers announced floor prices for spot markets reflecting a minimum of USD 240CFR. It took some time and conviction to achieve that level in some markets while others maintained significantly higher levels.

A combination of supply management decisions and overselling led to a relative bullish atmosphere towards the end of the year and the indications are for a price increase in the early months of 2017. Inventories are low and the demand is intact. Other macro-economic conditions as well as firmness in agro-commodities are the drivers.

Potash Price Development

(FOB Vancouver Spot)



Source: Fertecon

E. Developments in APC's main markets

India

Drivers of Potash usage in India have traditionally been, the monsoon, the subsidy, the health of the industry, and the established need for more Potash to balance the "excessive" use of Nitrogen.

During 2016, two additional factors played a major role in determining the volumes. One was the timing of the contracts which effectively wiped out three months of shipping time from the calendar. The other factor came into play toward the end of the year as cash became an issue with the introduction of demonetization.

The result was that demand in the country was intact but other complications limited the volumes shipped to India to about 3.8-3.9 million tons which is a drop from the previous year and about half a million tons short of the forecasted 4.5 million tons at the beginning of the year. The potential demand for Potash in India in the long term is still 7-7.5 million tons.

There were no major changes to the supply pattern in the country with market shares of the various suppliers remaining basically similar to previous years.

APC continued to partner with Indian Potash Limited and Zuari Industries in this market. There was a significant volume supplied to Industrial customers which represented about 10% of the total.

China

After the record breaking year of 2015, and as expected, imports in 2016 were estimated at about 6 million tons. The delay in contracts in 2016, the relatively high levels of port inventories and the increased production domestically all played a role in the decline. This however does not change the medium term outlook that China will grow its imports on a compounded rate of 4-5% annually.

Potash may have an advantage in China as the direction to limit growth in Nitrogen consumption is established and more emphasis is placed on efficiency and environmentally friendly inputs.

Domestic Potash production in China continued to grow but some logistic constraints and shortages caused a buildup in inventories at the production sites of up to one million tons.

Usage of granular potash grew again in China in 2016 and is expected to continue. Port inventories at the beginning of 2017 were about 2.0 million tons which is considered about average.

APC and Sinofert continued to be partners in this market and for the first time, a granular cargo from APC was shipped and distributed in the Northeast of China.

Malaysia and Indonesia

There was a repetition of the 2015 conditions in this region for 2016. Palm oil prices were strong but local currencies were weak and sentiment of the private buyers was negative throughout the year with no willingness to take any positions. Demand is thought to be intact but deliveries were lower for the second consecutive year after a strong and record 2014. The Government sector in both markets was stable. A rebound of deliveries in 2017 is expected as the inventories begin low and as prices firm, thus improving sentiment. Stability in Palm oil prices and exchange rates will also be a factor for growth in demand and purchases.

APC grew its share slightly in these markets with unchanged volumes in Indonesia but a new and growing channel in Malaysia as a partnership with the Government sector resulted in major volumes of granular from APC sold and distributed.

Europe and Africa

There was a small drop in deliveries into Europe as stagnation in commodity prices, economic growth and trade patterns governed the picture. No major changes are expected in the medium term for Potash demand in Europe. Some changes in import patterns may emerge as new production in Russia comes on stream later in 2018. APC sales in Europe fell, influenced by competition in Italy, and the difficult conditions for NPK and PK producers in Europe in competing with imports.

As for Africa, there was growth in consumption and deliveries in Morocco, Egypt, and West Africa. This pattern is set to continue and more growth can be forecasted for 2017/2018. However, APC sales to Morocco dipped to nothing in 2016 due to aggressive competition from all producers.

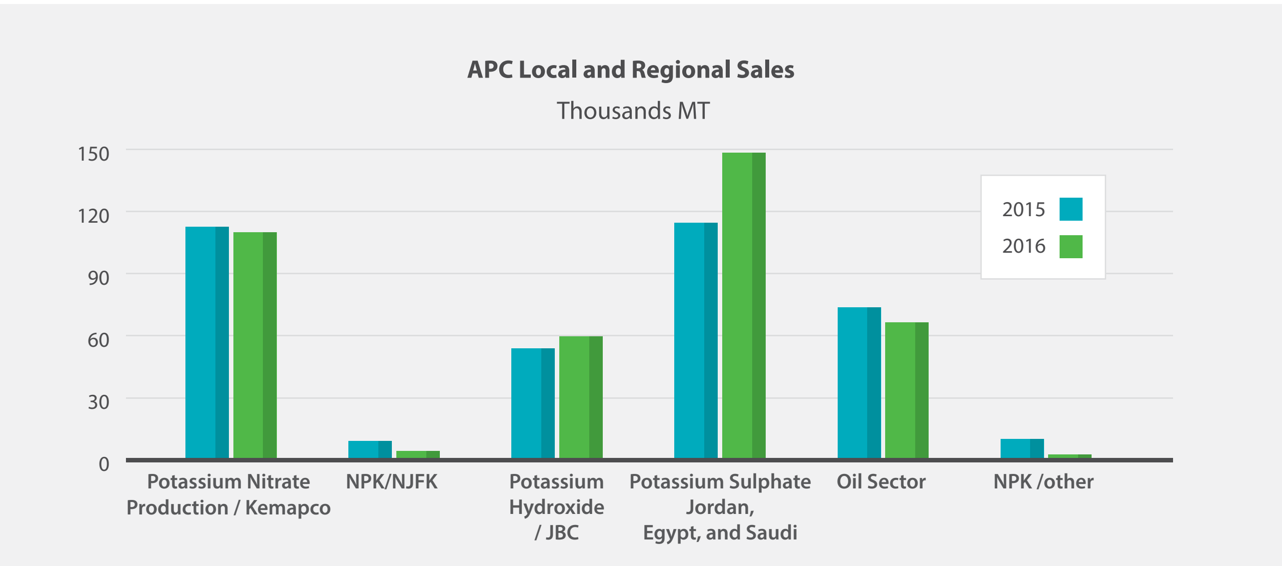
APC continues to play an important role in supplying East Africa, maintaining warehousing and distribution systems in place and serving South Africa through partnerships and long term relations.

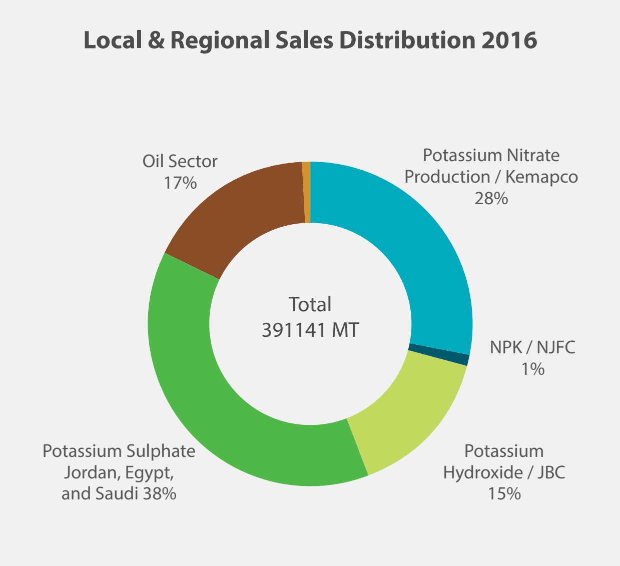
Local and regional markets

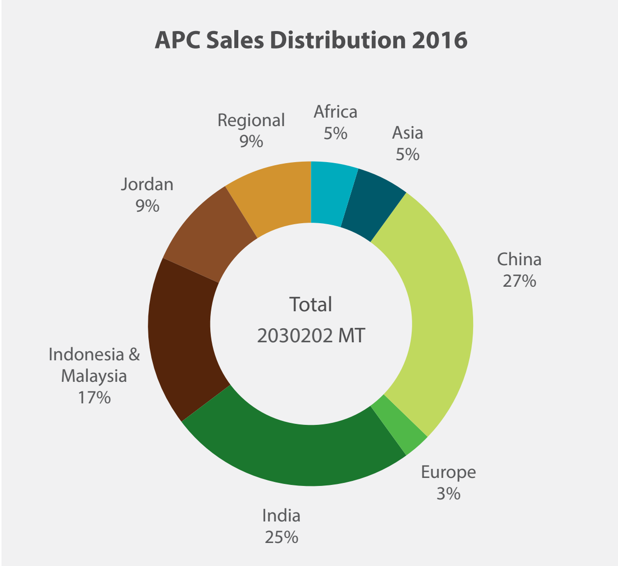
The main development in the region during the year was the marked growth in SOP production in Egypt and in Saudi Arabia. This is set to continue into 2017 and beyond. The SOP unit in Jordan was not active in the later part of the year and hence volumes did not grow for the domestic market.

The Oil drilling business also slowed down in 2016 due to Oil prices and other uncertainties that effected the growth projected in the region. APC's partners in Jordan (Kemapco and JBC) operated at normal levels and maintained regular intake of Potash with a10% growth in Chlor-Alkali production by JBC.

Total sales in this region reached 391 K tons which is the second best year after 2014 and represents about 19% of total APC sales.







F. APC Sales and Marketing

Sales in 2016 fell by about 7% from the previous year. Sales volumes and market share increased in Egypt and Malaysia, but fell in most other countries. A new three year Memorandum of Understanding was signed under the patronage of H.E. the Prime Minister in Amman in December which called for the supply of 2.6 Million tons of Potash to China until 2019. The Memorandum also reaffirmed the partnership between APC and Sinochem. This will be a major cornerstone in APC's Sales strategy going forward.

APC also agreed with Indonesian partners on a renewed approach to that important and growing market.

APC's market share position in India was maintained despite a reduction in volume overall.

The top ten Markets for APC had a concentration of 93% of the total compared to 89% the year before.

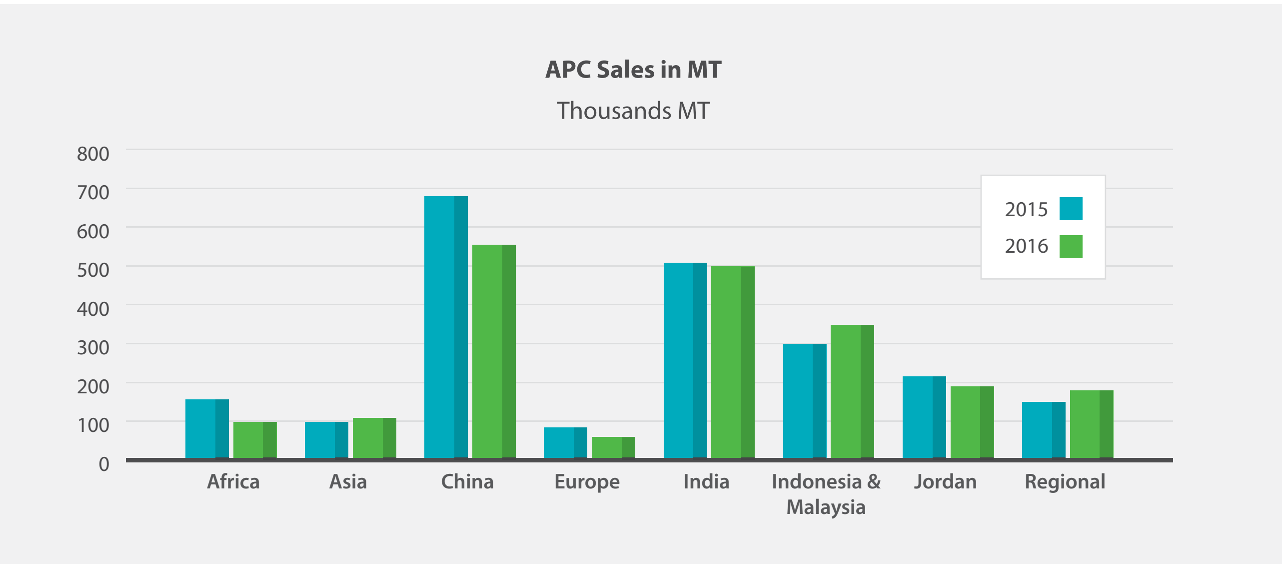
Production of industrial grade potash was phased out as the fine grade content of KCL topped 99% and replaced it for use in chemical and industrial applications.

Granular grade sales fell slightly in 2016 compared to the previous year. Europe and Africa represented about 45 % of the total granular sales compared to 61% the year before, mainly due to the increase in granular sales to Malaysia.

The top ten customers for APC were at 79% of the total sales compared to 76% the year before.

The Overseas offices played an important role in maintaining market presence, information, and expanding specialty customers and logistics services.

APC direct sales to non-fertilizer customers reached around 161,000 tons which represents 8% of APC total sales. Jordan Bromine, Halliburton, the major oil drilling services companies in the Middle East and the industrial customers in Asia accounted for the majority of these sales.

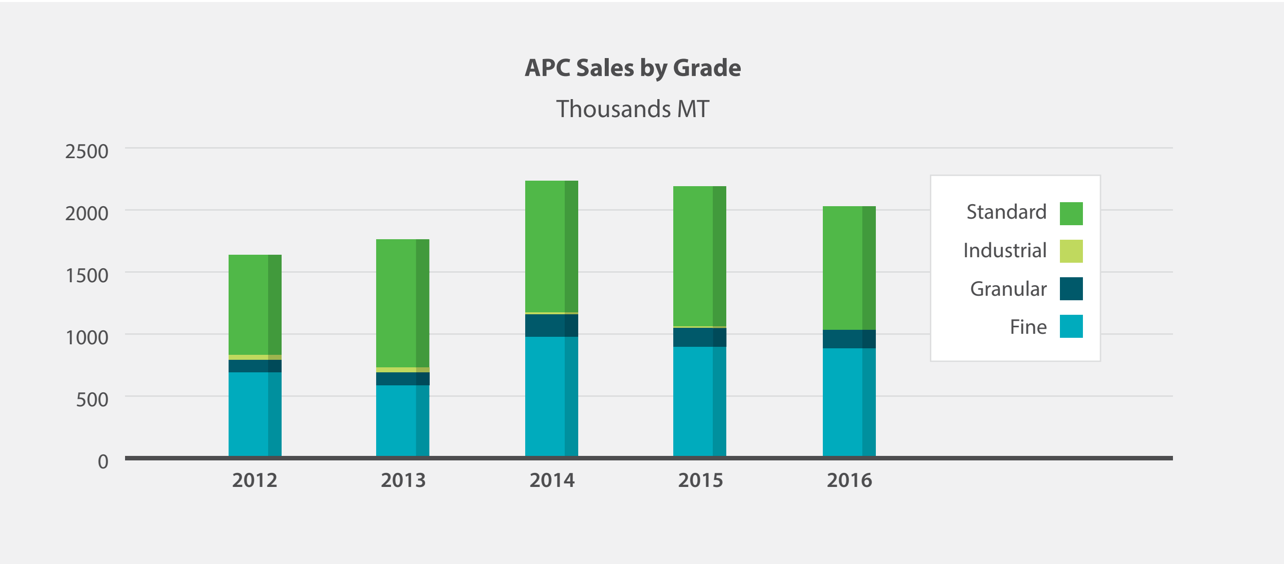


APC Sales Distribution in the top ten Markets 2012 - 2016

Country	2016	2015	2014	2013	2012
China	553,574	679,613	640,053	248,522	404,700
India	498,089	507,734	514,965	352,430	249,406
Malaysia	242,551	193,269	185,520	253,445	140,416
Jordan	188,565	215,344	228,790	192,340	157,487
Egypt	136,000	93,550	87,880	78,300	54,120
Indonesia	104,808	105,545	145,707	311,967	298,018
S. Africa	68,185	90,800	82,230	55,000	26,728
Pakistan	41,065	37,514	46,715	22,745	12,061
Mozambique	28,512	16,552	31,034	21,296	24,338
Taiwan	26,000	5,500	25,301	1,955	49,940
Top Ten Total	**1,887,349**	**1,945,421**	**1,988,195**	**1,538,000**	**1,417,214**
Top Ten Countries Percentage of sales	**93%**	**89%**	**89%**	**87%**	**87%**
Year Sales Total	**2,030,202**	**2,189,287**	**2,243,319**	**1,771,267**	**1,636,630**

APC Sales by the top ten customers 2012- 2016

Customer	Country	2016	2015	2014	2013	2012
Sinochem	China	553,574	679,613	642,026	248,522	404,700
Indian Potash Limited	India	267,750	278,850	272,300	197,455	145,550
Zuari	India	198,850	197,950	207,700	117,550	68,350
Behn Meyer	Malaysia	150,274	92,056	84,584	72,440	16,800
KEMAPCO	Jordan	109,993	112,500	109,785	94,363	91,152
EVERGROW	Egypt	107,000	55,000	47,000	31,000	9,000
Petrokimia Gresik	Indonesia	60,522	55,000	27,500	60,500	116,675
Jordan Bromine Company	Jordan	59,608	53,745	55,564	50,564	39,242
Union Harvest	Malaysia	48,360	32,479	35,932	58,516	32,301
Omnia	S. Africa	47,400	95,703	59,858	36,572	14,432
Top Ten Total		**1,603,331**	**1,652,896**	**1,542,249**	**967,482**	**938,202**
Top Ten Customers Percentage of sales		**79%**	**76%**	**69%**	**55%**	**57%**
Year Sales Total		**2,030,202**	**2,188,289**	**2,245,292**	**1,771,267**	**1,636,630**

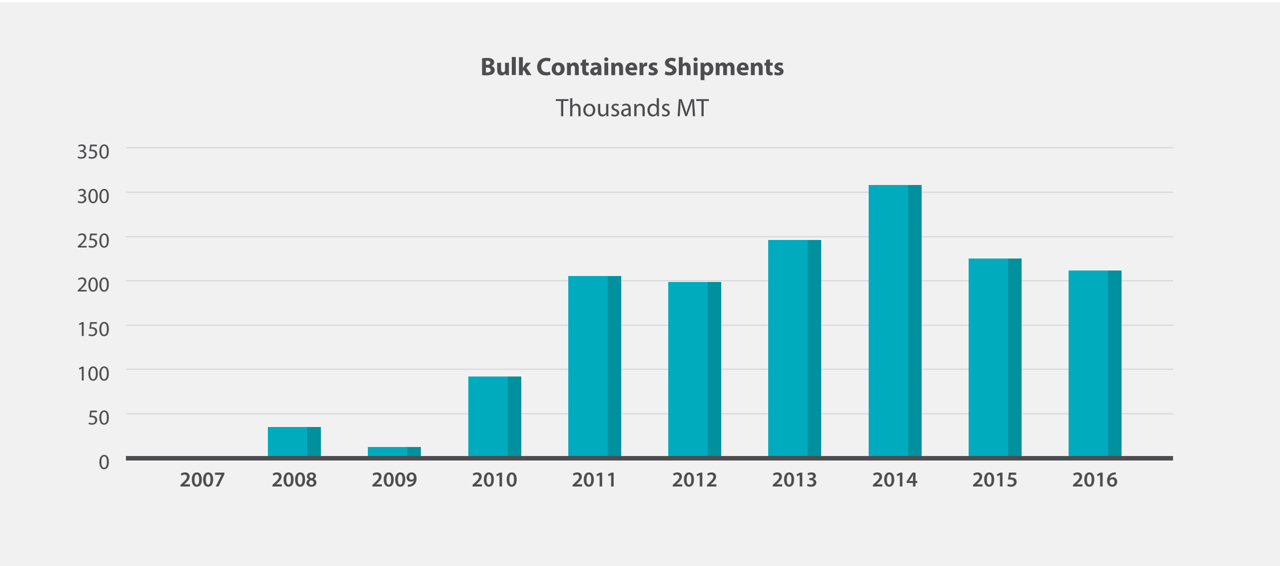


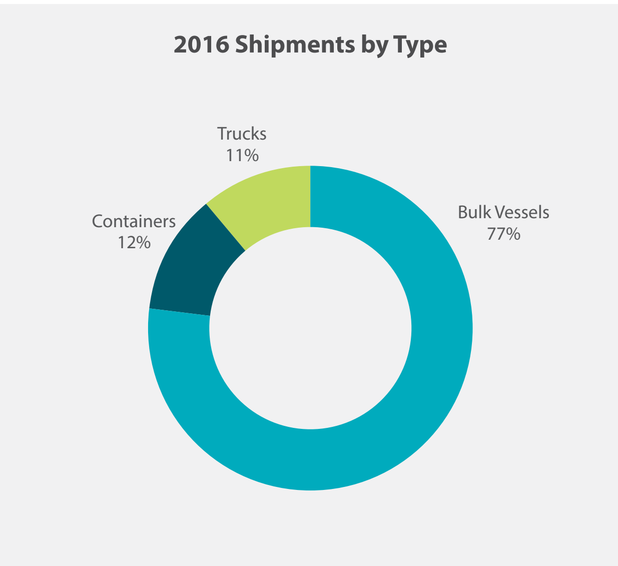
G. Shipping and Logistics

Freight rates were the lowest in a decade for the first three quarters of the year. The fourth quarter saw a significant increase in rates and lower availability of vessels. This was attributed to a number of factors including a firming of the bunker price and high volumes of grains and bulk cargoes globally. The average freight paid by APC was about USD 3 PMT lower than 2015.

APC shipped its bulk volumes of 1,563,995 MT from The Aqaba Terminal on 89 vessels of which 54 were chartered by APC, while 35 were on an FOB basis mainly to Egypt and Japan. Tonnage shipped on chartered vessels represented 90% of the total volume shipped from Aqaba.

Bulk container operations also featured and played an important part of sales but volume dropped again by 6% due to the delay of the China contracts. The operations normalized by mid-summer. There were also about 35930 MT of bagged product shipped in containers bringing the total containers to around 247,076 MT.





H. International Activities and Promotion

APC was represented and took an active role in the International Fertilizer Association (IFA), The Arab Fertilizer Association (AFA), as well as the International Plant Nutrition Institute (IPNI). It also played an important role in the working groups, committees, conferences, and meetings of these organizations. Promotion programs and activities for the responsible and scientific application and usage of potash were adopted and supported by APC in several regions including partnerships in India, Africa, Pakistan, and the Middle East.

A major initiative was the partnership with Evergrow in Egypt in April with an extensive promotion program on wheels which travelled through provinces spreading knowledge and information regarding the use of fertilizer.

6. COMPANY'S DEPENDENCE ON A LOCAL OR FOREIGN SUPPLIER OR CUSTOMER BY MORE THAN 10%

Suppliers of 10% or more of APC's total purchases

	Supplier	Percentage
1	National Electric Company	17%
2	Jordan Petroleum Refinery	13%

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

	Customer	Percentage
1	Sinochem	27%
2	Indian Potash Limited	13%

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 operational objectives of the Company include the extraction of salts and minerals from the Dead Sea and establishing industries that use these salts and minerals. The activities of APC and its subsidiaries concentrate on the production of potash, potassium nitrate and other derivatives and marketing them internationally.

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

A. On February 8, 2017 the Company signed a collective labor agreement that takes effect as of 01/01/2017.

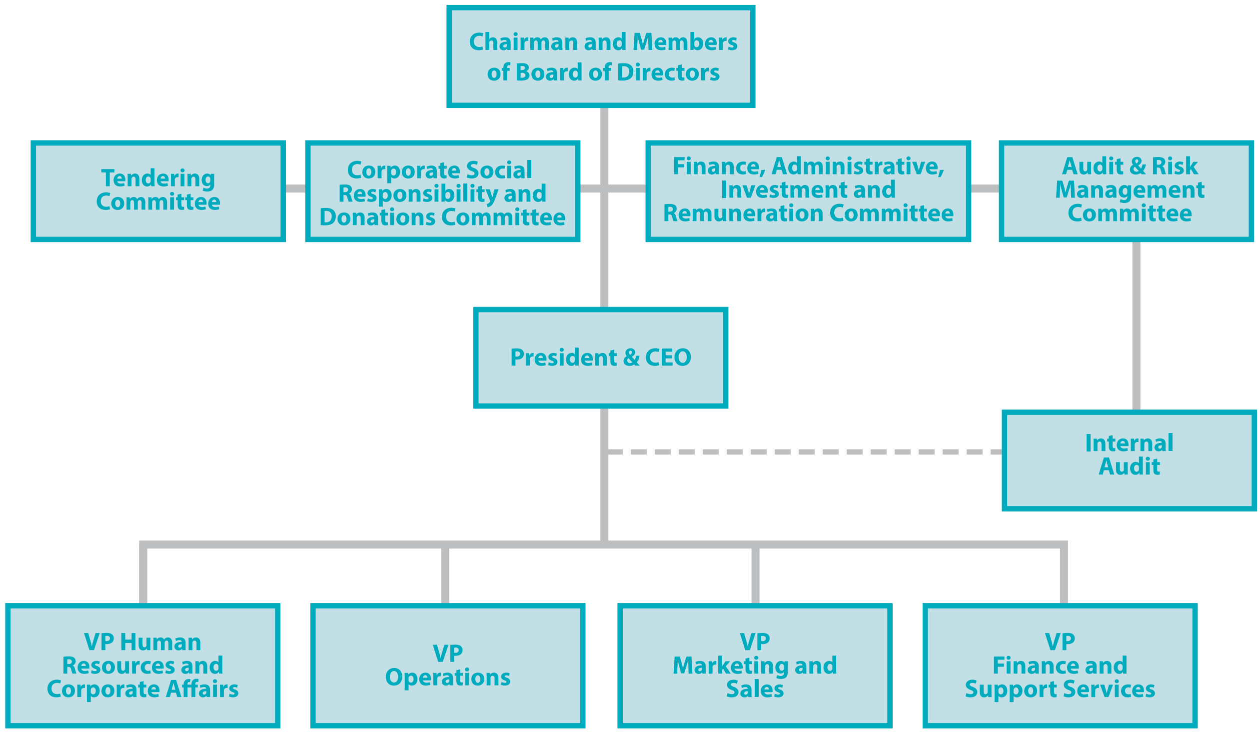
B. In 2016 the electricity tariff was reduced by 27 Fils / Kwhr.

C. On October 2016 the company signed a five-year water agreement with the Ministry of Water and Irrigation to fix the price of dam water and increase price of surface water and unify its price at a rate of JD 0.75 per cubic meter.

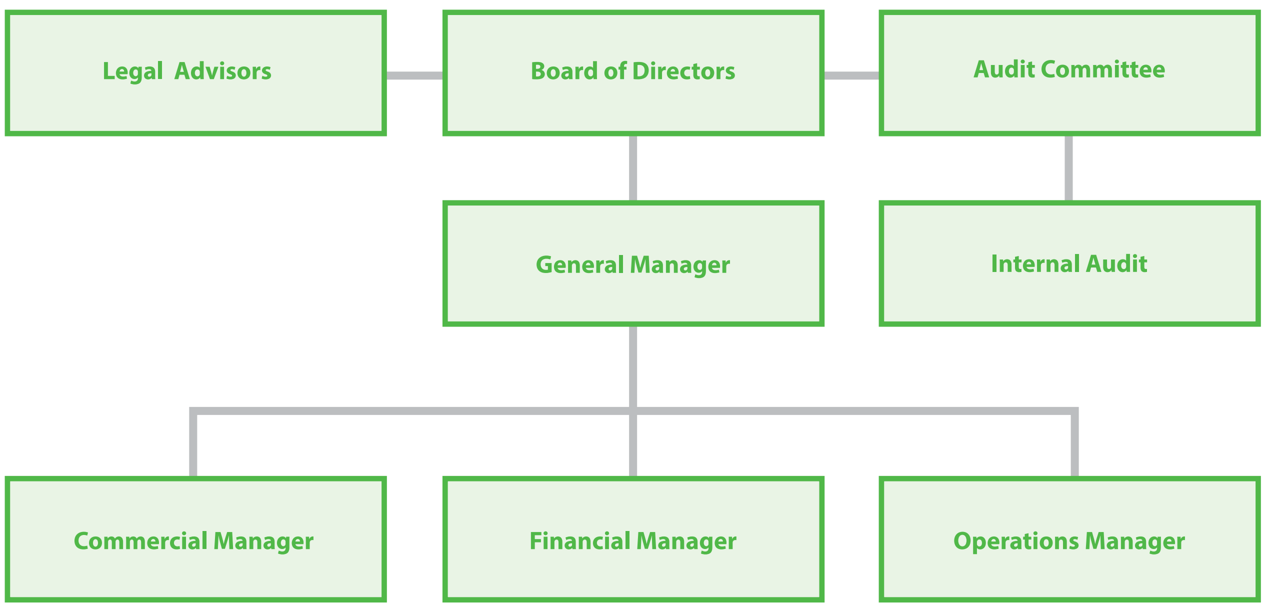
9. ORGANIZATIONAL STRUCTURE

A. Organizational Charts

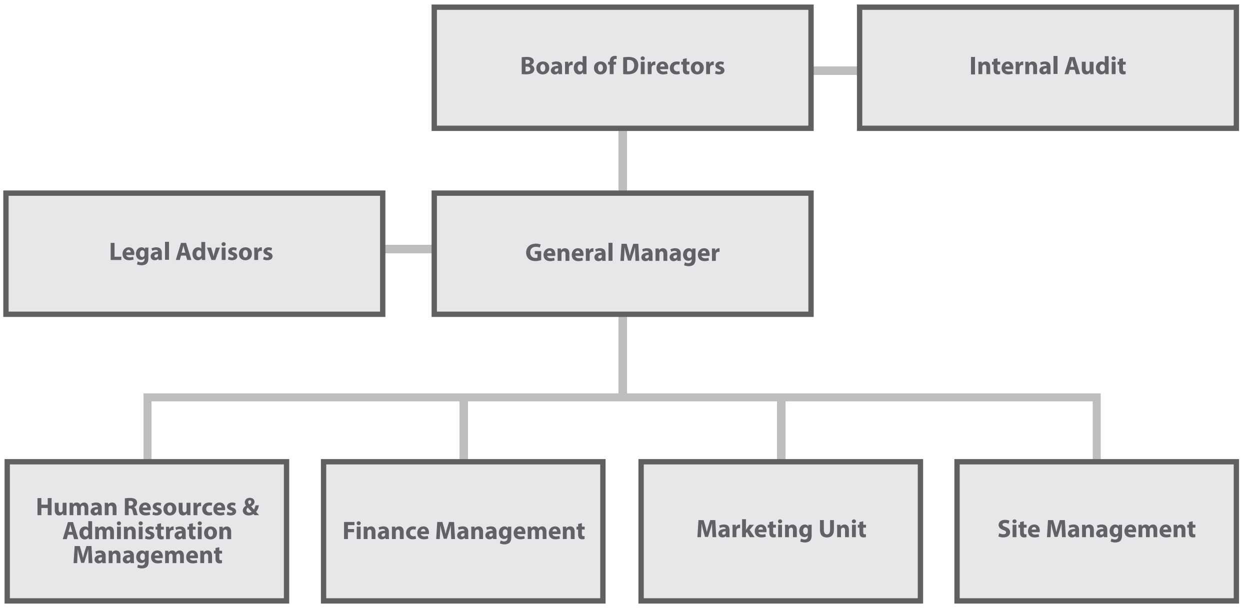
I. Organizational Chart for Arab Potash Company



II. Organizational Chart for Arab Fertilizers and Chemicals Industries (KEMAPCO)



III. Organizational Chart for Numeira Mixed Salts and Mud Company



B. Number and Qualifications of Company Employees

The Total Number of Employees at Arab Potash company at the end of 2016 was 1,925.

Distribution of Employees by Academic Qualification 2016

Company Name	PhD	MA / MSc	High Diploma	BA / BSc	Diploma	High School	Total
Arab Potash Company PLC (APC	8	42	6	322	338	1,209	1,925
Jordan Magnesia Company (JORMAG)	-	-	-	3	-	-	3
Arab Fertilizers and Chemicals Industries (KEMAPCO)	-	11	-	74	45	113	243
Jordan Dead Sea Industries Company (JODICO)	-	-	-	-	-	-	0
Numeira Mixed Salts and Mud Company	-	-	-	17	3	58	78
Total	**8**	**53**	**6**	**416**	**386**	**1,380**	**2,249**
Percentage	**0.4%**	**2.4%**	**0.3%**	**18.5%**	**17.2%**	**61.4%**	**100%**

The turnover rate for 2016 was 5.9%.

C. Training Courses for APC Employees

Training Courses for APC Employees 2016

No. of Subjects	No. of Participants	No. of activities	Activity
Internal Training	89	1,109	46
Training in Jordan	22	57	25
Training Abroad	7	9	7
Local Community Training	-	408	42
Other Activities	167	395	-
Total	**285**	**1,978**	**120**

D. Other Benefits and Housing

The Company continues to provide housing loans to its employees. The total number of beneficiaries was 1,871 employees as at 31/12/2016. Total housing loans granted in 2016 increased by JD 2.1 million to a total of JD 57.4 million.

10. RISK MANAGEMENT

The nature of the Arab Potash Company's (APC) activities exposes the Company to many factors beyond its control. Accordingly, the APC risk management team studies and assesses these risks on a regular basis and reports to the Audit Committee for its review and discussion. The following are the main risk areas:

Factors affecting Potash sales

These factors include price volatility in global markets and a slowing of the global economy, resulting in decreased demand for potash. Since potash is mainly used as a fertilizer, any changes that may impact this sector, such as a decline in agriculture output, produce prices, weather related events like draught and floods, or other events that may lead farmers to plant less and consequently reduce their use of fertilizers.

APC mitigates such risks by looking at new markets and usages while adapting to market changes and customer demand.

Changes and amendments to the laws and governmental regulations, which includes two parts:

First, local laws and regulations including changes to the sales tax rate. In addition, concessions and permits were provided by the government for the company to conduct its work, including mining royalty fees.

Second, importing countries' government policies, specifically subsidies for the agricultural sector, may impact the amount of agricultural crops and as a result, sales of fertilizer products.

High cost of electricity and the scarcity of water

The process of extraction and production of potash consumes large quantities of water and energy. Accordingly, significant shortages or price increases of water and/or electricity will impact production cost and/or quantities. APC has installed electricity generators, fuelled by diesel oil.

APC continues to explore alternative and cheaper sources of energy, APC started using natural gas in its operations which is more cost efficient and cleaner than heavy fuel oil. APC is studying a project to generate electricity and steam using natural gas. In addition, Also, APC is building Wadi ibn Hammad Dam which will help to satisfy the water needs of the local communities as well as some of APC's needs.

Dependence on seaport for loading and transporting

APC is heavily dependent on the Aqaba seaport for the loading and shipping of potash. Currently APC is working with Jordan Phosphate Mining Company (JPMC) on building a new jetty to ease and improve the shipping process via JIPC joint venture. Also APC's container shipping business is growing in addition to bulk as well as the potential to use some limited land routes to supply nearby markets. This will increase distribution flexibility.

Labor disputes and the political situation

The region in general is experiencing unrest due to economic, political, and social conditions which may impact commercial and investment activities in the region. This includes potential labor strikes and disputes at the Company's facilities and the public service sector. Currently APC's employee-benefit packages are among the highest in the region. In addition, management keeps open channels of communication with labor unions and worker representatives. Every two years APC and the union sign a labor agreement that covers all needs and concerns of the workers and the union to ensure smooth and uninterrupted operations.

Collapse of dykes number 18 and 1

In recent years and due to the decrease in the water level at the Dead Sea, sinkholes were discovered in the site area which may cause harm to the dykes. Sinkholes are most active around the perimeter of dykes' no.1 and 18 and this factor, along with subsidence, place our dykes at risk. APC conducts a visual inspection of these dykes daily, and employs state of the art technology to monitor dyke conditions twice per year. In addition APC is in the process of a major rehabilitation for these dykes.

Vulnerability to environment and natural disasters

In the area of Ghor Safi where APC plants are located, there are occasional flash floods and the area is susceptible to earthquakes. All buildings at the site were built in accordance to the required safety building codes at the time of construction. Also APC has insurance to cover this risk.

11. APC'S MAIN ACHIEVEMENTS IN 2016

A. APC maintained the level of production costs per ton of product at the end of 2016 despite the HLP closure for maintenance and its impact on the decrease in production volumes. Keeping the cost of production steady was also achieved despite salt dredging operations which had been deferred since 2015.

B. Arab Potash Company successfully reached a settlement of a lawsuit with the Middle East Insurance Company related to dykes. APC received JD 6.5 million as a result of the settlement. Arab Potash Company also reached settlement of a lawsuit with the ATA Inc. (contractor for the dykes) related to dykes. APC reversed provisions of JD 5.6 million in other income as a result of the settlement.

C. Arab Potash Company received JD 3.2 million representing APC's share of the first payment resulting from liquidation of the Jordan Safi Salt Company. The amount appears in the other Income portion of the income statement for the year 2016.

D. In 2016 APC received the International Fertilizers Association (IFA) Protect & Sustain certification at the excellence level. This certification is the de facto product stewardship certification in the fertilizers industry. APC is dedicated to the safe production, transportation and use of its products.

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

A. APC settled a court case with Middle East Insurance related to the dikes, APC collected JD 6.5 million as a result of the settlement.

B. APC settled a court case with ATA (the dikes contractor) related to the dikes, APC reversed provisions of JD 5.6 million in other income as a result of the settlement.

C. APC collected JD 3.2 million from Safi Salt Company which represents APC share of the first disbursement resulting from the liquidation, the amount was recognized as other income in the 2016 income statement.

D. APC had an extended maintenance shutdown for one of its major plants (Hot Leach Plant) for approximately two months. The monthly capacity of HLP plant is 120 thousand MT. The shutdown resulted in drop in production quantities and increase in production cost per ton.

E. 2016 witnessed drop in sales revenues mainly attributed to the decrease in potash international prices which are currently at the lowest level in 10 years, and the delay in reaching annual contracts with China and India. This drop not only put downward pressure on the revenues, but also forced several international producers to announce shutting down some of their potash mines, and reducing production volumes during 2016.

13. TREND OF MAJOR FINANCIAL INDICATORS FOR THE PERIOD 2012 - 2016 IN THOUSAND JD EXCEPT FINANCIAL RATIOS, SHARE DATA, PRODUCTION AND SALES

Details	2016	2015	2014	2013	2012
Potash Production (Million Tons)	2.00	2.36	2.09	1.74	1.82
Potash Sales (Million Tons)	2.03	2.19	2.24	1.77	1.63
Consolidated Sales Revenue	369,651	527,527	535,465	521,209	586,268
Potash Sales Revenue	322,265	472,885	475,051	482,591	541,300
Gross Profit	68,158	214,314	140,507	183,296	300,700
Profit from Operations	28,507	147,105	85,681	122,986	212,400
Financing Charges	1,857	1,525	641	1,027	3,344
Other Revenues	17,739	1,887	3,338	1,588	17,722
Net Profit After Tax	67,434	131,133	99,676	130,661	198,822
Net Fixed Assets	232,078	241,573	291,846	33,947	379,001
Long Term Loans & Other Long Term Obligations	9,935	9,377	9,919	12,266	20,032
Shareholders' Equity	859,532	892,190	860,982	886,488	963,915
Debt: Equity Ratio	0%	0%	0.01%	0.15%	0.70%
Return On Assets	7%	13%	11%	13%	18%
Return On Shareholders' Equity	8%	15%	12%	15%	20%
Current Ratio	8.3	4.7	6.2	5.1	5.7
Closing Share Price/JD	19.18	21.00	19.50	28.05	46.51
Dividends *	* -	99,981	99,981	124,977	208,293
Dividends Percentage *	* -	120%	120%	150%	250%
Earnings Per Share / JD	0.8	1.6	1.2	1.6	2.4
Market Price / Earnings Ratio	23.7	13.3	16.25	17.9	19.5
Royalty / ton produced	2.0	10.1	6.4	14.6	31.2

* Dividends ratio for 2016 will be determined at the Annual General Assembly Meeting.

14. FINANCIAL PERFORMANCE ANALYSIS

A. Property, Plant and Equipment

The value of property, plant and equipment amounted to JD 1.1 billion in 2016, compared with JD 1 billion at end of 2015, an increase of 10% from the previous year. Net book value of said assets after deduction of consolidated accumulated depreciation was JD 232 million compared with JD 242 million at the end of 2015 a decrease of 4% from the previous year due to annual depreciation.

B. Inventory

Potash ending Inventory in 2016 amounted to JD 20 million, or 198,000 tons, compared with JD 30 million, and 255,000 tons at the end of 2015.

C. Investments

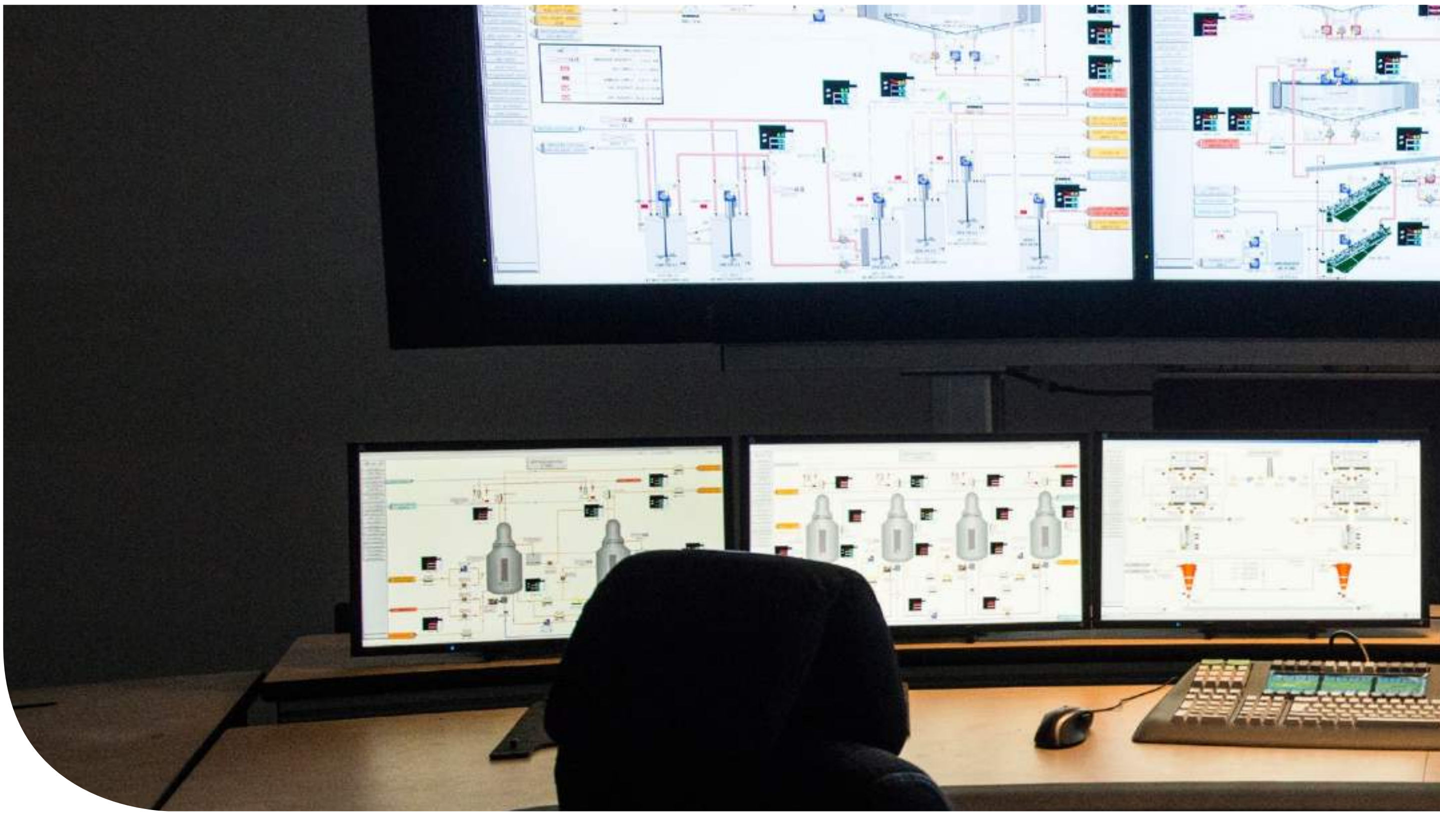
The Company's investments in affiliates and joint venture increased from JD 134 million 2015 to JD 140 million in 2016, an increase of 4%, as per the accounting of APC's share of income from affiliated companies (equity accounting) as per International Financial Reporting Standards, and additional investments of JD 5 million in Jordan Industrial Ports Company.

D. Loans

The balance of consolidated long term loans decreased from JD 85,000 in 2015 to JD 51,000 in 2016.

E. Sales Revenues

Total consolidated sales revenue for 2016 amounted to about JD 370 million compared to JD 527 million in 2015, a decrease of 30% due primarily to the decrease in global potash prices which now stand at the lowest level in 10 years. This drop was due to the delay in concluding contracts with India and China. These conditions reduced revenues and pushed many global producers to announce closures of their potash mines and reduce production in 2016. Sales revenues of Potash, JD 304 million, constituted 82% of total revenues, while the remaining JD 66 million was primarily attributable to KEMAPKO sales.



F. Gross Cost

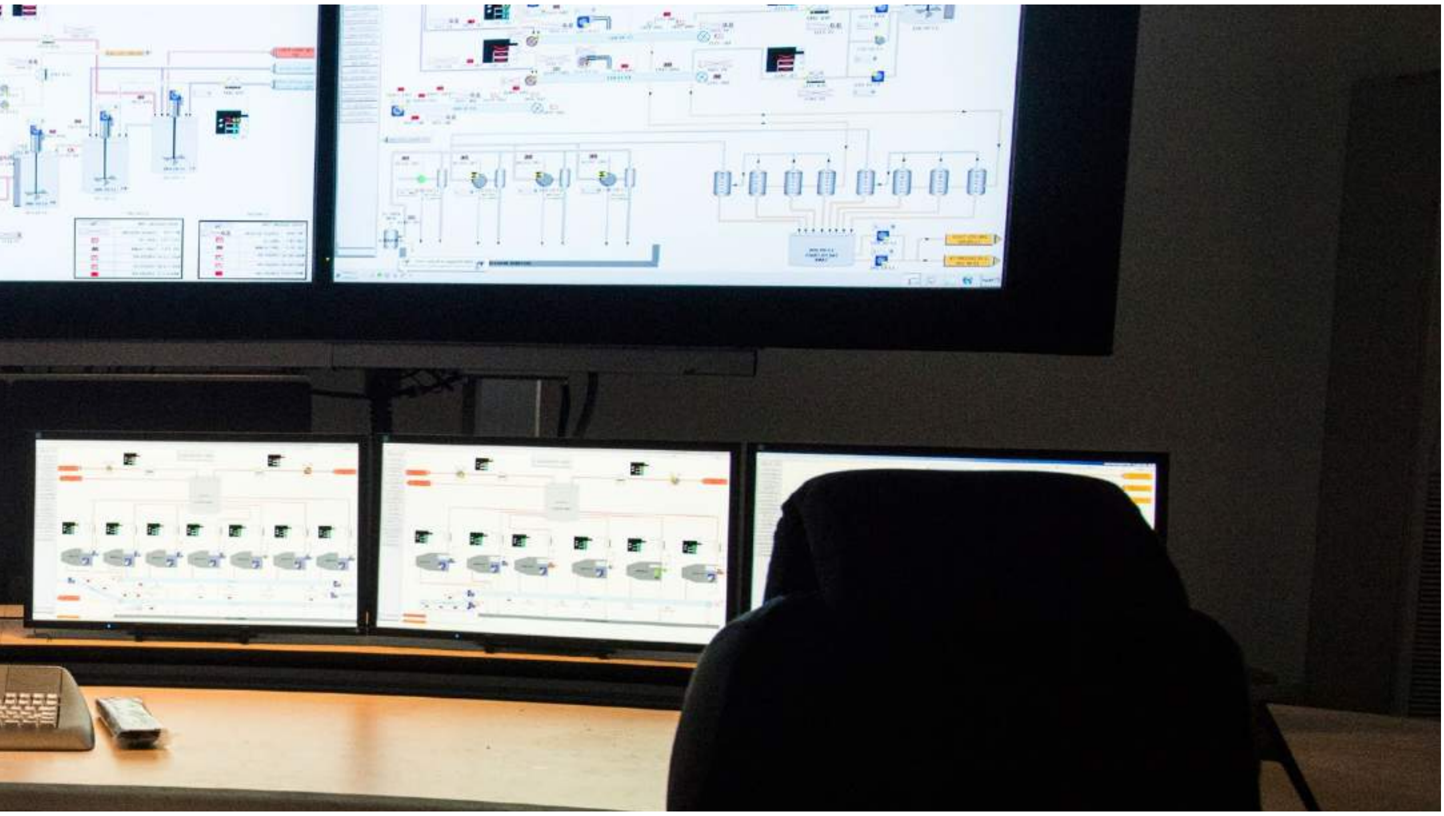
Details	2016	2015	2014	2013	2012	Percentage increase (decrease)
Consolidated Gross Cost	351	395	460	411.1	417.7	-11%
Consolidated Cost of Goods Sold	301.5	314.1	394.9	337.9	285.5	-4%
Selling and Distribution Expenses	17.8	20.1	18.90	17	16.3	-11%
Royalty	4.1	23.7	13.30	25.9	49.9	-83%
General and Administrative Expenses	17.8	23.9	22.60	17.3	22.1	-26%

G. Profits

The Company realized a consolidated net income of JD 71.6 million before income tax. After tax the net Income amounted to JD 67.4 million, compared with JD 131.1 million for 2015.

H. Shareholders' Equity

Shareholders' Equity at the end of 2016 amounted to JD 860 million, a decrease of 3.5% from 2015. The book value per share of the Company's equity amounted to JD 10.3 as at the end of 2016.



15. FUTURE PLANS

The future plan of APC is to reach an optimal level of potash production that achieves a balance with global demand. During the current economic slowdown and the related implications of expected drop in sales volumes and prices APC will continue to focus on reducing costs in the coming years to the lowest achievable level. The Company is working on several projects for the purposes of reducing costs, in a balanced manner, while enhancing production of potash, APC's main product, as well as downstream industries and improved performance, which will serve the interests of the Company and the national economy of Jordan.

A. Safety:

The Arab Potash Company continues to consider safety as its top priority. It continues to develop sound rules for the safety of workers and the workplace. The company currently focuses on developing an injury-free work environment in the coming years by changing the work culture and investing in a safer workplace.

B. Heavy Fuel Oil Costs:

Work continued on the construction of the installations needed to extend the gas pipeline to the Company's plants at Safi and installing the required equipment. The project is expected to be completed in January 2017. It is worth noting that the Company's equipment is being prepared to be compatible with fuel oil as well as natural gas in order to give the company flexibility in the appropriate energy sources based on the prevailing prices.

C. Electricity cost:

The Company is studying a project of installing turbine to generate electricity and steam using natural gas and diesel. In addition, the Company is currently using diesel-powered electricity generators to save electricity costs.

D. Water resources:

On 30 January 2014, APC signed an agreement with the Ministry of Water and Irrigation whereby the Company provides JD 26 million to finance in full the construction of Wadi ibn Hammad Dam. The dam is currently being built in cooperation between the Ministry of Water and Irrigation and APC over the coming three to four years, after which rain water will be harvested at a capacity of about four million cubic meters per year. APC expects to achieve savings on the cost of water because the agreement stipulates that the Company would recover the cost of building the dam through a reduced tariff on water used by the Company. In addition, the Company signed an agreement to finance the construction of Wadi Al Wadat Dam which will be built by Jordan Valley Authority at a cost of JD 4 million. Construction of the dam is expected to be completed in 1-2 years which will provide additional water for industry and agriculture estimated at around 0.5 million cubic meters annually.

Furthermore, the Jordan Bromine Company Board of Directors allocated a budget of US $ 400,000 to finance the studies of building a dam in Wadi Issal area in the Ghor.

APC efforts to securing the necessary water needs were not limited to cooperation with the government authorities concerned, but extended to digging wells in APC's concession area.

E. Production:

- APC studies options for raising production, through increasing efficiency and evaporation ponds. The management is studying a project for expanding the production of potash to increase production capacity by 180,000 tons, in view of the current state of the potash market and the drop in selling price.
- In addition, the Board of Directors approved raising the production capacity of granular potash by 250,000 tons per year.
- Lisan: Lisan area is located outside APC Concession area and it is expected that the Government of Jordan will conduct a technical study for this area for the purposes of identifying the quantities of potash in that area. APC has assigned an amount of money to finance the study to be conducted by a specialized company that will be engaged by the Government of Jordan, in order to enable APC to compete at a later stage if the Government allowes companies to tender for Lisan area mining rights.

F. Downstream Industries:

The aim of this initiative is to complete the supply chain by investing in value-added products through investment in products that use potash and/or dead sea minerals as raw material. The company is now studying opportunities for plants to produce chlorine, caustic soda, and hydrogen peroxide. Feasibility studies promise substantial rewards. Work is currently underway on studying critical success factors required for the sustainability of these factories to ensure that they are in place before going ahead with the project.

The Company is also studying other investments related to support services, such as a railway.

G. Aqaba Port:

APC continues to work on implementing the Aqaba industrial port expansion and rehabilitation project through its investment in the Jordan industrial Ports Company (JIPC), which is entrusted with the project. On 1 February 2015 an agreement between JIPC and a consortium formed by Técnicas Reunidas and PHB, was signed to refurbish and expand the industrial port on the southern coast of Aqaba. JIPC is owned equally by Arab Potash Company and Jordan Phosphate Mines Company, for the purposes of serving the import of production inputs and export of finished products through a specialized industrial port.

H. Marketing:

APC plans to diversify its markets, improve its client relations, and establish representative offices in its main markets. APC opened an office in Delhi, India in 2014.

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

A. The external auditor's fees for 2016 in thousands of Dinars

APC	KEMAPCO	Numeira	Total
72	20	2.6	94.6

B. 2016 Internal Auditor's Fees, in thousands of Dinars

APC	KEMAPCO	Numeira	Total
61	0	3.7	64.70

C. 2016 Legal Fees, in thousands of Dinars

APC	KEMAPCO	Numeira	Total
772	17.4	17.3	806.7

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 the required disclosures are as follows:

A. Shares owned by Members of the Board of Directors

Name	Title	Nationality	Number of Shares as at 31/12/2016	Number of Shares as at 31/12/2015	Companies they control
H.E. Jamal Ahmad Mufleh Al-Sarayrah	Chairman of the Board	Jordanian	0	0	N/A
Mansour Bin Sulaiman Bin Ibrahim Al-Mebrek	Board Vice Chairman until 2/6/2016	Saudi	0	0	N/A
Rami Saleh Abdulkareem Wraikat	Board Member until 9/6/2016	Jordanian	0	0	N/A
Dr. Mustafa Mohammad Abdel Latif Al Barari	Board Member as of 12/6/2016	Jordanian	0	0	N/A
George David Delaney	Board Member until 1/2/2016	American	0	0	N/A
Brent Edward Heimann	Board Member, President, and CEO	American	0	0	N/A
Wayne Brownlee	Board Member as of 21/4/2016	Canadian	0	0	N/A
Iain Guille	Board Member as of 21/4/2016	British	0	0	N/A
Dr. Duried Mohammad Abd Al Hameed Al Mahasneh	Board Member until 21/4/2016	Jordanian	500	500	N/A
"Ahmad Jamal" Nawwaf Al Bataineh	Board Member	Jordanian	0	0	N/A
Azza Al Suwaidi	Board Member as of 2/6/2016	UAE	0	0	N/A
Abdul Ghani Fakri Abdul Wahhab Al-Jaafar	Board Member until 2/6/2016	Iraqi	0	0	N/A
Dr. Maen Fahad Abdul-Karim Nsour	Board Member	Jordanian	0	0	N/A
Areej Suleiman Khaled Obaidat	Board Member as of 15/12/2016	Jordanian	0	0	N/A
Dr. Jamal (Mohammad Hijazi) Sa'ed Salah	Board Member until 10/11/2016	Jordanian	0	0	N/A
Abdul Wadoud Abdul - Sattar Mahmoud Al – Dulaimi	Board Member	Iraqi	0	0	N/A
Salem Husni Salem Braibish	Board Member	Libyan	0	0	N/A
Fahad Majid Al Sultan Al Salim	Board Member	Kuwaiti	0	0	N/A
Total			**500**	**500**	**N/A**

B. Shares Owned by Members of the Executive Management

1. Shares Owned by Members of the Executive Management

Name	Title	Nationality	Number of Shares as at 31/12/2016	Number of Shares as at 31/12/2015	Companies they control
Brent Edward Heimann	Board Member, President, & CEO	American	0	0	N/A
Scott Raymond Maczka	VP Finance and Support Services	American	0	0	N/A
Lane Bernard Knorr	VP Operations	Canadian	0	0	N/A
Jafar Mohammad Hafez Salem	VP Marketing and Sales	Jordanian	0	0	N/A
Adnan Sulaiman Faris Al Ma'aitah	VP Human Recourses and Corporate Affairs	Jordanian	0	0	N/A
Total			**0**	**0**	

2. Shares Owned by Insiders:

Name	Title	Nationality	Number of Shares as at 31/12/2016	Number of Shares as at 31/12/2015	Companies they control
Hesham Khaled Hesham al - Shawwa	Director - Internal Audit	Jordanian	1000	1000	N/A

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

Name	Relative of	Nationality	Number of Shares as at 31/12/2016	Number of Shares as at 31/12/2015
Hind Mohammad Muflieh Alsaad	Wife of Dr. Duried Mohammad Abd AlHameed Al Mahasneh	Jordanian	1695	1695
Lubna Marawan Abedlaulfatah Abu Zahra	Wife of Jafar Mohammad Hafez Salem	Jordanian	800	800
Total			**2495**	**2495**

18. COMPENSATIONS AND BENEFITS

A. Compensations and Benefits to Members of the Board of Directors

Name	Title	Nationality	Total Annual salaries	Annual Transportation and Committees Allowances	Representation Fees	Annual Bonus	Per diem	Other allowances	Total Annual Remun-eration
Representatives of Government Investments Management Company			-	-	-	15,000	-	-	15,000
H.E. Jamal Ahmad Mufleh Al-Sarayrah *	Chairman of the Board	Jordanian	153,000	18,000	37,875	-	22,500	-	231,375
"Ahmad Jamal" Nawwaf Al Bataineh	Board Member	Jordanian	-	18,000	21,900	-	-	-	39,900
Rami Saleh Abdulkareem Wraikat **	Board Member until 9/6/2016	Jordanian	-	7,500	7,500	-	-	-	15,000
Dr. Mustafa Mohammad Abdel Latif Al Barari	Board Member as of 12/6/2016	Jordanian	-	9,800	8,950	-	-		18,750
PCS Jordan LLC			-	-	-	13,479	-	-	13,479
George David Delaney ***	Board Member until 1/2/2016	American	-	1,500	-	-	-	-	1,500
Brent Edward Heimann***	Board Member, President, and CEO	American	-	18,000	-	-	-	-	18,000
Dr. Duried Mohammad Abd Al Hameed Al Mahasneh***	Board Member until 21/4/2016	Jordanian	-	5,550	11,100	1,521	1,000	10,000	29,171
Wayne R. Brownlee***	Board Member as of 21/4/2016	Canadian	-	16,500	-	-	6,250	-	22,750
Iain R. Guille***	Board Member as of 21/4/2016	British	-	12,000	-	-	3,750	-	15,750
Arab Mining Company			-	-	-	10,000	-	-	10,000
Mansour Bin Sulaiman Bin Ibrahim Al-Mebrek	Board Vice Chairman until 2/6/2016	Saudi	-	9,000	-	-	2,500	-	11,500
Mohammad Sultan	Vice Chairman as of 3/8/2016	Kuwaiti	-	9,000	-	-	5,250	-	14,250
Abdul Ghani Fakri Abdul Wahhab Al-Jaafar	Board Member until 2/6/2016	Iraqi	-	9,000	-	-	2,500	-	11,500
Azza Al Suwaidi	Board member until 2/6/2016	UAE	-	9,000	-	-	3,750	-	12,750
Jordan Social Security Corporation			-	-	-	5,342	-	-	5,342
Dr. Maen Fahad Abdul-Karim Nsour ****	Board Member	Jordanian	-	18,000	22,125	-	250	25,000	65,375
Areej Obeidat****	Board Member as of 15/12/2016	Jordanian	-	1,200	-	-	-	-	1,200
Islamic Development Bank, Jeddah			-	-	-	4,301	-	-	4,301
Dr. Jamal (Mohammad Hijazi) Sa'ed Salah *****	Board Member until 10/11/2016	Jordanian	-	15,500	-	-	-	-	15,500
Government of Iraq			-	-	-	5,000	-	-	5,000
Abdul Wadoud Abdul - Sattar Mahmoud Al – Dulaimi	Board Member	Iraqi	-	18,000	-	-	7,500	-	25,500
Libyan Arab Foreign Investment Company			-	-	-	5,000	-	-	5,000
Salem Husni Salem Braibish	Board Member	Libyan	-	18,000	-	-	6,250	-	24,250
Kuwait Investment Authority - Kuwait			-	-	-	5,000	-	-	5,000
Fahad Majid Al Sultan Al Salim ******	Board Member	Kuwaiti	-	18,000	-	-	7,500	-	25,500
Total			**153,000**	**231,550**	**109,450**	**64,643**	**69,000**	**35,000**	**662,643**

* Other Benefits: the Chairman has two chauffeur-driven cars
** Transportation, committee allowance, and representation allowance are paid directly to ministry of Finance until May 2016
*** Transportation, committee allowance, and representation allowance are paid directly to PSC 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
****** Transportation, committee allowance, and representation allowance are paid directly to Kuwait Investment Authority – Kuwait

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

Name	Title	Nationality	Total Annual salaries	Representation Fees	Per diem	Housing and Utilities	Indemnity	Total Annual Remuneration
Brent Edward Heimann *	Board Member, President, & CEO	American	173,616	-	12,500	53,484	-	239,600
Scott Raymond Maczka *	VP Finance and Support Services	American	93,592	-	-	55,179	-	148,771
Lane Bernard Knorr*	VP Operations	Canadian	95,695	-	2,000	44,479	-	142,174
Jafar Mohammad Hafez Salem **	VP Marketing and Sales	Jordanian	142,803	6,000	10,000	-	-	158,803
Adnan Sulaiman Faris Al Ma'aitah **	VP Human Recourses and Corporate Affairs	Jordanian	119,000	7,567	-	-	-	126,567
Total			**624,706**	**13,567**	**24,500**	**153,142**	**-**	**815,915**
Grand Total								**1,478,558**

* Other Benefits: the CEO and VP's have two chauffeur-driven cars
** Other Benefits: Other Executive Management members have one chauffeur-driven car



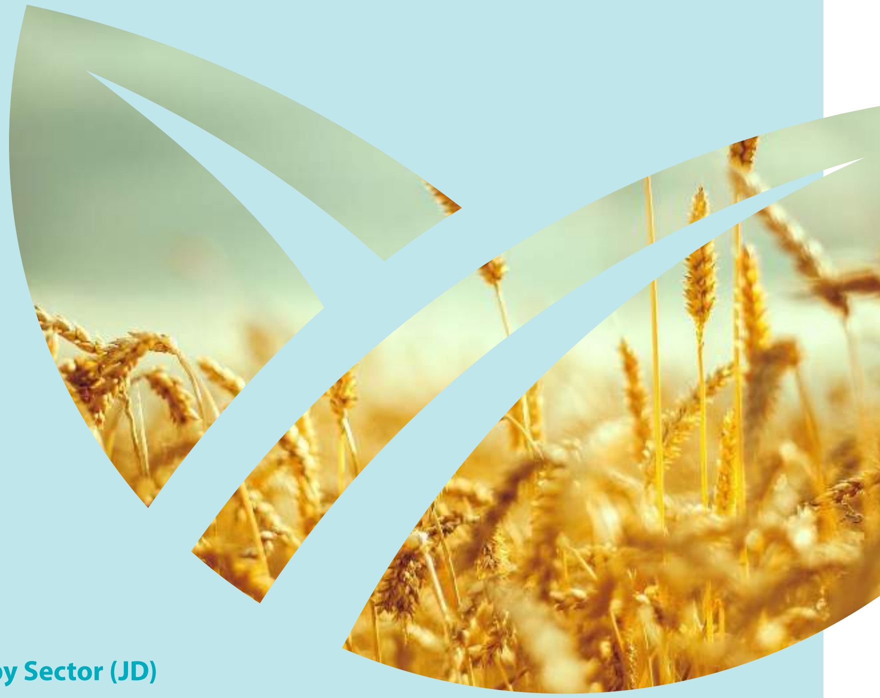




البوتاس العربية
Arab Potash
الإتحاد الأردني للدراجات
مدرسة البوتاس للدراجات


تعلّم


19. SUMMARY OF THE ARAB POTASH COMPANY'S DONATIONS IN JORDAN DINARS DURING THE YEARS 2012-2016



2012-2016 Distribution of CSR Expenditure by Sector (JD)

	2016	2015	2014	2013	2012	Total	Yearly average	%
Education	2,323,760	2,162,372	2,203,257	2,331,820	1,713,000	10,734,209	2,146,842	24
Social Development	1,184,220	1,670,855	1,554,419	1,848,901	2,037,000	8,295,395	1,659,079	18
Official organizations	1,092,692	2,914,094	1,683,948	2,054,591	3,374,000	11,119,325	2,223,865	24
Water and the environment	68,400	711,320	256,147	1,241,700	1,344,000	3,621,567	724,313	8
Health	2,521,744	1,809,400	831,740	1,328,170	700,000	7,191,054	1,438,211	16
Sports	432,915	372,484	604,550	487,500	193,000	2,090,449	418,090	5
Houses of worship	176,348	219,568	186,899	356,673	298,000	1,237,488	247,498	3
Culture	244,215	240,000	209,340	312,150	95,000	1,100,705	220,141	2
Professional associations	73,806	38,605	102,700	38,495	84,000	337,606	67,521	1
Total	**8,118,100**	**10,138,698**	**7,633,000**	**10,000,000**	**9,838,000**	**45,727,798**	**9,145,560**	**100**

The main projects supported by APC included:

A. Education

1. Construction of the engineering workshop building at Tafilah University.
2. Procurement of a bus for Shobak University College, which is part of Balqa University.
3. Support for poor students' fund at Jordanian universities.
4. Construction work of Al Safi and Al Taybeh model schools, which started in 2015.
5. Completion of work on Al Makrumah School which received its first students in the current school year.
6. Support for Madrasati initiative launched by Her Majesty Queen Rania Al Abdullah, which renovates school buildings and organizes programs to upgrade the abilities of teachers and students.
7. Procurement of buses for a number of schools.
8. Reinforcement lessons for Tawjihi students from the southern Jordan Valley. The program was introduced one year when all students from the southern Jordan Valley failed the high school exam. APC took the initiative to fund reinforcement classes for these students, with the result that some students from the Southern Ghor now score over ninety percent in the Tawjih.

9. Scholarships to study medicine for students from the Southern Ghor. This program was introduced to complement the reinforcement lessons program. APC pledged to give a full scholarship to any student from the southern Jordan Valley who qualifies to study medicine at a Jordanian university. At present there are five scholars, the first of whom are close t graduation.

B. Social Work

1. Construction of multi-purpose community halls for the welfare associations of Sol, Al Jdaydah, and Al Omariyah.
2. Providing support to welfare organizations to empower them to implement their programs.
3. And in the area or care for orphans, APC continued to sponsor a house at the SOS Children's village in Aqaba, where orphaned children are raised in a family atmosphere as close as possible to that of a natural family.
4. APC distributed Ramadan welfare packages to the value of JD 500,000 as shopping coupons from the Military Consumer Establishment. 20,000 families benefited from this program in 2016.

C. Official Organizations

1. Contributing to the establishment of a public park in Madaba, in cooperation with the Social Security Corporation.
2. Procurement of service vehicles for the municipalities of Gatar, Rahmah, and Greigrah, and construction of a community hall for the Municipality of Al Rishah in Wadi Araba.
3. Construction of a community hall for the Southern Ghor Municipality to serve the Ghweibeh and Ma'mourah districts.

D. Health

1. Procurement of 2 CT scan machines for the Royal Medical Services, for the Al Hussein Medical City emergency section, and ne for Al Tafilah Hospital.
2. Procurement of ultrasound scanners and assorted medical equipment for the Royal Medical Services.
3. Equipped the Intensive Care Unit at the Jordan University Hospital with medical equipment.
4. Procurement of dialysis machines for Al Shobak Health Center.
5. Preparation of blueprints for the cerebral palsy and different special needs in the southern Jordan Valley.
6. Support and procurement of buses for healthcare organizations.

E. Sports

1. Constructions of a playground, procurement of a bus and maintenance of Al Risheh Youth Center in Wadi Araba.
2. Creation of a cycling school in the Southern Valley.
3. Support for sports federations and tournaments.

F. Houses of worship

Maintenance and care of churches and mosques, mainly the maintenance of churches and installing photovoltaic plates to generate electricity from solar energy on a number of mosques.

G. Water and the environment

1. Support the Royal Society for the Protection of the Environment in its campaign to clean the beachfront of Aqaba for the 5th year running.
2. Support for conferences on the environment and the work of associations working to protect the environment.
3. Opening of the Marine Life Science Station of the University of Jordan and Yarmouk University.

H. Culture

1. Continued support for the Children's Museum, particularly the mobile Children's Museum which brings the museum to children in all parts of Jordan
2. Sponsoring the training of 40 students from the Southern Ghor at the Madaba Institute for Mosaic Art and Restoration.
3. Support for the Wadi Araba Forum in producing an illustrated book about the Wadi Araba region.

I. Professional Associations

20. RELATED PARTY TRANSACTIONS

There are no contracts, 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 CEO, 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 the Protection of the Environment

Environmental commitment and compliance is a major concern at all company levels. Sustainable development is necessary so that future generations can enjoy the natural resources while providing energy for company operations. Our company is determined to treat nature with the highest degree of respect and care. Therefore, APC's activities have been planned carefully in the area of the Dead Sea and Aqaba in order to reduce environmental impacts and to preserve the enjoyable magnificent landscapes in the region. Our company commits to maintain international standards with regards to environmental responsibility and to obtain the global certificate of conformity (ISO 14001).

At the local level, the company is focused on preventing pollution that would impact the surrounding environment of air, water and soil through monitoring of all the solutions and strategies for this purpose. This is reflected by the project of installing ambient air quality stations that are directly connected with the Ministry of Environment to ensure our adherence to legal requirements; APC also performs periodic environmental measurements and housekeeping inspections in various departments and plants to ensure a safe and clean work environment for all APC employees. On the energy and environmental level, APC is currently proceeding in the fuel oil replacement project with natural gas which will provide savings as well as minimize pollutants from the stacks to the air.

The Company's environmental initiatives are not limited to its immediate locality. APC communicates with schools and local communities to lead and inspire sustainable initiatives throughout the region. We concentrate on building environmental solutions in order to serve and motivate.

B. APC contributions to the service of local communities

The Arab Potash Company stands out as one of the largest enterprises in Jordan while its plants are located in the largest concentration of poverty and unemployment in the Kingdom. This means we as an organization have a responsibility to work for the improvement of living standards of local communities most affected by APC's activities.

In response, the Arab Potash Company provided in the period 2012 - 2016 an average of nearly JD 10 million per year for social responsibility programs.

22. DECLARATIONS AND RECOMMENDATIONS

Declarations of the Board of Directors

1. The Board of Directors of the Arab Potash Company hereby declares that according to the best of its information and in its opinion, there are no substantial matters that may affect the Company as a going concern during 2017. The Company's Board of Directors hereby declares its responsibility for the preparation of the financial statements and an effective control system in the Company.

Chairman of the Board
HE. Jamal Ahmad Al Sarayrah

Vice Chairman
Mohammad Sultan

Board Member
Abdul Wadoud Abdul-Sattar Mahmoud Al-Dulaimi

Board Member
Azza Al Suwaidi

Board Member
Iain R. Guille

Board Member
Brent Edward Heimann

Board Member
Dr. Mustafa Mohammad Abdel Latif Al Barari

Board Member
Wayne Brownlee

Board Member
Fahid Majid Al Sultan Al Salim

Board Member
Areej Suleiman Khaled Obaidat

Board Member
Dr. Maen Nsour

Board Member
Salem Husni Salem Braibish

Board Member
Ahmad Jamal Nawwaf Al Bataineh

2. The chairman of the Board of Directors, the Chief Executive Officer, and the Executive Vice President for Finance and Support Services of the Arab Potash Company further declare that all the data and statements in the Annual Report 2016 are correct, accurate and complete

Chairman of the Board
HE. Jamal Ahmad Al Sarayrah

President & CEO
Brent Edward Heimann

VP Finance and Support Services
Scott Raymond Maczka

Recommendations

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

1. Reading the minutes of the previous Ordinary General Assembly Meeting.
2. The Board of Directors' report on activities during 2016 and the future plans.
3. Auditors report on the consolidated Statement of Financial Position and Income Statement.
4. Consolidated Statement of Financial Position and Income Statement.
5. Dividends distribution.
6. Election of the Company auditors for the year 2017 and their related fees.
7. Release of liability of Board of Directors for the year 2016 within the provisions of the law.
8. Election of the vacant seat in the Board of Directors.
9. Any other business.

In conclusion, 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 PotashCorp, for their support and assistance. The Board also extends thanks to all Arab and International institutions and organizations which contributed in facilitating the Company's activities.

We especially thank our company's clients for their trust in our product and services and we commend the efforts exerted by APC employees at their all locations.

Arab Potash Company
Public Shareholding Company

Consolidated Financial Statements
31 December 2016

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Arab Potash Company
Amman - Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Arab Potash Company and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated income, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards, are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Valuation of inventories

At 31 December 2016, total inventories balance amounted to JD 61,433 thousand representing 14.4% of the Group's total assets. Inventories and spare parts are valued at the lower of cost or net realizable value. We focus on this area as there is a risk of inventory obsolescence, any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken at each reporting date to determine the extent of any provision for obsolescence.

Our audit procedures included testing the Group's controls around completeness and existence of inventory and key controls of the inventory cycle. In addition, our audit procedures included observation of the stock counts held at the Group's warehouses. Also, we selected a sample before and after year end to assess whether the inventory was recorded in the correct period.

We critically tested the basis for inventory obsolescence in line with management estimates. In doing so we tested the ageing profile of inventory, the process for identifying specific problems in inventory and historical loss rates.
Refer to the note (11,12) on the consolidated financial statements.

Revenue recognition

We focus on revenue recognition because it is material and it is an important determinant of the Group's profitability. In addition, there is a risk of improper revenue recognition, particularly with regard to revenue recognition at year end.

Our audit procedures included, assessing the appropriateness of the Group's revenue recognition accounting policies. We tested the effectiveness of the Group's controls over revenue recognition. We performed substantive analytical procedures on monthly gross margin analysis including price reasonableness to identify unusual variances. We have obtained the contracts signed with major customers and checked the terms of contracts and its related rebates. We also assessed sales transactions taking place before and after year-end and verified recognition in the correct period and tested selected representative sample of journal entries.

Refer to note (18) to the consolidated financial statements for more details.

Other information included in the Group's 2016 annual report.

Other information consists of the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exist. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

Amman – Jordan
20 March 2017

Ernst & Young / Jordan

Arab Potash Company
Consolidated Statement of Financial Position
As at 31 December 2016

	Notes	2016	2015
Assets			
Non-current assets			
Property, plant and equipment	3	232,078	241,573
Projects in progress	4	76,088	68,932
Investment in associates and joint ventures	5, 6	139,856	133,608
Financial assets at fair value through other comprehensive income	7	660	771
Finance assets at amortized cost	8	21,199	-
Deferred tax assets	20	6,209	3,100
Employees' housing loans	9	18,820	18,918
		494,910	466,902
Current assets			
Employees' housing loans	9	2,896	2,960
Accounts receivable	10	52,349	68,453
Inventories	11	20,922	31,462
Spare parts and supplies	12	40,511	42,533
Other current assets	13	53,926	65,349
Cash on hand and bank balances	14	255,140	338,463
		425,744	549,220
TOTAL ASSETS		**920,654**	**1,016,122**
Equity and Liabilities			
Equity			
Paid in capital	1	83,318	83,318
Statutory reserve	15	50,464	50,464
Voluntary reserve	15	80,699	80,699
Fair value reserve	7	3	114
Retained earnings		645,048	677,595
Total Equity		**859,532**	**892,190**
Non-current liabilities			
Long-term loan	16	17	51
Other non-current liabilities	19	9,918	9,326
		9,935	9,377
Current liabilities			
Current portion of long term loan	16	34	34
Potash mining fees due to the government of the Hashemite Kingdom of Jordan	1,24	4,063	23,698
Trade payables and other accruals		17,468	25,535
Income tax provision	20	4,187	29,039
Other current liabilities	17	25,435	36,249
		51,187	114,555
Total Liabilities		**61,122**	**123,932**
TOTAL EQUITY AND LIABILITIES		**920,654**	**1,016,122**

The attached notes 1 to 34 form part of these consolidated financial statements

Arab Potash Company
Consolidated Income Statement
For The Year Ended 31 December 2016

	Notes	2016	2015
Sales	18	369,651	527,527
Cost of sales	21	(301,493)	(313,213)
Gross profit	**18**	**68,158**	**214,314**
Administrative expenses	22	(17,752)	(23,371)
Selling and distribution expenses	25	(17,836)	(20,140)
Royalty to the Government of Jordan	1, 24	(4,063)	(23,698)
Operating profit		**28,507**	**147,105**
Finance revenue		8,413	10,452
Donations expenses		(8,118)	(10,138)
Finance costs and bank charges	26	(1,366)	(1,525)
Other income, net	23	15,771	879
Foreign currency exchange differences		(255)	(2,100)
Profit before tax and gain from associates and joint ventures		**42,952**	**144,673**
Company's share of profit of associates and joint ventures	5,6	28,606	18,471
Revaluation of Islamic Development Bank loan for Jordan Magnesia Company		-	(320)
Profit before tax		**71,558**	**162,824**
Income tax expense	20	(4,124)	(31,691)
Profit for the year		**67,434**	**131,133**
		JD / Fills	JD / Fills
Earnings per share			
Basic and diluted earnings per share	27	0/809	1/574

The attached notes 1 to 34 form part of these consolidated financial statements

Arab Potash Company
Consolidated Statement of Comprehensive Income
For The Year Ended 31 December 2016

	Notes	2016	2015
Profit for the year		**67,434**	**131,133**
Add: other Comprehensive income			
Net change in fair value for financial assets at fair value through other comprehensive income	7	(111)	56
Total comprehensive income for the year		**67,323**	**131,189**

Arab Potash Company
Consolidated Statement of Changes in Equity
For The Year Ended 31 December 2016

	Paid in capital	Statutory reserve	Voluntary reserve	Fair value reserve	Retained earnings*	Total
2016 -						
Balance at 1 January 2016	**83,318**	**50,464**	**80,699**	**114**	**677,595**	**892,190**
Profit for the year	-	-	-	-	67,434	67,434
Other comprehensive income	-	-	-	(111)	-	(111)
Total comprehensive income for the year	**-**	**-**	**-**	**(111)**	**67,434**	**67,323**
Dividends (Note 15)	-	-	-	-	(99,981)	(99,981)
Balance at 31 December 2016	**83,318**	**50,464**	**80,699**	**3**	**645,048**	**859,532**
2015 -						
Balance at 1 January 2015	**83,318**	**50,464**	**80,699**	**58**	**646,443**	**860,982**
Profit for the year	-	-	-	-	131,133	131,133
Other comprehensive income	-	-	-	56	-	56
Total comprehensive income for the year	**-**	**-**	**-**	**56**	**131,133**	**131,189**
Dividends (Note 15)	-	-	-	-	(99,981)	(99,981)
Balance at 31 December 2015	**83,318**	**50,464**	**80,699**	**114**	**677,595**	**892,190**

* Retained earnings include an amount of JD 6,209 thousand which represents deferred tax assets (2015: JD 3,100 thousand).

Arab Potash Company
Consolidated Statement of Cash Flows
For The Year Ended 31 December 2016

	Notes	2016	2015
Operating Activities			
Profit for the year before tax		71,558	162,824
Adjustments:			
Depreciation	3	64,706	63,527
Gain on sale of property, plant and equipment		120	(119)
Finance revenue		(8,413)	(10,452)
Finance costs	26	214	183
Share of profit of associates and joint ventures	5,6	(28,606)	(18,471)
Revaluation of Islamic Development Loan from Jordan Magnesia Company			320
Employee's legal cases compensation provision		(1,278)	-
Compensation and death provision		1,039	2,091
End of service indemnity provision		(331)	457
Unpaid leaves provision		(135)	103
Employees' post-employment benefits provision		(80)	476
Provision for slow moving inventory	10	86	-
Provision for slow moving spare parts	12	2,051	1,824
		100,931	202,763
Working capital changes:			
Accounts receivable		16,018	(6,907)
Inventories		10,540	(13,538)
Spare parts		(29)	7,956
Other current assets		11,354	(5,773)
Trade payables and accruals		(8,067)	(3,406)
Other current liabilities		(23,554)	14,950
Income tax paid	20	(32,085)	(7,786)
Net cash flows from operating activities		75,108	188,259
Investing Activities			
Purchase of property, plant and equipment	3, 4	(5,624)	(3,391)
Proceeds from sale of property, plant and equipment		214	213
Projects in progress	4	(57,077)	(41,715)
Financial assets at amortized cost		(21,199)	-
Dividends received from associates and joint ventures	5,6	27,358	16,609
Investment in associates and joint ventures	6	(5,000)	(27,000)
Interest received		8,482	10,822
Employees' housing loans, net		162	4
Short term deposits		50,981	(114,633)
Net cash flows used in investing activities		(1,703)	(159,091)
Financing Activities			
Repayment of loan		(34)	(34)
Interest paid		(209)	(179)
Dividends paid to shareholders		(105,504)	(99,884)
Net cash flows used in financing activities		(105,747)	(100,097)
Net decrease (increase) in cash and cash equivalents		(32,342)	(70,929)
Cash and cash equivalents at 1 January		176,273	247,202
Cash and cash equivalents at 31 December	14	143,931	176,273

The attached notes 1 to 34 form part of these consolidated financial statements

1. General

The Arab Potash Company "APC", "the Company", a public shareholding company, was founded and registered on 7 July 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 No. (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 thousand 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 Company's authorized and paid in capital is 83,317,500 shares with a nominal value of JD 1 per share. The Company issued 34,512 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 20 March 2017; these consolidated financial statements require the approval of the shareholders of the Company.

2.1 Basis of Preparation

The consolidated financial statements are prepared under the historical cost convention, except for financial assets at fair value through other comprehensive income that have been measured at fair value.

The consolidated financial statements have been presented in Jordanian Dinar, which is the functional currency of the Group. Values are rounded to the nearest thousand (JD "000"), except otherwise indicated.

The consolidated financial statements of the Company and its subsidiaries ("the Group") have been prepared in accordance with International Financial Reporting Standards ("IFRS").

2.2 Basis of Consolidation

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

The consolidated financial statements comprise the financial statements of Arab Potash Company (the Company) and its subsidiaries (the "Group") as at 31 December 2016:

	Paid in capital	Percentage of ownership
	(Thousand of shares)	%
Jordan Magnesia Company*	10,000	55.3
Arab Fertilizers and Chemicals Industries (KEMAPCO)	29,000	100
Numeira Mixed Salts and Mud Company	800	100
Jordan Dead Sea Industries (JDICO)	100	100

* The Group's Board of Directors resolved in its ordinary meeting held on 9 December 2015 to dispose of its share of Jordan Megnesia through a public tender. The sales procedures were completed during 2017 and resulted gain amounted to JD 7.9 million.

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

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

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

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

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

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

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss.

Entity with significant influence over the Group

PCS Jordan LLC, The Jordanian Ministry of Finance and Arab Mining own 28%, 27% and 20%, (2015: 28%, 27% and 20%) respectively of the shares in the Group.

2.3 Changes in Accounting Policies

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2015 except for the followings starting from 1 January 2016:

Equity Method in Separate Financial Statements (Amendments to IAS 27 and IFRS 1)

In August 2014, the IASB amended IAS 27 Separate Financial Statements which restore the option for entities, in the separate financial statements, to account for investments in subsidiaries, associates and joint ventures using the equity method as described in IAS 28 Investments in Associates and Joint Ventures. A consequential amendment was also made to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 allows a first-time adopter accounting for investments in the separate financial statements using the equity method, to apply the IFRS 1 exemption for past business combinations to the acquisition of the investment.

IAS 1 Presentation of Financial Statements – Amendments to IAS 1
The amendments to IAS 1 include narrow-focus improvements related to:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income (OCI) arising from equity accounted investments

Investment entities (Amendments to IFRS 10 and IAS 28)

The amendments address the issues arising in practice in the application of the investment entities consolidation exception and clarify that:

- The exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- Subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
- Application of the equity method by a non-investment entity that has an interest in an associate or joint venture that is an investment entity: The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation.

The implementation of the new amendments did not have impact on the Company's financial position or performance and became effective for annual periods which started from 1 January 2016.

2.4 Summary of Significant Accounting Estimates and Assumptions

Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions as well as fair value changes reported in equity. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

Useful Lives of Property, Plant and Equipment

The Group's management determines the estimated useful lives of its property, plant 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 and fixtures	10%
Computers	20%
Tools	20%

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amounts. Impairment losses are recognised in the consolidated statement of income.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the consolidated statement of comprehensive income in the year the asset is derecognised.

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 and Spare Parts

Finished goods are valued at the lower of weighted average cost and net realisable value. Cost includes all direct production costs plus a share of indirect overheads.

Spare parts and materials are valued at the lower of the moving average cost or market value.

Investments in Associates and Joint Ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its joint venture and associate are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost, the carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated income statement reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income (OCI). In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated income statement within operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss as 'Share of profit (loss) of joint ventures and an associate in the consolidated income statement.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated income statement.

Financial Assets at Amortized Cost

These financial assets are initially measured at cost plus transaction costs. Subsequently, premiums or discounts are amortized using the effective interest rate method, less allowance for impairment and included in finance income / expenses in the consolidated statement of profit or loss. The losses arising from impairment are recognized in the consolidated statement of profit or loss.

The amount of the impairment consists of the difference between the book value and present value of the expected future cash flows discounted at the original effective interest rate.

Reclassification from / to this caption is not allowed as per IFRS (9).

In case of sale of any of these assets before maturity, results will be separately disclosed in the statement of profit or loss as specifically required by IFRS.

Financial Assets at Fair Value through Other Comprehensive Income

Represent equity investments being held for sale in the long term.

These financial instruments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value. Gains or losses arising on subsequent measurement of these equity investments including the change in fair value arising from non-monetary assets in foreign currencies are recognized in other comprehensive income in the consolidated statement of changes in equity. The gain or loss on disposal of the asset is reclassified from fair value through other comprehensive income reserve directly to retained earnings and not through the consolidated income statement.

These financial assets are not subject to impairment testing.

Dividend income is recognized in the consolidated statement of profit or loss.

Reclassification from / to this caption is not allowed as per IFRS (9).

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 the use of the allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

No impairment was identified by the Group's management during 2015 and 2014.

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 or part of the amount is no longer probable.

Cash and Bank Balances

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

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 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 is recognized when the inventory is shipped and the invoice is issued to the customer and according to the shipped terms.

Revenue from interest is recognised as interest accrues, using the effective interest method.

Other revenues are recognized on an accrual basis.

Revenue from dividends is recognised in the consolidated income statement when the right to receive the dividends is established.

Foreign Currency

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 income statement.

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 consolidated 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 measurement

Fair values of financial instruments measured at amortised cost are disclosed in Note 30.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1
Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2
Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3
Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as unquoted available for sales financial assets, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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 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 Fixtures	Computers	Total
2016 -	JD"000"	JD"000"	JD"000"	JD"000"	JD"000"	JD"000"	JD"000"	JD"000"
Cost:								
Balance at 1 January 2016	3,011	107,041	175,290	653,839	42,662	7,614	10,802	1,000,259
Additions	-	3,803	8,061	39,981	2,717	833	150	55,545
Disposals	-	-	-	(884)	(3,993)	-	-	(4,877)
Balance at 31 December 2016	**3,011**	**110,844**	**183,351**	**692,936**	**41,386**	**8,447**	**10,952**	**1,050,927**
Accumulated Depreciation								
Balance at 1 January 2016	-	68,068	156,254	481,844	36,569	6,555	9,396	758,686
Depreciation for the year	-	5,215	3,698	52,704	2,035	417	637	64,706
Disposals	-	-	-	(550)	(3,993)	-	-	(4,543)
Balance at 31 December 2016	-	**73,283**	**159,952**	**533,998**	**34,611**	**6,972**	**10,033**	**818,849**
Net Book Value At 31 December 2016	**3,011**	**37,561**	**23,399**	**158,938**	**6,775**	**1,475**	**919**	**232,078**
2015 -								
Cost:								
Balance at 1 January 2015	3,011	103,544	175,290	646,033	42,706	7,356	9,667	987,607
Additions	-	3,513	-	9,737	1,201	271	1,135	15,857
Disposals	-	(16)	-	(1,931)	(1,245)	(13)	-	(3,205)
Balance at 31 December 2015	**3,011**	**107,041**	**175,290**	**653,839**	**42,662**	**7,614**	**10,802**	**1,000,259**
Accumulated Depreciation								
Balance at 1 January 2015	-	63,087	152,729	432,603	34,926	6,198	8,727	698,270
Depreciation for the year	-	4,991	3,525	51,165	2,812	365	669	63,527
Disposals	-	(10)	-	(1,924)	(1,169)	(8)	-	(3,111)
Balance at 31 December 2015	-	**68,068**	**156,254**	**481,844**	**36,569**	**6,555**	**9,396**	**758,686**
Net Book Value At 31 December 2015	**3,011**	**38,973**	**19,036**	**171,995**	**6,093**	**1,059**	**1,406**	**241,573**

4. Projects in Progress

	Balance as at 1 January 2016	Additions	Transfers	Balance as at 31 December 2016
	JD "000"	JD "000"	JD "000"	JD "000"
Various projects*	68,932	57,077	(49,921)	76,088

	Balance as at 1 January 2015	Additions	Transfers	Balance as at 31 December 2015
	JD "000"	JD "000"	JD "000"	JD "000"
Various projects*	39,683	41,715	(12,466)	68,932

* This item represents the following:

Project name	Additions	Project completion date	Remaining completion cost
	JD "000"		JD "000"
Natural Gas Project	9,190	2017	3,910
Harvester 5 and 6	3,294	2018	3,706
Wadi Bin Hammad Dam	6,517	2017	10,137
Digital Control System (DCS)**	23,300	2016	-

** During 2016, a project of Digital Control System (DCS) and electrical systems for Arab Potash Company Factories was completed with total cost of JD 23,300 thousand. The project was capitalized.

The transfers also represent the completion of Dam 18 project with total cost of JD 8,284 thousand. There was also capitalization of multiple project at a value of JD 8,603 thousand.

5. Investment in Associates

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

	Country of incorporation	Number of shares	Percentage of ownership	Investment in associates balance 2016	Investment in associates balance 2015
			%	JD "000"	JD "000"
Nippon Jordan Fertilizer Company (NJFC)*	Jordan	3,345,600	20	4,361	7,125
Jordan Investment and South Development Company (JISDC)	Jordan	833,000	45.45	207	219
Jordan International Chartering Company (JICC)	Jordan	12,000	20	11	26
				4,579	**7,370**

* The Group's portion of Nippon Jordan Fertilizer Company's dividends amounted to JD 2,000 thousand during 2016 (2015: JD 155 thousand).

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

	2016	2015
	JD "000"	JD "000"
Nippon Jordan Fertilizer Company (NJFC)	(764)	589
Jordan Investment and South Development Company (JISDC)	(12)	15
Jordan International Chartering Company (JICC)	(15)	3
	(791)	**607**

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

	NJFC 2016	NJFC 2015	JISDC 2016	JISDC 2015	JICC 2016	JICC 2015
	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"
Current assets	21,122	36,233	180	250	83	166
Non-current assets	7,950	8,219	482	475	1	2
Current liabilities	(6,952)	(8,547)	(207)	(243)	(29)	(38)
Non-current liabilities	(315)	(280)	-	-	-	-
Net assets	**21,805**	**35,625**	**455**	**482**	**55**	**130**
Percentage of ownership	20%	20%	45.45%	45,45%	20%	20%
Carrying amount of investment in associates	**4,361**	**7,125**	**207**	**219**	**11**	**26**

	NJFC		JISDC		JICC	
	2016	2015	2016	2015	2016	2015
	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"
Revenue	35,870	96,090	296	314	34	211
Cost of sales	(36,945)	(91,211)	(259)	(239)	(134)	(185)
Other revenues and expenses, net	(2,744)	(1,936)	(63)	(42)	23	(9)
(Loss) profit before tax	(3,819)	2,943	(26)	33	(77)	17
Income tax expense	-	-	-	-	-	(2)
Profit (loss) for the year	3,819	2,943	(26)	33	(77)	15
Group's share of (loss) profit for the year	(764)	589	(12)	15	(15)	3

6. Investment in joint ventures

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

	Country of incorporation	Number of shares	Percentage of ownership	Investment in joint ventures balance	
			%	2016	2015
				JD "000"	JD "000"
Jordan Bromine Company (JBC)*	Jordan	15,000,000	50	95,165	91,731
Jordan Industrial Port (JIPC)**	Jordan	40,000,000	50	40,112	34,507
				135,277	126,238

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

The Group's portion of Jordan Bromine Company's dividends amounted to JD 25,358 thousand during 2016 (2015: JD 16,454 thousand).

** During 2016, the Group increased its investment by JD 5,000 thousand to reach 40,000,000 shares (2015: 35,000,000 shares) and the percentage of ownership did not change. The Company was not completed the procedures of the capital increase as of the date of the consolidated financial statements.

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

	2016	2015
	JD "000"	JD "000"
Jordan Bromine Company (JBC)	28,792	18,072
Jordan Industrial Port (JIPC)	605	(208)
	29,397	**17,864**

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

	Jordan Bromine Company		Jordanian Industrial Port Company	
	2016	2015	2016	2015
	JD "000"	JD "000"	JD "000"	JD "000"
Current assets	83,221	80,794	31,509	46,265
Non-current assets	162,133	165,020	56,545	23,845
Current liabilities	(11,194)	(13,705)	(18,152)	(1,199)
Non-current liabilities	(3,392)	(2,654)	-	-
Net assets	230,768	229,455	69,902	68,911
Carrying amounts of investment in joint ventures	95,165	91,731	40,112	34,507

	Jordan Bromine Company		Jordanian Industrial Ports Company	
	2016	2015	2016	2015
	JD "000"	JD "000"	JD "000"	JD "000"
Revenue	175,495	149,536	4,208	-
Cost of sales	(88,369)	(87,649)	(3,336)	-
Other revenues and expenses, net	(11,473)	(10,516)	339	(416)
Profit before tax	75,653	51,371	1,211	(416)
Income tax expense	-	-	-	-
Profit (loss) for the year	75,653	51,371	1,211	(416)
The Group's share of profit (loss) for the year	28,792	18,072	605	(208)

7. Financial Assets at Fair Value Through Other Comprehensive Income

	2016	2015
	JD "000"	JD "000"
Quoted shares*	584	695
Unquoted shares**	76	76
	660	**771**

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

	2016	2015
	JD "000"	JD "000"
At 1 January	114	58
Net unrealized gains (losses)	(111)	56
At 31 December	**3**	**114**

** Unquoted financial assets are recorded at cost due to the fact that market values of these financial assets are not obtainable and there is no other way for valuating these assets. The Group's management is not aware of any indications of impairment on these assets as at the date of consolidated financial statements.

8. Financial Assets at Amortized Cost

	2016	2015
	JD "000"	JD "000"
Unquoted financial assets- government bonds*	21,199	-

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

9. Employees' housing loans

During 1992, the Company established the employees' housing loans' fund, the fund's objective is to grant the employees loans with a maximum limit of JD 40,000 for each employee. These loans are repayable on monthly installments deducted from the employee's monthly salaries over a period not to exceed 20 years. These loans are guaranteed by a mortgage over the real estate.

The employee's housing loans are initially recorded at fair value, which is calculated by discounting the monthly payments to their present value using an interest rate of 5.55%. Which approximate the interest rates for similar commercial loans. These loans are subsequently measured at amortized cost using the effective interest rate method.

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

	2016	2015
	JD "000"	JD "000"
Non-current	18,820	18,918
Current	2,896	2,960
	21,716	**21,878**

10. Accounts Receivable

	2016	2015
	JD "000"	JD "000"
Trade receivables	51,626	67,647
Due from associates (note 28)	816	1,448
Others	16	98
	52,458	**69,193**
Less: allowance for doubtful debts*	(109)	(740)
	52,349	**68,453**

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

	2016	2015
	JD "000"	JD "000"
At 1 January	740	740
Provision for the year	86	-
Reverse provision	(717)	-
At 31 December	**109**	**740**

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

	Past due but not impaired			
	1- 30 days	30 – 90 days	91 – 120 day	Total
	JD"000"	JD"000"	JD"000"	JD"000"
2016	43,481	7,945	91	51,517
2015	51,117	15,592	198	66,907

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 or through insurance policies on credit sales.

11. Inventories

	2016	2015
	JD "000"	JD "000"
Finished goods	18,900	27,422
Raw materials	2,101	4,104
Others	47	62
	21,048	**31,588**
Allowance for slow moving inventory**	(126)	(126)
	20,922	**31,462**

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

	2016	2015
	JD "000"	JD "000"
At 1 January	126	126
At 31 December	**126**	**126**

12. Spare Parts and Supplies

	2016	2015
	JD "000"	JD "000"
Spare parts	40,347	40,984
Fuel store	1,926	3,057
Others	2,993	2,606
	45,266	**46,647**
Allowance for slow-moving spare parts*	(4,755)	(4,114)
	40,511	**42,533**

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

	2016	2015
	JD "000"	JD "000"
At 1 January	4,114	3,292
Provision for the year	2,051	1,824
Amounts written-off during the year	(1,410)	(1,002)
At 31 December	**4,755**	**4,114**

13. Other Current assets

	2016	2015
	JD "000"	JD "000"
Prepaid expenses	2,744	2,936
Advance payments to contractors	3,211	4,762
Due from Sales Tax Department (note 20)	24,793	39,585
Advance payments to death and compensation fund	16,497	4,851
Refundable deposits	2,905	9,788
Others	3,776	3,427
	53,926	**65,349**

14. Cash on Hand and Bank Balances

	2016	2015
	JD "000"	JD "000"
Cash on hand	177	100
Cash at banks*	44,267	68,103
Short term deposits**	99,487	108,070
Cash and cash equivalents	**143,931**	**176,273**
Short term deposits mature after more than 3 months***	111,209	162,190
	255,140	**338,463**

* This item includes checks under collection with maturities within 3 months from the statement of financial position date in the amount of JD 792 thousand as at 31 December 2016 (2015: JD 564 thousand).

** This item represents deposits in Jordanian Dinar at local banks with an interest rate of 3.1% (2015: 3.8%) and are due within one to three months from the date of the consolidated financial statements.

*** This items represents deposits in Jordanian Dinar at local banks with an annual interest rate of 3.1% (2015: 3.8%) and are due within three to six months from the date of the consolidated financial statements.

15. Reserves

Statutory reserve

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

Voluntary reserve

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

Dividends

The Group's general assembly approved in its ordinary meeting held on 21 April 2016 to distribute JD 99,981 thousand as dividends which represent 120% of Company's capital. (2015: JD 99,981 thousand as dividends which represents 120% of Company's capital).

16. Bank Loan

This item represents a loan that was granted to Numeira Mixed Salts and Mud Company amounting to JD 170 thousand on 24 June 2013 to finance the purchase of offices. The annual interest on the loan is 8.75%. The loan will be paid though 60 monthly payments, the first payment fell due on 31 July 2013 and the last payment will fall due on 30 June 2018.

Principle installments payable during 2017 and after are as follows:

	JD "000"
2017	34
2018	17
	51

17. Other Current Liabilities

	2016	2015
	JD "000"	JD "000"
Employees' legal cases compensation provision	8,913	9,701
Employees' post-employment benefits provision (Note 19)	67	190
Dividends payable	1,261	6,881
Contractors retentions	2,227	1,936
Accrued expenses	8,377	10,497
Others	4,590	7,044
	25,435	36,249

18. Segment Information

The Group is comprised of the following operating segments:

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

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

	2016					
	Arab Potash Co.	KEMAPCO	Numeira Co.	Total	Eliminations & Adjustments	Total
	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"
Sales to external customers	304,465	64,594	592	369,651	-	369,651
Inter-company Sales	17,800	-	1,798	19,598	(19,598)	-
Total Sales	**322,265**	**64,594**	**2,390**	**389,249**	**(19,598)**	**369,651**
Segment profit	**42,917**	**19,836**	**443**	**63,196**	**4,962**	**68,158**
Results						
Share of profit of associates and joint ventures	**28,606**	-	-	**28,606**	-	**28,606**
Depreciation	**64,137**	**5,764**	**122**	**70,023**	**(5,317)**	**64,706**
Capital Expenditure						
PP&E and projects in progress	**58,691**	**3,963**	**47**	**62,701**	-	**62,701**
Total Assets	**910,236**	**90,199**	**2,161**	**1,002,596**	**(82,433)**	**920,163**
Total Liabilities	**118,554**	**8,987**	**693**	**128,234**	**(67,603)**	**60,631**
Investments in associates and joint ventures	**139,856**	-	-	**139,856**	-	**139,856**

	2015					
	Arab Potash Co.	KEMAPCO	Numeira Co.	Total	Eliminations & Adjustments	Total
	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"
Sales to external customers	450,505	76,484	538	527,527	-	527,527
Inter-company Sales	22,380	-	1,956	24,336	(24,336)	-
Total Sales	**472,885**	**76,484**	**2,494**	**551,863**	**(24,336)**	**527,527**
Segment profit	**188,600**	**21,239**	**455**	**209,393**	**4,020**	**214,314**
Results						
Share of profit of associates and joint ventures	**18,471**	-	-	**18,471**	-	**18,471**
Depreciation	**62,990**	**5,809**	**106**	**68,905**	**(5,378)**	**63,527**
Capital Expenditure						
PP&E and projects in progress	**43,178**	**1,799**	**129**	**45,106**	-	**45,106**
Total Assets	**1,007,770**	**93,924**	**2,344**	**1,104,038**	**(87,916)**	**1,016,122**
Total Liabilities	**180,013**	**10,852**	**608**	**191,473**	**(67,541)**	**123,932**
Investments in associates and joint ventures	**133,608**	-	-	**133,608**	-	**133,608**

Following is a summary of sales by geographical location for the year ended 31 December 2016 and 2015:

	31 December 2016				31 December 2015			
	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	157,946	5,138	33	163,117	251,302	5,289	9	256,600
Far East	71,387	3,088	-	74,475	85,850	3,965	10	89,825
Middle East	26,050	8,765	330	35,145	38,199	8,627	280	47,106
Africa	38,173	9,745	-	47,918	58,027	10,743	-	68,770
Europe	10,841	27,918	229	38,988	16,619	39,956	239	56,814
America & Australia	68	9,778	-	9,846	508	7,408	-	7,916
Canada	-	162	-	162	-	496	-	496
	304,465	**64,594**	**592**	**369,651**	**450,505**	**76,484**	**538**	**527,527**

19. Other Non-Current Liabilities

	2016	2015
	JD "000"	JD "000"
Company and employees share in compensation and death fund	1,365	336
End of service indemnity provision	5,589	5,754
Employees' post-employment benefits provision *	2,964	3,111
Unpaid leaves provision	-	125
	9,918	**9,326**

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

	2016	2015
	JD "000"	JD "000"
Non - current	2,964	3,111
Current (Note 17)	67	190
	3,031	**3,301**

The present value of the remaining unpaid post-unemployment benefits amounting to JD 3,301 thousand as at 31 December 2016 (2015: JD 3,031 thousand).

20. Income Tax

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

	2016	2015
	JD "000"	JD "000"
Balance at 1 January	29,039	5,097
Income tax expense for the year	7,233	31,728
Income tax paid	(32,085)	(7,786)
Balance at 31 December	**4,187**	**29,039**

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

	2016	2015
	JD "000"	JD "000"
Current year income tax	7,233	31,728
Deferred tax assets	(3,109)	(37)
	4,124	**31,691**

Income tax expense

	2016	2015
	JD "000"	JD "000"
Computed tax at statutory rates	17,161	37,096
Subsidiaries' profits not subject to income tax	(3,240)	(2,160)
Gain on investments in associates not subject to income tax	(5,159)	(3,361)
Tax effect of expenses not acceptable for tax purposes	(4,638)	116
Income tax expense for the year	**4,124**	**31,691**
Effective income tax rate	5.8%	19.5%
Statutory income tax rate	24%	24%

Deferred tax assets

Deferred tax assets Movement is as follows:

	2016	2015
	JD "000"	JD "000"
At 1 January	3,100	3,063
Additions during the year	4,292	693
Retirements during the year	(1,183)	(656)
At 31 December	**6,209**	**3,100**

The provision for the period ended as of 31 December 2016 and 2015 has been calculated in accordance with the income tax law No. (34) of 2014.

The Income and Sales Tax Department re-opened the Company's records for 2007 regarding the acquisition of Arab Fertilizers and Chemicals Industries (KEMAPCO) and issued its decision to impose an amount of JD 2,215 thousand. Arab Potash Company has filed a lawsuit with the Tax First Instance court to prevent the claim issued by the Income and Sales Tax Department for the aforementioned amount. On 7 September 2014 the Court of First Instance issued its decision in favor of the Income and Sales Tax Department, the Company has appealed the lawsuit to the Tax Court of Appeal, on 23 March 2015, the Tax Court of Appeal issued its decision in favor of Income and Sales Tax Department. The Company has appealed the lawsuit to Tax Court of Cassation, on 6 December 2015, the Tax Court of Cassation issued its decision in favor of Income and Sales Tax Department. During March 2016, the amount was fully paid by the Company.

The Income and Sales Tax Department has reviewed the Company's records for the years 2011, 2012 and 2013 and has issued the final tax clearance for those years. As for the year 2014, the Income and Sales Tax Department has accepted the Company's income tax return as presented based on the samples system.

The Company has filed its tax return for the year 2015, which has not been reviewed by the Income and Sales Tax Department at the date of the consolidated financial statements.

The Income and Sales Tax Department has reviewed the Company's records for Numeira Mixed Salts and Mud Company (subsidiary) for 2010 and 2011 and no final deviance was obtained until the date of the consolidated financial statements, and has issued the third tax clearance for those years. As for the years 2012 up to 2014, the income and sales tax department has accepted the company's income tax retunes as presented based on the sample system.

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. Arab Fertilizers and Chemicals Industries Company started calculating the income tax provision form 1 April 2016.

Due from Sales Tax Department

As of 31 December 2016, an amount of JD 24.8 million is included in other current assets representing sales tax receivable, which were paid by the Company during the previous years, mostly on the expansion project which was completed during 2010. These amounts are recoverable according to the sales tax law.

During 2015, the Income and Sales Tax Department approved the refund of the outstanding JD 31.8 million from the balance due from the Sales Tax Department. During March 2016, an amount of JD 19.6 million were received from the Sales Tax Department as a first instalment of the approved refunds. The amount has been offsetted against the income tax payable amount due for the year 2015.

In addition, during 2016, the Sales Tax Department approved the refund of JD 4.6 million and JD 3.2 million during 2017. The remaining balance of JD 4.3 million which represents the sales tax paid in 2016 is still under the review by the Sales Tax Department as at the date of the consolidated financial statements.

21. Cost of Sales

	2016	2015
	JD "000"	JD "000"
Raw materials used in production	15,018	18,761
Salaries and wages	53,949	56,981
Freight costs	18,853	25,354
Depreciation	61,640	60,323
Fuel and electricity	78,343	107,910
Maintenance	36,986	25,586
Water	6,670	6,696
Insurance	6,639	8,083
Others	14,873	15,163
	292,971	**324,857**
Add: beginning inventory	27,422	15,778
Less: ending inventory	(18,900)	(27,422)
	301,493	**313,213**

22. Administrative Expenses

	2016	2015
	JD "000"	JD "000"
Salaries and other benefits	6,915	8,237
Professional and consulting fees	3,353	7,287
Litigation compensations	1,792	403
Insurance	1,197	1,586
Depreciation	909	1,019
Travel and hospitality	563	997
Maintenance and repairs	290	1,025
Electricity	204	256
Post and telephone	131	163
Fuel	114	234
Others	2,284	2,164
	17,752	**23,371**

23. Other Income

	2016	2015
	JD "000"	JD "000"
Settlement of legal cases (Note 29)	12,100	-
Reversal of provisions	3,193	-
Scrap sales	296	616
Others, net	182	263
	15,771	**879**

24. Royalty to the Government of Jordan

During 2016, royalty due to the Government of Jordan was JD 4,063 thousand (2015: JD 23,698 thousand).

The balance due from the accrued mining fees as at 31 December 2016 is JD 4,063 thousand (2015: 23,698 thousand).

25. Selling and Distribution Expenses

	2016	2015
Marketing	JD "000"	JD "000"
Salaries and other benefits	698	786
Sales commission	2,250	3,741
Travel and transportation	325	356
Depreciation	54	19
Sample testing	321	343
Advertising	19	48
Post and telephone	23	27
Others	1,339	982
	5,029	**6,302**

	2016	2015
Aqaba	JD "000"	JD "000"
Handling fees	5,816	6,517
Salaries, wages and other benefits	2,086	2,300
Depreciation	2,066	2,115
Electricity	460	531
Maintenance and repair	319	511
Fuel	20	18
Insurance	145	167
Rent	1,232	875
Others	663	804
	12,807	**13,838**
	17,836	**20,140**

26. Finance Costs and Bank Charges

	2016	2015
	JD "000"	JD "000"
Interest expense	83	183
Bank commissions	1,283	1,342
	1,366	**1,525**

27. Earnings Per Share

	2016	2015
	JD "000"	JD "000"
Profit for the year	67,379	131,133
Weighted average number of shares ("000")	83,318	83,318
	Fills/ JD	Fills/ JD
Basic and diluted, earnings per share (JD / Fils)	**0/809**	**1/574**

28. Related Party Transactions

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

The concession to exploit the Dead Sea brine was granted by the Government of Jordan. In return, the Company pays to the government an annual royalty, which is computed as explained in Note 1. The concession agreement was amended during 2010 in accordance with the Temporary Law No. (55) of 2003 whereby, amendments include the annual rent fees for lands within the concession area to become JD 1,500 thousand annually, retrospectively effective June 2008.

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

	2016	2015
Amounts due from related parties	JD "000"	JD "000"
Accounts receivable – Jordan Bromine Company	**816**	**1,448**

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

	2016	2015
	JD "000"	JD "000"
Sales – Nippon Jordan Fertilizer Company (Associate)	1,452	2,276
Sales – Jordan Bromine Company (Joint venture)	11,542	11,707

Compensation of the key management personnel was as follows:

	2016	2015
	JD "000"	JD "000"
Benefits (Salaries, wages, and bonus)	1,478	1,525

29. Contingencies and Commitments

As of 31 December 2016, the Group had the following contingencies and commitments:

- Letters of credit, letters of guarantee and bills of collection amounting to JD 7,149 thousand (2015: JD 9,943 thousand).
- The Group has committed and contracted for capital expenditure amounting to JD 56,181 thousand (2015: JD 62,452 thousand).
- The Group has committed but not contracted for capital expenditure amounting to JD 541,267 thousand (2015: JD 283,582 thousand).

Legal claims

There are several cases filed by or against the Group as of 31 December 2016.

1-a Dike No. 19 cases:

APC filed an arbitration case against ATA, the contractor of Dike19 claiming and amount of JD 37,477 thousand. An arbitration agreement was signed between the parties on 10 April 2001. The Arbitral Tribunal issued a majority award on 30 September 2003 where it has dismissed APC's claim and awarded ATA a sum of JD 5,907 thousand under the counter claim it had filed against APC in the same proceeding. APC appealed the Arbitral Award on 29 October 2003. The Court of Appeal accepted APC's appeal whereby it nullified the Award and extinguished the Arbitration Clause in the Contract. ATA took the case to the Cassation Court, and the Cassation Court issued its decision upholding the Court of Appeal decision. As a result, APC had to go to court. During 2008 APC filed a lawsuit number 219/2008 against ATA Company before the Jordanian courts claiming the damages sustained from Dike 19 collapse. Furthermore, APC initiated new arbitration proceeding against ATA in Jordan related to the same subject.

On 19 April 2016, and pursuant to the settlement agreement concluded between APC and ATA, the above mentioned lawsuit number 2019/2008 as well as the counterclaim submitted by ATA therein have been finally dropped, in addition to dropping all legal proceedings initiated by each Company against the other in this respect outside Jordan in return of paying USD 5 millions by APC to ATA. In addition, an amount of JD 5.6 million were reversed from the provisions and were recorded as other income in the consolidated income statement.

1-b Lawsuit filed against Middle East Insurance Company

This lawsuit was filed against Middle East Insurance Company (MEIC), the insurer of Dikes 19 and 20 during construction (CAR insurance Policy), whereby APC is claiming JD 27,518 thousand. 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 said decision. On 1 November 2009, the Court of Appeal repealed 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 and on 3 March 2011 the Court of Cassation upheld the Court of Appeal decision accepting MEIC 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 rendered on 3 March 2011. On 9 January 2012, the Court of Cassation reconsidered its previous decision and decided to repeal the court of appeal decision and sent back to the file to the later to consider our reply to the statement of Appeal of MEIC which was neglected by the court of appeal and cassation in their previous decision.

On 17 February 2013, the Court of Appeal confirms the Court of First Instance decision to dismiss MEIC's request to invite Gibb to the Case as a second respondent, and the court of Cassation upheld such decision.

MEIC has filed again another application to invite Gibb to the Case as a second respondent on a legal basis different from that used in the first application. The court of First Instance dismissed such application. And after appealing such decision by MEIC, the Court of Appeal also dismissed the appeal on 29 Feb 2016 and upheld the decision of the Court of First Instance and returned the case file back to it to proceed. The case is still being examined before the court as of the date of the consolidated financial statements.

On 26 May 2016, a settlement agreement was signed between APC and MEIC by virtue of which MEIC has paid an amount of JD 6.5 million to APC and the case has been finally dropped.

2- Dike No.18 case

On 20 May 2002, APC filed a lawsuit against ATA Company, the contractor for Dike 18 before the court of first instance claiming damages related to defects in the Dike. The court of first instance dismissed the lawsuit based on the existence of a valid and binding arbitration clause under the construction contract, which decision was later upheld by the appeal court and the cassation court.

Accordingly, and pursuant to the arbitration Clause, each party named his arbitrator and both parties then agreed on a third arbitrator who has accepted the appointment. By the end of September 2009, APC submitted its statement of claim. On 2 January 2010, the Respondent (ATA) submitted their Statement of Defence and Motion to dismiss the claim.

On 10 September 2011 the tribunal rendered a unanimous decision rejecting ATA's motion to dismiss APC's case on the ground of time bar, and proceeded with examining the case. The arbitration procedures have temporarily stopped due to the fact that 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 in substitution of ATA, the tribunal issued an interim award ordering ATA to reimburse such fees and expenses to APC, and moved on in the arbitration proceedings.

Between the dates of 19 and 25 of October 2012, several hearing session were held in Amman in which testimonies of both parties' witnesses as well as the tribunal appointed experts were heard and cross-examined. The final brief by APC was submitted on 3 January 2013 and ATA's on 4 February 2013.

The Tribunal decided to extend the time to render the final award several times the last of which was on 01 November 2013, when the tribunal extended the time to render its final award till the end of January 2014.

On 5 January 2014 the tribunal issued its final Award requiring ATA to pay JD 2,623 thousand which represents 25% of the cost of rehabilitation of Dike 18 with legal interest from the date of 30 September 2009 until full settlement, in addition to 25% of the fees and expenses of arbitration and attorneys' fees with legal interest thereon from the date of the award until full settlement. APC is currently taking all actions to enforce the award against ATA in Turkey.

On 30 January 2014 ATA filed an application before the court of appeal to nullify the Final Award.
On 19 April 2016, and pursuant to the settlement agreement concluded between APC and ATA, the above mentioned application for nullification of the Final Award has been finally dropped, in addition to dropping all legal proceedings initiated by each Company against the other in this respect outside Jordan in return of paying USD 5 million by APC to ATA as mentioned earlier in clause 1-a of this note.

3- There are several individual claims filed against APC by a number of employees mostly relating to medical insurance claims. The overall aggregate amount of such claims is estimated to reach JD 8,422 thousand as at the date of the consolidated financial statements.

30. 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 assess possible changes in interest rates, with all other variables held constant.

The sensitivity of the consolidated 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.

2016

	Increase in basis points	Effect on profit for the year JD "000"	Decrease in basis points	Effect on profit for the year JD "000"
Currency JD	50	1,159	(50)	(1,159)

2015

	Increase in basis points	Effect on profit for the year JD "000"	Decrease in basis points	Effect on profit for the year JD "000"
Currency JD	50	1,351	(50)	(1,351)

Credit risk

Credit risk is the risk that one party to financial instrument will fail to discharge on obligation and cause the other party to incur a financial loss.

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 a limited numbers of customers and fertilizing companies. Its 5 largest customers account for 85% of outstanding accounts receivable at 31 December 2016 (2015: 82%).

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 2016 and 2015, based on contractual payment dates and current market interest rates.

	Less than 3 months	3 to 12 months	1 to 5 years	Total
	JD "000"	JD "000"	JD "000"	JD "000"
Year ended 31 December 2015*				
Trade payables and accruals	17,468	-	-	17,468
Potash mining fees due to the	-	4,063	-	4,063
Income tax provision	4,187	-	-	4,187
Loans	9	25	17	51
Other credit balances	-	25,435	-	25,435
Other non- current liability	-	-	9,918	9,918
Total	**21,664**	**29,523**	**9,935**	**61,122**
Year ended 31 December 2016				
Trade payables and accruals	25,535	-	-	25,535
Potash mining fees due to the	-	23,698	-	23,698
Income tax provision	29,039	-	-	29,039
Loans	9	27	51	85
Other credit balances	-	36,249	-	36,249
Other non- current liability	-	-	9,326	9,326
Total	**54,583**	**59,972**	**9,377**	**123,932**

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 changes of the JD currency rate against the foreign currencies on the consolidated income statement, with all other variables held constant.

	Increase in Exchange Rate	Effect on Profit	Decrease in Exchange Rate	Effect on Profit
	%	JD "000"	%	JD "000"
2016				
Currency				
EURO	5	656	(5)	(656)

	Increase in Exchange Rate	Effect on Profit	Decrease in Exchange Rate	Effect on Profit
	%	JD "000"	%	JD "000"
2015				
Currency				
EURO	5	576	(5)	(576)

31. Fair Values of Financial Instruments

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash and bank balances, accounts receivable, financial assets at fair value through other comprehensive income, employees housing loans and some other current assets. Financial liabilities consist of accounts payable, loans, accrued mining fees and some other current liabilities.

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

32. 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 2016 and 2015. Capital comprises share capital, reserves and retained earnings, and is measured at JD 859,477 thousand as at 31 December 2016 (2015: JD 892,190 thousand).

33. Standards issued but not yet effective

IFRS 9 Financial Instruments

During July 2014, the IASB issued IFRS 9 "Financial Instruments" with all the three phases. IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement". The Company has implemented the first phase of IFRS 9 as issued during 2009. The date of initial implementation of the first phase of IFRS 9 was 1 January 2011. The new version of IFRS 9 will be implemented at the mandatory date on 1 January 2018, which will have an impact on the recognition and measurement of financial assets.

IFRS 16 Leases

During January 2016, the IASB issued IFRS 16 "Leases" which sets out the principles for the recognition, measurement, presentation and disclosure of leases.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 introduced a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers; and SIC-31 Revenue - Barter Transactions Involving Advertising Services. The standard is effective for annual periods beginning on or after 1 January 2018, and early adoption is permitted.

IAS 7 Disclosure Initiative – Amendments to IAS 7

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The amendments will be effective for annual periods beginning on or after 1 January 2017, with early application permitted. The application of amendments will result in adding limited amount of disclosure information.

IFRS 2 Classification and Measurement of Share-based Payment Transactions - Amendments to IFRS 2

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.
Entities may apply the amendments prospectively and are effective for annual periods beginning on or after 1 January 2018, with early application permitted.

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

In September 2016, the IASB issued amendments to IFRS 4 to address issues arising from the different effective dates of IFRS 9 and the upcoming new insurance contracts standard (IFRS 17). The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, a temporary exemption from implementing IFRS 9 to annual periods beginning before 1 January 2021 at latest and an overlay approach that allows an entity applying IFRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied IAS 39 to these designated financial assets.

Transfers of Investment Property (Amendments to IAS 40)

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively and effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. Entities may apply the amendments on a fully retrospective or prospective basis. The new interpretation will be effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed.

34. Comparative Figures

Some of 2015 figures have been reclassified in order to conform with the presentation of 2016 figures. Such classification does not affect previously reported losses or equity.

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