Partners in **Food Security**

البوتاس العربية
Arab Potash

2018
ANNUAL REPORT

His Majesty
King Abdullah II Bin Al Hussein

His Royal Highness Crown
Prince Al Hussein Bin Abdullah II

SIXTY-TWO ANNUAL REPORT

Of the Board of Directors and the consolidated financial statements of the Company for the year ended 31 December 2018, presented at the Ordinary General Assembly Meeting in Amman at 10:00 morning on Wednesday 24 April 2019 AD, 18 Sha'aban 1440 H.

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APC IN A GLANCE 2018

106
Million JOD
Growth in Operating Profits
82%

124.9
Million JOD
Growth in Consolidated Net Profits
39%

34.9
Million JOD
Growth in Affiliates Profits
8%

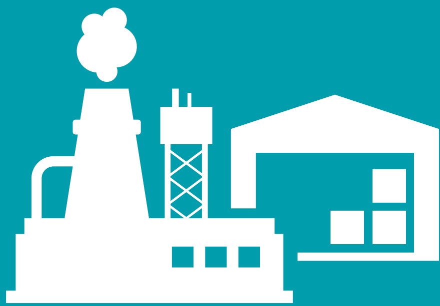
482.7
Million JOD
Growth in Consolidated Revenues
14%

2.439
Million Ton
Historical Record
Sales Volume

2.436
Million Ton
Historical Record
Production Volume

2.82
Million Work Hours
Without Lost Time Injuries in 2018

0.29
Accidents Per
200
Thousand Work Hours
Annual Lost Time Injury Frequency Rate of Accidents



1
Billion JOD
Growth in APC Assets
8%

845
Million JOD
Growth in Net Shareholders Equity
5%

9.66
Million JOD
APC Support to Local Communities

Expanding APC Production Capacity by
140
Thousand Ton

MESSAGE FROM THE CHAIRMAN

Arab Potash Company (APC) achieved unprecedented accomplishments last year in terms of production and sales volume. Such achievements would not have been possible without the strategic and farsighted management of the company's Board of Directors. The board continued to provide guidance and full support to APC's executive management, which leads a seasoned and experienced workforce keen on APC's future, enabling it to successfully employ prudent and flexible business model.

These successes along with the rise in potash prices in global markets reflected well on the company's profits. I would like to avail this opportunity to draw attention to the role APC's affiliate, the Jordan Bromine Company, as well as its subsidiary, the Arab Fertilizers and Chemicals Industries Company (KEMPACO), played in pushing APC profitability to new higher levels.

Before highlighting the Company's achievements and future projects, it is essential to shed light on APC's new strategic partner, China's State Development and Investment Corporation (SDIC). Following the merger of APC's previous strategic partner, Canada's PotashCorp which had a 28-percent stake in APC, with Agruim, another Canadian firm, to form a single entity called Nutrien, Chinese and Indian antitrust agencies required PotashCorp to divest from a number of global partnerships, including APC. This is required to ensure fair competition consistent with relevant regulatory requirements and applicable laws.

Accordingly, PotashCorp sold its 28-percent stake in APC at international markets to the SDIC, a state-owned company, for about $502 million.

In addition to raw materials extraction and fertilizers manufacture, SDIC works in a host of domains, including infrastructure, energy, maritime transport, heavy industries, finance and others. There is no doubt that APC's current standing and future outlook was the main factor that encouraged the new strategic partner from China to conclude the deal.

There are positive indicators for additional development of the operations of the APC in partnership with the Chinese partners at all levels, especially expanding output and pursuing high value-added manufacturing industries.

Public safety remains a top priority for APC. Indeed, the company continues to apply the highest standards to ensure the safety of its workforce, contractors, and local communities. At APC, safety has become an integral part of the broader public culture and something that is not subject to compromise or low standards. This is driven by the firm's unwavering belief that protecting people and upgrading their status is the ultimate goal of all economic activity, including industrial operations. As a result of the company's strong commitment to updating and improving its public safety and occupational health as well as environmental programs and measures, it recorded a total of 2.82 million work hours without any working days lost as a result of work related injuries by the end of 2018.

In addition to attesting to the company's success in delivering on its promise to protect its staff and the people in its vicinity, these improved public safety measures reflected positively and directly on APC's financial performance.
In terms of potash production, marketing and sales, the company recorded an unprecedented achievement in 2018 delivering an all-time output of potash at 2.44 million tons compared with 2.32 million tons in 2017. Moreover, the company retained its main customers in international markets and further established its foothold in regional markets where demand is on the rise.

As a result, the company's sales of potash in 2018 also surged to an all-time high of 2.44 million tons against 2.36 million tons in 2017. Such remarkable production and sales volumes and robust marketing translated into better profitability. The company's 2018 net profit - after taxes, provisions and royalties - soared to JOD 124.9 million, up by 39 percent year-on-year.

Noteworthy, the rise in profits is mainly driven by a major jump in the operating profit of potash production and marketing operations, which reached JOD 106 million, up by 28 percent over 2017. It should be noted that the Arab Potash Company remains a major provider of income to Jordan's treasury with payments totaling JOD 71 million in 2018.

Amid upbeat forecasts that global demand for potash, as well as prices, are poised to rise, the company's board of directors has devised an ambitious plan to expand potash production, featuring three main focus areas and they are:

1. Continue the expansion of potash production in the northern part of the concession area to increase the production capacity by 140,000 ton per annum.

2. Earmark the required appropriations to carry out technical studies in the Lisan area. In this context, the Company continues to coordinate with the Ministry of Energy and Mineral Resources to award the tender to shortlisted firms to conduct the relevant technical studies. If technical feasibility is proven, APC will compete to secure the concession area in accordance with applicable legislation and criteria decided by the Government represented by the Ministry of Energy and Mineral Resources.

3. The board of directors has approved the allocation of financial resources to conduct economic and technical feasibility studies for the expansion of the southern region of the concession area (Ghor Fifa), which, if proven, will increase the production capacity of the company by 450,000 tons annually.

APC is aware that its competitiveness depends heavily on its ability to reduce production costs. Accordingly, the company is constantly pursuing alternative solutions for high-cost energy sources and as a result of its plan to diversify energy sources; production costs have been significantly reduced. In 2015, energy costs amounted to JOD 100 million but were slashed to JOD70 million in 2017 and 2018 and are expected to go further down to JOD 47 million in 2019 upon the completion of a power generation gas turbine.

It is worth mentioning that energy cost in potash production in Jordan is one of the highest when compared to competitors. Therefore, it has become imperative for APC to seek practical solutions that would reduce the cost of energy if it wants to maintain a sustainable competitive advantage.

To ensure a sustainable and affordable water supply for the industrial process, the Company is co-financing the Wadi bin Hammad Dam which is being built by the Jordan Valley Authority and has fully paid its share (JOD33.5 million) of the project's cost. Upon completion, the dam will provide an additional supply of water that will be used in potash production and also to serve local communities by 4 million cubic meters annually. The company is also looking into a proposal by the Jordan Valley Authority regarding the financing of the construction of the Al-Wadat Dam, which is expected to cost JOD5.65 million with a storage capacity of 0.5 million cubic meters.

As part of its plans to strengthen the infrastructure at the production sites, the Company is working on the construction of a new pumping station at an estimated cost of about JOD 164 million to maintain the ability to pump Dead Sea water to the ponds.

The Company is also working to expand its salt dredging capacity, which will increase evaporation pond areas resulting in increased availability of raw materials and pond productivity.

In this context, the Company has introduced two dredgers at a total cost of JOD 11.5 million. The first (Jerash) is a high capacity cutter suction dredger, while the second (Mutah) is a small dredger used in confined areas within the ponds. With regard to its on-site loading capacity, APC is working to build a world-class potash storage facility equipped with cutting-edge loading machinery which will help maintain product quality.

With regard to human resources management, the company continues to apply the highest international HR policies and employs best practices to attract Jordanian talents based on scientific and competitive selection criteria consistent with the regulations and policies adopted by the company.

Based on this approach, the Company has been able to raise the productivity of its employees to reach 1,350 tons per worker, an increase of 70 percent over 2012.

APC is a renowned name when it comes to employee wage and benefits. It should be noted here that the company has recently signed a new labor agreement with the General Union of Mine Workers effective through the end of 2020. The agreement gives the Company's employees benefits commensurate with the effort exerted and, at the same time, does not impact the Company's development or limit its competitiveness.

The Company holds an unwavering belief in the importance of human capital. The Arab Potash Company employs approximately 1,800 Jordanians, as well as 680 employees working in affiliates and subsidiaries (Jordan Bromine Company; Arab Fertilizers and Chemicals Industries (KEMAPCO); Numeira Mixed Salts and Mud Company), in addition to hundreds of young Jordanians who work for contractors hired by the Company.

In 2015, the Company introduced the «Distinguished Trainee Program», which aims to encourage and guide students from local communities to pursue intermediate technical and vocational education. It is supplemented by another program to rehabilitate those students and offer them training and on-job experience, which will effectively reduce unemployment and poverty in local communities. The initiative is implemented in cooperation with various stakeholders, at the forefront of which is the Ministry of Labor and has so far seen around 300 trainees; half of them have been employed.

Other local community-targeted support, designed to hone the skills and capabilities of Jordanian young men and women, and which was provided by APC includes the training of 60 engineers annually in cooperation with the Jordanian Engineers Association. The Company runs an apprenticeship program for 50 persons a year, in addition to other training opportunities benefitting hundreds of university students. Furthermore, the Company also provides 83 scholarships annually to the sons and daughters of the Company's employees, retirees and members of the local community in the Southern Ghor area, at a cost of up to JOD1 million. These scholarships are given under strict criteria observing the highest degrees of justice and transparency.

As part of the Company's local community support scheme and in line with the government's efforts to realize development in the Kingdom's various governorates, APC provided local communities with cash or public supplies at a value of JOD 9.66 million in 2018. The Company also set aside allocations for various projects, including the Ghor al-Safi Hospital, which, under an APC grant, was expanded and had new internal medicine and ER building and

"Arab Potash Company (APC) achieved unprecedented accomplishments in 2018 in terms of production and sales volume. Such achievements would not have been possible without the strategic and farsighted management of the company's Board of Directors"

2.439 Million Ton
Historical Record Sales Volume

2.436 Million Ton
Historical Record Production Volume

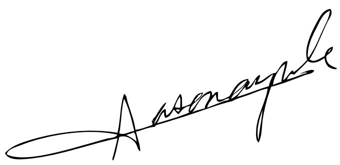
operations ward. An additional JOD 800,000 was earmarked to rehabilitate the Southern Ghor road in 2019. Also, the Company has extended JOD 1 million to finance the construction of a new Driver and Vehicle Licensing Department's building in Ghor al-Safi, which will be handed over to the Public Security Directorate.

APC's affiliates and subsidiaries continued to record remarkable performance. In early May 2018, KEMPACO, an APC subsidiary, completed its first expansion project successfully upgrading its production output of potassium nitrate to 175,000 tons annually from 135,000 tons. The cost of the self-financed project stood at $19 million. In 2018, KEMPACO's sales amounted to $106 million. The subsidiary is currently studying the feasibility of a second expansion, which is planned to double the company's current production.

Additionally, in 2018, Jordan Bromine Company (JBC), a joint venture between APC and Albemarle Holdings, a US firm, kicked off an expansion project at an estimated cost of US $50 million to increase production capacity to meet growing global demand. This will ultimately boost the Company's returns and support the national economy. The company's sales in 2018 totaled $285 million.

As part of the Company's plan to increase the handling capacity on the export jetty in Aqaba and in line with the government plans to develop the country's ports, APC, jointly with the Jordan Phosphate Mines Company (JPMC), is financing the Jordan Industrial Port project with a total amount of about JOD 140 million. The project is expected to be completed in May this year. As for Numeira Mixed Salts and Mud Company, wholly-owned by the APC, the company extracts minerals and mud from the Dead Sea and supplies to the local and international cosmetic industries. The subsidiary's board of directors commissioned a global firm to conduct a study that found ample commercial opportunities Numeira can utilize to increase its profitability if it manages to improve its administrative, financial, research, manufacturing and marketing operations. The study included an integrated executive plan that could be implemented within three years.

In conclusion, I would like to express our sincere appreciation to the Government of the Hashemite Kingdom of Jordan for its support to the company, which had a significant impact in enabling the company to achieve its objectives. I would also like to seize this opportunity to pay tribute to the major role the company's shareholders play in guiding the firm through the board of directors. I also want to extend my thanks and appreciation to all of the Company's executive and administrative staff for their efforts and contribution to the outstanding achievements APC has accomplished.



Jamal Ahmad Mufleh Al Sarayrah

STRATEGIC REPORT

BOARD OF DIRECTORS REPORT

Honorable shareholders,

The Board of Directors welcomes you to this ordinary annual General Assembly Meeting and presents to you the sixty-two APC Annual Report and the consolidated financial statements for the year ended December 31, 2018 in accordance with the Companies Law, Jordan Securities Commission Law and APC by-laws.

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1. COMPANY ACTIVITIES

The Arab Potash Company (APC) was established on July 7th 1956, and in 1958 the Government of the Hashemite Kingdom of Jordan granted APC an exclusive concession for the exploitation of Dead Sea salts and minerals. Upon termination of the concession, 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.

A. Number of employees by geographic location

Company	Ghor Al Safi	Aqaba	Amman	Total
Arab Potash Company (APC)	1,615	54	120	1,789
Arab Fertilizers and Chemicals Industries (KEMAPCO)	-	247	10	257
Numeira Mixed Salts and Mud Company	60	-	10	70
Jordan Dead Sea Industries Company (JODICO)	-	-	-	-
Total	**1,675**	**301**	**140**	**2,116**
Percentage	79%	14%	7%	100%

B. Capital Investment

The value of property, plant and equipment amounted to JOD 1.1 billion in 2018, compared with JOD 1 billion at the end of 2017, an increase of 10%. Net book value of assets after deduction of consolidated accumulated depreciation was JOD 243.3 million in 2018 compared with JOD 219.5 million at the end of 2017, an increase of 11% due to adding new projects under the company's assets during of 2018.

STRATEGIC REPORT

2. SUBSIDIARY AND AFFILIATE COMPANIES

A. Subsidiaries

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

KEMAPCO (share capital 100% owned by APC) was established in 1999 with a share capital of JOD 29 million and today it employs 257 people. In 2018, sales reached JOD 75 million, which consisted mainly of 132.5 thousand tons of potassium nitrate (NOP) and achieved a net profit of JOD 22.2 million. Production in 2018 amounted to 141.7 thousand tons of NOP. Europe, Mediterranean countries and Asia are KEMAPCO's main markets.

2. Numeira Mixed Salts and Mud Company, Limited Liability Company

Numeira was established in 1997 to extract, buy, and package mud from the Dead Sea for the cosmetic industry. APC owns 100% of its JOD 800,000 share capital. Numeira employs a staff of 70. The Company realized a net loss of JOD 336 thousand by the end of 2018.

B. Affiliates

1. Jordan Bromine Company (JBC)

Jordan Bromine (JBC) was incorporated in 1999 based on a Joint Venture Agreement between Arab Potash Company and Albemarle Holdings. JBC's capital amount to JOD 30 million and a JOD 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.

2. Nippon-Jordan Fertilizers Company

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

3. Jordan Industrial Ports Company (JIPC)

In line with the company's plan to increase the handling capacity on the export port in Aqaba and in line with the government plans to develop ports; Arab Potash Company will jointly finance the Jordan Industrial Port project with the Jordan Phosphate Mines Company with a total amount of JOD 140 million. The project is expected to be completed in May this year.

4. 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. An amount of JOD 3.2 million were paid to APC representing part of the debts owed by Jordan Safi Salt Company. Due to labor cases and some other cases which are still pending, the Liquidation Committee was unable to complete the liquidation procedures during 2018 and it will continue its work on this case during 2019.

3. BOARD OF DIRECTORS

A. Board of Directors

Name	Representative of	Position	Committees	Nationality
H.E. Jamal Ahmad Mufleh Al-Sarayrah	Ministry of Finance	Chairman of the Board until 25/02/2018 and as of 24/07/2018	Chairman for: - Remuneration and Nomination Committee - CSR and Donations Committee - Board Tendering Committee	Jordanian
Sami Kamel Jameel Dawud	Ministry of Finance	Chairman of the Board - part-time - from 24/04/2018 until 24/07/2018	Chairman for: - Remuneration and Nomination Committee - CSR and Donations Committee	Jordanian
"Ahmad Jamal" Nawaf Moh'd Bataineh	Government Investments Management Company	Board Member	- Chairman for: - Corporate Governance Committee - Remuneration and Nomination Committee - Audit Committee - CSR and Donations Committee - Board Tendering Committee	Jordanian
Saad Saleh Al Alqan Abu Hammour	Government Investments Management Company	Board Member	- Corporate Governance Committee - Board Tendering Committee	Jordanian
Mofareh Dakhilallah Jum'a Al-Tarawneh	Government Investments Management Company	Board Member	- Risk Management Committee Chairman - Audit Committee Vice-Chairman - Remuneration and Nomination Committee - Corporate Governance Committee - Board Tendering Committee	Jordanian
Brent Edward Heimann	PCS Jordan LLC	Board Member until 23/10/2018, President & CEO	- Risk Management Committee - CSR and Donations Committee - Board Tendering Committee	American
Wayne Richard Brownlee	PCS Jordan LLC	Board Member until 30/01/2018		Canadian
Ibrahim Hasan Mustafa Saif	PCS Jordan LLC	Board Member as of 30/01/2018 until 23/10/2018		Jordanian
Reem Haitham Jamil Goussous	PCS Jordan LLC	Board member until 23/10/2018	- Remuneration and Nomination Committee	Jordanian
Brent Edward Heimann	Man Jia Industrial Development Ltd.	Board Member as of 14/11/2018, President & CEO	- Risk Management Committee - CSR and Donations Committee - Board Tendering Committee	American
Deng Hua	Man Jia Industrial Development Ltd.	Board Member as of 14/11/2018		Chinese
Zhou Weiliang	Man Jia Industrial Development Ltd.	Board Member as of 14/11/2018		Chinese
Mohammad R. A. H. Sultan	Arab Mining Company	Vice Chairman		Kuwaiti
Azza Mohammad Saeed Rashed Al Suwaidi	Arab Mining Company	Board Member		Emirati
Fadi Abdel- Wahab Abdel-Fattah Abu- Ghaush	Social Security Corporation	Board member	- Audit Committee Chairman	Jordanian
Saffa Aldin Fakhri Abdul-Majeed Al Fouad	Government of Iraq	Board Member	- Corporate Governance Committee	Iraqi
Najib Mohammed Mohammed Ohida	Libyan Arab Foreign Investment Co.	Board Member	- Audit Committee	Libyan
Saadi Sulaiman Etrad Al-Trad	Kuwait Investment Authority - Kuwait	Board Member as of 25/04/2018	- Remuneration and Nomination Committee - Corporate Governance Committee - Risk Management Committee	Kuwaiti
Fahad Majid Al Sultan Al Salim	Kuwait Investment Authority - Kuwait	Board Member until 25/04/2018	- Remuneration and Nomination Committee	Kuwaiti

B. Biography of Board Members

1. H.E. Jamal Ahmad Mufleh Al-Sarayrah

Representative of	Ministry of Finance until 25/02/2018, and effective 24/07/2018
Position	Chairman of the Board
Other positions in APC Group	Chairman of the Board of: - Jordan Bromine Company - KEMAPCO
Board member at	- NJFC
Committees Chairman for	- Remuneration and Nomination Committee - CSR and Donations Committee - Board Tendering Committee
Date of birth	10/08/1954

Mr. Jamal Al Sarayrah assumed charges as Chairman of the Arab Potash Company Board of Directors from 13/06/2012 until 25/02/2018, whereas he was appointed as Deputy Prime Minister and Ministry of State for Prime Ministry Affairs during the period from 25/02/2018 until 14/06/2018, and then he re-assumed charges as Chairman of the Board of Directors of Arab Potash Company on 24/07/2018. He was also a member of the Board of Directors of the International Fertilizer Association (IFA) and a former Chairman of Arab Fertilizers Association (AFA) during 31/10/2013 – 31/12/2014. Has 30 years of experience in politics and business strategy development. He chaired number of companies in the public and private sectors in the 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 Chief and a member of the Lower House of Parliament of Jordan, member of the Royal Commission for the Jordanian National Charter, 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.

2. Sami Kamel Jameel Dawud

Representative of	Ministry of Finance as of 24/04/2018 until 24/07/2018
Position	Chairman of the Board of Directors – part-time
Committees Chairman for	- Remuneration and Nomination Committee - CSR and Donations Committee
Date of birth	23/06/1975

Mr. Dawud was appointed as Arab Potash Company Board of Directors member on March 25, 2018 and elected as Chairman of the Board on April 24th, 2018 until July 24th, 2018.

Mr. Dawud was the Secretary General of Cabinet from 2016 until 08/10/2018, and then he was appointed as Secretary General of Prime Ministry on 08/10/2018. Before that he held many posts at the Prime Ministry. He also represented the Government of Jordan at the boards of several companies, including the Jordan Free and Development Zones Group since June 2017, the Jordan Airports Company (2014 – 2017), the National Petroleum Company (2014 – 2017), and the Free Zones Corporation (2011–2012). He was also Vice-Chairman of the Jordan Airport Company during first half of 2017.

Mr. Dawud holds an MBA in Business Administration from NYIT, and a BA in political science from University of Jordan.

3. "Ahmad Jamal" Nawaf Moh'd Bataineh

Representative of	The Government Investments Management Company
Position	Board Member
Other positions in APC Group	Board Member of: - KEMAPCO
Committees	- Chairman of the Corporate Governance Committee - Member of the Remuneration and Nomination Committee - Member of the Audit Committee - Member of the CSR and Donations Committee - Member of Board Tendering Committee
Date of birth	05/11/1948

Arab Potash Company Board Member since 12/08/2012. Mr. Bataineh attained the rank of Brigadier General at the Jordanian Armed Forces and held the position 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 and safeguarding until 2011, President of the Basketball League 2000 – 2003. He received number of medals of honor from Jordan.

4. Eng. Saad Saleh Al-Alqan Abu Hammour

Representative of	The Government Investments Management Company
Committees	- Member of the Corporate Governance Committee - Member of Board Tendering Committee
Date of birth	15/03/1956

Arab Potash Company Board Member since 16/05/2017, Secretary General of Jordan Valley Authority (JVA) of the Ministry of Water & Irrigation until 8/5/2018, and then worked as an Advisor at the Prime Ministry until 19/08/2018, as well as Chairman of the Jordanian Steering Committee and Head of the Special Tendering Committee and Joint Administration Body of the Red - Dead Sea Project. Mr. Abu Hammour occupied many positions in the public and private sectors which included CEO of Jordan Water Company (MIYAHUNA), Deputy CEO and Production and Quality Director of MIYAHUNA, Water Production and Quality Director and Assistant Executive Director at LEMA Water Company, Water Director at Water Authority of Jordan and Operation and Maintenance Manager at the Water Authority of Jordan. He is also a member of a number of local and regional water committees. He was awarded the Hashemite Kingdom of Jordan's Independence Medal of the third degree.

Mr. Abu Hammour is a certified expert engineer in mechanical engineering in water and wastewater and author of many technical papers on reducing algae count in drinking water treatment plants. He received a BSc in mechanical engineering from Pakistan (1981) and Master's degree in sanitary engineering from Netherlands University (1998).

5. Eng. Mofareh Dakhilallah Al-Tarawneh

Representative of	The Government Investments Management Company
Position	Board Member
Other positions in APC Group	Board Member of:
	- Jordan Industrial Ports Company P.S.C.
Committees	- Chairman of the Risk Management Committee - Vice-Chairman of the Audit Committee - Member of the Remuneration and Nomination Committee - Member of the Corporate Governance Committee - Member of the Board Tendering Committee
Date of birth	28/04/1961

Eng. Mofareh Al-Tarawneh has been a member of Arab Potash Company Board of Directors since 20/06/2017. Joined Jordan Arab Forces in 1978 where he served until his retirement with the rank of Major General. He held many posts that included Assistant to the Chairman of the Royal Jordanian National Defence College, Deputy General Manager of the King Abdullah II Design and Development Bureau (KADDB), Board Member of KADDB affiliated companies, Chief of Military Cooperation Strategic Planning, and Assistant Defense Attaché in Pakistan. General Tarawneh was also Project Manager of the transfer of Challenger CD1 tanks from the UK to Jordan project, and he participated internationally in the peace keeping mission in Croatia (UNPROFOR) as well as several military cooperation missions. General Tarawneh has a BSc in Mechanical Engineering from the UK, and an Executive MBA from Pakistan. He also received Military and Technical training at national military schools and international military academies in the U.S.A and U.K.

6. Eng. Brent Edward Heimann

Representative of	- PCS Jordan LLC from 01/07/2014 until 23/10/2018 - Man Jia Industrial Development Limited as of 14/11/2018
Position	Board Member, President & CEO
Other positions in APC Group	Chairman of:
	- Jordan Industrial Ports Company P.S.C.
Board member of	- KEMAPCO
Committees	- Member of the Risk Management Committee - Member of the CSR and Donations Committee - Member of the Board Tendering 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 PotashCorp, where he was working as the President of both PCS Phosphate and PCS Nitrogen. Subsequently Mr. Heimann became APC's General Manager and Board Member on 01/07/2014. Mr. Heimann holds a BSc in chemical engineering from the University of Cincinnati, USA, and his experience in the fertilizers industry spans over 25 years.

7. Wayne Richard Brownlee

Representative of	PCS Jordan LLC until 30/01/2018
Position	Board member
Date of birth	17/01/1953

Arab Potash Company Board member from 01/02/2016 until 30/01/2018. Executive Vice President, Treasurer and Chief Financial Officer of PotashCorp of Saskatchewan (PCS). Prior to that he served PotashCorp for seven years as Senior Vice President, Treasurer and Chief Financial Officer. He also held the positions of Senior Vice President- Expansion and Development; Vice President- Expansion and Development; and Director- Business Development.

8. Reem Haitham Jamil Goussous

Representative of	PCS Jordan LLC until 23/10/2018
Position	Board Member
Other positions in APC Group	Board member of:
	- Numeira for Mixed Salts & Mud Company
Committees	- Member of the Remuneration and Nomination Committee
Date of birth	16/11/1971

Arab Potash Company Board Member from October 16, 2017 until October 23, 2018. Ms. Goussous is currently the Managing Director of Endeavor, a global organization that works to catalyze long-term economic growth by selecting, mentoring, and accelerating fast-growing startups and SMEs.

With over 20 years of industry experience, Goussous has established a strong track record in economic impact analysis, economic development policy formulation strategies, market research and intelligence, and investment and export development. She has managed over 80 projects and consultancy assignments, and spearheaded the establishment of a number of research units, directing teams of economists, analysts and researchers in developing economic studies, and company valuation reports. Ms. Goussous managed and took part in conducting feasibility studies for a number of multi-million dollar projects in the financial, manufacturing, mining, and renewable energy sectors. She has also acquired thorough knowledge of the various components of the Jordanian economy leading to a strong ability and expertise in sector and industry analysis. Reem Goussous was the Senior Manager and Lead Economist at Al Jidara, a regional consultancy firm that provides governments and organizations within the public and private sectors with economic, development, and management consulting services. She also spearheaded the establishment of several research and reporting units, as well as worked as a policy advisor for the Minister of Planning and International Cooperation.

Ms. Goussous is a Board Member of Capital Bank, the Jordan River Foundation, and Capital Investments. She holds a Bachelor's degree in Economics and a Master's degree in Economic Development and International Trade from Boston University.

9. H.E. Dr. Ibrahim Hasan Mustafa Saif

Representative of	PCS Jordan LLC from 30/01/2018 until 23/10/2018
Position	Board Member
Date of birth	10/08/1965

Arab Potash Company Board of Directors Member from January 30, 2018 until October 23, 2018.

Dr. Ibrahim Saif was appointed as the Minister of Energy & Mineral Resources from March 2015 till June 2017.

He previously served as the Minister of Planning and International Cooperation from March 2013 until March 2015. Saif holds a M.Sc. and a PhD in Economics from the University of London. Prior to being appointed as a Minister, Saif was a Senior Scholar at the Carnegie Middle East Center, and served as a consultant to the World Bank, the International Monetary Fund and other international organizations. Saif was also a former director of the Centre for Strategic Studies at the University of Jordan, and served as the Secretary General of the Economic and Social Council in Jordan. He taught at both the University of London and Yale University, where he led courses on the economies of the Middle East.

10. Eng. Deng Hua

Representative of	Man Jia Industrial Development Limited effective 14/11/2018
Position	Board Member
Date of birth	12/04/1963

Member of Arab Potash Company Board of Directors as of 14/11/2018. Eng. Deng Hua completed his BA degree in Power System & Automation from Tianjin University and his BA degree in Business Administration from University of International Business and Economics.

Mr. Deng Hua, Sr. Engineer, was a Staff member of Ministry of Water and Electricity, Deputy Director of Electric Power Project Department and Power Engineering Department in State Energy Investment Corporation, He was also a Director of the First Division of Power Business Department in SDIC, Deputy Director of Assets Management Department in SDIC, Vice-General Manager of SDIC-Chuangxing Assets Management Company, Vice-General Manager of SDIC High Technology Venture Capital, Vice-General Manager of SDIC Power, Chairman of SDIC Huajing power holding Co Ltd. (Stock code:60088), General Manager of SDIC High Technology Investment Company, President of China National Investment Consulting Co. Ltd., Head of SDIC Disciplinary Inspection Team, and Chairman of SDIC Mining.

11. Zhou Weiliang

Representative of	Man Jia Industrial Development Limited effective 14/11/2018
Position	Board Member
Date of birth	04/03/1966

Member of Arab Potash Company Board of Directors as of 14/11/2018. Mr. Zhou Weiliang completed his BA degree in Journalism from Xinjiang University.

Mr. Zhou Weiliang, currently holds the post of Vice-General Manager of SDIC Mining. He has also held many posts; of which as Vice General Manager of SDIC High Technology Investment Company, Deputy Director of Operation Management SDIC, General Manager of SDIC Xinjiang Subsidiary, Chief Delegate of SDIC Representative Office in Xinjiang, Operational Researcher at SDIC Research Center. He also worked as Deputy Director of Technology Development Department of Xinjiang University, and Manager of Nisang Advertisement Company, Xinjiang University and Deputy General Manager of SDIC Mining. He was also a Principle Staff Member of Politics and Law School of Xinjiang University and also an instructor at the Chinese Department of Xinjiang University.

12. Mohammad R. A. H. Sultan

Representative of	Arab Mining Company
Position	Vice Chairman
Date of birth	03/04/1971

Mohammad Sultan was appointed as Arab Potash Company Board Member on 02/06/2016, Vice Chairman as of 03/08/2016. Mr. 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.

13. Azza Mohammad Saeed Rashed Al Suwaidi

Representative of	Arab Mining Company
Position	Board Member
Date of birth	02/07/1978

Arab Potash Company Board Member from 02/06/2016. Azza Al Suwaidi has worked since 2012 as Director of Revenue Development Department at Ministry of Finance (MoF) of the United Arab Emirates (UAE), where Ms. Al Suwaidi has served since 2003 in numerous positions that included: Deputy Director of Revenue Development Department, Head of the General Taxes Division, Project Manager of Taxes Systemization in the UAE, and Member of the Country Team for the Project on Implementation of VAT in the UAE and GCCC. Ms. Al Suwaidi has a BSc in business administration and a higher diploma in business administration, and she graduated from the United Arab Emirates Leaders Program (UAEGLP Future Leaders Program).

14. Fadi Abdel-Wahab Abdel-Fattah Abu Ghaush

Representative of	Jordan Social Security Corporation
Position	Board Member
Committees	- Chairman of Audit Committee
Date of birth	05/03/1979

Fadi Abu Ghaush became a member of the Arab Potash Company Board of Directors on 15/08/2017. He works as Section Head of the Internal Audit Department of the Social Security Investment Fund (SSIF), a position which he has held since 2009. Before joining SSIF as an Internal Auditor in 2005, he worked as an Accountant at Sabbagh Drugs Store, as Deposit Department Officer, Accountant, Retail Officer, and Relationship Officer at the International Islamic Arab Bank (2002-2005), and as a Financial Implementation Officer at Houston Technologies Ltd. in Amman (2001). He is also an Instructor in internal audit and accounting professional certification CMA, CPA, JCPA, internal audit, money laundering, fraud issues, and internal control. Mr. Abu Ghaush is qualified as a Jordanian Certified Public Accountant (JCPA) in 2012 and a Certified Internal Auditor in 2007, and he received a BSc in Accounting from Al Al-Bayt University in Jordan in 2001. He is also a founding member of the Jordan Internal Auditors Association (JIA).

15. Dr. Saffa Aldin Fakhri Abdul-Majeed Al Fouad

Representative of	Government of Iraq
Position	Board Member
Committees	- Member of Corporate Governance Committee
Date of birth	24/08/1957

Arab Potash Company Board Member from 05/02/2017. Dr. Saffa Aldin is the Acting Director General of Iraq Geological Survey Department of the Ministry of Industry and Minerals, where he has worked since 1984, and managed several detailed geological survey and mineral exploration programs including field operations, geological survey and mapping, mineral and construction materials exploration and evaluation, and structural and tectonic studies of most parts of Iraq. Dr. Al Fouad studied at the University of Baghdad, where he received a BSc in Geology (1979), an MSc in structural geology (1983), and a PhD in structural geology and tectonics (1997).

16. Eng. Najib Mohammed Mohammed Ohida

Representative of	Libyan Arab Foreign Investment Company
Position	Board Member
Committees	- Member of Audit Committee
Date of birth	22/12/1953

Arab Potash Company Board Member as of 28/05/2017. Eng. Najib Ohida has worked at the Libyan Arab Foreign Investment Company (AFIC) as General Manager of the Office of Consultants since 1/1/2017. Mr. Ohida joined LAFICO in 1982, where he held number of positions that included: Chairman and General Manager of the Arab Agricultural Projects Company in Alexandria, Egypt, founding Vice-Chairman and General Manager of the National Development Company for Food Import of the Fund for Economic and Social Development, General Manager of the Office of Expertise and Consultancy, Chairman and General Manager of Astris in Athens – Greece, Member of the Board of Directors of the Arab Agricultural Investment Company in Bahrain, Managing Director of the Libyan Turkish Company for Agricultural and Livestock Production in Ankara Turkey. He worked with Universal Inspectorate in Rome – Italy, Non- resident Chairman of the Board of Directors of the Libyan Beninese Agricultural Company, Non-resident Vice Chairman of the Libyan Togolese Agricultural Company, Member of the Board of the Libyan Ghanaian Agricultural Company, and Member of the Board of Libyan Nicaraguan Agriculture Development Company.

Eng. Ohida graduated in 1976 with a BS degree in Soil and Water Sciences from the Faculty of Agriculture of the Libyan University.

17. Dr. Saadi Sulaiman Etrad Al Trad

Representative of	Kuwait Investment Authority (KIA) effective 25/04/2018
Position	Board Member
Committees	- Member of Remuneration and Nomination Committee - Member of Corporate Governance Committee - Member of Risk Management Committee
Date of birth	08/06/1972

Member of Arab Potash Company Board of Directors as of 25/04/2018. Dr. Al-Trad works is Senior Investment Manager at Kuwait Investment Authority (KIA) – General Reserve Sector and Privatization Advisor to the Technical Bureau for Privatization (TBP) of the Supreme Council for Privatization. Previously, he was a Board member of the Kuwait International Investment Company (KIIC), a member of the Steering Committee of the General Reserve Sector New Strategy, a member of the team of TICG & Oliver Wyman Tri International Consulting Group that conduct the study of Kuwait Vision 2035, and a member of the steering committee of Cinemagics which prepared a documentary on the Kuwait Vision 2035.

Dr. AL-Trad is also worked as a senior dealer at Kuwait Central Bank and as adjunct lecturer at Gulf University of Science and Technology (GUST) at the Economic and Finance Department in Kuwait. He holds a PhD in Islamic Economics and Finance from Durham University, UK, an MSc in Finance and Accounting from Strathclyde University in Glasgow, Scotland, a BA in Business Administration (Major Finance) from Sufflok University, Massachusetts, USA, and he completed an Advanced Valuation Program at the INSEAD Business School in Paris, France.

18. Fahad Majid Al Sultan Al Salim

Representative of	Kuwait Investment Authority- Kuwait until 25/04/2018
Position	Board Member
Committees	- Member of Remuneration and Nomination Committee
Date of birth	05/11/1955

Arab Potash Company Board Member from 12/04/2012 until 24/04/2018. Mr. Al Salim holds a BSc in Business Administration from Ohio University, USA, and former Director of Strategy and Planning at the Public Investment Commission of Kuwait, former board member at United Arab Shipping Co., Kuwait Company for Development of SMEs, Metalgeslschaft (Germany), Kuwait Investment Company, and Sassoon Holdings Co. (Singapore).

C. Biography of SECRETARY OF THE BOARD OF DIRECTORS

1. Eng. Rashid Tawfiq Rashid Lubani

Position	Secretary of the Board of Directors as of 01/11/2018
Other positions in APC Group	Board Member at: - Numeira for Mixed Salts & Mud Company
Date of birth	26/06/1972

Eng. Rashid Lubani is APC Secretary of the Board since November 01, 2018. Mr. Lubani joined Arab Potash Company in 1998. He is currently the Sales Director of the company since 2008. Rashid has long and extensive experience in the management, marketing, logistics and promotion of potash and fertilizers. Mr. Lubani has held several positions, including: General Manager of the Regional Office of the Arab Potash Company in Malaysia, and Sales Manager – Asia. Eng. Rashid Lubani has been serving as a member of the Strategic Advisory Team (SAT) of the Agricultural committee of the International Fertilizer Association (IFA) since 2014. He is also the Convenor of IFA's Fertilizer Demand Forecasts Working Group. Rashid also served as the President of the Agricultural Committee of the Arab Fertilizer Association (AFA) during 2015-2017. Eng. Lubani worked as a Member of the Technical Committee of the International Potash Institute (IPI) in Switzerland, and a coordinator of IPI's projects in West Asia and North Africa. He also worked for a long time as a Shareholders' Committee Member and a member of the marketing committee of Nippon Jordan Fertilizer Company.

Rashid holds a BSc. in Agricultural Engineering from University of Jordan and a Master's degree in Agricultural Sciences from the American University of Beirut (AUB). In 2017, Rashid completed the Executive Development Program at Kellogg School of Management at the Northwestern University in the USA.

2. Mohammed Abd Al Rahman A. Al Razem

Position	Secretary of the Board of Directors until 01/11/2018
Other positions in APC Group	Board Member at: - Jordan Bromine Company - KEMAPCO
Committees	- Risk Management Committee
Date of birth	22/12/1979

VP Finance and Support Services since 19/04/2017. Mohammed Razem is a Chartered Financial Analyst (CFA) and a Certified Public Accountant (CPA) in the United States of America. Mohammed holds a Bachelor's Degree in Accounting from the University of Jordan.

Mohammed has over 17 years of experience in many fields: Mining, Real Estate, Public Accounting, Telecommunication, Financial Services and Investments.

Mohammed started his career in the Telecommunication sector where he worked for Zain Jordan as an Accountant. Later Mohammed worked for Ernst & Young Middle East specializing in External Audit, Due Diligence, Valuations and other special assignments.

Mohammed joined Arab Potash Company in 2011, where he held the position of Finance Director.

Mohammed also acted as the Secretary of the Board from April 26, 2015 – November 01, 2018.

4. MEMBERS OF THE EXECUTIVE MANAGEMENT

A. Members of the Executive Management

Name	Position	Committees
Brent Edward Heimann	Board Member, President, & CEO	- Risk Management Committee - CSR and Donations Committee - Board Tendering Committee
Mohammad Abd Al Rahman A. Al Razem	VP Finance and Support Services	- Risk Management Committee
Mohammad Abd Al Fattah Mohammad Abu Gheyab	VP Operations since 25/04/2018	
Jafar Mohammad Hafez Salem	VP Marketing and Sales	
Adnan Sulaiman Faris Al Ma'aitah	VP Human Recourses and Corporate Affairs	

B. Biography of Executive Management

1. Eng. Brent Edward Heimann

Representative of	- PCS Jordan LLC from 01/07/2014 until 23/10/2018 - Man Jia Industrial Development Limited as of 14/11/2018
Position	Board Member, President & CEO
Other positions in APC Group	Chairman of: - Jordan Industrial Ports Company P.S.C.
Board member of	- KEMAPCO
Committees	- Risk Management Committee - CSR and Donations Committee - Board Tendering Committee
Date of birth	04/12/1960

Arab Potash Company President and CEO as of December 03,2014, and representing Manjia Industrial Development Ltd. effective from November 14, 2018, as he was representing PCS Jordan LLC from July 01, 2014 – October 23, 2018.

Mr. 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 BSc in chemical engineering from the University of Cincinnati, USA, and his experience in the fertilizers industry spans over 25 years.

2. Mohammed Abd Al Rahman A. Al Razem

Position	VP Finance and Support Services
Other positions in APC Group	Board Member at: - Jordan Bromine Company - KEMAPCO
Committees	- Risk Management Committee
Date of birth	22/12/1979

VP Finance and Support Services since 19/04/2017. Mohammed Razem is a Chartered Financial Analyst (CFA) and a Certified Public Accountant (CPA) in the United States of America. Mohammed holds a Bachelor's Degree in Accounting from the University of Jordan.

Mohammed has over 17 years of experience in many fields: Mining, Real Estate, Public Accounting, Telecommunication, Financial Services and Investments.

Mohammed started his career in the Telecommunication sector where he worked for Zain Jordan as an Accountant. Later Mohammed worked for Ernst & Young Middle East specializing in External Audit, Due Diligence, Valuations and other special assignments.

Mohammed joined Arab Potash Company in 2011, where he held the position of Finance Director.

Mohammed also acted as the Secretary of the Board from April 26, 2015 – November 01, 2018.

3. Eng. Mohammad Abd Al Fattah Mohammad Abu Gheyab

Position	VP Operations from 25/04/2018
Date of birth	17/12/1955

Mr. Mohammad Abu Gheyab is APC VP Operations from April 25, 2018, he joined the APC's management team as "Acting VP Operations" on December 20, 2017 until April 25, 2018, after 36 years of service at the company, where he started as a Mechanical Engineer at the Maintenance Department in 1981.

Mr. Abu Gheyab worked in different areas; as a Maintenance Supervisor, and was promoted to Offsite (harvesters, pump stations, utilities) Maintenance Superintendent, and was promoted to Assistant Maintenance Manager for Engineering (Development and Inspection), and Assistant Maintenance Manager for mechanical works in all the plant, and Deputy Maintenance Manager. In 1999 he was promoted to Maintenance Manager. In 2004 Mr. Abu Gheyab was promoted to Maintenance Director. In December 2007 he was relocated to the Production Department and assumed charges as Production Director. He assumed charges as Maintenance Director in trust in addition to his post as Production Director from 2014 until 2016. In 2015, Mr. Abu Gheyab was promoted to Senior Production Director.

Mr. Abu Gheyab holds B.Sc. & Diploma d'état in Mechanical Engineering from Boumerdes, Algeria. He is also a member of the Jordanian Engineering Association (JEA).

4. Jafar Mohammad Hafez Salem

Position	VP Marketing and Sales
Other positions in APC Group	Board Member at:
	- KEMAPCO
Date of birth	04/05/1958

VP Marketing and Sales Jafar Salem since October 2003. He holds a BSc in Chemical Engineering from Aston University in Birmingham, UK (1981), and has worked for APC since 1984 in the Marketing Department. He represents the Company at the Arab Fertilizer Association (AFA) and its Economic Committee, at the International Trade Committee of International Fertilizers Association (IFA), and also a member of the Board of the International Plant Nutrition Institute (IPNI).

5. Adnan Sulaiman Faris Al Ma'aitah

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

VP Human Recourses and Corporate Affairs since 01/11/2012. He holds an MBA in Human Resources Management from New York Institute of Technology, and a BSc. in Industrial Engineering (engineering management) from the University of Jordan. He has more than 17 years of experience in human resources management, and he worked as an HR Manager in several international companies in Jordan and Saudi Arabia.

5. MAJOR SHAREHOLDERS

Shareholder	31-12-2018 No. of Shares	31-12-2018 Percentage	31-12-2017 No. of Shares	31-12-2017 Percentage
Government Investments Management Company	21,782,437	26%	21,782,437	26%
Man Jia Industrial Development Limited	21,494,614	26%	-	-
Arab Mining Co.	16,655,651	20%	16,655,651	20%
Social Security Corporation	8,647,057	10%	8,642,968	10%
Iraqi Government	3,920,707	5%	3,920,707	5%
Libyan Company for Foreign Investment	3,386,250	4%	3,386,250	4%
General Investment Commission	3,286,095	4%	3,286,095	4%
PCS JORDAN LLC*	1,800,000	2%	23,294,614	28%
Private Sector	1,197,108	1%	1,203,402	1%
Ministry of Finance – Jordan	620,948	1%	618,743	1%
Other Governments	523,593	0.996%	523,593	0.996%
Insiders	3,040	0.004%	3,040	0.4%
Total	**83,317,500**	**100%**	**83,317,500**	**100%**

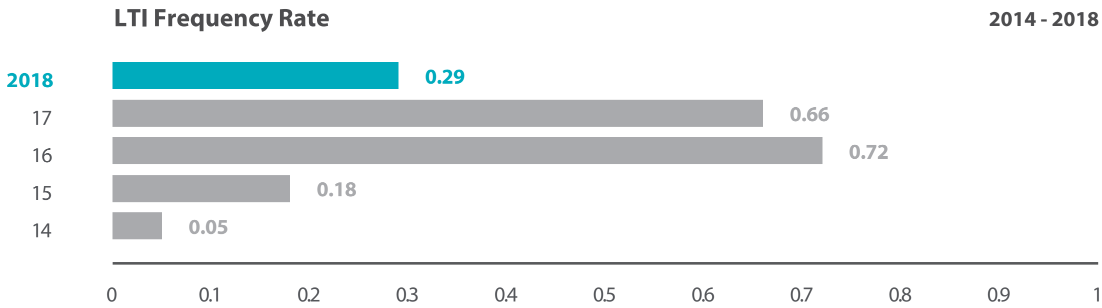
* Shares reserved for the quorum qualified for three seats at the Board of Directors of the company for six months effective 23/10/2018 for Man Jia Industrial Development Limited.

OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENT PERFORMANCE

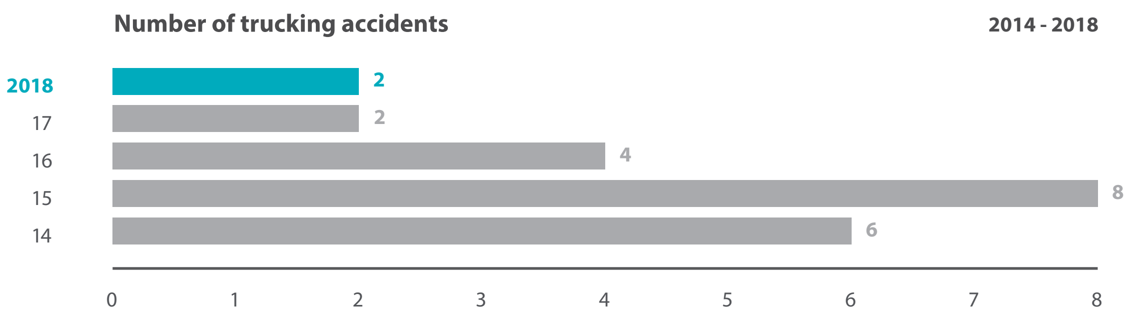
OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENT PERFORMANCE

The Arab Potash Company considers the safety of employees, contractors and visitors as the company's top priority and core value. The Board of Directors and senior management give the utmost care of people to return safely to their families and loved ones every day by focusing on providing safe environment in the workplaces and apply the appropriate control engineering and administrative procedures besides application of work permits, guidance, training, qualification and awareness for all, as well as providing personal safety equipment suitable for the place of work.

The following figure shows the annual lost time injury frequency rates. Where in 2018; the rate was 0.29 accidents per 200 thousand work hours for persons.



The following figure shows the frequency rate of potash truck accidents for the last five years, there were two truck accidents in 2018 one of them occurred by external cause.



Main achievments of Occupational Health, Safety and Environment Processes:

1. In 2018, APC achieved 2.82 million work hours without lost time injuries. Quality, Safety and Environmental management have continued improving performance depending on preventive programs and leading key performance indicators to prevent incidents occurrence.
2. Full compliance with injury and environmental incidents reporting in all workplaces and proceeding in incidents investigation using TapRoot methodology focusing on the root causes of incidents and corrections implementation to prevent Incident recurrence.
3. Assure full compliance of contractors' employees with APC Occupational Health & Safety requirements at workplaces by including them in the safety inductions before starting works and on job awareness in addition to intervene and stop violations which resulted in improving contractor employee safety while at work.
4. Issue the 2018 safety office calendar and distribute it at all APC departments to enhance the safety awareness level for all APC supervisory levels, and keep daily focus on safety as part of their jobs.
5. Within the program for employees' engagement in Occupational Health & Safety; Three forums were conducted for Supervisory Levels in addition of Two forums for sharing APC drivers addressing selected safety issues and listen to proposals that were discussed directly with senior management as one team.
6. Enhancement of Road Safety Program by intensive monitoring through GPS, random road safety inspections and taking the necessary action on high speed violations on time, as well as increasing the winter driving campaign and the constant commitment to wear the seat belt and not using cell phone while driving.
7. Conducting training sessions by QES staff for the new calibers on the Occupational Health & Safety requirements and dealing with hazard and applying controls in the workplaces in addition to focusing on legal requirements in cooperation with Ministry of Labor/Al-Karak Directorate, in addition of conducting a safety training on safety precautions and safe handling of Natural Gas in processes and conducting new program for training of first aid and CPR.
8. Continual compliance with addressing Occupational Health & Safety Issues in the daily meetings at all workplaces by all and taking immediate action on unsafe work conditions and unsafe behavior. In addition of continual implementation of Toolbox Talks as regular start up meetings between supervisors and their teams to identify workplace hazards and take actions to control risks before work starting, especially hazardous ones.

9. Keep improving the safety inspection program and share in applying Occupational Health & Safety programs in the workplaces and keep compliance with 5S Approach in improving the Housekeeping as part of safety, environment and productivity success.

10. Implement the 2018 Emergency Plan at APC workplaces focusing on evacuation and rescue drills from fires in cooperation with APC Civil Defense who have full partnership with APC and keep support them with all logistical support through QES directorate.

11. Keep full coordination with Energy & Minerals Regulatory Commission to assure APC is legally committed and get all necessary licenses for radioactive measuring equipment either during purchasing or written off. In addition of cooperation with Energy & Minerals Regulatory Commission in conducting Evacuation & Rescue Drill Scenario for a Radioactive Source fall at Plants and in cooperation with APC Civil Defense.

12. Continue in periodic program of monitoring and measuring the environmental aspects by the Royal Scientific Society as a third party to satisfy the legal requirements and accordingly apply the necessary controls to satisfy with legal limits.

13. In line with our commitment to sustainable operations, and in compliance with local and international environmental laws, APC looked at the problem from a maintenance of natural capital viewpoint. Therefore, APC adopted the following criteria:

    - For renewable resources, the rate of harvest should not exceed the rate of regeneration (sustainable yield);

    - For nonrenewable resources the depletion of the nonrenewable resources should require comparable development of renewable substitutes for that resource.

    - For pollution the rates of waste generation from production and projects should not exceed the assimilative capacity of the environment (sustainable waste disposal).

To achieve these criteria, APC incorporate state-of-the-art technologies at APC's plants and strict policies at all Company sites to reduce dust, waste products, switching from heavy fuel to gas, and economizing the consumption of energy and water.

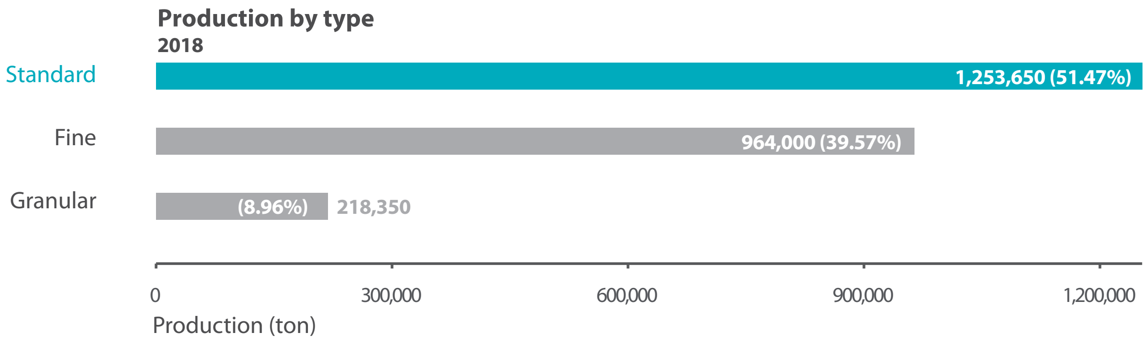
PRODUCTION

PRODUCTION

The total production in 2018 was 2,436,000 tons which is equal to 106% of the annual production plan 2,300,000 tons. The incremental in production is equal to 136,000 tons.

The following table and chart show the quantities of potash produced by type and the corresponding ratios:

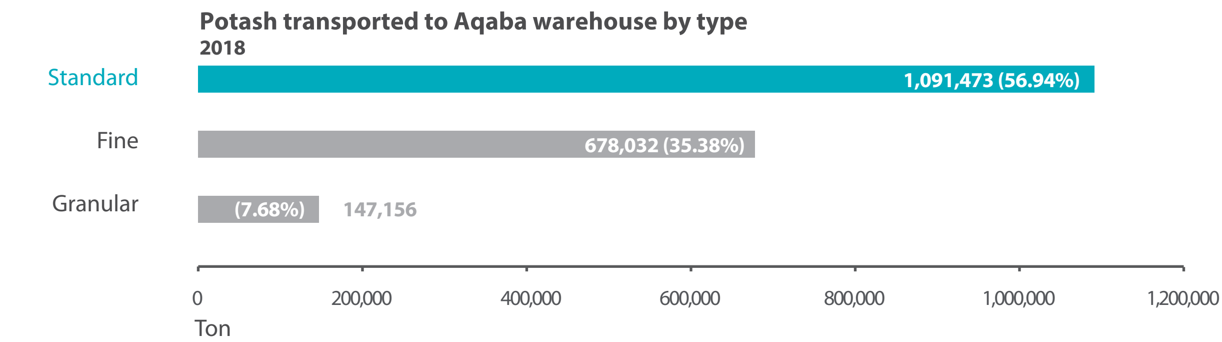
Type	Quantity (ton)	Ratio (%)
Standard	1,253,650	51.47
Fine	964,000	39.57
Granular	218,350	8.96
Total	**2,436,000**	**100%**



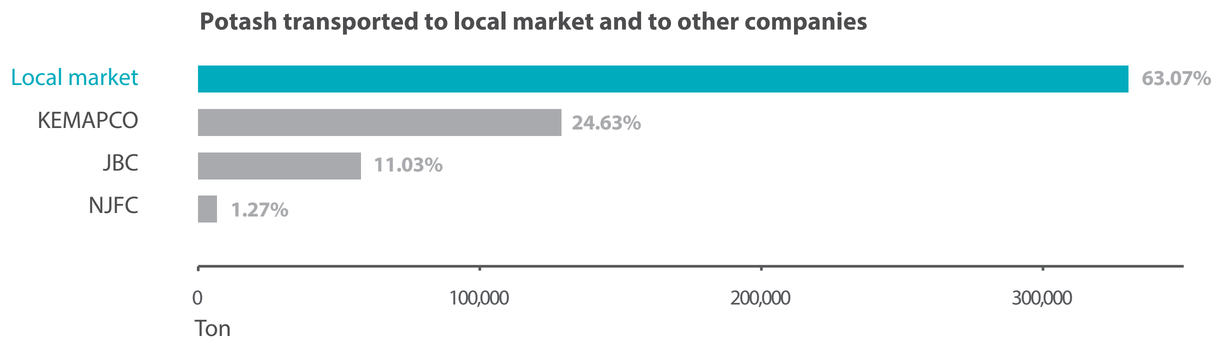
Potash is transported by APC fleet of trucks to its warehouse in Aqaba and to Jordan Bromine Company in Ghor Al-Safi, quantities transported by destination in 2018 are shown in the following table and charts:

Destination	Quantity (ton)	Ratio (%)
Aqaba warehouse	1,916,661	78.54
Ex-Works and Containers	330,337	13.54
KEMAPCO	128,982	5.28
JBC	57,782	2.37
NJFC	6,633	0.27
Total	**2,440,395**	**100%**

The total quantity of potash transported to Aqaba warehouse by APC fleet of trucks as shown in the following chart:



Quantities transported to the local market and to other companies amounted to 523,734 tons as shown in the following chart:



SALES AND MARKETING

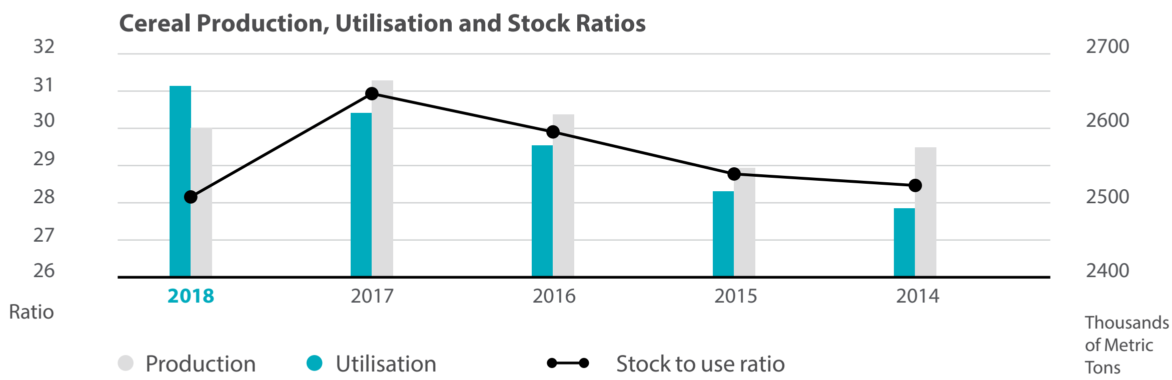
SALES AND MARKETING

The International Scene

The Global economy in 2018 continued to witness growth albeit at a slower pace and indicating a further slowdown in 2019. Most emerging economies witnessed healthy growth rates but indicators going forward are more cautious. The trade patterns and threats of trade restrictions influenced grain pricing and volumes in the second half of the year.

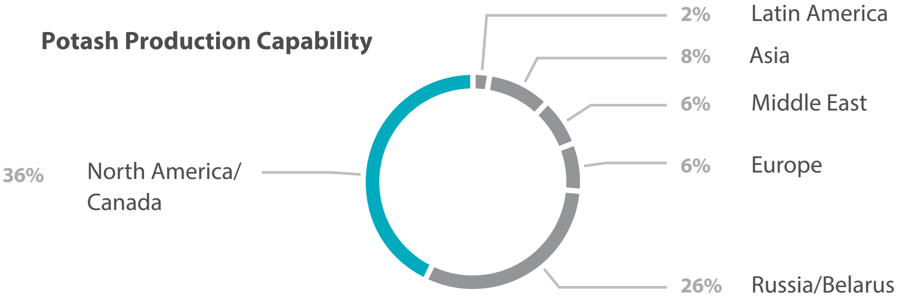
On the other hand, a small fall in total cereal production was expected by the FAO in 2018, with an increase in utilization. This would bring the stock to use ratio back below 30%. This is a positive indicator for fertilizer usage. The International Fertilizer Association (IFA) expects that population growth and the need for efficient and environmentally sound farming practices will shift fertilizer usage patterns and volumes.

These changes are expected to affect the growth rates of Nitrogen consumption but continue to look positive for potash usage which is a key requirement to balance the soil requirements and improve efficiency of utilizing nutrients. The compounded annual growth rate projected for potash is slightly more than about 2% which translates to 1.3 million tons of annual growth.



World Potash Production

World Potash Production Capabilities in 2018/2019 is estimated at 84 million tons.



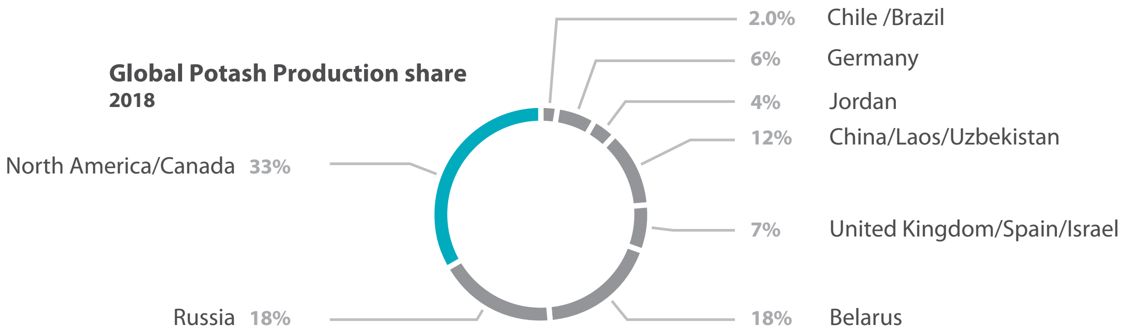
Actual Potash Production by Country (Million Ton)

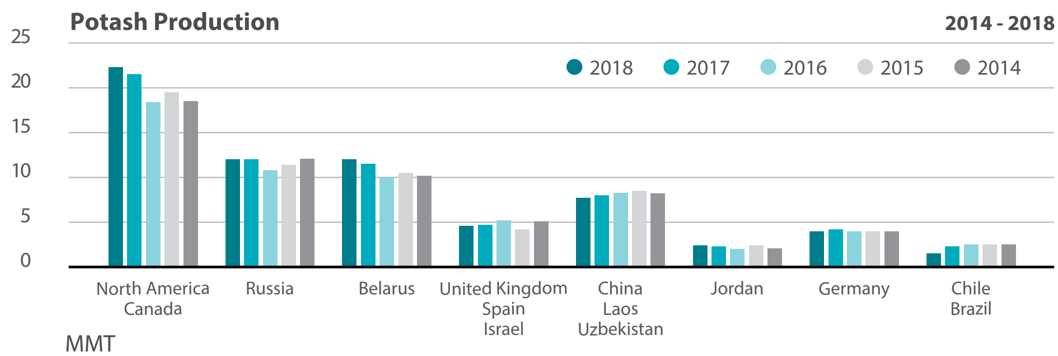
	2018	2017	2016	2015	2014
North America	22.3	21.5	18.4	19.5	18.5
Russia	12	12	10.8	11.4	12.1
Belarus	12	11.5	10	10.5	10.2
Israel/United Kingdom/Spain	4.6	4.7	5.2	4.2	5.1
China/Laos/ Uzbekistan	7.7	8	8.3	8.5	8.2
Jordan	2.4	2.3	2	2.4	2.1
Germany	4	4.2	4	4	4
Latin America	1.5	2.3	2.5	2.5	2.5
Total	**66.5**	**66.5**	**61.2**	**63**	**62.7**

Global Potash Production in 2018 was virtually unchanged from the record achieved in 2017. However, there were several noteworthy developments. Potash production ceased in the UK, was sharply lower in Chile due to diversion of priorities to Lithium and Potassium Nitrate. There were also significant falls in production in Germany as well as a total closure of one mine. Production in China is also thought to have dropped by 10%. There were planned and unplanned cutbacks in Canadian and Russian production.

However, this was accompanied by an increase in the production from two new mines in Canada and Russia, whose became visible on the markets. The net effect on production was neutral due to closures and stops but the changes in supply patterns would be noticeable.

The estimates of world production capability of 84 million tons is still significantly higher than demand. Most analysts project global production will increase in line with demand growth. The BHP greenfield project in Canada is still the only major addition which may materialize over the next few years.





Potash deliveries and demand

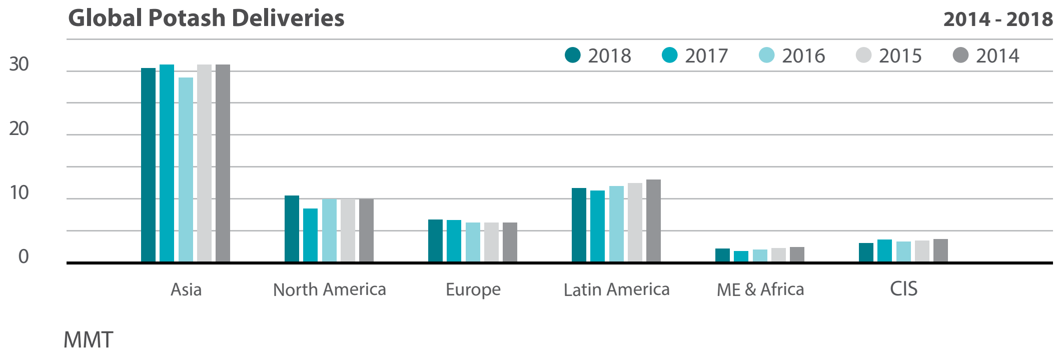
Global deliveries of Potash in MMT

	2018	2017	2016	2015	2014
Asia	31	31	29	31	30.5
North America	10	10	10	8.5	10.5
Europe	6.3	6.3	6.3	6.7	6.8
Latin America	13	12.5	12	11.3	11.7
ME & Africa	2.5	2.3	2.1	1.8	2.2
CIS	3.7	3.5	3.3	3.6	3.1
TOTAL	**66.5**	**65.6**	**62.7**	**62.9**	**64.8**

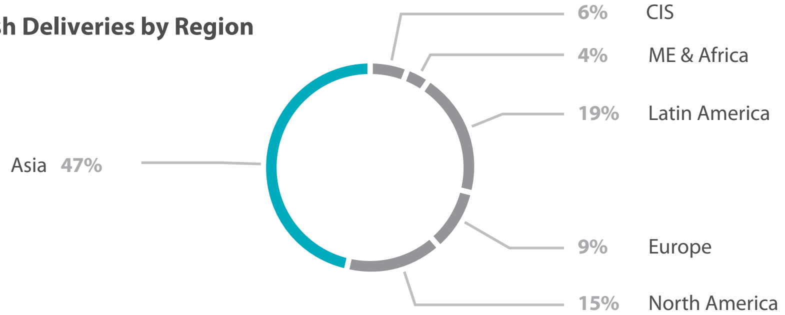
Global deliveries in 2018 followed the trend set the year before. The variations do not point to point to any fundamental changes, but nevertheless were significant at about 1.4%. Total global deliveries were at a record registering an increase of about one million tons. Potash continued to be affordable and provided value for farmers. Demand was therefore genuine for the most part. Some of the deliveries in the first half of the year were inventory buildups anticipating rising prices, but this was adjusted in the second half and translated into real demand. Potash is now able to demonstrate its value to the food chain by evidence of improving efficiency and quality. It has also proven itself as a requirement to balance the use of other nutrients. The growth in potash demand is projected at 2 – 2.2% annually for the next four to five years by a number of experts including The International Fertilizer Association. This rate of growth is significantly higher than that for the other nutrients and would translate into a requirement for a net increase of a medium sized mine every year.

In Asia, demand and deliveries followed the same patterns despite a few headwinds. To mention only two; The prices of Palm oil which account for demand of at least three and a half million tons of potash, were relatively weak. Additionally, The Indian subsidy system continued to be less favorable to potash and posed challenges to its growth. In spite of such hurdles, demand was strong for most of the year and seemed to be impervious to price increases.

In terms of absolute numbers, deliveries and demand outpaced availability for most of the year. The major areas of growth in percentage terms were in Africa as Egypt and Morocco imported Potash for further processing and West and East African usage increased. Notable increases were also in Brazil were deliveries skirted the 11 million tons mark despite economic and logistic challenges internally.

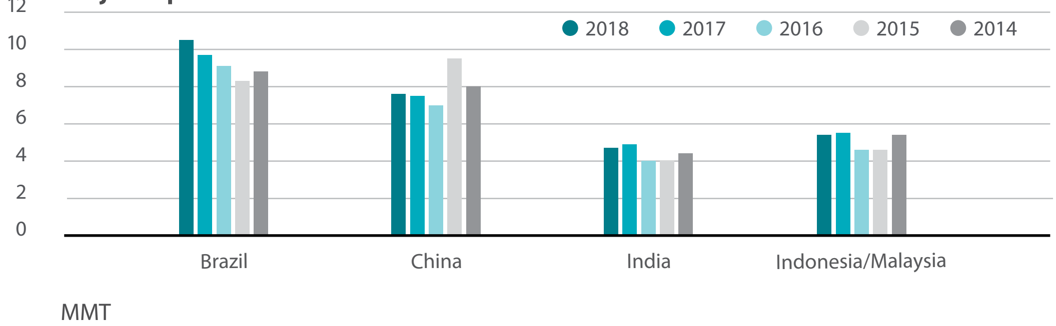


Potash Deliveries by Region



Major Importers

2014 - 2018



Deliveries in Asia
2018

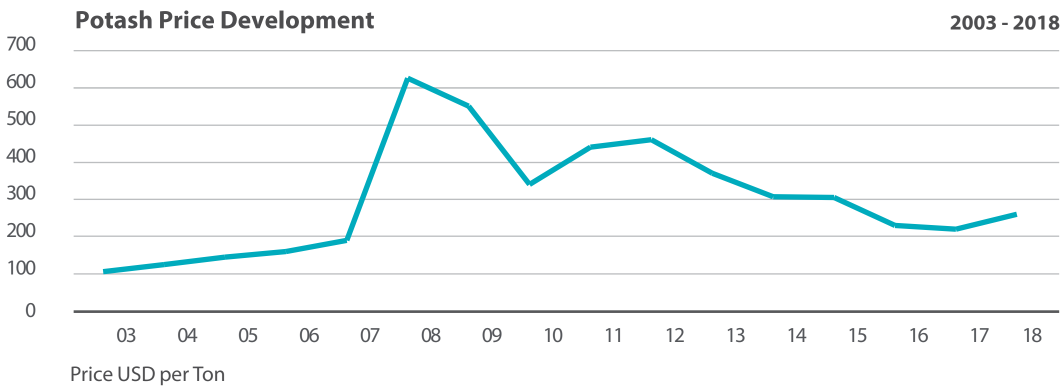
Prices

The last year was noteworthy in terms of price variation from January to December. Spot prices increased gradually every month of the year to end at the high end close to USD 360 CFR for granular in Brazil and a few other markets in Africa.

The fall in the value of the Euro influenced European pricing and brought them to the middle of the curve. As supply became tighter from the second half of 2017 and well into 2018, producer's positions hardened regarding a contract price increase. Indian buyers eventually settled the one-year contracts at USD 290 CFR and the same headline price was also accepted by Chinese buyers. The new prices represented a 25% increase from the previous contract period.

The new benchmark became a floor and prices for spot sales quickly trended towards the 330 CFR mark for standard grade product and surpassed USD 360 for granular.

APC witnessed monthly improvement in netbacks which eventually totaled 27 USD at the end of the year.



Developments in main markets

India

The Indian economy performed relatively well in 2018 and the diligent promotion efforts and education on the merits and benefits of potash application played a major role in maintaining demand at normal levels, although there was a small fall in imports which may be attributed to timing, availability and the major change of policy by one supplier to the market. The apparent demand for Potash was strong despite serious financial and policy impediments. The subsidy regime continued to favor the use of Urea over other nutrients and potash had to demonstrate its merit and value to the farmer in a non-level playing field. The strength in demand noticed throughout the year is also a credit to the promotion efforts and the conviction of key players in the market of the importance and relevance of potash. Credit also goes to the relative and decisive negotiation style as Indian buyers accepted the proposed price increases and moved on to secure new volumes. APC worked closely with its two partners in India and through its representative office to consolidate its share, provide service and value to its partners and to also partake in the efforts to promote the responsible and balanced use of potash. The Indian market will potentially require more than 7 million tons of potash annually, and APC remains the nearest supply source to this key growth area. Some major change in supply patterns to India are expected as Russian volumes try to seek other homes with higher netbacks.

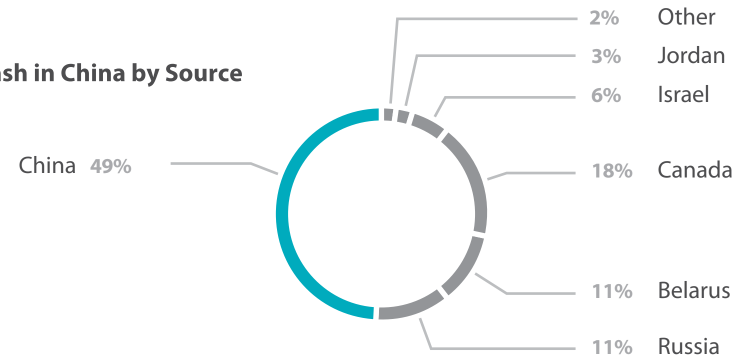
India Approximate Market
2018

China

Potash production in China may have witnessed a drop from the previous year for the first time. This cannot be used to forecast future development but is a noteworthy event. Overall, China's potash usage remained around the 15-million-ton mark and was expected to witness some growth in the future as balanced use of fertilizer becomes more prominent and Government policy clearly calls for cuts in Nitrogen use which favors more potash since it is required to improve the efficiency of Nitrogen use and is a soluble, environmentally friendly nutrient.
Trade politics has also focused attention on Soya production inside China and it is safe to foresee a growth in potash usage towards that end.

Further growth in potash usage in China will probably be for bulk blends and therefore granular potash is expected to witness growth. Potash import patterns may also change with most of the Russian imports coming by rail and little seaborne Russian tonnage expected in 2019.

Potash in China by Source
2018



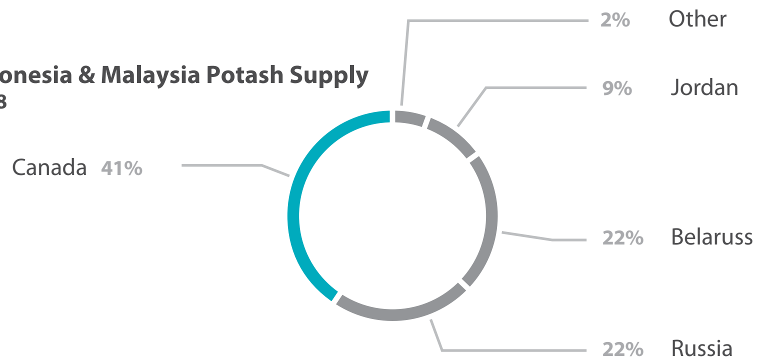
Malaysia and Indonesia

Potash consumption fell back slightly in 2018 to about 5.35 million tons. This is a small drop from the record levels of 2017 and does not point to any significant trend. The economic and agriculture environment were stable in the year although palm oil suffered from weakening priced rising inventories.

Malaysia Potash consumption is expected to range from 1.8 – 2.0 million tons annually with little growth expected due to stable food requirements and limited new areas for palm oil production.

Indonesia on the other hand is still a candidate for higher growth both for palm and for food production and exports of NPK fertilizer as more compound fertilizer capacities are built.

Indonesia & Malaysia Potash Supply
2018



Europe and Africa

European sales were stable in 2018. Prices recovered throughout the year. The delivery patterns began a change as German and UK production and availability decreased. These supplies were replaced from other sources. Tonnage from the new Eurochem mine in Russia was not evident but can be expected to make a mark in 2019 and beyond replacing some of the lost production in the UKL and Germany.

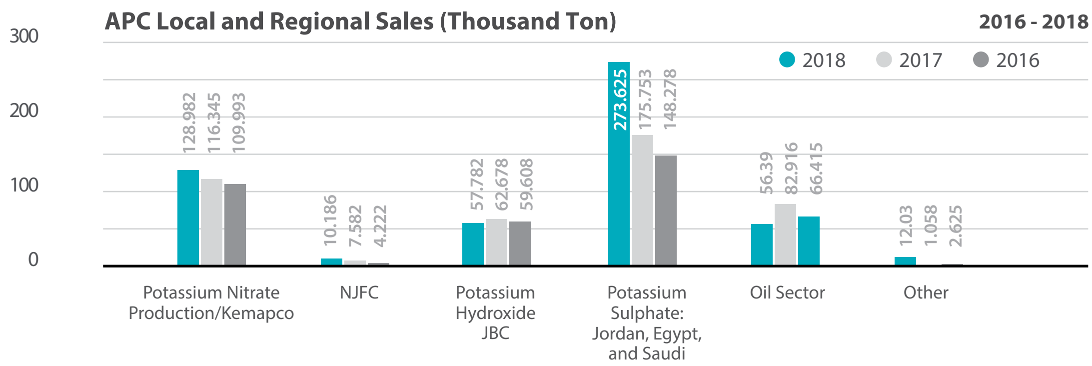
In Africa, Potash demand continued to grow from Moroccan and Egyptian plants processing more potash for their growing NPK and SOP production. There was also growth in East and West African usage where the imbalance and efficiency of potash are obvious drivers for increased consumption.

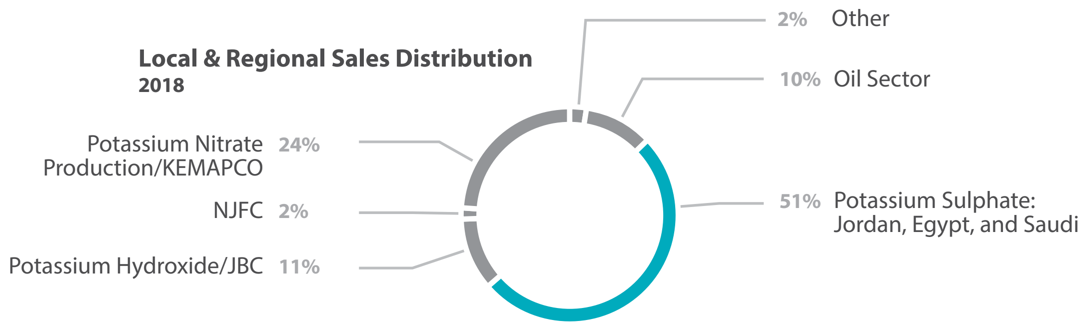
Local and Regional Markets

Major growth in demand for potash in the region came from the expanding and new capacities for SOP and NPK production. There were three operational plants in Saudi Arabia, Four in Egypt, and one in Jordan for SOP. In addition to The Nippon Jordan plant in Aqaba producing NPK, Maaden of Saudi Arabia conducted a trail run on its new NPK facility which is now commissioned and will operate according to market conditions and economics.

Oil drilling activities were somewhat subdued during 2018 as volumes fell to a three-year low representing about 10% 0t total sales in the region for APC but there were more suppliers entering this segment.

Total sales in this region reached 539 K tons which is the highest volume ever. This represents about 22% of total APC sales. This region is expected to witness more growth due to expanding production of fertilizer and chemical plants requiring potash as feed.





APC Sales and Marketing

Sales of APC in 2018 reached an all-time record of 2.44 million tons. Sales increased by about 3.4% over the previous year. Once again, this increase is basically in line with the broad market and global deliveries where no major changes occurred. The distribution of APC sales does not signify any major change of direction or policy. This is despite the sharp fall in tonnages to China and Indonesia, coupled with similarly big increases in shipments to Taiwan and India.

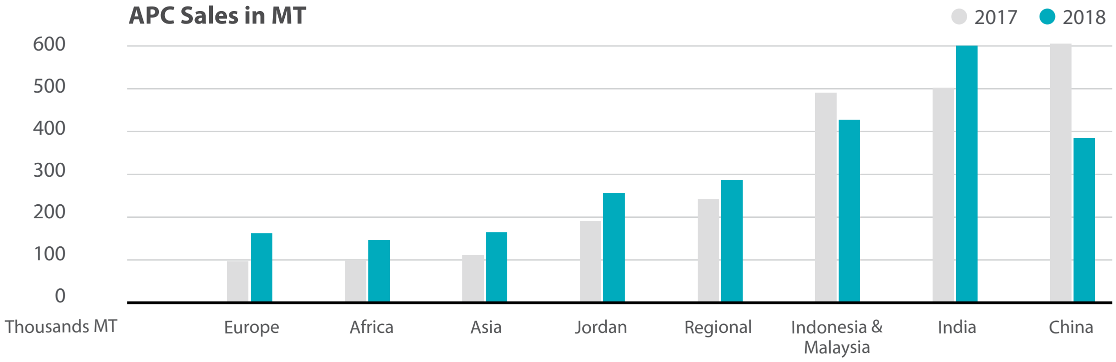
These were basically due to seasonal, logistic, and contractual obligations and timing. It is worth mentioning that the new contracts with both Chinese and Indian customers in terms of volume were close to traditional and long term contractual quantities. These contracts will be shipped through June 2019. Notably, sales growth into the local and regional markets as well as Europe and Africa do point to APC's commitment to supply these areas as they grow, develop and build more capacity for fertilizers.

Sales to the top ten countries were at 89% of total sales which is only 1% less than the year before. The share of the top ten customers fell slightly to 74% of the total against 79% in 2017 mainly because of lower shipments to China.

The increase in volumes to Egypt was in response to the growth in SOP capacity which is expected to continue further into 2019. The SOP segment in Egypt, Jordan and Saudi Arabia witnessed a 56% growth in potash demand in 2018. A new NPK plant in Saudi also sourced all its Potash requirements from APC and depending on market policies may require major potash supply in the future.

APC direct sales to non-fertilizer consumers reached around 147,000 MT which represents around 6% of APC total sales. Jordan Bromine, the major oil drilling services companies in the Middle East and the Industrial customers in Asia accounted for the majority of these sales.

Sales of granular potash in 2018 increased by 62% to about 216K tons registering 8.8% of total sales. Most of these volumes were sold in Europa and Africa where APC's volumes grew by more than 50% to over 300K tons from under 200K the year before. This reflects growth in demand in Africa as well flexibility to supply European ports logistically.

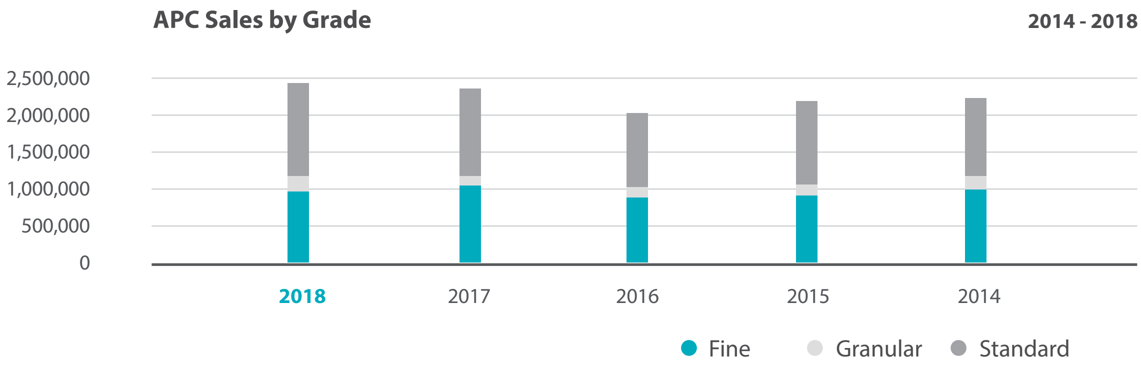


APC Top Ten Markets Sales Distribution in 2018 vs. 2017

Country	2018	2017
India	611,066	511,759
China	391,268	616,511
Malaysia	246,852	206,004
Jordan	242,183	194,477
Egypt	228,650	164,016
Indonesia	187,962	294,049
South Africa	84,300	61,401
Taiwan	63,500	22,000
Mozambique	61,545	39,479
Spain	57,325	18,195
Top Ten Total	**2,174,651**	**2,127,891**
% of Total Sales	**89%**	**90%**
Total Sales	**2,439,969**	**2,360,244**

APC Top Ten Customers Sales Distribution in 2018 vs. 2017

Customer/Country	2018	2017
Sinochem/China	391,268	616,511
Indian Potash Ltd/India	368,980	320,360
Zuari/India	217,200	172,620
Ever Grow/Egypt	181,750	123,900
Clementcorp/Indonesia	153,292	177,501
Behn Meyer/Malaysia	143,364	130,756
KEMAPCO/Jordan	128,982	116,345
Omnia/South Africa	99,652	71,809
Union Harvest/Malaysia	74,374	63,854
Jordan Bromine/Jordan	57,782	62,678
Top Ten Total	**1,816,644**	**1,856,335**
% of Total Sales	**74%**	**79%**
Total Sales	**2,439,969**	**2,360,244**

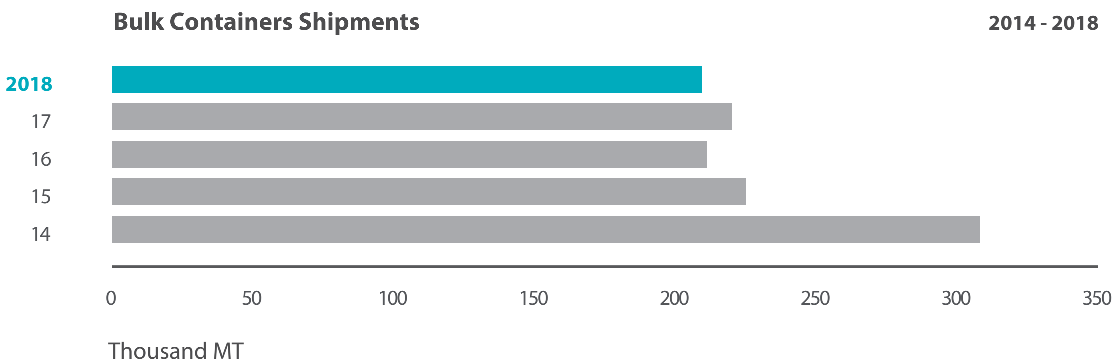


Shipping and Logistics

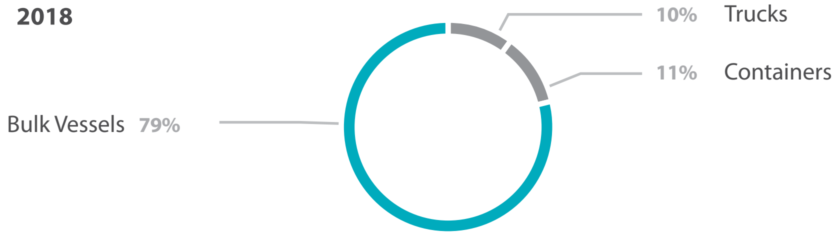
Freight rates around the world registered an average increase of 20 – 25% during 2018. This is a combination of cost of hiring vessels, which increased by 15%, and cost of fuel, which increased by 31%, compared to 2017. APC managed to limit the freight average increase by 14% compared to that in 2017, due to long term planning and contracting freight for long periods.

APC shipped its bulk volumes of 1,917,815 MT from The Aqaba Terminal on 88 vessels of which 49 were chartered by APC, while 39 were on an FOB basis mainly to Egypt and Japan. Tonnage shipped on chartered vessels represented 81% of the total volume shipped from Aqaba. These volumes were achieved despite loading from one berth only while the new loading facilities are under construction and expected to be operational early in 2019.

As usual, bulk container operations maintained to play an important part of sales. Volumes were at similar levels to the previous 3 years. There were also about 32,769 MT of bagged product shipped in containers bringing the total containers volume to around 242,352 MT.



Shipments by Type 2018



International Activities and Promotion

APC was represented and took an active role in the International Fertilizer Association (IFA), and The Arab Fertilizer Association (AFA). 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.

APC sponsored and co-sponsored several promotion and training programs in Jordan and the Region. This activity is expected to expand as APC begins promotion world targeted at specific areas and products.

The Arab Potash Company, in collaboration with the International Fertilizer Association (IFA), the Arab Fertilizer Union (AFA) and the International Plant Nutrition Institute (IPNI) organized a conference in Amman entitled “Integrated Food Management in West Asia and North Africa”, where a large number of specialists from universities, federations, organizations from international, regional and local agricultural centers have attend the conference.

The Arab Potash Company and the Agricultural Advisor of the Company also supported and established agricultural workshops in Tanzania in cooperation with the African Voluntary Fertilizer Program (AFVP).

COMPLIANCE WITH NATIONAL AND INTERNATIONAL QUALITY STANDARDS

COMPLIANCE WITH NATIONAL AND INTERNATIONAL QUALITY STANDARDS

During International Fertilizer Association IFA's Strategic Forum in Beijing in 2018; APC was awarded the (IFA) Excellence Gold Medal for its efforts in advancing Safety, Health, and Environment (SHE) as one of the 22 IFA members who were selected out of 175 members from all over the globe that were awarded to this medal. Arab Potash Company considers (SHE) Excellence Gold Medal as a new motive to increase efforts and ensure an excellent work environment for its employees and the public.

Continual certification of APC potash products to the Product stewardship requirements by International Fertilizer Association (IFA); This program focus on product care and maintaining the Quality, Safety, Health, Security and Sustainable Environment requirements during the product life cycle; External Audit by SGS certification body was conducted on June 2018 to assure compliance with certificate requirements.

APC recognizes that safety and health of the employees, contractors and visitors are top priority and core value. APC is one of the first who implements the Occupational Health and Safety Management System OHSAS1800 since 2004 to assure practical safe working environment based on hazards analysis and risks management at all APC workplaces; work is in progress now to transfer the OH&S management system from OHSAS1800 to the new international standard ISO45001:2018, where it is scheduled to be certified by the certification body to the new standard in the mid of 2019.

APC recognizes the importance of customer satisfaction as a basis for enhancing productivity and profitability. Maintaining quality is pivotal factor in achieving this objective through continual commitment of conformity and accreditation certificates by international registration bodies. The Company started implementing the Quality Management System QMS since 1998 in order to enhance the performance of all APC processes and support the high quality of the outputs in accordance with the technical specifications required in all stages of production. The QMS in 2018 is updated based on risk approach to comply with new version of standard ISO 9001: 2015.

In order to enhance customer confidence in the final certificates of potash products and to apply the best practices in sampling and testing activities; QMS for the APC Technical Laboratory has been updated waiting the certificate for new five years in accordance with ISO 17025 by the Jordan Accreditation System which as representative and member in the International Laboratory Accreditation Cooperation (ILAC).

APC is committed to prevent pollution in all its operations, comply with legal requirements and utilizing natural sources and energy efficiently and assure sustainable environment at all workplaces; APC has applied Environmental Management System since 2001 where in 2018 it is recertified to the updated version of ISO 14001:2015.

Continual compliance by conducting regular external audit to comply with Jordan Quality Mark Certificate (JQM) requirements granted by the Jordan Standards Organization for Potash Products quality in the Agricultural and Industrial sectors.

APC Potash Product is awarded the First Place as Best Product in the chemical industry in Jordan for the two years (2017/2018) for the APC efforts in advancing Quality, Safety, Health, Environment, Social Responsibility and in supporting the national economy.

To support the APC position to export potash products to Australian market that is highly sensitive to the quality of external products that are used for agricultural purpose. Accordingly, APC Potash is certificated as free of organic materials and subjected to annual survey visit by AQIS to assure continual compliance with their requirements during potash handling, storing, transporting and shipping in both Safi Plant and Aqaba sites.

APC quality management system is evaluated at the end of 2018 by the Indonesian National Standard (SNI) and accordingly potash products are certified to the Indonesian Quality standard until 2020; such certificate is important and vital to enter the Indonesian Market and enhance the customers trust in the Jordan Product.

6. COMPANY'S DEPENDENCE ON A LOCAL OR FOREIGN SUPPLIER OR CUSTOMER

Major suppliers of APC's total purchases:

	Supplier	Percentage
1	Jordan Petroleum Products Marketing Company (JPPMC)	8%
2	NBL Eastern Mediterranan Marketing Limited	6%
3	National Electric Power Company (NEPCO)	4%

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

	Customer	Percentage
1	SINOCHEM Fertilizer Company Limited/China	15%
2	Indian Potash Limited (IPL)/India	14%

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

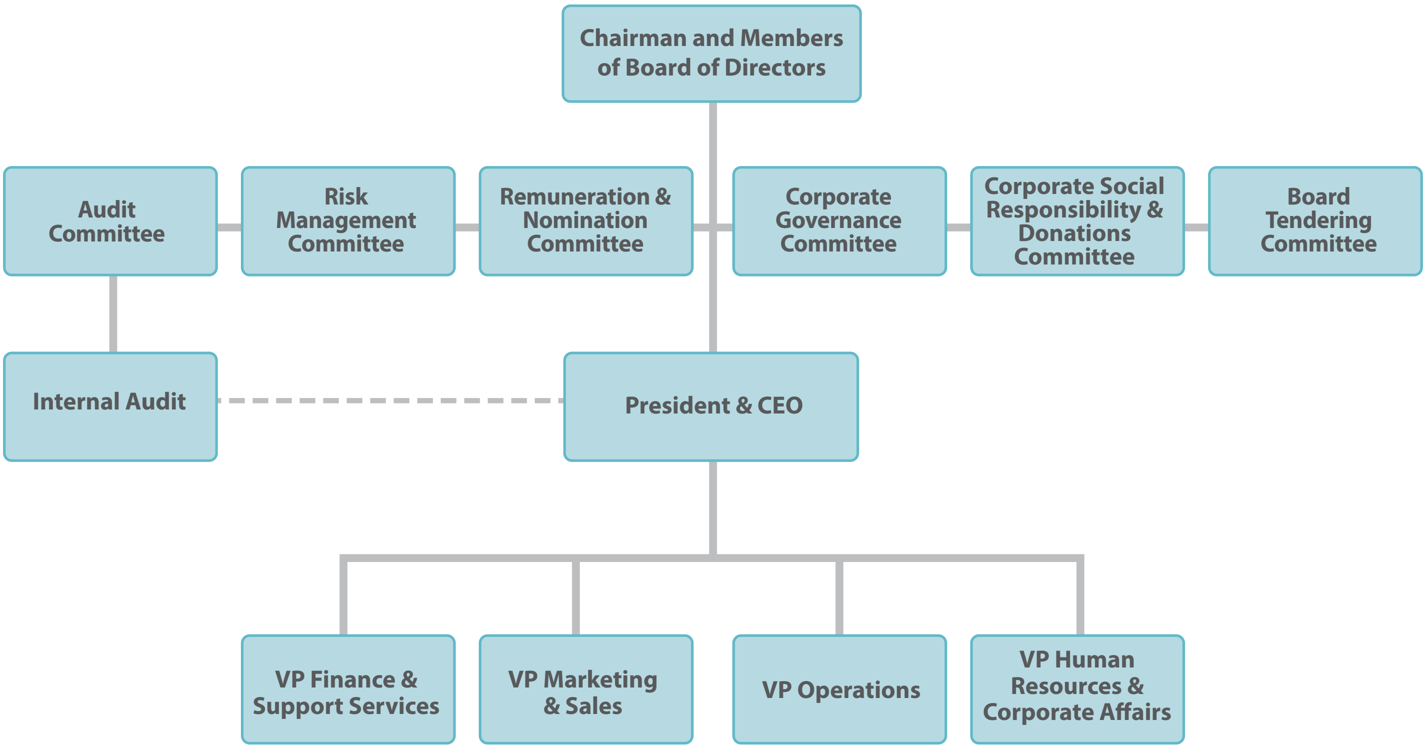
- Increase the income tax on Arab Potash Company's taxable profits from 24% to 31% according to the amended law of the Income Tax Law for the year 2018 as of January 1, 2019.

- Tax increas on dividends distributed by subsidiaries and affiliates from 6% to 10%.

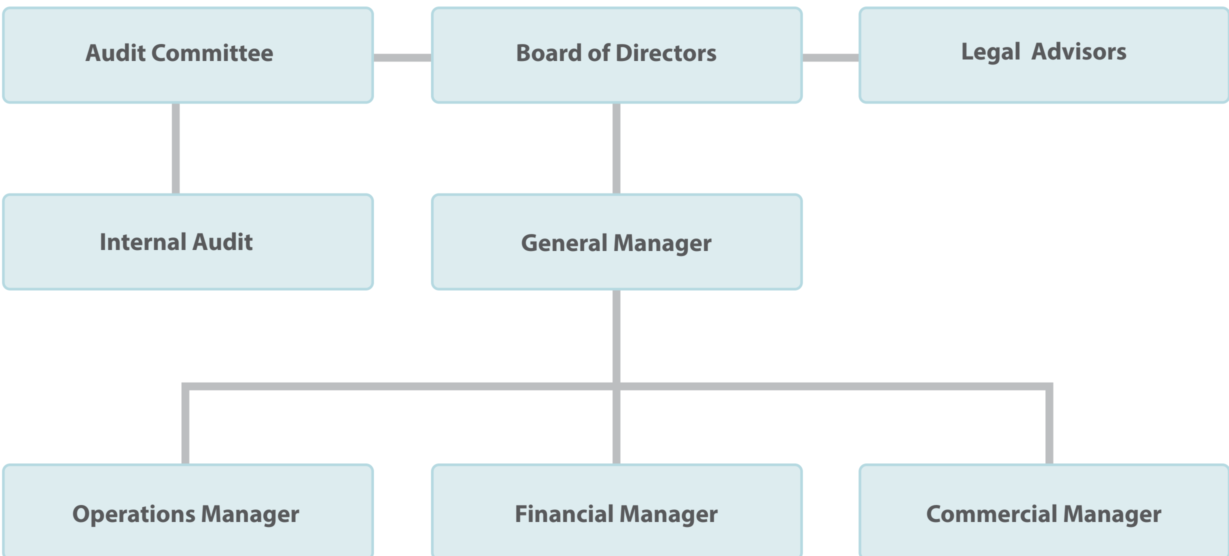
9. ORGANIZATIONAL STRUCTURE

A. Organizational Charts

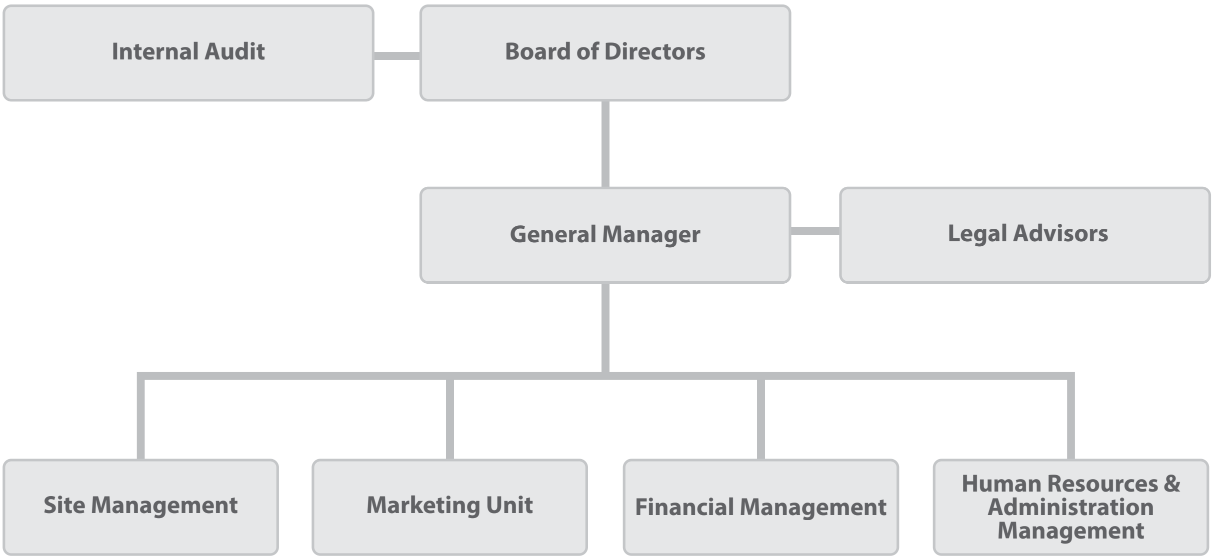
I. Arab Potash Company



2. Arab Fertilizers and Chemicals Industries (KEMAPCO)



3. Numeira Mixed Salts and Mud Company



B. Number and Qualifications of Company and Affiliates Companies Employees

The Total Number of Employees at Arab Potash Company at the end of 2018 was 1,789.

Distribution of Employees by Academic Qualifications

Company Name	PhD	MA / MSc	High Diploma	BA / BSc	Diploma	High School	Total
Arab Potash Company (APC)	9	40	4	316	393	1,027	1,789
Arab Fertilizers and Chemicals Industries (KEMAPCO)	1	10	-	82	45	119	257
Numeira Mixed Salts and Mud Company	-	1	-	13	4	52	70
Total	**10**	**51**	**4**	**411**	**442**	**1,198**	**2,116**
Percentage	**0.47%**	**2.41%**	**0.19%**	**19.42%**	**20.89%**	**56.62%**	**100%**

The turnover rate in APC at the end of 2018 was 5.69%.

C. Training Courses for APC Employees

Training Courses for APC Employees during 2018

Activity	No. of activities	No. of Participants	No. of Subjects
Internal Training	45	714	25
Training in Jordan	22	84	22
Training Abroad	3	7	3
Local Community Training	-	385	39
Other Activities	61	515	-
Total	**131**	**1,705**	**89**

D. Other Benefits and Housing

The Company continues to provide housing loans to its employees. The total number of beneficiaries was 1,960 employees. Total housing loans granted in 2018 increased by JOD 1.77 million to a total of JOD 61 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 in coordination with the Risk Management Committee and Executive Management 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, which may result 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 drought and floods, or other events that may lead farmers to plant less and consequently reduce their use of fertilizers.

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

First, local laws and regulations including changes to the taxation and customs or the regulations that may affect the company business, activities, or rights. Or regulations that may affect the concessions and permits provided by the Government for the company to conduct its work.

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 amounts of energy and water. Therefore, APC sought cheaper sources of energy and water. For energy, APC started using natural gas in January 2017 in its operations which is more efficient and cheaper than heavy fuel oil. In December 2018, APC started a newly-installed Gas Turbine (GT) to produce a cheaper electrical energy. This GT can run with either natural gas or diesel oil. And, a Heat Recovery Steam Generator (HRSG) is expected to be in operation in the beginning of 2020. This HRSG will produce a free-of-charge steam as it utilizes the lost heat form the GT.

For water, APC drilled and developed five boreholes in Safi and Mazra'a areas, utilizes irrigation run-off water in Summar and Ein Younis areas, uses the valleys water and the excess water of Ein Magara, and provides the technical support whenever problems occur on Tannour and Moujeb Dams in order to restore normal water flow. In addition to that, APC is funding 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

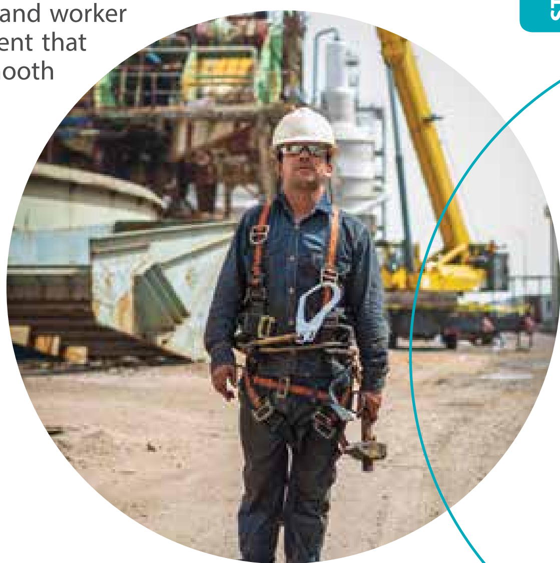
APC is heavily dependent on the Aqaba seaport for the loading and shipping of potash. Currently APC is waiting for the new joint venture jetty in partnership with Jordan Phosphate Mining Company (JPMC) to start operating under JIPC's (Jordan Industrial Ports Company) management. During 2018 APC managed to utilize land routes to supply nearby markets.

Labor disputes and the political situation

Potential labor strikes and disputes at the Company's facilities and the public service sector due to the general economic, political, and social conditions which may impact commercial and investment activities in the region. 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 Perimeter dikes

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 some of APC perimeter dikes. APC conducts daily inspections on these dikes to ensure their stability. In addition to that, APC is in the process of a major rehabilitation for these dikes.



STRATEGIC REPORT

Vulnerability to environment and natural disasters

In the area of Ghor AlSafi 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. And APC management is currently studying preparing a Business Continuity Plan and a Disaster Recovery Plan.

11. APC'S MAIN ACHIEVEMENTS IN 2018

- Sales: APC achieved sales record of 2.439 million tons of potash.
- Production: APC achieved a production record of 2.436 million tons of potash.
- Operating Profit: APC's standalone operating profit for 2018 grew by 143%.

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

None

13. TREND OF MAJOR FINANCIAL INDICATORS FOR THE PERIOD 2014 - 2018 IN THOUSAND JOD EXCEPT FINANCIAL RATIOS, SHARE DATA, PRODUCTION AND SALES

Details	2018	2017	2016	2015	2014
Potash Production (Million Tons)	2.44	2.32	2.00	2.36	2.09
Potash Sales (Million Tons)	2.44	2.36	2.03	2.19	2.24
Consolidated Sales Revenue	482,727	423,277	369,651	527,527	535,465
Potash Sales Revenue	427,156	364,332	322,265	472,885	475,051
Gross Profit	166,697	104,755	65,635	213,413	140,507
Profit from Operations	106,033	58,337	25,582	145,611	85,681
Financing Charges	10,838	6,853	5,754	609	641
Other Revenues	1,757	14,326	16,269	1,887	3,338
Net Profit After Tax	124,874	89,843	62,244	131,133	99,676
Net Fixed Assets	243,328	219,481	232,078	244,082	291,846
Long Term Loans & Other Long Term Obligations	32,369	31,100	10,018	9,377	9,919
Shareholders' Equity	845,094	807,885	805,065	892,190	860,982
Debt: Equity Ratio	3.2%	3.3%	0%	0%	0.01%
Return On Assets	13%	9.6%	7%	13%	11%
Return On Shareholders' Equity	15%	11.1%	8%	15%	12%
Current Ratio	5.5	8.33	8.3	4.7	6.2
Closing Share Price/JOD	16.02	16.85	19.18	21.00	19.50
Dividends	*	83,317	83,317	99,981	99,981
Dividends Percentage	*	100%	100%	120%	120%
Earnings Per Share/JOD	1.50	1.08	0.8	1.6	1.2
Market Price/Earnings Ratios	10.7	15.6	23.7	13.3	16.25
Royalty/ton produced	6.20	3.16	2.0	10.1	6.4

* Dividends ratio for 2018 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 after deducting the accumulated depreciation amounted to JOD 243 million in 2018, compared with JOD 219 million at the end of 2017, an increase of 11% from the previous year due to adding new projects under the company's assets during 2018.

B. Inventory

Potash ending Inventory in 2018 amounted to JOD 21.95 million which is equal to 133 thousand tons.

C. Investments

The Company's investments in affiliates and joint ventures increased from JOD 159 million in 2017 to JOD 195 million in 2018, an increase of 23%, as per the accounting of APC's share of income from affiliated companies (equity accounting) as per International Financial Reporting Standards.

D. Loans

The balance of consolidated long term loans increased from JOD 11.6 million in 2017 to JOD 19.7 million in 2018.

E. Sales Revenues

Total consolidated sales revenue for 2018 amounted to about JOD 482.7 million compared to JOD 423.3 million in 2017, an increase of 17% mainly due to increases in global potash prices.

Sales revenues of Potash constituted 85% of total revenues, while 15% of sales were primarily attributable to KEMAPCO sales.

F. Gross Cost (JOD million)

Details	2018	2017	2016	2015	2014
Consolidated Gross Cost	366.5	359	343	395	460
Consolidated Cost of Goods Sold	316	319	304	314	395
Selling and Distribution Expenses	20.4	19.4	17.9	20.1	18.9
Royalty	15.1	7.3	4.1	23.7	13.3
General and Administrative Expenses	15	14	18	23.9	22.6

G. Profits

The Company realized a consolidated net income of JOD 143.3 million before income tax. Profits after taxes reached JOD 124.9 million, compared JOD 89.8 million for 2017.

H. Shareholders' Equity

The company's shareholders' Equity stood at JOD 845 million at the end of 2018, compared to JOD 808 million in 2017. The book value per share of the Company's equity amounted to JOD 10.1 as of end of 2018.

15. FUTURE PLAN

The Arab Potash Company (APC) seeks to put in place a future plan aiming to maintain the continuity of its businesses by pushing potash production to optimal levels that can keep pace with global market demand and, consequently, achieve the maximum benefit for shareholders. APC places heavy focus on projects that will increase production through its main products and derivatives in addition to increase safety in workplace.

Safety

It is a top priority for APC to maintain its leading position in public safety through instilling a culture of safety among employees, contractors and visitors. In line with this endeavor, the company is always monitoring and evaluating the workplace risks to identify the appropriate control procedures of safety engineering procedures, administrative procedures and instructions, implementation of work permits as well as guidance, training, and awareness for all. The company has also incorporated the latest technologies in its plants in addition to putting in place strict measures to ensure the highest workplace safety as well as putting plans, programs and workshops for supervisors, foremen and drivers.

Diversifying Energy Sources

APC has succeeded in putting in place a flexible and effective energy diversification plan through which it can obtain energy from various sources including gas, electricity, diesel and heavy fuel oil. This diversity in energy sources enabled the company to switch to low cost energy sources with great flexibility and efficiency without affecting production processes. APC is also following up on the latest technologies and alternatives to conventional energy resources and is studying their economic feasibility, which will help the company to maximize profits and maintain its business continuity.

Water Resources

APC is working to enhance its water security through a number of projects, primarily the construction of dams in the southern regions. APC has financed the construction of the 4-million cubic meter Wadi Ibn Hammad Dam in Al-Karak Governorate and it is studying the feasibility of financing the construction of Al-Wadat Dam in Tafilah Governorate. These projects will achieve water cost savings and will provide water to the local communities and the agriculture sector.

Production

APC is currently exploring options for maximizing and increasing production by reviewing available alternatives plans and the possibility of increasing the efficiency of the existing plants and the evaporation areas. The board of directors has put in place a production expansion plan that entails the following:

1. Moving ahead with the expansion project in the northern region within the concession area which is expected to increase potash production capacity by 140,000 tons.
2. Allocating the necessary budget for the technical study of the Lisan area. in this regard APC is following up with the Ministry of Energy and Mineral Resources regarding the submission of the tender to the qualified companies who will conduct the study where if the study proved to be technically feasible, APC will compete to obtain the concession of potash extraction in that area according to the prevailing legislation and conditions set by the Jordanian Government represented by the Ministry of Energy and Mineral Resources.
3. APC's board of directors approved a budget allocation for conducting feasibility and technical studies in Ghor Fifa which is located to the southern of the concession area which is expected to increase production capacity by 450,000 tons.

Sales

APC is developing marketing plans that enhance its presence in major international markets as well as in regional and developing markets, especially in Africa, where consumption is notably increasing. The company is also working on developing products to meet its clients' demands and requirements, which should help APC in reaching out to several markets around the world and, consequently, stabilize and increase sales volumes.

Downstream Industries

The Arab Fertilizers and Chemicals Industries (KEMAPCO) which is 100% owned to APC has successfully completed its first expansion project in 2018 at a total cost of USD 19 million which increased its production capacity of potassium nitrate from 135,000 tons per year to 175,000 tons. Also, KEMAPCO is now studying the feasibility of doubling the company's current production. Jordan Bromine Company (JBC) which is a joint venture between APC and Albemarle Holdings, began in 2018 an expansion project at a total cost of around USD 50 million with the aim of increasing its production capacity to meet growing global demand. The expansion project will increase JBC's revenues and, consequently, bolster the national economy.

Aqaba Port

As part of the APC's plan to increase the handling capacity of the export berth at Aqaba Port and the government's endeavor to develop the country's sea ports, APC is co-financing with Jordan Phosphate Mines Company the new Industrial Port in Aqaba that is expected to start operating in May 2019 at a total cost of JOD 140 million.

Numeira Mixed Salts and Mud Company

Numeira Mixed Salts and Mud Company - fully owned by APC - extracts salts and mud from the Dead Sea and provides an extensive line of high quality Dead Sea cosmetics to the local and international markets. The company's board of directors has conducted a study through an international consulting firm, which resulted in finding commercial opportunities that the company can benefit from and consequently increase its profits if it managed to develop the level of its operations in the administrative, financial, research, manufacturing and marketing fields. The study included a comprehensive executive plan that can be implemented within three years.

New water pumping station

APC has put initial designs for establishing a new water pumping station that works on pumping the Dead Sea water into the company's salt pans to increase the density of the brine. This project is considered of great importance for preserving the company's productivity in the future.

New Potash Warehouses

The management of APC has endorsed a project to establish new warehouses in Ghour Al-Safi to store various potash products. The scheme aims to provide the new warehouses with the most up-to-date technologies, so APC could achieve the best levels of quality for products that are exported to the world in terms of the purity of the product and packing methods that conform to the international standards. The project will also contribute in enabling the company to enhance the clients' confidence and achieving the highest levels of satisfaction in various international markets.

Workforce

APC started in executing the "Caliber Trainee" Program in 2015. It is a pilot program that aims to encourage and guide students in the surrounding areas of the company's operation sites towards technical and vocational education and providing them with the necessary professional skills which will contribute significantly in reducing unemployment and poverty rates in the local communities. APC is working on this project in cooperation with all concerned parties, mainly the Ministry of Labor.

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

A. External Auditors and Consultants' Fees for the Company and Affiliates

2018 External Auditor's Fees, in thousands of Dinars

APC	KEMAPCO	Numeira	Total
42	20	15	77

B. Internal Audit and Consultants' Fees for the Company and Affiliates

2018 Internal Auditor's Fees, in thousands of Dinars

APC	KEMAPCO	Numeira	Total
89.5	-	-	89.5

C. Legal Fees

2018 Legal Fees, in thousands of Dinars

APC	KEMAPCO	Numeira	Total
204.2	17.4	3	224.6

17. NUMBER OF SHARES HELD BY MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

A. Shares owned by Members of the Board of Directors

Name	Title	Nationality	Number of Shares as at 31/12/2018	Number of Shares as at 31/12/2017	Companies they control
Jamal Ahmad Mufleh Al-Sarayrah	Chairman of the Board	Jordanian	0	0	None
Sami Kamel Jameel Dawud	Chairman of the Board – part-time – as of 24/04/2018 until 24/07/2018	Jordanian	0	0	None
"Ahmad Jamal" Nawaf Moh'd Bataineh	Board Member	Jordanian	0	0	None
Eng. Saad Saleh Al Alqan Abu Hammour	Board Member	Jordanian	0	0	None
Mofareh Dakhilallah Jum'a Al-Tarawneh	Board Member		0	0	None
Brent Edward Heimann	Board Member until 23/10/2018 and as of 14/11/2018, President and CEO	American	0	0	None
Wayne Brownlee	Board Member until 30/01/2018	Canadian	0	0	None
Ibrahim Hasan Mustafa Saif	Board Member as of 30/01/2018 until 23/10/2018	Jordanian	0	0	None
Reem Haitham Jamil Goussous	Board member until 23/10/2018	Jordanian	0	0	None
Deng Hua	Board Member as of 14/11/2018	Chinese	0	0	None
Zhou Weiliang	Board Member as of 14/11/2018	Chinese	0	0	None
Mohammad R. A. H. Sultan	Vice Chairman	Kuwaiti	0	0	None
Azza Mohammad Saeed Rashed Al-Suwaidi	Board Member	Emirati	0	0	None
Fadi Abdel- Wahab Abdel-Fattah Abu- Ghaush	Board Member	Jordanian	0	0	None
Saffa Aldin Fakhri Abdul-Majeed Al Fouad	Board Member	Iraqi	0	0	None
Najib Mohammed Mohammed Ohida	Board Member	Libyan	0	0	None
Saadi Sulaiman Etrad Al-Trad	Board Member as of 25/04/2018	Kuwaiti	0	0	None
Fahad Majid Al Sultan Al Salim	Board Member until 25/04/2018	Kuwaiti	0	0	None
Total			**0**	**0**	

STRATEGIC REPORT

B. Shares Owned by Members of the Executive Management

Name	Title	Nationality	Number of Shares as at 31/12/2018	Number of Shares as at 31/12/2017	Companies they control
Brent Edward Heimann	Board Member, President & CEO	American	0	0	None
Mohammed Abd Alrahman A. AlRazem	VP Finance and Support Services	Jordanian	0	0	None
Mohammad Abd Al Fattah Mohammad Abu Gheyab	VP Operations as of 25/04/2018	Jordanian	2,085	2,085	None
Jafar Mohammad Hafez Salem	VP Marketing and Sales	Jordanian	0	0	None
Adnan Sulaiman Faris Al Ma'aitah	VP Human Recourses and Corporate Affairs	Jordanian	0	0	None
Total			**2,085**	**2,085**	

18. SHARES OWNED BY INSIDERS

Name	Title	Nationality	Number of Shares as at 31/12/2018	Number of Shares as at 31/12/2017	Companies they control
Mohammad Abd Al Fattah Mohammad Abu Gheyab	VP Operations as of 25/04/2018	Jordanian	2,085	2,085	None
Total			**2,085**	**2,085**	

19. SHARES OWNED BY RELATIVES OF MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

A. Relatives of Members of the Board of Directors

Name	Relative of	Nationality	Number of Shares as at 31/12/2018	Number of Shares as at 31/12/2017
None	-	-	-	-

B. Relatives of Executive Management

Name	Relative of	Nationality	Number of Shares as at 31/12/2018	Number of Shares as at 31/12/2017
Lubna Marawan Abedlaulfatah Abu Zahra	Wife of Jafar Mohammad Hafez Salem	Jordanian	800	800
Alia Mustafa Abdel Fattah Nassar	Wife of Mohammad Abd Al Fattah Mohammad Abu Gheyab	Jordanian	155	155
Total			**955**	**955**

20. COMPENSATIONS AND BENEFITS

A. Compensations and Benefits to Members of the Board of Directors (JOD)

Name	Title	Nationality	Total Annual Salaries	Annual Transportation and Committees Allowances	Repre-sentation Fees	Annual Bonus	Per diem	Total Annual Remunera-tion
Representatives of Ministry of Finance				16,586	15,348	5,000		36,934
H.E. Jamal Ahmad Mufleh Al-Sarayrah (a)+(b) since 01/01/2018 until 25/02/2018 and as of 24/07/2018	Chairman of the Board	Jordanian	310,825			-	14,250	325,075
Sami Kamel Jameel Dawud since 24/04/2018 until 24/07/2018	Chairman of the Board	Jordanian				-		-
Representatives of Government Investments Management Company				54,000	23,250	15,000		92,250
"Ahmad Jamal" Nawaf Moh'd Bataineh (b)	Board Member	Jordanian				-		-
Mofareh Dakhilallah Jum'a Al-Tarawneh (b)	Board Member	Jordanian				-		-
Saad Saleh Al Alqan Abu Hammour (b)	Board Member	Jordanian				-		-
Representatives of PCS Jordan LLC					-	397		397
Brent Edward Heimann (c) until 23/10/2018	Board Member	American		13,100	17,025	4,055		34,180
Wayne R. Brownlee (c) until 29/01/2018	Board Member	Canadian				-		-
H.E. Dr. Ibrahim Hasan Mustafa Saif (c) since 30/01/2018 until 23/10/2018	Board Member	Jordanian		13,100		3,657		16,757
Reem Haitham Jamil Goussous until 23/10/2018	Board Member	Jordanian		14,600	7,300	4,055		25,955
Representatives of Man Jia Industrial Development Limited				4,700		1,316		6,016
Brent Edward Heimann (c) as of 14/11/2018	Board Member	American		2,350	2,350	658		5,358
Deng Hua as of 14/11/2018	Board Member	Chinese				-	2,500	2,500
Zhou Weiliang as of 14/11/2018	Board Member	Chinese				-	2,500	2,500
Representatives of Arab Mining Company					-	10,000		10,000
Mohammad R. H. A. Sultan	Vice Chairman	Kuwaiti		18,000		-	12,500	30,500
Azza Al Suwaidi	Board member	Emirati		18,000		-	12,500	30,500
Representative of Jordan Social Security Corporation				18,000		5,000		23,000
Fadi Abdel- Wahab Abdel-Fattah Abu- Ghaush (d)	Board Member	Jordanian				-		-
Representative of Government of Iraq						-		-
Saffa Aldin Fakhri Abdul-Majeed Al Fouad	Board Member	Iraqi	-	18,000		5,000	12,500	35,500
Representative of Libyan Arab Foreign Investment Company				-	-	-	-	-
Najib Mohammed Mohammed Ohida	Board Member	Libyan		18,000	-	5,000	13,500	36,500
Representatives of Kuwait Investment Authority - Kuwait				18,000		5,000		23,000
Saadi Sulaiman Etrad Al-Trad (e) as of 25/04/2018	Board Member	Kuwaiti				-	11,000	11,000
Fahad Majid Al Sultan Al Salim (e) until 25/04/2018	Board Member	Kuwaiti				-	5,000	5,000
Total			**310,825**	**226,436**	**65,273**	**64,138**	**86,250**	**752,922**

STRATEGIC REPORT

Other Benefits:

(a) The Chairman has two chauffeur-driven cars
(b) Transportation, committee allowance, and representation allowance are paid directly to Ministry of Finance
(c) Transportation, committee allowance, and representation allowance are paid directly to PSC Jordan LLC
(d) Transportation, committee allowance, and representation allowance are paid directly to Jordan Social Security Corporation
(e) 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	Total Annual Remuneration
Brent Edward Heimann (a)	President & CEO	American	315,280		10,050	53,000	378,330
Mohammed Abd Alrahman A. Al Razem (b)	VP Finance and Support Services	Jordanian	196,526	19,150	5,400		221,076
Jafar Mohammad Hafez Salem (b)	VP Marketing and Sales	Jordanian	200,965	6,000	8,400		215,365
Adnan Sulaiman Faris Al Ma'aitah (b)	VP Human Recourses and Corporate Affairs	Jordanian	157,400	6,000	1,200		164,600
Mohammed Abd Alfattah Abu Gheyab (b)	VP Operations as of 25/04/2018	Jordanian	131,529				131,529
Total			**1,001,700**	**31,150**	**25,050**	**53,000**	**1,110,900**
Grand Total							**1,863,821**

Other Benefits:

(a) The CEO has two chauffeur-driven cars
(b) Each Executive Management member has one chauffeur-driven car

21. SUMMARY OF THE ARAB POTASH COMPANY'S DONATIONS IN JORDANIAN DINARS DURING THE YEARS 2013 – 2018

APC continuing to work pursuant to its mission to help local communities not only in its vicinity but in all parts of Jordan. In this work, APC is guided by His Majesty King Abdullah II's vision that the priority is a better life for all Jordanians, and by the Company's core values which include partnership with local communities.

In order to the company's plan to support local communities and in line with government policy in the development of governorates, APC has supported the local communities either through monetary support or the provision of public facilities and supplies an average of JOD 9.66 million.

The following table shows a breakdown for social responsibility distribution over the past six years:

	2018	2017	2016	2015	2014	2013	Total	Yearly average	%
Education	1,846,936	2,307,600	2,323,760	2,162,372	2,203,257	2,331,820	13,175,745	2,195,958	25%
Social Development	2,025,860	1,699,667	1,184,220	1,670,855	1,554,419	1,848,901	9,983,922	1,663,987	19%
Official Organizations	3,120,344	780,882	1,092,692	2,914,094	1,683,948	2,054,591	11,646,551	1,941,092	22%
Water and the Environment	12,500	111,243	68,400	711,320	256,147	1,241,700	2,401,310	400,218	4%
Health	2,136,246	1,484,060	2,521,744	1,809,400	831,740	1,328,170	10,111,360	1,685,227	19%
Sports	319,807	929,906	432,915	372,484	604,550	487,500	3,147,162	524,527	6%
Houses of worship	35,000	203,400	176,348	219,568	186,899	356,673	1,177,888	196,315	2%
Culture	33,000	254,300	244,215	240,000	209,340	312,150	1,293,005	215,501	2%
Trade Unions	135,000	79,000	73,806	38,605	102,700	38,495	467,606	77,934	1%
Total	**9,664,693**	**7,850,058**	**8,118,100**	**10,138,698**	**7,633,000**	**10,000,000**	**53,404,549**	**8,900,758**	**100%**

22. APC CONTRIBUTIONS TO THE PROTECTION OF THE ENVIRONMENT AND LOCAL COMMUNITIES

A. APC Contributions to the Protection of the Environment

APC gives special attention to the commitment and compliance of the environmental requirements at all the levels. The company focuses on sustainable development for future generations to enjoy the benefits of nature which is considered one of APC's resources. APC is determined to deal with nature with the highest levels of respect and care. Therefore, the company's activities in the Dead Sea and Aqaba have been planned carefully for the purpose of reducing the environmental damage and preserving the sightseeing landscapes and nature.

At the local level, APC 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. Also, the Company's environmental initiatives include communicates with schools and local communities to lead and inspire sustainable initiatives and solutions that has positive effect on the environment.

APC is proud to adhere to international standards in terms of environmental responsibility as it was awarded the (IFA) Excellence Gold Medal for its efforts in advancing Safety, Health, and Environment (SHE) as one of the 22 IFA members who were selected out of 175 members from all over the globe. In addition, APC continued to focus on the certification of its potash products to the Product stewardship requirements by International Fertilizer Association (IFA); This program focus on product care and maintaining the quality, safety, health, security and sustainable environment requirements during the product life cycle. In 2018 an external audit by SGS certification body was conducted to assure compliance with certificate requirements.

APC is committed to prevent pollution in its operations and to comply with legal requirements and utilizing natural sources and energy in an efficient way. APC has updated the environmental management System which is applied since 2001 and has recertified the system in 2018. In addition, APC has been awarded as best producer in the chemical industry in Jordan in 2017 and 2018 due to the efforts in advancing quality, safety, health, environment, social responsibility and in supporting the national economy.

B. APC Contributions to Community Service

Arab Potash Company is considered amongst the largest companies in Jordan. The company's factories are located in the largest concentration of poverty and unemployment in the country, increasing the commitment to improve the standard of living in local communities that are most affected by the company's activities. In response to this responsibility, APC's payments on social responsibility programs during the years from 2013 to 2018 averaged about JOD 9 million annually.

23. GENERAL ASSEMBLY MEETINGS

The Company is generally committed to the general rules of the general assembly meetings where meetings are arranged in a way that allows shareholders to actively participate and express their views freely and to get answers to their questions and receive sufficient information to make their decisions.

An Extraordinary General Assembly Meeting was held this year on 25/07/2018.

24. 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.

25. DECLARATIONS AND RECOMMENDATIONS

A. Declarations of the Board of Directors

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 2019.
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
Eng. Saad Saleh Al Alqan Abu Hammour

Board Member
Azza Al Suwaidi

Board Member
Dr. Saffa Al Din Fakhri Abdul Majeed Al Fouad

Board Member
Eng. Brent Edward Heimann

Board Member
Dr. Najib Mohamed Mohamed Ohida

Board Member
Fadi Abdel Wahab Abdel lFattah Abu Ghaush

Board Member
Eng. Deng Hua

Board Member
Ahmad Jamal Nawwaf Al Bataineh

Board Member
Zhou Weiliang

Board Member
Eng. Mofreh Dakhilallah Jum'a Al Tarawneh

Board Member
Dr. Saadi Sulaiman Etrad Al-Trad

The chairman of the Board of Directors, the Chief Executive Officer, and the Vice President for Finance and Support Services of the Arab Potash Company further declare that all the data and statements in the Annual Report 2018 are correct, accurate and complete.

Chairman of the Board
HE. Jamal Ahmad Al Sarayrah

President & CEO
Eng. Brent Edward Heimann

VP Finance and Support Services
Mohammad Abd Al Rahman Al Razem

B. 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 2018 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. Approving the Board of Directors resolution of the election of Man Jia Development Industrial Limited as a Board Members.
6. Election of the Company auditors for the year 2019 and their related fees.
7. Release of liability of Board of Directors for the year 2018 within the provisions of the law.
8. Dividends distribution.
9. Any other business.

In conclusion, the Board of Directors extends thanks to the Government of the Hashemite Kingdom of Jordan and shareholding Arab Governments 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.

CORPORATE GOVERNANCE REPORT

1. INTRODUCTION

Governance is a set of rules and procedures under which the company is managed and supervised, and it regulates relationships between the Board of Directors, Executive Management, shareholders and stakeholders. Needless to say, corporate governance is of paramount importance to companies and other entities. The Board of Directors of Arab Potash Company (APC) is a forerunner in the adoption of effective corporate governance standards and constantly ensures full compliance with 2017 corporate governance regulations for listed companies issued by the Jordan Securities Commission pursuant to its Resolution No. 146/2017. APC is also committed to corporate governance standards that are in line with international best practices and other relevant legislations. Stemming from its commitment to observing highest governance criteria in all operations of the company, APC's Board of Directors continued to strengthen the company's governance by deploying an optimal governance environment for its business and activities.

In this regard, the Board adopted in 2018 the policies required and recommended by its Governance Committee, such as the disclosure and transparency policy, as well as the board and committees performance evaluation policy. The board also endorsed a mechanism to add an item to the agenda of the Ordinary General Assembly Meeting for those who own at least 5% of the company's subscribed capital. Additionally, an instrument was put in place to receive suggestions and complaints from the shareholders. Other measures taken included publishing all the company's financial and non-financial disclosures on the company's website and other achievements mentioned in this report.

The Corporate Governance Report is one of the most important platforms for transparency and communication with shareholders, potential investors and the public, allowing shareholders to assess the company's performance to help them make their investment decisions. The 2018 Corporate Governance Report addresses the composition, functions, responsibilities, achievements and meetings of the Board of Directors in 2018. The report also outlines General Assembly meetings, the report of the board's committees highlighting their work, responsibilities and achievements during 2018. Additionally, it includes the rights of stakeholders and shareholders, disclosure and transparency mechanism and the functions and responsibilities of the external auditor and transactions of related parties. The report was endorsed by HE Mr. Jamal Al Sarayrah, Chairman of the Board.

2. BOARD COMPOSITION

- **The Board of Directors of APC comprises 13 members and manages the company for four years from the date of its election representing all shareholders.**
- All members of the Board of Directors have nominated natural persons as their representatives in the Board in accordance with the applicable legislations.
- The Board of Directors maintains all the powers necessary to manage the company, in accordance with all legislations and laws in force in the Hashemite Kingdom of Jordan.
- The Chairman and all members of the Board have vast expertise and knowledge of administrative and financial matters, in addition to a good knowledge of relevant legislations and the rights and duties of the Board of Directors.
- Board members constantly attend lectures on corporate governance basics and applications.
- The Board of Directors pursues due professional diligence in the management of the company and devotes the time required to do so in a professional, fair and transparent manner serving the interest of the Company and its goals and objectives.
- The Board of Directors recognizes that having diverse and women representation in the board ensures quality and effective decisions and promotes constructive views. In 2018, women representation in the board reached 15 percent.
- The Chairman of the Board of Directors will not assume any other executive position in the Company nor will any of the relatives of the Chairman be the CEO of the Company.
- All Board members and their representatives will have no membership or representation in other similar companies or competitors of the company.
- The natural members of the Board will not be members of more than five public shareholding companies in a personal capacity or representatives of legal persons.
- The Company does not extend loans of any kind to the Chairman or any of the members of the Board or their relatives.
- The company's management will provide the members of the board with all relevant information and data to enable them to do their work best.
- If the Board needs the assistance of any external consultant at the expense of the company, it should be approved by the majority of board members while taking into account conflict of interest.

Names of Current and Resigned Board Members (Legal and Natural)

- The following table shows the resigned and current APC's Board of Directors (Legal & Natural). It also shows whether the member is Executive or Non-executive and if Independent or Non-independent.

Name	Position	Independent or Non-independent	Executive or Non-executive
Ministry of Finance		**Non-independent**	-
H.E Jamal Ahmad Mufleh Al Sarayrah	Chairman of the Board of Directors - full time – until 25/02/2018 and from 24/07/2018	Non-independent	Executive
Sami Kamel Jamil Dawud	Chairman of the Board of Directors - part time - from 24/04/2018 until 24/07/2018	Non-independent	Non-executive
Government Investments Management Company		**Non-independent**	-
"Ahmad Jamal" Nawaf Moh'd Bataineh	Board Member	Non-independent	Non-executive
Saad Saleh Al Alqan Abu Hammour	Board Member	Non-independent	Non-executive
Mofareh Dakhilallah Jum'a Al-Tarawneh	Board Member	Non-independent	Non-executive
PCS JORDAN LLC		**Non-independent**	-
Brent Edward Heimann	Board Member until 23/10/2018	Non-independent	Executive
Wayne Brownlee	Board Member until 30/01/2018	Non-independent	Non-executive
Ibrahim Hasan Mustafa Saif	Board Member from 30/1/2018 to 23/10/2018	Non-independent	Non-executive
Reem Haitham Jamil Goussous	Board Member until 23/10/2018	Non-independent	Non-executive
Man Jia Industrial Development LTD		**Non-independent**	-
Brent Edward Heimann	Board Member as of 14/11/2018	Non-independent	Executive
Deng Hua	Board Member as of 14/11/2018	Non-independent	Non-executive
Zhou Weiliang	Board Member as of 14/11/2018	Non-independent	Non-executive
Arab Mining Company		**Non-independent**	-
Muhammad R. A. H. Sultan	Vice Chairman	Non-independent	Non-executive
Azza Mohammad Saeed Rashed Al Suwaidi	Board Member	Non-independent	Non-executive
Social Security Corporation		**Non-independent**	-
Fadi Abdel-Wahab Abdel-Fattah Abu-Ghaush	Board Member	Non-independent	Non-executive
Government of Iraq		**Independent**	-
Saffa Aldin Fakhri Abdul-Majeed Al Fouad	Board Member	Independent	Non-executive
Libyan Arab Foreign Investment Company		**Independent**	-
Najib Mohammed Mohammed Ohida	Board Member	Independent	Non-executive
Kuwait Investment Authority - Kuwait		**Independent**	-
Saadi Sulaiman Etrad Al-Trad	Board Member as of 25/04/2018	Independent	Non-executive
Fahad Majid Al Sultan Al Salim	Board Member until 25/04/2018	Independent	Non-executive
Mohammed Abd Al Rahman A. Al Razem	**Board Secretary until 01/11/2018**	-	-
Rashid Tawfiq Rashid Lubani	**Board Secretary as of 01/11/2018**	-	-

Membership Duration of Current Board Members

The following table shows the duration of the membership of the current members of the Board of Directors of APC:

Number of Members	Duration of Membership (Years)	Ratio
5	0-1	38%
7	1-3	54%
0	3-5	0%
1	5-7	8%
13		100%

Current Board Members Categorized According to Membership Duration - Years

3. RESPONSIBILITIES OF THE BOARD OF DIRECTORS

- The Company's Board of Directors devises the strategies, policies, plans and procedures that serve the Company's interests and maximize shareholders' equity.
- The Board takes all necessary measures to ensure compliance with the provisions of the legislations in force in the Hashemite Kingdom of Jordan.
- The Board of Directors establishes all necessary procedures to ensure that all shareholders, including non-Jordanians, obtain their rights in a manner that ensures justice and equality without discrimination.
- The Board of Directors, through its committees, follows upon the development of policies and regulations that govern the work of the Executive Management and monitors commitment thereof.
- The Board of Directors has included items in the Company's Code of Conduct to avoid conflicts of interest, in addition to other procedures aimed at preventing insiders from exploiting confidential internal information for financial or personal gains. An independent policy will be issued to avoid conflicts of interest.
- The Board approves and follows up on the disclosure and transparency policy and risk management policy in addition to the replacement and succession policy, which is part of the manpower planning and employment policy.
- The Board approves and follows up on a special human resources development and training policy and the remuneration, benefits, incentives and salaries policy in the company.
- A policy will be devised to regulate the relationship with the stakeholders so as to ensure the implementation of the company's obligations towards them to preserve their rights and establish good relations with them during 2019.
- The Board also appoints the Chief Executive Officer and his/her deputies and ensures that members of the senior Executive Management have the necessary administrative and technical expertise and competence. The Board also determines their functions, powers and performance and the extent to which they apply the policies, plans and procedures prescribed by the Board.
- The Board takes all necessary steps to ensure internal control and audit of the Company's business. Therefore, there is an audit department in the company, the mission of which is to ensure compliance with the provisions of the legislation in force and the requirements set out by all regulatory bodies, internal bylaws, policies, plans and procedures established by the Board.

- The Board ensures that there is a mechanism to add an item on the agenda of the Ordinary General Assembly meeting for all shareholders who own at least 5% of the subscribed shares of the company before sending it in final form to the shareholders. The Jordan Securities Commission was notified of this mechanism.
- The Board ensures that there is a mechanism to receive complaints and constructive feedback from shareholders to be studied and decided upon. The Jordan Securities Commission was notified of the mechanism and was deployed on the company's website.
- The Board sets code of professional conduct for the Executive Management and employees. Code of professional conduct for members of the Board of Directors will be established during 2019.
- The Board approves the company's corporate social responsibility scheme and programs towards the local community and the environment.
- The Board organizes the financial, accounting and administrative matters of the company under special internal regulations.
- The Board prepares the annual and quarterly report and a report on the preliminary results of the company, in accordance with the provisions of the legislations in force. It sends such reports to the Jordan Securities Commission and other regulatory bodies on time and without any irregularities.
- The Board approves the 2018 Corporate Governance Report and includes it in the Annual Report as per the requirements of the 2017 Jordanian Corporate Governance Code for Listed Shareholding Companies.
- The Board ensures that the company's website is established as a platform for communication between the company and the public. The website provides updated financial and non-financial information and data about the company, its business and activities.
- The Board appoints a Liaison Officer to follow up with the Jordan Securities Commission on all matters related to the implementation of corporate governance in the company.
- The Board develops written procedures for implementing the provisions of the 2017 Jordanian Corporate Governance Code for Listed Shareholding Companies. The Board's Corporate Governance Committee recommended to the Board of Directors to prepare a corporate governance guide for 2019.
- The Board of Directors determines the authorized persons of the company and the limits of delegated authority which are reviewed periodically.

Corporate Governance Liaison Officer

Since the appointment of the Corporate Governance Liaison Officer is the responsibility of the Board of Directors, Mrs. Entisar Fahad Abed Nsour was appointed as a Corporate Governance Liaison Officer to follow up with the Jordan Securities Commission on all matters related to the Company's governance applications.

Secretary of the Board of Directors

The Secretary of the Board of Directors records the minutes of the meetings and decisions in a special record numbered in sequence indicating the members present and any reservations they make in accordance with the laws and legislation in force in the Hashemite Kingdom of Jordan. The Board Secretary is also responsible for setting the agenda of the Board meetings and for keeping all documents, reports and correspondence related to the board and its committees.

The Board has appointed Mr. Rasheed Tawfiq Rasheed Lobani as Secretary of the Board of Directors, succeeding Mr. Mohammed Abd Al Rahman Al Razem as of 1/11/2018.

4. MEETINGS OF THE BOARD OF DIRECTORS

- The Board of Directors holds its meetings at the written invitation of the Chairman of the Board or Deputy Chairman in the absence of the Chairman or at the written request submitted to the Chairman by at least one quarter of the members of the Board and in the presence of the absolute majority of the members.
- The Board abides by the legislation in force in respect of the number of meetings of the Board of Directors, which should not be less than six meetings annually. The Board held eight meetings during 2018.
- Voting on the Board's resolutions is done in person or by any means approved by the legislation in force in the Hashemite Kingdom of Jordan. The decisions of the Board are issued by the absolute majority of the members present and in the event of dead lock, the vote of the chairman shall prevail.

Board Meetings Held in 2018 and Members Present

- The Board of Directors of the Arab Potash Company held eight meetings during 2018. The following table outlines attendance.

Board Member	1st Meeting	2nd Meeting	3rd Meeting	4th Meeting	5th Meeting	6th Meeting	7th Meeting	8th Meeting	Total
H.E Jamal Ahmad Mufleh Al Sarayrah	●	●	●	✓	✓	✓	✓	✓	5
Sami Kamel Jamil Dawud	●	✓	✓	●	●	●	●	●	2
"Ahmad Jamal" Nawaf Moh'd Bataineh	✓	✓	✓	✓	✓	✓	✓	✓	8
Saad Saleh Al Alqan Abu Hammour	✓	✓	✓	✓	✓	✓	✓	✓	8
Mofareh Dakhilallah Jum'a Al-Tarawneh	✓	✓	✓	✓	✓	✓	✓	✓	8
Brent Edward Heimann	✓	✓	✓	✓	✓	✓	✓	✓	8
Deng Hua	●	●	●	●	●	●	✓	✓	2
Zhou Weiliang	●	●	●	●	●	●	✓	✓	2
Reem Haitham Jamil Goussous	✓	✓	✓	✓	✓	✓	●	●	6
Ibrahim Hasan Mustafa Saif	✓	✓	✓	✓	✓	✓	●	●	6
Muhammad R. A. H. Sultan	✓	✓	✓	✓	✓	✓	✓	✓	8
Azza Mohammad Saeed Rashed Al Suwaidi	✓	✓	✓	✓	✓	✓	✓	✓	8
Fadi Abdel-Wahab Abdel-Fattah Abu-Ghaush	✓	✓	✓	✓	✓	✓	✓	✓	8
Najib Mohammed Mohammed Ohida	✓	✓	✓	✓	✓	✓	✓	✓	8
Fahad Majid Al Sultan Al Salim	✓	✓	●	●	●	●	●	●	2
Saadi Sulaiman Etrad Al-Trad	●	●	✓	✓	✓	✓	✓	✓	6
Saffa Aldin Fakhri Abdul-Majeed Al Fouad	✓	✓	✓	✓	✓	✓	✓	✓	8

● Was not a Member ✓ Attended the Meeting × Did Not Attend the Meeting

Attendance Rates of Current and Resigned Members

- The following table shows the attendance rates of current and resigned APC Board members:

Board Members	Attendance of Board Meetings	Attendance Rate
H.E Jamal Ahmad Mufleh Al Sarayrah	5/5	100%
Sami Kamel Jamil Dawud	2/2	100%
"Ahmad Jamal" Nawaf Moh'd Bataineh	8/8	100%
Saad Saleh Al Alqan Abu Hammour	8/8	100%
Mofareh Dakhilallah Jum'a Al-Tarawneh	8/8	100%
Brent Edward Heimann	8/8	100%
Deng Hua	2/2	100%
Zhou Weiliang	2/2	100%
Reem Haitham Jamil Goussous	6/6	100%
Ibrahim Hasan Mustafa Saif	6/6	100%
Muhammad R. A. H. Sultan	8/8	100%
Azza Mohammad Saeed Rashed Al Suwaidi	8/8	100%
Fadi Abdel-Wahab Abdel-Fattah Abu-Ghaush	8/8	100%
Najib Mohammed Mohammed Ohida	8/8	100%
Fahad Majid Al Sultan Al Salim	2/2	100%
Saadi Sulaiman Etrad Al-Trad	6/6	100%
Saffa Aldin Fakhri Abdul-Majeed Al Fouad	8/8	100%

5. APC'S BOARD MEMBERS' MEMBERSHIP IN OTHER PUBLIC SHAREHOLDING COMPANIES

1. Reem Haitham Jamil Goussous - Board Member of Capital Bank
2. Aside from this, none of the current members of the APC Board has any membership in public shareholding companies.

6. EXECUTIVE MANAGEMENT POSITIONS AND NAMES OF EXECUTIVES

The following table shows Executive Management positions and names of executives at the APC:

Name	Position
Brent Edward Heimann	Presidents & CEO, Board Member
Jafar Mohammad Hafez Salem	VP Marketing and Sales
Adnan Sulaiman Faris Al Ma'aitah	VP Human Recourses and Corporate Affairs
Mohammed Abd Al Rahman A. Al Razem	VP Finance and Support Services
Mohammad Abd Al Fattah Mohammad Abu Gheyab	VP Operations as of 25/04/2018

7. STANDING BOARD COMMITTEES

In compliance with the 2017 Jordanian Corporate Governance Regulations for Listed Shareholding Companies, the Board of Directors in 2017 re-formed the following Standing Committees in accordance with the above mentioned code:
Audit Committee - Nomination and Remuneration Committee – Risk Management Committee - Governance Committee. **All standing committees of the Board of Directors have the following powers:**

- Request data and information from the company's employees who shall cooperate to provide full and accurate data.
- Request legal, financial, administrative and technical advice from external consultants when necessary.
- Request the attendance of any of the company's employees for any necessary clarifications.

Since governance instructions allow the Board to form other committees, the Social Responsibility and Donations Committee and Board Tendering Committee have been formed as an additional committese and their tasks and powers have been defined.

A. Audit Committee

The Board's Audit Committee comprises four non-executive Board members. The Audit Committee was separated from the Risk Management Committee in 2017 to comply with 2017 Corporate Governance Regulations. The Committee appointed a Deputy-Chairman to serve as Chairman when the Chairman is absent. All members of the Audit Committee have the knowledge, know-how and practical experience in financial, accounting and administrative matters. The Chairman of the Audit Committee is qualified and has professional certificates in accounting and auditing.

The company puts all its resources at the disposal of the Audit Committee in order to enable it to carry out its mandate in the best possible manner. The Committee can draw upon experts whenever necessary.

- The following table lists the names of the Chairman and members of the Board's Audit Committee and a description of their qualifications:

Board Member	Position in the Committee	Qualifications
Fadi Abdel-Wahab Abdel-Fattah Abu-Ghaush	Chairman of the Committee	Fadi Abu Ghaush became a member of the Arab Potash Company Board of Directors on 15/08/2017. He works as Section Head of the Internal Audit Department of the Social Security Investment Fund (SSIF), a position which he has held since 2009. Before joining SSIF as an Internal Auditor in 2005, he worked as an Accountant at Sabbagh Drugs Store, as Deposit Department Officer, Accountant, Retail Officer, and Relationship Officer at the International Islamic Arab Bank (2002-2005), and as a Financial Implementation Officer at Houston Technologies Ltd. in Amman (2001). He is also an Instructor in internal audit and accounting professional certification CMA, CPA, JCPA, internal audit, money laundering, fraud issues, and internal control. Mr. Abu Ghaush is qualified as a Jordanian Certified Public Accountant (JCPA) in 2012 and a Certified Internal Auditor in 2007, and he received a BSc in Accounting from Al Al-Bayt University in Jordan in 2001. He is also a founding member of the Jordan Internal Auditors Association (JIA).

Board Member	Position in the Committee	Qualifications
Mofareh Dakhilallah Jum'a Al-Tarawneh	Vice Chairman of the Committee	Eng. Mofareh Al-Tarawneh has been a member of Arab Potash Company Board of Directors since 20/06/2017. Joined Jordan Arab Forces in 1978 where he served until his retirement with the rank of Major General. He held many posts that included Assistant to the Chairman of the Royal Jordanian National Defence College, Deputy General Manager of the King Abdullah II Design and Development Bureau (KADDB), Board Member of KADDB affiliated companies, Chief of Military Cooperation Strategic Planning, and Assistant Defence attaché in Pakistan. General Tarawneh was also Project Manager of the transfer of Challenger CD1tanks from the UK to Jordan project, and he participated internationally in the peace keeping mission in Croatia (UNPROFOR) as well as several military cooperation missions. General Tarawneh has a BSc in Mechanical Engineering from the UK, and an Executive MBA from Pakistan. He also received Military and Technical training at national military schools and international military academies in the U.S.A and U.K.
"Ahmad Jamal" Nawaf Moh'd Bataineh	Member	Arab Potash Company Board Member since 12/08/2012. Mr. Bataineh attained the rank of Brigadier General at the Jordanian Armed Forces and held the position of Director of Military Intelligence until 2000 and Military Attache 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 and safeguarding until 2011, President of the Basketball League 2000 – 2003. He received number of medals of honor from Jordan.
Najib Mohammed Mohammed Ohida	Member	Arab Potash Company Board Member as of 28/05/2017. Eng. Najib Ohida has worked at the Libyan Arab Foreign Investment Company (AFIC) as General Manager of the Office of Consultants since 1/1/2017. Mr. Ohida joined LAFICO in 1982, where he held number of positions that included: Chairman and General Manager of the Arab Agricultural Projects Company in Alexandria, Egypt, founding Vice-Chairman and General Manager of the National Development Company for Food Import of the Fund for Economic and Social Development, General Manager of the Office of Expertise and Consultancy, Chairman and General Manager of Astris in Athens – Greece, Member of the Board of Directors of the Arab Agricultural Investment Company in Bahrain, Managing Director of the Libyan Turkish Company for Agricultural and Livestock Production in Ankara Turkey. He worked with Universal Inspectorate in Rome – Italy, Non- resident Chairman of the Board of Directors of the Libyan Beninese Agricultural Company, Non-resident Vice Chairman of the Libyan Togolese Agricultural Company, Member of the Board of the Libyan Ghanaian Agricultural Company, and Member of the Board of Libyan Nicaraguan Agriculture Development Company. Eng. Ohida graduated in 1976 with a BS degree in Soil and Water Sciences from the Faculty of Agriculture of the Libyan University.
Hamad Mohammed Darwish Al Shahwan	**Secretary of the Committee**	

Responsibilities of Audit Committee:

The primary responsibility of the Audit Committee is to oversee APC's financial controls (including disclosure, internal controls) and external and internal audit activities, and reporting processes and providing a report of the results of its activities to the Board of Directors. However, this 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 Audit Committee is tasked with the following:**

- Examine periodic reports before submitting them to the Board of Directors and make recommendations thereon and consider any change in the accounting policies adopted and any change in the accounts of the company due to the internal audit or as a result of the proposals of the external auditor.
- Review all the observations, proposals and reservations of the external auditor and follow up on the company management's response and submit recommendations to the Board of Directors.
- Review the company's correspondence with the external auditor and evaluate what is stated therein and make observations and recommendations thereon to the Board of Directors.
- Study the external auditor's work plan and ensure that the company's management provides the external auditor with all necessary facilities to carry out work.
- Examine and evaluate internal control and audit procedures.
- Review the external auditor's evaluation of the internal control and audit procedures.
- Review internal audit reports, in particular any irregularities highlighted by the internal auditor.
- Advise the Board of Directors regarding matters related to the internal audit and audit procedures and the work of the internal auditor.
- Ensure that there is no conflict of interest that may result from the Company concluding deals, entering into contracts or entering into projects with related parties.
- Review the transactions of related parties with the management of the company and submit recommendations thereon to the Board of Directors prior to their conclusion.
- Establish policies and strategies to enhance internal control.
- Put in place a mechanism to enable the company's employees to report confidentially their doubts about any matters relating to financial reporting or internal control and conduct an independent investigation and ensure that the worker is protected against any adverse reaction or harm.
- Review qualified human cadres for the supervision functions so that they are properly trained and rewarded.
- Follow-up on the company's compliance and commitment to the provisions of the legislation in force and the requirements of the regulatory bodies.
- Study any matters referred by the Board.

The Audit Committee also has the following powers:

- Request an external auditor if the committee deems it necessary to discuss any matters related to the company.
- Recommend to the Board of Directors the nomination of an external auditor to be elected by the General Assembly.
- Recommend to the Board to appoint an internal auditor.

- **With regard to meetings, the Audit Committee held nine meetings during 2018. The meetings were attended by the following members of the Committee:**

Board Member	Position in the Committee	1st Meeting	2nd Meeting	3rd Meeting	4th Meeting	5th Meeting	6th Meeting	7th Meeting	8th Meeting	9th Meeting	Total
Fadi Abdel-Wahab Abdel-Fattah Abu-Ghaush	Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
Mofareh Dakhilallah Jum'a Al-Tarawneh	Vice Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
"Ahmad Jamal" Nawaf Moh'd Bataineh	Member	✓	✓	×	✓	✓	✓	✓	✓	✓	8
Najib Mohammed Mohammed Ohida	Member	×	×	×	×	✓	×	✓	✓	✓	4

● Was not a Member ✓ Attended the Meeting × Did Not Attend the Meeting

- Immediately after its formation, the committee developed written work procedures that govern its work and define its responsibilities. The committee appointed a secretary from the company's finance function to organize the meetings of the committee and prepare its agendas and record the minutes of its meetings in a special record. All the minutes should be signed by the Chairman and members of the Committee who attended the meeting.
- The committee meets whenever necessary at the invitation of its Chairman or Deputy-Chairman in case the former is absent or at the request of the majority of the members of the Committee, provided that the number of its meetings shall not be less than four meetings per year in accordance with the requirements of the 2017 Jordanian Corporate Governance Code. The Committee held nine meetings, four of them were with the company's external auditor.
- The Chairman of the Committee or his/her Deputy, when the former is absent, presides over the meetings of the Committee. Such meetings are deemed legal in the presence of the absolute majority of committee's members. The Committee takes its decisions and recommendations with the concurrence of the absolute majority of the members present at least. In the event of a dead lock, the side voted for by the Chairman prevails.
- The Committee submits its decisions and recommendations to the Board of Directors in addition to a report on its work and achievements within the corporate governance report contained in the Company's annual report.
- If a member of the committee is not a resident of Jordan and is unable to attend the meeting, he/she may participate in the meetings and discussions of the committee through audio and/or visual communication means. In such case, the member shall be deemed present at the meeting and the decisions taken at the meeting shall be binding for him/her.

Achievements of the Audit Committee during 2018

- The Audit Committee's achievements in 2018 include approving the Audit Committee Charter and review and approving the 2018 audit plan, which was based on the company's strategic objectives, risk assessment and audit history in previous years. The committee also reviewed and approved the 2017 Financial Statements and Annual Report and forwarded recommendations to the General Assembly for discussion and approval.

- The Committee reviewed the quarterly financial statements during 2018 with the external auditor and approved them to be announced online and through official newspapers. The committee also reviewed and discussed internal audit reports as per the 2018 audit plan and came up with recommendations on audit observations to be more effective for the company's control systems.
- The committee also reviewed observations cited in previous audit reports and ensured they were addressed according to the work plan and the deadline agreed upon with the stakeholders on a quarterly basis. Individual meetings with the director of the audit function were also emphasized to confirm the independence and objectivity of the audit function.
- The committee continued to implement the recommendations and observations contained in the audit function's reports on production, maintenance, dredgers, warehouses, energy consumption and transportation operations.

B. Nomination and Remuneration Committee

- The Nomination and Remuneration Committee of the Board of Directors comprises five members, one of whom is a member of the Audit Committee, and a Secretary of the Committee. It is formed as per the requirements of the 2017 Jordanian Corporate Governance Regulations for Listed Shareholding Companies.

The following table lists the names of the Chairman and members of the Board's Nomination and Remuneration Committee:

Board Member	Position in the Committee
H.E Jamal Ahmad Mufleh Al Sarayrah	Chairman of the Committee
Fahad Majid Al Sultan Al Salim until 25/04/2018	Member
"Ahmad Jamal" Nawaf Moh'd Bataineh	Member
Mofareh Dakhilallah Jum'a Al-Tarawneh	Member
Reem Haitham Jamil Goussous until 23/10/2018	Member
Saadi Sulaiman Etrad Al-Trad	Member
Mohammed Riyad Sami Al-Taher	**Secretary of the Committee**

Responsibilities of the Nomination and Remuneration Committee:

- The committee ensures the independence of the members on an ongoing basis and informs the Jordan Securities Commission in the event that any member of the Board of Directors becomes non-independent.
- The committee carries out an annual evaluation of the performance of the Board of Directors and the committees and notifies the Jordan Securities Commission on the results of the evaluation annually.
- The committee reviews the organizational structure of the Executive Management and/ or any amendments thereto and submits its review to the Board of Directors for approval.
- The committee reviews draft regulations set by the Executive Management of the company regarding the granting of bonuses and incentives in addition to the salary scale and benefits of the employees, and/or any amendments thereto and forward recommendations to the Board of Directors for approval. It shall also review such regulations periodically.
- Review draft regulations set by the Executive Management regarding human resources and/or any amendments thereto and submit them to the Board of Directors for approval.
- The committee determines the needs of the company in relation to Executive Management members and their selection criteria and submits its recommendations in this regard to the Board of Directors for approval.
- The committee oversees the company's investments and follows-up with the aim of maximizing the returns of these investments and protecting them from potential risks in coordination with the Risk Management Committee and evaluating and/or proposing future investment opportunities and studying them in good practical ways. It also helps the Board make the right investment decision in a timely manner, in accordance with the powers stipulated in the company's investment regulations in force.
- The committee seeks legal, financial, administrative or technical advice from any external consultant, taking into consideration the provisions and conditions of the supplies regulations in force.
- The Committee studies any matters referred by the Board of Directors provided that such matters do not fall within the remit of other Board's committees.

As for meetings, the Nomination and Remuneration Committee held three meetings during 2018. The meetings were attended by the following members of the Committee:

Board Member	Position in the Committee	1st Meeting	2nd Meeting	3rd Meeting
H.E Jamal Ahmad Mufleh Al Sarayrah	Chairman	●	✓	✓
Fahad Majid Al Sultan Al Salim	Member	✓	●	●
"Ahmad Jamal" Nawaf Moh'd Bataineh	Member	✓	✓	✓
Mofareh Dakhilallah Jum'a Al-Tarawneh	Member	✓	✓	✓
Reem Haitham Jamil Goussous	Member	✓	×	●
Saadi Sulaiman Etrad Al-Trad	Member	●	×	✓

● Was not a Member ✓ Attended the Meeting × Did Not Attend the Meeting

- Immediately after its formation, the committee developed written work procedures that govern its work and define its responsibilities. The committee appointed a secretary from the company's internal audit function to organize the meetings of the committee and prepare its agendas and record the minutes of its meetings in a special record. All the minutes should be signed by the Chairman and members of the Committee who attend the meeting.
- The committee meets whenever necessary at the invitation of its Chairman or Deputy-Chairman in case the former is absent or at the request of the majority of the members of the Committee, provided that the number of its meetings shall not be less than two meetings per year in accordance with the requirements of the 2017 Jordanian Corporate Governance Regulations. The committee met three times during 2018.
- The Chairman of the Committee or his/her Deputy, when the former is absent, presides over the meetings of the Committee. Such meetings are deemed legal in the presence of the absolute majority of committee's members. The Committee takes its decisions and recommendations with the concurrence of the absolute majority of the members present at least. In the event of dead lock, the side voted for by the Chairman prevails.
- The Committee submits its decisions and recommendations to the Board of Directors in addition to a report on its work and achievements within the corporate governance report contained in the Company's annual report.
- If a member of the committee is not a resident of Jordan and is unable to attend the meeting, he/she may participate in the meetings and discussions of the committee through audio and/or visual communication means. In such case, the member shall be deemed present at the meeting and the decisions taken at the meeting shall be binding for him/her.

Achievements of the Nomination and Remuneration Committee during 2018

- Approved a policy for the evaluation of the performance of the Board of Directors and its committees.
- Approved the Nomination and Remuneration Committee's charter.
- Recommended to the Board to make some amendments to the supplies regulations to enhance the independence and impartiality of the supply and procurement policy.
- Added new banks to the list of approved banks.
- Amended the organizational structure of the company, so that the Quality, Environment and Safety function now reports to the company's CEO.
- Updated financial powers.
- Approved a recommendation to write off slow moving inventory materials.
- Made some changes relating to the APC representatives in its subsidiaries and affiliates.

C. Risk Management Committee

The Board of Directors' Risk Management Committee was formed at the end of 2017 and was separated from the Audit Committee in order to comply with the 2017 Jordanian Corporate Governance Regulations for Listed Shareholding Companies. The Committee comprises three members of the Board of Directors and a member of the Executive Management of the Company.

The following table lists the names of the Chairman and members of the Board's Risk Management Committee:

Board Member	Position in the Company	Position in the Committee
Mofareh Dakhilallah Jum'a Al-Tarawneh	Member of the Board of Directors	Chairman of the Committee
Saadi Sulaiman Etrad Al-Trad	Member of the Board of Directors	Member
Brent Edward Heimann	President & CEO	Member
Mohammed Abd Al Rahman A. Al Razem	VP Finance & Support Services	Member
Suhaib "Adnan Wahbi" Yousef Al Tal		**Secretary th Committee**

Responsibilities of the Risk Management Committee:

The responsibilities of the Risk Management Committee are to manage and review risks with all the company's departments. The Committee also monitors and evaluates the various types of risks that the company may face and develops and reviews the Company's risk management policy on an annual basis. Additionally, the Committee establishes written procedures to govern its work and determine its responsibilities and submits its decisions and recommendations to the Board.

As for meetings, the Risk Management Committee held two meetings during 2018. The following members of the Committee attended the meetings:

Board Member	Position in the Committee	1st Meeting	2nd Meeting
Mofareh Dakhilallah Jum'a Al-Tarawneh	Chairman of the Committee	✓	✓
Saadi Sulaiman Etrad Al-Trad	Member	✓	✓
Brent Edward Heimann	Member	✓	✓
Mohammed Abd Al Rahman A. Al Razem	Member	✓	✓

● Was not a Member ✓ Attended the Meeting × Did Not Attend the Meeting

- Immediately after its formation, the committee developed written work procedures that govern its work and define its responsibilities. The committee appointed a secretary from the company's internal audit function to organize the meetings of the committee and prepare its agendas and record the minutes of its meetings in a special record. All the minutes should be signed by the Chairman and members of the Committee who attend the meeting.
- The committee meets whenever necessary at the invitation of its Chairman or Deputy-Chairman in case the former is absent or at the request of the majority of the members of the Committee, provided that the number of its meetings shall not be less than two meetings per year in accordance with the requirements of the 2017 Jordanian Corporate Governance Code. The committee met two times during 2018.
- The Chairman of the Committee or his/her Deputy, when the former is absent, presides over the meetings of the Committee. Such meetings are deemed legal in the presence of the absolute majority of committee's members. The Committee takes its decisions and recommendations with the concurrence of the absolute majority of the members present at least. In the event of a tie vote, the side voted for by the Chairman prevails.
- The Committee submits its decisions and recommendations to the Board of Directors in addition to a report on its work and achievements within the corporate governance report contained in the Company's annual report.

- If a member of the committee is not a resident of Jordan and is unable to attend the meeting, he/she may participate in the meetings and discussions of the committee through audio and/or visual communication means. In such case, the member shall be deemed present at the meeting and the decisions taken at the meeting shall be binding for him/her.

Achievements of the Risk Management Committee during 2018

- Approved the Risk Management Committee's Charter
- Approved the Corporate Risk Management Policy (COSO Framework).
- Approved the Corporate Risk Management Policy (ISO 31000 Guidelines).
- Reviewed the 2018 Risk Management Report.

D. Corporate Governance Committee

The APC's Board's Corporate Governance Committee was formed in 2017 in accordance with the 2017 Jordanian Corporate Governance Regulations for Listed Shareholding Companies issued by the Jordan Securities Commission based on the provisions of the Securities Law. The Corporate Governance Committee comprises five members of the Board of Directors.

Immediately after its formation, the committee prepared a corporate governance charter and advised the Board of Directors to appoint a liaison officer for the company, whose task will be to follow up the matters related to the company's governance applications with the Jordan Securities Commission. A secretary of the committee was also appointed to prepare for the meetings of the committee and to record the minutes of the meetings in a special record. All minutes of meetings shall be signed by the Chairman and members of the Committee present.

- **The following table lists the names of the Chairman and members of the Board's Corporate Governance Committee:**

Board Member	Position in the committee
"Ahmad Jamal" Nawaf Moh'd Bataineh	Chairman of the Committee
Mofareh Dakhilallah Jum'a Al-Tarawneh	Member
Saad Saleh Al Alqan Abu Hammour	Member
Saffa Aldin Fakhri Abdul-Majeed Al Fouad	Member
Saadi Sulaiman Etrad Al-Trad	Member
Entisar Fahad Abed Nsour	**Secretary of the Committee**

Responsibilities of the Corporate Governance Committee:

- The responsibility of the Corporate Governance Committee of APC is to develop written procedures for implementing the provisions of the 2017 Jordanian Corporate Governance Code for Listed Shareholding Companies, review them and evaluate the extent to which these instructions are implemented in the company on an annual basis.
- The Corporate Governance Committee ensures that the company's management complies with the provisions of the Corporate Governance Code.
- Guide the Executive Management towards the development of written policies and procedures for all the company's activities and business.
- The committee prepares the Corporate Governance Report and includes it in the Company's annual report, which should be signed by the Chairman of the Board of Directors.
- The Corporate Governance Committee reviews any comments received from the JSC regarding the application of corporate governance and follows up on subsequent measures.
- The Corporate Governance Committee provides guidance for the implementation of the Company's Corporate Governance Guidelines by the board's committees.

As for meetings, the Corporate Governance Committee held four meetings during 2018. The meetings were attended by the following members of the Committee:

Board Member	Position	1st Meeting	2nd Meeting	3rd Meeting	4th Meeting
"Ahmad Jamal" Nawaf Moh'd Bataineh	Chairman of the Committee	✓	✓	✓	✓
Saad Saleh Al Alqan Abu Hammour	Member	✓	✓	✓	✓
Mofareh Dakhilallah Jum'a Al-Tarawneh	Member	×	✓	✓	✓
Saffa Aldin Fakhri Abdul-Majeed Al Fouad	Member	✓	✓	✓	✓
Saadi Sulaiman Etrad Al-Trad	Member	●	×	✓	✓

● Was not a Member ✓ Attended the Meeting × Did Not Attend the Meeting

- The committee meets whenever necessary at the invitation of its Chairman or Deputy-Chairman in case the former is absent or at the request of the majority of the members of the Committee, provided that the number of its meetings shall not be less than one meeting per year in accordance with the requirements of the 2017 Jordanian Corporate Governance Code. The committee met four times during 2018.
- The Chairman of the Committee or his/her Deputy, when the former is absent, presides over the meetings of the Committee. Such meetings are deemed legal in the presence of the absolute majority of committee's members. The Committee takes its decisions and recommendations with the concurrence of the absolute majority of the members present at least. In the event of a tie vote, the side voted for by the Chairman prevails.
- If a member of the committee is not a resident of Jordan and is unable to attend the meeting, he/she may participate in the meetings and discussions of the committee through audio and/or visual communication means. In such case, the member shall be deemed present at the meeting and the decisions taken at the meeting shall be binding for him/her.
- The Committee submits its decisions and recommendations to the Board of Directors in addition to a report on its work and achievements within the corporate governance report contained in the Company's annual report.
- There was no conflict between the recommendations of any of the board's committees and the decisions of the board during 2018.

Achievements of the Corporate Governance Committee during 2018

Throughout 2018, the Board of Directors of the Arab Potash Company remained committed to taking all necessary measures to establish and implement effective governance principles and standards in the company to be a leading firm when it comes to compliance with corporate governance guidelines. In 2018, the Corporate Governance Committee achieved a number of accomplishments, including:

- The Corporate Governance Report for 2017 was prepared and included in the Annual Report of the Company to inform shareholders, potential investors and the public and without any irregularities issued by the JSC.
- The Memorandum of Association and Articles of Association of the Company were amended in accordance with the provisions of 2017 Corporate Governance Regulations and the amendments to the Companies Law. An extraordinary meeting of the General Assembly of Shareholders was held on 25/7/2018.
- The company's website was activated for publishing the announcements and all financial and non-financial disclosures for the company to inform shareholders, stakeholders and potential investors.
- The Corporate Governance Committee advised the Board of Directors to approve a mechanism of adding an item to the Ordinary General Assembly Meeting for Senior Shareholders who own at least 5% of the Company's subscribed shares before sending it in final form to shareholders. The Board of Directors approved this mechanism, provided that the proposed item will be sent to the Company within a period not exceeding the end of January of each year through the e-mail or fax of the Board of Directors' Secretariat.
- The Corporate Governance Committee advised the Board of Directors to adopt a mechanism to receive feedback and complaints from the shareholders. The Board of Directors approved this mechanism. A feedback and complaints box was installed at the company's management offices in Amman and a record of suggestions and complaints was made at the meetings of the General Assembly of Shareholders. The mechanism was deployed on the company's website.

- The Corporate Governance Committee presented to the Board of Directors the disclosure and transparency policy in accordance with the disclosure instructions issued by the issuing companies, the accounting and auditing standards for the year 2004 and its amendments for the year 2018 issued by the JSC and effective from 1/3/2004. The policy was approved by the Board of Directors and implemented, and is reviewed periodically every two years or when necessary.
- It was recommended by the Corporate Governance Committee that the Board of Directors should attend training sessions on corporate governance principles and practices in accordance with the requirements of the Corporate Governance Regulations issued by the JSC. A lecture was given to the Board members on the importance of governance and the basis for its implementation.
- The Corporate Governance Committee advised the Board of Directors to take the necessary measures to prepare a governance guide for APC during 2019.
- The Corporate Governance Committee follows up the development or compilation of required policies and regulations in coordination with the Executive Management and the Board of Directors' secretariat for submission to the Board for approval. They should be put in force and reviewed periodically.

E. Social Responsibility and Donations Committee

In addition to the standing committees formed according to the 2017 Corporate Governance Regulations, the Board of Directors may form committees to follow up on specific tasks, such as the Board's Social Responsibility and Donations Committee. This committee consists of three members of the Board of Directors, whose main task is to provide support to the local community in the areas of health, education, water, social, sports and cultural activities, places of worship, official and community institutions and bodies. The committee appointed a secretary to prepare for its meetings, record the minutes of such meetings and to sign the minutes by all members of the committee.

The following table lists the names of the Chairman and members of the Board's Social Responsibility and Donations Committee:

Board Member	Position in the Committee
H.E Jamal Ahmad Mufleh Al Sarayrah	Chairman of the Committee
Sami Kamel Jamil Dawud	Chairman of the Committee until 24/07/2018
"Ahmad Jamal" Nawaf Moh'd Bataineh	Member
Brent Edward Heimann	Member
Bisher Mohammed Abdul Hamid Al Mahasna	**Secretary of the Committee**

The Social Responsibility and Donations Committee held five meetings during 2018.

F . Board Tendering Committee

The Board Tendering Committee was introduced at the Board meeting on 16/10/2018. The Committee comprises five members of the Board of Directors and its main task is to take decision in the Company's tenders that are more than five million dinars and not exceeding ten million dinars and to advise the Board of Directors on tenders, above ten million dinars.

The following table lists the names of the Chairman and members of the Board Tendering Committee:

Name	Position in the Company	Position in the Committee
H.E Jamal Ahmad Mufleh Al Sarayrah	Chairman of the Board of Directors	Chairman of the Committee
"Ahmad Jamal" Nawaf Moh'd Bataineh	Board Member	Member
Saad Saleh Al Alqan Abu Hammour	Board Member	Member
Mofreh Dakhilallah Jum'a Al Tarawneh	Board Member	Member
Brent Edward Heimann	President & CEO, Board Member	Member
Hamdi Hassan Adnan Matarneh		**Secretary of the Committee**

The Committee did not hold any meetings during 2018.

8. GENERAL ASSEMBLY MEETINGS

- The General Assembly comprises all the shareholders of the Company who are entitled to vote.
- The Board of Directors shall hold an ordinary meeting at least once a year during the four months following the end of the financial year of the company.
- An Ordinary General Assembly meeting was held on 25/4/2018 where the General Assembly of the Company unanimously approved the following:
    - The Board of Directors' report on the Company's business for 2017 and its future plan.
    - The Company's consolidated financial statements for 2017.
    - Dividend distribution for 2017 at %100 of the nominal value of the share as cash dividend to shareholders at the date of the meeting.
    - The hiring of PricewaterhouseCoopers (PwC) as the Company's auditors for 2018 and authorizing the Board of Directors to determine its fees.
    - At the end of the meeting, the Board of Directors was released from any liabilities for 2017.

- The General Assembly holds its extraordinary meetings in accordance with the legislation in force in the Hashemite Kingdom of Jordan.
- The General Assembly held an Extraordinary Meeting on 25/7/2018 to amend the Memorandum of Association and the Articles of Association in line with the amendments to the Companies Law and the 2017 Jordanian Corporate Governance Regulations for Listed Shareholding Companies.
- Appropriate venue and time should be chosen to hold meetings in such a manner as to encourage the attendance of as many shareholders as possible or to appoint a shareholder to attend the meeting under a written delegation or to delegate another person under a power of attorney in accordance with the legislation in force in the Hashemite Kingdom of Jordan.
- The invitation to attend the General Assembly meeting shall be sent to all shareholders either by hand or by registered mail or to the shareholder's email, at least 21 days prior to the date of the meeting. The date and place of the meeting shall be specified in the invitation and shall be accompanied by the agenda of the General Assembly, including the topics to be discussed in a detailed and clear manner. The Board of Directors shall announce the date and venue of the meeting in two daily local newspapers at least twice and on the Company's website. The announcement shall also be made by audio and video means.
- In the event of elections for the members of the Board of Directors, a copy of the CV of the shareholder who wishes to run for the membership of the Board of Directors should be attached to the agenda.
- No new topics are included during the Ordinary General Assembly meeting that are not on the agenda sent to the shareholders.
- The Ordinary and Extraordinary General Assembly shall be chaired by the Chairman of the Board of Directors or his/her Deputy or whomever the Board delegates in case of their absence. The number of Board members who should attend the meetings must not be less than the quorum for any meeting of the Board of Directors.
- The meetings are managed in a way that allows all shareholders to actively participate and express their opinions freely and receive answers to all their queries.

9. RIGHTS OF STAKEHOLDERS AND GENERAL RIGHTS OF SHAREHOLDERS

APC is committed to ensuring that the rights of the stakeholders and the public rights of the shareholders are maintained and that good relations are established with them to ensure that they have complete, sufficient and reliable information to enable them to carry out their responsibilities towards the company.

A. General Rights of Shareholders

- The shareholders of APC are provided with excellent services provided by the shareholders' affairs department of the company. The department keeps records of the ownership of the shareholders and the changes and restrictions thereon. The purpose of this is to enable the shareholders to view the register of shareholders regarding their contribution for any reason, and to be informed of all the information and documents of the company according to the legislation in force. The shareholders are also enabled to obtain periodic and non-periodic information disclosed and participate in voting on the resolutions of the General Assembly either in person or through delegates. They shall also have the right to review the minutes of the meetings of the General Assembly of the Company when necessary. The shareholders in the Arab Potash Company shall receive their share of annual dividends within forty-five days from the date of issuance of the General Assembly's decision to distribute cash dividends through a local bank approved by the Company or by bank transfer to their bank account registered in the shareholder's register.

- On its website, the company provides a special section for shareholders to view announcements and financial and non-financial disclosures of interest to them. The company also welcomes constructive shareholder suggestions and complaints received through a dedicated box located in the company's general administration building. Such input is also received through the company's website and through the complaints and suggestions register which is made available at the General Assembly's meeting to be considered for further action.

B. Powers of the General Assembly

The General Assembly of the Arab Potash Company has all the powers granted by the legislation in force in the Hashemite Kingdom of Jordan to take the necessary decisions that affect the future of the company directly.

10. DISCLOSURE AND TRANSPARENCY

APC develops written work procedures for regulating the disclosure of information and following-up on its application in accordance with the requirements of the regulatory authorities and the legislation in force. Among these requirements are disclosure instructions issued by the issuing companies, accounting and auditing standards issued by the JSC based on the Securities Law. On the recommendation of the Company's Corporate Governance Committee, the Company's Board of Directors approved a disclosure and transparency policy under which the company's management is committed to disclosing financial information and key data to shareholders and investors in a timely and accurate manner that helps them make their investment decisions. The company uses its website to promote all its disclosures.

Disclosures include periodic financial and non-financial reports, core information of the company, the compensations of the members of the Board of Directors and senior Executive Management, the number of securities they own, and insider trading. The company also discloses its policies and programs towards the community and the environment and any information that may affect the company's share price.

11. EXTERNAL AUDITOR

At its meeting held on 25/4/2018, the General Assembly approved the hiring of PricewaterhouseCoopers (PwC) as external auditors for the Company for the fiscal year ended 31/12/2018 and their fees.

- The Company has taken appropriate measures to ensure the following:
- The Company ascertained that the external auditor (PricewaterhouseCoopers) is certified and registered with the JSC and qualified, under license No. 802, to audit the accounts of entities subject to the supervision and control of the JSC as on 23/10/2018.
- The Company shall be satisfied that the external auditor is not a shareholder, founder or member of the Board of Directors of the Company and does not have any partnership with any member of the Board of Directors or an employee thereof.
- The external auditor does not perform any additional work for the company, such as the provision of administrative or technical advice but only after the approval of the Board of Directors upon the recommendation of the Audit Committee.
- The auditor is fully independent in accordance with the International Standards on Auditing (ISA).
- The auditor performs its work impartially and without the intervention of the Board of Directors or the Executive Management.
- **The external auditor performs the duties required under applicable legislation, including:**

1. Carries out the work assigned in an independent and impartial manner.
2. Monitors the company's work and checks its accounts in accordance with international standards.
3. Examines the company's administrative and financial regulations and the internal controls and gives an opinion regarding their effectiveness and ensures their suitability for the proper functioning of the company and the preservation of its funds.
4. Attends Ordinary and Extraordinary General Assembly meetings and answers questions and queries of the Company's shareholders concerning the financial statements and final accounts during the meeting.
5. Verifies the ownership of the company's assets and the legality of its obligations.
6. Gives opinion on the fairness of the financial statements of the company and requests amendments if there is anything that may impact the fairness of the said statements.
7. Ensures that the Company organizes its accounts and financial statements in accordance with the International Financial Reporting Standards (IFRS).
8. Reports to competent authorities any violation of applicable legislation or any financial or administrative matters that have a negative impact on the company's status.

12. RELATED PARTY TRANSACTION

The Arab Potash Company is committed to applying the provisions of the relevant applicable legislation in the Company relating to the transactions of related parties. The Board's Audit Committee reviews the transactions of related parties and ascertains that there is no conflict of interest that may result from the company concluding deals, entering into contracts or entering into projects with related parties. The related parties' transactions are disclosed in accordance with International Financial Reporting Standards (IFRS) and included in the Company's financial statements.

Chairman of the Board of Directors
H.E Jamal Ahmad Mufleh Al Sarayrah

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

Independent Auditor's Report
To the Shareholders of Arab Potash Company Public Shareholding Company

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Arab Potash Company (a Public Shareholding Company) - (the "Company") and its subsidiaries (together the "Group") as at 31 December 2018 and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2018;
- the consolidated statement of income for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in shareholders' equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Overview

Key Audit Matter	1. Employees' benefit obligations

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the Group's structure, the accounting processes, controls and the industry in which the Group operates.

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.

Key audit matter	How our audit addressed the key audit matter
1. Employees' benefit obligations The Group has different employee benefit programs, some of which are contribution benefit plans where the Group's obligations are limited to the contribution made to the benefit of the employees. Other plans constitute defined benefit plans including the Death and Compensation fund relating to contributions in respect of retired or resigned employees. Further details of employee benefit plans are illustrated in Note 21. Under IAS 19 'Employee Benefits', the measurement of employees' benefits obligations requires estimates relating to expected future payments and the application of actuarial assumptions in connection with salary growth rates, staff turnover and use of an appropriate discount rate. The assumptions used, and the sensitivities to their changes, are disclosed in Note 21. The Group appointed an independent actuary to develop an estimate of the Death and Compensation Fund obligations. The balance of this obligation amounted to JD 53,028 thousands as at 31 December 2018 and JD 49,106 thousands as at 31 December 2017. We focused on this area given the materiality of the employees benefits to the consolidated financial statements and the significant estimates and judgments included in the calculation of the obligation as mentioned above.	• To evaluate the accounting treatments applied by the Group and to test the accuracy of management's estimates, we undertook the following procedures: • We have obtained the signed agreements between the Group and the Labor of Mining Union, in addition to the internal bylaws for the Death and Compensation Fund and the Group. • We have reviewed supporting documents for amounts paid by the Group to the Death and Compensation Fund as contributions and the other amounts paid to cover the deficit in the Fund. • We obtained an understanding of the different benefit schemes available to employees of the Group and assessed whether the Group's accounting policies had been applied consistently over each of the presented years, and whether the applied techniques to calculate obligations at the year-end complied with the requirements of the International Accounting Standard (IAS) 19 "Employees Benefits". • Management had provided us with the independent actuarial report used by management to calculate the obligations of defined employees' benefits. We assessed the independence and professional qualifications of the appointed actuary, together with the scope of work that the actuary was asked to perform. • We used our internal actuarial specialists to assess the reasonableness of the key assumptions (discount rate, inflation rates, attrition and mortality assumptions) adopted by the independent actuary for the estimation of the Death and Compensation Fund obligations based on their experience in equivalent industries. • We reviewed the disclosures included in the consolidated financial statements to assess adequacy of disclosures based on IAS 19 "Employees Benefits" requirements. • We have tested the accuracy of the information used in the actuarial calculation and which was provided by management by tracing to employees, contracts, payroll sheets, employees information including date of hire, age, current salary and grade.

Other information:

Management is responsible for the other information. The other information comprises the Group's Annual Report for the year 2018 but does not include the consolidated financial statements and our auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will 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 identified above 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 International Financial Reporting, 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 exists. 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 scepticism 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 exists, 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 reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

The Group maintains proper accounting records that are in agreement with the accompanying consolidated financial statements. We recommend that the General Assembly of the Shareholders approve these consolidated financial statements.

PricewaterhouseCoopers "Jordan" L.L.C.

Hazem Sababa
License No. (802)

Amman - Jordan
26 March 2019

Arab Potash Company
Public Shareholding Company
Consolidated Statement of Financial Position
As At 31 December 2018

	Notes	31 December 2018	31 December 2017
		JD "000"	JD "000"
Assets			
Non-current assets			
Property, plant and equipment	5	243,267	219,481
Right of use	6	20,981	14,631
Projects in progress	7	25,166	78,410
Investment in associates	8	4,770	5,095
Investment in joint ventures	9	190,160	153,466
Finance assets at amortized cost	11	21,007	21,106
Employees' housing loans	12	16,656	18,526
Other non-current assets	18	31,964	-
Financial assets at fair value through other comprehensive income	10	568	606
Deferred tax assets	25	21,378	15,897
		575,917	**527,218**
Current assets			
Inventories	14	21,949	11,482
Spare parts and supplies	15	43,723	37,157
Employees' housing loans	12	2,822	2,736
Accounts receivable	13	66,778	50,689
Other current assets	16	53,458	36,704
Cash on hand and bank balances	17	245,958	271,321
		434,688	**410,089**
Total assets		**1,010,605**	**937,307**
Shareholders' Equity and Liabilities			
Shareholders' Equity			
Paid in share capital	1	83,318	83,318
Statutory reserve	19	50,464	50,464
Voluntary reserve	19	80,699	80,699
Fair value reserve	10	(89)	(51)
Re-measurement of post-employment benefit obligations		(8,190)	(5,712)
Retained earnings		**638,892**	**599,167**
Net Shareholders Equity		**845,094**	**807,885**
Liabilities			
Non-current liabilities			
Long-term loan	20	15,861	11,614
Obligations against capital projects	6	8,900	11,390
Death and compensation fund obligations	21	49,922	46,548
Other non-current liabilities	24	7,609	8,096
		82,292	**77,648**
Current liabilities			
Bank overdraft	20	3,688	-
Current portion of long term loan	20	3,798	17
Obligations against capital projects	6	3,236	3,983
Death and compensation fund obligations	21	3,106	2,558
Potash mining fees due to the government of the Hashemite Kingdom of Jordan	1,29	-	339
Trade payables		21,961	15,537
Income tax provision	25	12,061	2,314
Other current liabilities	22	35,369	27,026
		83,219	51,774
Total liabilities		**165,511**	**129,422**
Total shareholders' equity and liabilities		**1,010,605**	**937,307**

The accompanying notes 1 to 35 form part of these consolidated financial statements

Arab Potash Company
Public Shareholding Company
Consolidated Income Statement
For The Year Ended 31 December 2018

	Notes	2018	2017
		JD "000"	JD "000"
Sales	23	482,727	423,277
Cost of sales	26	(316,030)	(318,522)
Gross profit	**23**	**166,697**	**104,755**
Administrative expenses	27	(14,959)	(13,989)
Selling and distribution expenses	30	(20,501)	(19,351)
Corporate social responsibility expenses		(9,815)	(7,850)
Net foreign currency exchange differences		(276)	2,111
Potash mining fees	1, 29	(15,114)	(7,339)
Operating profit		**106,032**	**58,337**
Interest income		13,210	10,854
Finance costs and bank charges	31	(10,838)	(6,853)
Other income, net	28	36	11,489
Profit before income tax and gain from associates and joint ventures		**108,440**	**73,827**
Group's share of profit of associates and joint ventures	8,9	34,852	32,371
Profit before income tax		**143,292**	**106,198**
Income tax expense	25	(18,418)	(16,355)
Profit for the year		**124,874**	**89,843**
		JD / Fills	JD / Fills
Earnings per share			
Basic and diluted earnings per share	32	1.499	1.078

The accompanying notes 1 to 35 form part of these consolidated financial statements

Arab Potash Company
Public Shareholding Company
Consolidated Statement of Comprehensive Income
For The Year Ended 31 December 2018

	Notes	2018	2017
		JD "000"	JD "000"
Profit for the year		**124,874**	**89,843**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Re-measurement of post-employment benefit obligations		(3,217)	(4,851)
Changes in the fair value of equity investments at fair value through other comprehensive income	10	(38)	(54)
Income tax relating to these items		739	1,200
Total comprehensive income for the year		**122,358**	**86,138**

The accompanying notes 1 to 35 form part of these consolidated financial statements.

Arab Potash Company
Public Shareholding Company
Consolidated Statement of Changes in Shareholders' Equity
For The Year Ended 31 December 2018

	Paid in Share capital	Statutory reserve	Voluntary reserve	Fair value reserve	Re-measurement of post-employment benefit obligations	Retained Earnings	Total equity
	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"
2018							
Balance at 1 January 2018 (as originally presented)	83,318	50,464	80,699	(51)	(5,712)	599,167	807,885
Effect of changes in accounting policy (adoption of IFRS 9)	-	-	-	-	-	(1,831)	(1,831)
Balance at 1 January 2018 (Restated)	**83,318**	**50,464**	**80,699**	**(51)**	**(5,712)**	**597,336**	**806,054**
Profit for the year	-	-	-	-		124,874	124,874
Other comprehensive income for the year	-	-	-	(38)	(2,478)	-	(2,516)
Total comprehensive income for the year	**-**	**-**	**-**	**(38)**	**(2,478)**	**124,874**	**122,358**
Transactions with owners in their capacity as owners:							
Dividends distribution (Note 19)	-	-	-	-	-	(83,318)	(83,318)
Balance at 31 December 2018	**83,318**	**50,464**	**80,699**	**(89)**	**(8,190)**	**638,892**	**845,094**
2017							
Balance at 1 January 2017	83,318	50,464	80,699	3	(2,061)	592,642	805,065
Profit for the year	-	-	-	-	-	89,843	89,843
Other comprehensive income for the year	-	-	-	(54)	(3,651)	-	(3,705)
Total comprehensive income for the year	**-**	**-**	**-**	**(54)**	**(3,651)**	**89,843**	**86,138**
Transactions with owners in their capacity as owners:							
Dividends distribution (Note 19)	-	-	-	-	-	(83,318)	(83,318)
Balance at 31 December 2017	**83,318**	**50,464**	**80,699**	**(51)**	**(5,712)**	**599,167**	**807,885**

The accompanying notes 1 to 35 form part of these consolidated financial statements

Arab Potash Company
Public Shareholding Company
Consolidated Statement of Cash Flows
For The Year Ended 31 December 2018

	Notes	2018	2017
		JD "000"	JD "000"
Operating Activities			
Profit for the year before income tax		143,292	106,198
Adjustments:			
Depreciation	5	65,232	69,324
Amortisation	6,11,18	2,705	1,045
Loss on disposal of Property, plant and equipment		32	2
Interest income		(13,210)	(10,845)
Finance costs	31	10,838	6,853
Share of profit of associates and joint ventures and its amendments	8,9	(34,852)	(32,371)
End of service indemnity provision		(417)	(1,444)
Potash mining fees		15,114	7,339
Employees' post-employment benefits provision		(3,355)	(461)
Provision for slow moving spare parts and inventory	14,15	(674)	(789)
Provision for unpaid employees' leaves		2,760	110
Employee's legal cases compensation provision		(1,838)	-
Death and compensation provision	21	7,345	3,364
Working capital changes:			
Inventories		(10,589)	9,327
Spare parts		(5,770)	4,256
Accounts receivable		(16,089)	2,452
Other assets		(23,787)	(6,372)
Trade payables and accruals		5,136	(1,930)
Other current liabilities		10,706	3,147
Net cash flows from operating activities before income tax paid and royalties paid		**152,579**	**159,196**
Income tax paid	25	(9,464)	(497)
Mining fees paid	29	(16,339)	(11,063)
Death and compensation fund paid	21	(5,901)	(18,225)
Net cash flows from operating activities		**120,875**	**129,411**

The accompanying notes 1 to 35 form part of these consolidated financial statements

Arab Potash Company
Public Shareholding Company
Consolidated Statement of Cash Flows (continued)
For The Year Ended 31 December 2018

	Notes	2018	2017
		JD "000"	JD "000"
Investing Activities			
Purchase of property, plant and equipment	5	(7,460)	(5,722)
Acquisition of right of use	6	(7,420)	-
Projects in progress	7	(55,234)	(53,329)
Interest received		11,117	7,247
Dividends received from associates and joint ventures	8,9	10,983	26,166
Investment in associates and joint ventures	8,9	(12,500)	(12,500)
Granted employees' housing loans		(1,247)	(2,579)
Proceeds from Employees housing loans		2,774	3,033
Short term deposits with maturity above three months and less than a year		(20,390)	(75,657)
Net cash flows used in investing activities		**(79,377)**	**(113,341)**
Financing Activities			
Repayment of loans	20	-	(51)
Loans borrowed	20	8,028	11,631
Payments for obligations against capital projects		(3,237)	-
Interest paid		(10,838)	(3,016)
Dividends paid to shareholders	19	(83,318)	(83,318)
Net cash flows used in financing activities		**(89,365)**	**(74,754)**
Net decrease in cash and cash equivalents		**(47,867)**	**(58,684)**
Cash and cash equivalents at 1 January		84,455	143,139
Cash and cash equivalents at 31 December	**17**	**36,588**	**84,455**
Non-Cash Transactions:			
Commitment against capital expenditures	6	-	15,583
Right of use	6	-	(15,583)
Transfers from projects in progress to property, plant and equipment	7	81,590	51,007
Transfers from projects in progress to other non-current assets		26,888	-
Offset income tax payable against sales tax receivable	25	(3,399)	(10,200)

The accompanying notes 1 to 35 form part of these consolidated financial statements

(1) General Information

Arab Potash Company "APC", the "Company", is a public shareholding company that was founded and registered on 7 July 1956 in Amman – Jordan. During 1958, the Company was granted a concession from the Government of the Hashemite Kingdom of Jordan to exploit the minerals and salts of the Dead Sea brine. The concession expires after 100 years from the grant date, after which, the Company's factories and installations become the property of the Government of the Hashemite Kingdom of Jordan. Based on the agreement, the Company will not be responsible for any decommissioning costs. The concession agreement was amended during 2003 in accordance with the Temporary Law Number (55) of 2003, whereby amendments included the annual rent fees for lands within the concession area, the concession area borders and the exclusive rights given to the Company. On 11 May 2010 the Government of Jordan and APC agreed to amend the lease fee of the concession land in Ghour Al Safi site to JD 1.5 million per annum; and the lease fee shall be increased annually in accordance with the Consumer Price Index to become JD 1,790 thousands as at 31 December 2018.

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

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

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

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

The consolidated financial statements were authorized for issue by the board of directors on 19 March 2019, these consolidated financial statements require the approval of the shareholders of the Company.

2.1 Basis of Preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and the related interpretations.

The consolidated financial statements of the Group 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 of the Group are prepared in accordance with the going concern basis.

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 preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in (Note 4).

2.2 Basis of Consolidation

The consolidated financial statements of the Group includes the financial statements of the Company and its controlled subsidiaries. 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.

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 consolidated statement from the date the Group gains control until the date the Group ceases to control the subsidiary.

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.

The consolidated financial statements comprise the following subsidiaries:

Subsidiary	Type	Nature of business	Paid in capital	Percentage of ownership
			'000	%
Arab Fertilizers and Chemicals Industries (KEMAPCO)	Limited Liability	Fertilizer production	29,000	100
Numeira Mixed Salts and Mud Company	Limited Liability	Dead sea Mud products and packaging services	800	100
Jordan Dead Sea Industries (JDICO)	Limited Liability	Investment Holding Company	100	100

Shareholders that have significant influence over the Group

Shareholder	No. of shares	Percentage of ownership
		%
Man Jia Industrial Development Limited *	21,494,614	25.8%
The Jordanian Ministry of Finance	21,782,437	26,1%
Arab Mining Company	16,655,651	20%

* PCS Jordan LLC announced in October 2017 its intent to sell its stake in Arab Potash Company through a public offering. During July 2018, Nutrien Company; which is the ultimate parent company of PCS Jordan LLC has announced that they have signed an agreement to sell their shares in Arab Potash Company to SDIC Mining Investment Company in China (The ultimate parent of Man Jia Industrial Development Ltd.)

2.3 Changes in Accounting Policies

2.3.1 Changes in accounting policy and disclosures

(a) New standards and amendments adopted by the Group

A number of new or amended standards became applicable for the current reporting period and as follows:

- IFRS 9 - Financial instruments
- IFRS 15 - Revenue from contracts with customers.
- Annual improvements 2014-2016 cycle.
- IFRIC 22 Foreign Currency Transactions and Advance Consideration

The impact of the adoption of these standards and the new accounting policies relating to standards number 9 and 15 are disclosed in note 34. The other standards did not have any impact on the group's accounting policies and did not require retrospective adjustments.

(b) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting periods and have not been early adopted by the Group.The Group's assessment of the impact of these new standards and interpretations is set out below.

Title of standard	IFRS 16 'Leases contracts'
Nature of change	IFRS 16 was issued in January 2016. It will result in almost all leases being recognized on the consolidated statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases, and leases under exploration, concession and extraction. The accounting for lessors will not significantly change.
Impact	The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the group has non-cancellable annual operating lease commitments of JD 2,290 thousand (Note 35), in addition to other operating leases related to the Group's representative offices outside Jordan and other small contracts inside Jordan. The Group estimates the lease payments of representative offices and the other small contracts as a short-term and low value leases which will be recognized on a straight-line basis as an expense in profit or loss. However, the Group has not yet completed its assessments of what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognized on adoption of the new standard and how this may affect the group's profit or loss and classification of cash flows going forward.
Mandatory application date/ Date of adoption by the Group	Mandatory for financial years commencing on or after 1 January 2019. At this stage, the group does not intend to adopt the standard before its effective date. The group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Title of standard	IFRS 10 'Consolidated Financial Statements'
Impact	The IASB has made limited scope amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. The accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's investors in the associate or joint venture. The amendments apply prospectively.
Mandatory application date/ Date of adoption by the Group	IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'Jordanian Dinar', which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated income statement.
Foreign exchange gains and losses are presented in the consolidated income statement.

2.5 Property, Plant and Equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the consolidated income statement during the reporting period in which they are incurred.

Depreciation is calculated to allocate the cost of assets over their estimated useful lives on a straight-line basis commencing when the assets become ready for their intended use. The estimated useful lives, residual values and depreciation methods are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis. Land is not depreciated.

The Group's estimated useful lives percentages on each asset classification are as follows:

	%
Buildings	4-8
Dikes	7-8
Machinery and equipment	14-15
Vehicles	20
Furniture and fixtures	13-14
Computers	17-20

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the consolidated income statement as the expense is incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement and other comprehensive income in the year the asset is derecognized.

2.6 Projects in Progress

Items in the course of construction for production or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such items are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

2.7 Right of use

This asset represents the amounts that were paid to the Gas provider against the cost of constructing the gas pipelines from the supplier's field of operation to the boarders of the Hashemite Kingdom of Jordan, in additions to the amounts that were paid to National Electrical Power Company as a contingent option to be able to use the electricity as an alternative source of power for the gas turbine. The Company will be amortising these assets using the straight-line method over each contract period.

Any signs of impairment the value of right of use are reviewed at the date of the consolidated financial statement, the estimated useful lives of these assets are also reviewed and any changes to be made on the coming periods.

2.8 Inventories and Spare Parts and Supplies

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.

The Group performs a comprehensive review over all spare parts to identify whether there is a need to record a provision against spare parts that are not appropriate anymore for use, or due to passage of time, being damaged or obsoleted.

2.9 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 consolidated statement of changes in shareholders' 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.

2.10 Impairment of Non-Financial Assets

Non-financial assets that are subject to depreciation or amortization are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.11 Accounts Receivable

Trade receivables are carried at the transaction price related to a performance obligation less an allowance for doubtful debts. The Group assesses on a forward looking basis the allowance for doubtful debts using an expected credit losses ("ECL") approach over the lifetime of the assets. Such allowances for doubtful debt are charged to the consolidated statement of profit or loss and reported under "General and administrative expenses". When a trade receivable is uncollectible, it is written-off against the allowance for the doubtful debts in the consolidated income statement. When a subsequent event causes the amount of allowance for doubtful debts to decrease, the decrease in the allowance for doubtful debts is reversed through the consolidated income statement as per the staging criteria logic defined in the Group's policy.

2.12 Cash on hand and at banks

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.

2.13 Impairment of financial assets

The group applies IFRS 9 simplified approach for measuring expected credit losses ("ECL") model on all financial assets measured at amortized cost. The new standard replaces the impairment loss modules applied under IAS 39.

Further details of the new accounting policies applied by the group are explained in Note 34.

Accounting policies applied by the group for prior years until 31 December 2017

The Group assess at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired, A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

For financial assets held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or investments held at amortised cost has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

2.14 Provisions

Provisions are recognised when the Group has:

- a present legal or constructive obligation as a result of a past event,
- it is probable that an outflow of economic resources will be required to settle the obligation in the future and,
- a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects time value of money, where appropriate and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as part of the finance cost in the consolidated statement of profit or loss.

2.15 Employees Benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leaves that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are included in other payables.

Defined contribution pension plan

For defined contribution plans, the Group pays contributions to pension insurance plans administered by the Social Security Corporation on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as a social security expense when they are due.

Defined benefit plan

A defined benefit plan is a pension plan that is not a defined contribution plan.
The Group makes payments to the employees when their service end, usually dependent on one or more factors such as age, years of service and compensation as per the Group's internal bylaws.

The Group has the following defined benefit plans:

- End of service indemnity
- Death and compensation fund obligations
- Employees Unveiled leaves

The liability recognised in the consolidated statement of financial position is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by management using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related benefit obligation. Where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions (Re-measurements) are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in the consolidated income statement.

2.16 Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the separate statement of comprehensive income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities, unless if the company has unconditional right to delay the settlement for a period not less than 12 months after the date of the financial position.

2.18 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.19 Revenue Recognition

Revenue is recognised at the fair value of received or due amounts from the sale of goods net of returns, discounts and rebates.

Revenue comprises of sales to other parties. Revenue is recognised, when (or as) the group satisfies the performance obligations as specified in the contract with the customer (buyer), when the seller has transferred to the customer (buyer) control over the promised goods and services, either as:

- at a point in time or,
- over a time basis equivalent to the stage of completion of the service.

The Group recognizes revenue from the following main sources:

(i) Sale of Potash and fertilizer products directly to the customers:

Revenue is recognized when the risks and rewards of ownership are transferred to the customer, when the sales amount can be recovered, the related costs and the probable returns of the goods can be reliably estimated, there is no continuous interference from management in the goods, and when revenue can be reasonable measured. Revenue is measured after deduction of returns, discounts and quantity rebates.

For certain contracts involving discounts or rebates, the Group calculates an allowance for such sales on the basis of the specified discount and expected quantity rebates as stated in the contract and these are recorded as a deduction from sales revenue with the corresponding liability recorded in "other payables" as mentioned below. In return, the Group deducts these amounts from the customer's due balance when all the conditions stipulated in the contract are met. As for the quantity rebates, these are deducted from the inventory balance and the related cost are added to the cost of sales when all the conditions in the contract are met.
All the Group sales are performed within a short period, thus, the period between the transfer of the promised goods or services to the customer and payment by the customer doesn't exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money

Right in discounts

The Group offers discounts based on the agreements signed with some customers, and on any quantity sold within the contract. Discounts are charged against amounts owed by the customer. To estimate the variable variance of the expected future discounts, the Group applies the most probable method of contracts with the only ceiling for trading volume and the expected value method for multi-volume trading contracts. The chosen method that predicts better versus variable is mainly based on the number of trading volume ceilings contained in the contract. The Group then applies the requirements to record the estimates of the variable consideration and recognizes the liability for future expected liabilities.

(ii) Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate ("EIR") applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(iii) Dividend income

Dividend income from investments is recognised when the rights to receive payment have been established.

2.20 Dividend distribution

Liabilities for dividend distributions are recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period. Dividend distribution liabilities are recognised as a direct charge to retained earnings in the consolidated statement of changes in shareholders' equity, with any unpaid amount is presented under trade and other payables in the consolidated statement of financial position.

2.21 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

Finance lease are capitalized at the lower of the fair value of the leased vehicles or the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charge so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in the capital lease obligations and are classified as current or non-current based on the maturity dates of lease payments. The interest element of the finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2.22 Earnings per share

Basic earnings per share is calculated by dividing:

- the consolidated net profit after tax attributable to ordinary owners of the Group.
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares (where applicable).

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the effect of any dilutive potential ordinary shares.

2.23 Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the consolidated statement of financial position date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the consolidated statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.24 Fair value measurement

Fair values of financial instruments measured at amortised cost are disclosed in Note 3.3.

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 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 consolidated 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 - The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.
- Level 2 - The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2
- Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities

For assets and liabilities that are recognised in the consolidated 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.

2.25 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.

2.26 Offsetting

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

2.27 Financial assets

The application of the new standard required the management to apply the following new accounting policies:

2.27.1 Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value; and
- Those to be measured at amortised cost including financial assets at amortised costs, accounts receivable, employees housing loans and bank balances)

The classification depends on the Group's business model for managing the financial assets that whether the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the cash flows that whether contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Management determines the classification of its investment at initial recognition.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The group reclassifies debt investments when and only when its business model for managing those assets changes.

2.27.2 Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2.27.3 Measurment

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

- Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

- Equity instruments

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(3) Financial Risk Management

3.1 Financial risk factors

The group's risk management is carried out by a central treasury department under policies approved by the board of directors. The treasury department identifies and evaluates financial risks in close co-operation with the group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, Cash flow and fair value interest rate, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

- Foreign exchange risk

The Group's transactions are mostly in Jordanian Dinars or US Dollar and EURO. The treasury department mitigates the risk of foreign exchange currencies by concentrating the most of transaction in USD. The exchange rate of the US dollar is fixed against the Jordanian dinar (1/41 dollars per Jordanian Dinar). Regarding other currencies exchange differences, the Group records these differences directly in the consolidated statement of income upon its occurrence.

The below table shows the different currencies (other than JD and USD) sensitivity analysis for future changes:

	Increase in exchange rate	Balance	Effect on profit for the year
	%	JD '000	JD '000
2018			
Assets			
Euro	5	8,430	329
Liabilities			
Euro	5	(1,278)	(50)
		7,152	**279**
2017			
Assets			
Euro	5	9,370	469
Liabilities			
Euro	5	(204)	(10)
		9,166	**459**

The impact of a decrease in exchange rate will be the same as above with opposite value.

- Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long term loans, Long term loans issued at fixed rates; the Group is not exposed to fair value interest rate risk.

The Group's liabilities for the Gas pipeline project are issued at a fixed margin of 5% plus the three-month LIBOR lending rate.

The Group's central treasury department and management periodically analyses interest rate risk taking into account any rescheduling of liabilities, and calculates the financial impact on profit or loss by raising or reducing the interest rate by a certain percentage. This analysis is performed on interest bearing assets and liabilities.

Based on the analysis performed, the impact on the post-tax profit for the year is as follows:

	Increase in interest rate	Effect on profit for the year
	%	JD '000
2018		
Assets	1	2,334
Term deposits (JD)		
Liabilities		
Borrowings and Obligations against capital projects (USD)	1	(355)
Net impact		**1,979**
2017		
Assets		
Term deposits (JD)	1	2,409
Liabilities		
Borrowings and Obligations against capital projects (USD)	1	(270)
Net impact		**2,139**

The impact of a decrease in interest rate will be the same as above with opposite value.

- Price risk

The Group is exposed to risks arising from fluctuations in the prices of potash since these materials are listed in active markets. The marketing department limits these risks by regularly monitoring the prices of these materials and signs a fixed price contracts that is being reviewed every year based on the newly international prices set by the 2 largest producers and consumers.

Based on the above, the effect of net income resulting from the change in global Potash prices is calculated as follows:

	Increase in Potash price	Effect on profit for the year
	%	JD '000
2018		
JD	10	4,827
2017		
JD	10	4,233

(b) Liquidity risk

The Group follows prudent liquidity risk management, which consists of maintaining sufficient cash and funding through an adequate amount of credit facilities.

Management monitors rolling forecasts of the group's liquidity reserve comprises borrowing facilities and cash and cash equivalents on the basis of expected cash flows.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total	Book value
	JD '000	JD '000	JD '000	JD '000	JD '000
At 31 December 2018					
Loans	7,486	5,111	11,839	24,436	23,347
Commitments against capital expenditures	3,236	3,446	7,648	14,330	12,136
Trade payables	21,961	-	-	21,961	21,961
Other current liabilities	29,079	-	-	29,079	29,079
At 31 December 2017					
Loans	17	3,096	9,273	12,386	11,631
Commitments against capital expenditures	3,983	3,446	9,480	16,909	15,373
Accrued royalties to the government of Jordan	339	-	-	339	339
Trade payables	15,537	-	-	15,537	15,537
Other current liabilities	18,899	-	-	18,899	18,899

(c) Credit risk

Credit risk is the risk of suffering a financial loss, should any of the Group's customers fail to fulfil their contractual obligations to the Group. Credit risk arises mainly from sales to customer, treasury activities and lending to employees. The Group is also exposed to other credit risk arising from investments in debt instruments.

Credit risk is one of the largest risks from the Group's business; management therefore carefully manages its exposure to credit risk. The credit risk management is controlled by the finance department; which reports regularly to the Board of directors.

Due to the implementation of IFRS 9, Management has recorded an expected credit losses over its financial assets and especially over deposits at Banks, and this is due to the fact that some of these banks has no credit ratings, which led to the recognition of a high credit losses amount. Management and to mitigate such losses, decided to concentrate its investments in Banks' deposits with rated banks.

The Group considers that it is not significantly exposed to credit risk as it establishes a credit ceiling for its customers while monitoring outstanding receivables, in addition to maintaining other guarantees.

The Group's customers are granted 30-180 days as a grace period after the assessment of their financial solvency, in addition the creditworthiness of the customers is continually assessed.

The Group does not expect any losses as a result of its customers' non-payment obligations. All customer balances are secured against letters of credit or insurance policies.

There is a concentration of credit risk in the Group, with the largest receivable balance comprises 29.9% of net receivables as at 31 December 2018 (21.2% as at 31 December 2017).

Regarding employees housing loans, they are granted to employees based on the internal bylaws of the Group. These loans are later collected through the monthly deduction from salaries in accordance to the agreed on repayment schedule. Salaries are deducted against the loans in addition to mortgaging the real-estate in the benefit of the Group, and setting other employees benefits including end of service when retiring and resigning.

The Group deals with banks with good credit ratings and/or reputable in the country its operating in, as follows:

Bank name	Credit Rating(Fitch)	31 December 2018	31 December 2017
Arab Bank	BB-	11,851	13,505
Safwa Islamic Bank	Unrated	14,145	4,129
Islamic International Arab Bank	A+	15,636	5,225
Al Rajhi Bank	A+	22,807	31,220
Housing Bank for Trade and Finance	BBB+	11,155	34,810
BLOM Bank	B-	1,660	2,602
Jordan Commercial Bank	BB-	12,369	16,734
Invest Bank	BB+	15,486	11,616
Bank al Etihad	Unrated	23,357	31,772
Societe Generale Bank	A+	24,933	21,900
Jordan Ahli Bank	BB-	26,753	15,182
Capital Bank	BBB+	15,939	3,253
ABC Bank	BBB-	26,003	37,486
Citi Bank	A+	1,430	4,788
Arab Jordanian Investment Bank	BB-	5,088	3,605
Audi Bank	BB-/B	3,753	802
Cairo Amman Bank	BB-	13,215	28,887
Bank of Jordan	BB-	7	-
Standard Chartered	A+	2,416	3,805
		248,002	**271,321**

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

3.3 Fair value of Financial Instrument

(a) Financial instruments

The Group holds the following financial instruments:

Financial assets	Financial assets at FVOCI	Financial assets at amortised cost	Total
	JD '000	JD '000	JD '000
At 31 December 2018			
Financial assets at fair value through other comprehensive income	568	-	568
Financial assets at amortized cost	-	21,007	21,007
Employees' housing loans	-	19,478	19,478
Accounts receivable	-	66,778	66,778
Other receivables (excluding prepayments and statutory requirements)	-	5,470	5,470
Cash on hand and bank balances	-	245,958	245,958
	568	**358,691**	**359,259**
At 31 December 2017			
Financial assets at fair value through other comprehensive income	606	-	606
Financial assets at amortized cost	-	21,106	21,106
Employees' housing loans	-	21,262	21,262
Accounts receivable	-	50,689	50,689
Other receivables (excluding prepayments and statutory requirements)	-	6,072	6,072
Cash on hand and bank balances	-	271,321	271,321
	606	**370,450**	**371,056**

Financial liabilities	Financial liabilities at FVOCI	Financial liabilities at amortised cost	Total
	JD '000	JD '000	JD '000
At 31 December 2018			
Borrowings	-	23,347	23,347
Obligations against capital projects	-	12,136	12,136
Trade payables	-	21,961	21, 961
Other current liabilities (excluding statutory liabilities)	-	29,079	29,079
	-	**86,523**	**86,523**
At 31 December 2017			
Borrowings	-	11,631	11,631
Obligations against capital projects	-	15,373	15,373
Potash mining fees due to the government of the Hashemite Kingdom of Jordan	-	339	339
Trade payables	-	15,537	15,537
Other current liabilities (excluding statutory liabilities)	-	18,899	18,899
	-	**61,779**	**61,779**

(b) Fair value hierarchy

The Group's financial instrument measured at fair value are classified into one of the three levels mentioned in note 2.24.

The fair value hierarchy of financial assets measured at fair value were as follows:

	Total	Level 1	Level 2	Level 3
2018	JD "000"	JD "000"	JD "000"	JD "000"
Financial assets at fair value through other comprehensive income	568	492	-	76
2017				
Financial assets at fair value through other comprehensive income	606	530	-	76

Management believes that other financial assets and liabilities -held at amortised cost- carrying values approximates its fair value.

(c) Fair value for financial assets not held at fair value:

	Book value	Fair value
	JD '000	JD '000
2018		
Financial assets at amortised cost	21,007	21,007
Employees housing loans	19,478	19,478
Trade receivables	66,778	66,778
Other current assets	5,470	5,470

	Book value	Fair value
2017	JD '000	JD '000
Financial assets at amortised cost	21,106	21,106
Employees housing loans	21,262	21,262
Accounts receivable	50,689	50,689
Other current assets	6,072	6,072

(4) Critical Accounting Estimates And Judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Income taxes

The Group recognises liabilities for anticipated tax audit based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax expenses in the period in which such determination is made. At the reporting date, the Group reviews the deferred tax assets balance to assess its recoverable amount and accordingly the balance is adjusted to reflect the total benefit that the Group will obtain when generating profits.

As at the consolidated financial statement date, there was no uncertain tax position, and management in addition to its Tax advisor, believes that the Income tax provision and expense are sufficient to meet all due liabilities.

(b) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and residual values of its property, plant and equipment for calculating depreciation are as outlined in note 2-5. This estimate is determined after considering the expected usage of the asset, physical wear and tear, technical or commercial obsolescence and these are mainly performed for the category related to Machinery and Equipment.

The estimated useful lives, residual values and depreciation methods are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis. At year-end, management assessed that no changes occurred to these estimates.

At the end of the year, if the useful lives increased/decreased by 5% in comparison with the current useful lives and having all other variables fixed, the net profit of the year will decrease/ increase by JD 3,135 thousands (2017: decrease/ increase by JD 3,012 thousands).

(c) Impairment of financial assets

The group applies the IFRS 9 simplified approach for measuring expected credit losses which uses a lifetime expected loss allowance for all financial instruments. To measure the expected credit losses, the group's financial instruments have been grouped based on shared credit risk characteristics and the days past due as follows:

1. Trade receivables from sales of inventory,
2. Debt investments carried at amortised cost,
3. Employees housing loans, and,
4. Balances and deposits at banks.

The group is required to revise its impairment methodology under IFRS 9 for each of these classes of assets' by measuring the expected credit losses which uses a lifetime expected loss allowance for all trade receivables and employees housing loans.

Assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.

The amount of ECL is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate.

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of default (PD);
- Loss given default (LGD);
- Exposure at default (EAD).

These parameters are generally derived from internally developed statistical models, other historical data and forward looking information.

For the Deposits with Banks Portfolio, all the Deposits were for periods less than 365 days and the Fitch Ratings as on 31-12-2018 for them were mapped with the S&P Equivalent Ratings and one year average Multi-Year Global Corporate Transition Matrices, using the annual Global Corporate Default Study And Rating Transitions by S&P to arrive at the Probability of Default (PD).

(d) Provisions for end of service and death and compensation funds

The group calculates the provision for employees' end of service and death and compensation fund according to its internal policies. These calculations require the use of significant estimates.

The assumptions used in determining the cost for the death and compensation fund obligations include the discount rate, mortality staff turnover, and expected future salary increments. Any changes in these assumptions will impact the amount of these obligations. The Group determines the appropriate discount rate at the end of each year. This discount rate should be used to determine the present value of estimated future cash outflows expected to be required to settle the employees' death and compensation fund obligations, please see note (21 and 24).

(e) Impairment of property, plant and equipment

Whenever indicators of impairment are present in accordance with the accounting policy, note 2.10, the Group tests whether its property, plant and equipment (PP&E) has suffered impairment at each reporting period. The recoverable amount of PP&E is determined based on the "Value in Use" (VIU) calculations, which require the use of assumptions.

Some of these indicators that management takes into considerations are decrease in the Potash international prices, existing of new technology that would make the production more efficient, significant decrease in produced quantities or demand, instability of the political situation of the country and others.

The calculations use cash flow projections based on financial budgets approved by the respective entity's management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates. These growth rates are consistent with forecasts included in industry reports in which each entity of the Group's operates. Management has determined the values assigned to each of the key assumptions as follows:

Assumption	Approach used to determining values
Sales volume	Average annual growth rate over the five-year forecast period; based on past performance and management's expectations of market development
Sales price	Average annual growth rate over the five-year forecast period; based on current industry trends and including long-term inflation forecasts for each territory.
Budgeted gross margin	Based on past performance and management's expectations for the future.
Other operating costs	Management forecasts these costs based on the current structure of the business, adjusting for inflationary increases but not reflecting any future restructurings or cost saving measures. The amounts disclosed above are the average operating costs for the five-year forecast period.
Annual capital expenditure	This is based on the historical experience of management, and the planned refurbishment expenditure.
Long-term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.
Discount rates	Reflect specific risks relating to the relevant industry and the country in which the Group operates.

The table below sets out the key assumptions used to assess VIU for PP&E at year-end:

	%
Potash sales annual average growth rate	5
Long term growth rate	3
Discount rate	13.5

In the opinion of the management, there are no indications of impairment in the value of property, plant and equipment.

(5) Property, Plant And Equipment

	Land	Buildings	Dikes	Machinery and Equipment	Vehicles	Furniture and Fixtures	Computers	Total
2018	JD"000"	JD"000"	JD"000"	JD"000"	JD"000"	JD"000"	JD"000"	JD"000"
Cost:								
Balance at 1 January 2018	3,011	111,372	183,351	747,015	42,384	8,480	11,286	1,106,899
Additions	-	433	-	3,325	3,539	45	118	7,460
Transfers from projects in Progress	-	1,338	9,046	71,038	-	-	168	81,590
Disposals	-	-	-	(61)	(371)	-	(39)	(471)
Balance at 31 December 2018	**3,011**	**113,143**	**192,397**	**821,317**	**45,552**	**8,525**	**11,533**	**1,195,478**
Accumulated Depreciation								
Balance at 1 January 2018	-	78,464	163,770	591,772	35,725	7,283	10,404	887,418
Depreciation for the year *	-	5,026	4,271	53,314	2,000	258	363	65,232
Disposals	-	-	-	(29)	(371)	-	(39)	(439)
Balance at 31 December 2018	**-**	**83,490**	**168,041**	**645,057**	**37,354**	**7,541**	**10,728**	**952,211**
Net Book Value At 31 December 2018	**3,011**	**29,653**	**24,356**	**176,260**	**8,198**	**984**	**805**	**243,267**
2017								
Cost:								
Balance at 1 January 2017	3,011	110,844	183,351	692,936	41,386	8,447	10,952	1,050,927
Additions	-	307	-	3,447	1,617	33	318	5,722
Transfers from projects in Progress	-	221	-	50,745	25	-	16	51,007
Disposals	-	-	-	(113)	(644)	-	-	(757)
Balance at 31 December 2017	**3,011**	**111,372**	**183,351**	**747,015**	**42,384**	**8,480**	**11,286**	**1,106,899**
Accumulated Depreciation								
Balance at 1 January 2017	-	73,283	159,952	533,998	34,611	6,972	10,033	818,849
Depreciation for the year *	-	5,181	3,818	57,887	1,756	311	371	69,324
Disposals	-	-	-	(113)	(642)	-	-	(755)
Balance at 31 December 2017	**-**	**78,464**	**163,770**	**591,772**	**35,725**	**7,283**	**10,404**	**887,418**
Net Book Value At 31 December 2017	**3,011**	**32,908**	**19,581**	**155,243**	**6,659**	**1,197**	**882**	**219,481**

Total fully depreciated assets as at 31 December 2018 amounted to JD 621,874 thousands (2017: JD 571,843 thousands).

* Depreciation included in the consolidated income statement is distributed as follows:

	2018	2017
	JD "000"	JD "000"
Cost of sales (Note 26)	62,653	66,705
Administrative expenses (Note 27)	503	614
Selling and distribution expenses (Note 30)	2,076	2,104
	65,232	**69,423**

(6) Right of Use

	2018	2017
	JD "000"	JD "000"
Right of use of the Gas Pipeline	13,592	14,631
Right of use of NEPCO electricity	7,389	-
	20,981	**14,631**

(a) Right of use of the Gas Pipeline

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

The amortisation of this right will be by using the straight-line method over the contract period of 15 years.

	Right of use
	JD "000"
2018	
Cost	
Balance as at 1 January and 31 December 2018	15,583
Accumulated amortization	
Balance as at 1 January 2018	952
Charges	1,039
Balance as at 31 December 2018	**1,991**
Net book amount	**13,592**
	Right of use
	JD "000"
2017	
Cost	
Balance as at 1 January 2017	-
Additions	15,583
Balance as at 31 December 2017	**15,583**
Accumulated amortization	
Balance as at 1 January 2017	-
Charges	952
Balance as at 31 December 2017	**952**
Net book amount	**14,631**

- Obligations against capital projects

The obligation against the capital project that is due in 2018 and after are as below:

	2018	2017
	JD "000"	JD "000"
Non- current portion	8,900	11,390
Current portion	3,236	3,983
	12,136	**15,373**

These obligations are secured against letters of guarantees issued by the Company for the benefit of the supplier.

(b) Right of use of NEPCO electricity

Arab Potash Company has signed an agreement with National Electrical Power Company (NEPCO)

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

	Right of use
	JD "000"
2018	
Cost	
Balance as at 1 January 2018	-
Additions	7,420
Balance as at 31 December 2018	**7,420**
Accumulated amortization	
Balance as at 1 January 2018	-
Charges	31
Balance as at 31 December 2018	**31**
Net book amount	**7,389**

(7) 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.

The movement on projects in progress is as follows:

	2018	2017
	JD "000"	JD "000"
Balance as at 1 January	78,410	76,088
Additions during the year	55,234	53,329
Transfers to property, plant and equipment (Note 5)*	(81,590)	(51,007)
Transfer to other non-current assets (Note 18)**	(26,888)	-
	25,166	**78,410**

* Included in the transfers during 2017, the project related to the Gas pipeline with a total cost of JD 33.8 million, out of which JD18,249 thousands were capitalized under property, plant and equipment (note 5), representing the cost of extending the natural gas pipelines from the Hashemite Kingdom of Jordan borders to the Company's site in the Jordan Valley, and JD 15,583 thousands that was recorded as a right of use (note 6), against the Company's right in using the natural gas pipeline to supply the Company's facilities with natural gas as a source of fuel.

** The Group entered into an agreement with the Jordan Valley Authority to assist financially in the building of the (Wadi Ibn Hammad dam) in return for water supplies. The amount paid was limited to JD 26 million. When the Group settled the amount, they transferred the project from the projects in

progress to other non-current assets as they will begin to benefit from the project. However, during 2018, the contract was changed where the amount to be paid was increased by JD 7.5 million, for which the Authority will provide the Company with annual water quantities of 2.5 million cubic meters for 16 and a half years amounting to a total of 41.25 million cubic meters at preferred price. The agreement's duration may be extended in the case that the total water quantity agreed upon is not received by the end of the contract period. Management started amortising these amounts based on the amounts of water actually received. (Note 18).

(8) 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	Nature of business	Percentage of ownership	Investment in associates balance 2018	Investment in associates balance 2017
				%	JD "000"	JD "000"
Nippon Jordan Fertilizer Company (NJFC)*	Jordan	3,345,600	Fertiliser production	20	4,548	4,842
Jordan Investment and South Development Company (JISDC)	Jordan	393,096	Investment and development	45.45	211	242
Jordan International Chartering Company (JICC)	Jordan	12,000	Sea transportation and chartering	20	11	11
					4,770	**5,095**

The movement on investments in associates is as follows:

	2018	2017
	JD "000"	JD "000"
Balance as at 1 January	5,095	4,579
Group's share of profit of associates	243	621
Amendments on the group's share of profit**	(48)	-
Dividends received from associates*	(520)	(105)
Balance as at 31 December	**4,770**	**5,095**

* The Group's portion of Nippon Jordan Fertilizer Company's dividends amounted to JD 520 thousands during 2018 (2017: JD 105 thousands).

** The results of the Group's share of profits and dividends received depends on unaudited financial statements of the associates as of the date of approving these consolidated financial statements. Management believes there will be no material differences between the current available financial information and the financial information that will be presented upon issuing the audited financial statements for the year ended 31 December 2018.

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

	2018	2017
	JD "000"	JD "000"
Nippon Jordan Fertilizer Company (NJFC)	174	586
Jordan Investment and South Development Company (JISDC)	69	35
	243	**621**

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

	NJFC		JISDC		JICC	
	2018	2017	2018	2017	2018	2017
	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"
Current assets	23,427	24,019	321	455	84	84
Non-current assets	6,821	7,178	301	286	1	1
Current liabilities	(7,508)	(6,987)	(88)	(148)	(30)	(30)
Non-current liabilities	-	-	(70)	(61)	-	-
Net assets	**22,740**	**24,210**	**464**	**532**	**55**	**55**
Percentage of ownership	20%	20%	45.45%	45.45%	20%	20%
Carrying amount of investment in associates	**4,548**	**4,842**	**211**	**242**	**11**	**11**

	NJFC		JISDC		JICC	
	2018	2017	2018	2017	2018	2017
	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"
Revenue	65,991	73,342	426	420	2	12
Cost of sales	(61,945)	(67,788)	(219)	(269)	(4)	(13)
Other revenues and expenses, net	(3,178)	(2,624)	(55)	(74)	2	2
Income before tax	**868**	**2,930**	**152**	**77**	**-**	**1**
Income tax expense	-	-	-	-	-	-
Profit for the year	**868**	**2,930**	**152**	**77**	**-**	**1**
Group's share of Income for the year	**174**	**586**	**69**	**35**	**-**	**-**

(9) 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	Nature of business	Percentage of ownership	Investment in joint ventures balance	
				%	2018	2017
					JD "000"	JD "000"
Jordan Bromine Company (JBC)*	Jordan	15,000,000	Extraction of Bromine	50	121,861	99,197
Jordan Industrial Port (JIPC)**	Jordan	65,000,000	Port logistics	50	68,299	54,269
					190,160	**153,466**

The movement on investments in joint ventures is as follows:

	2018	2017
	JD "000"	JD "000"
Balance as at 1 January	153,466	135,240
Increase in the group's share of investment in joint venture**	12,500	12,500
Group's share of profit of joint venture	34,657	31,750
Dividends received from joint ventures*	(10,463)	(26,024)
Balance as at 31 December	**190,160**	**153,466**

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

	2018	2017
	JD "000"	JD "000"
Jordan Bromine Company (JBC)	33,127	30,093
Jordan Industrial Port (JIPC)	1,530	1,657
	34,657	**31,750**

* 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 10,463 thousand during 2018 (2017: JD 26,024 thousand).

** During 2018, the Group increased its investment by JD 12,500 thousands to reach 65,000,000 shares (2017: 52,500,000 shares) and the percentage of ownership did not change. The procedures of the capital increase were completed as at the date of the consolidated financial statements.

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

	Jordan Bromine Company		Jordanian Industrial Port Company	
	2018	2017	2018	2017
	JD "000"	JD "000"	JD "000"	JD "000"
Current assets	89,239	89,304	28,169	18,301
Non-current assets	175,970	175,970	116,080	101,709
Current liabilities	(20,354)	(20,419)	(7,651)	(12,121)
Non-current liabilities	(6,565)	(6,565)	-	-
Net assets	**238,290**	**238,290**	**136,598**	**107,889**
Carrying amounts of investment in joint ventures	**121,861**	**99,197**	**68,299**	**54,269**

	Jordan Bromine Company		Jordanian Industrial Port Company	
	2018	2017	2018	2017
	JD "000"	JD "000"	JD "000"	JD "000"
Revenue	202,144	182,310	16,125	14,772
Cost of sales	(98,944)	(91,811)	(13,703)	(12,672)
Other revenues and expenses, net	(14,198)	(10,408)	638	1,214
Profit before tax	**89,002**	**80,091**	**3,060**	**3,314**
Income tax expense	-	-	-	-
Profit for the year	**89,002**	**80,091**	**3,060**	**3,314**
The Group's share of profit for the year	33,127	30,093	1,530	1,657

(10) Financial Assets at Fair Value Through Other Comprehensive Income

	2018	2017
	JD "000"	JD "000"
Quoted shares*	492	530
Unquoted shares**	76	76
	568	**606**

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

	2018	2017
	JD "000"	JD "000"
At 1 January	(51)	3
Net unrealized losses	(38)	(54)
At 31 December	(89)	(51)

** Unquoted financial assets are recorded at cost due to the fact that market values of these financial assets are not obtainable and these are not material to the group to exercise any valuation techniques.

(11) Financial Assets at Amortized Cost

	2018	2017
	JD "000"	JD "000"
Unquoted financial assets- government bonds*	21,007	21,106

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

None of the investments held at amortised cost are either past due or impaired.

All investments held at amortised cost are denominated in USD currency. As a result, there is no exposure to foreign currency risk. There is also no exposure to price risk as the investments will be held to maturity.

The fair value of these bonds approximate their book value as disclosed in note 3.3.
These investments were considered for expected credit loss and no ECL was recorded due to immaterial loss.

(12) 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 not impaired and are guaranteed by a first class property mortgage.

The employee's housing loans are initially recorded at fair value representing the amounts actually paid to the employees. As these loans are granted to the employee free of interest, management records these amounts at their present value, which is calculated by discounting the monthly payments to their present value using an interest rate that approximate the interest rates for similar commercial loans on granting the loan, the average interest rate used for discounting was 5.5%. These loans are subsequently measured at amortized cost using the effective interest rate method.

The balance of the Housing loan is as follows:

	2018	2017
	JD "000"	JD "000"
Employees housing loans undiscounted value	28,699	29,737
Minus: Loss allowance for doubtful receivables*	(746)	-
	27,953	**29,737**
Minus: Effect of the discount	(8,475)	(8,475)
	19,478	**21,262**

* The closing loss allowances for Employees' housing loans as at 31 December 2018 reconcile to the opening loss allowances as follows:

	2018
	JD "000"
Employees' housing loan allowance calculated under IAS 39 as at 1 January 2018	-
Amounts restated through opening retained earnings (Note 34)	257
Opening loss allowance as at 1 January 2018 – Calculated under IFRS 9	**257**
Increase in loan loss allowance recognised in income statement during the year	489
Balance at 31 December	**746**

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

	2018	2017
	JD "000"	JD "000"
Non-current	16,656	18,526
Current	2,822	2,736
	19,478	**21,262**

(13) Accounts Receivable

	2018	2017
	JD "000"	JD "000"
Trade receivables	65,836	48,729
Due from associates (note 33)	922	634
Others	39	1,345
	66,797	**50,708**
Less: expected credit loss and allowance for doubtful debts*	(19)	(19)
	66,778	**50,689**

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

	2018	2017
	JD "000"	JD "000"
At 1 January	19	109
Reversal of provisions	-	(90)
At 31 December	**19**	**19**

The group grants its customers credit policy arranging from 30-180 days. As at 31 December 2018 and 2017, there were no trade receivables that exceeded its credit terms.

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

	Neither past due nor impaired			
	1- 30 days	30 – 90 days	91 – 180 day	Total
	JD"000"	JD"000"	JD"000"	JD"000"
2018	56,458	10,320	-	66,778
2017	39,641	11,048	-	50,689

Management believes that all the above 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.

(14) Inventories

	2018	2017
	JD "000"	JD "000"
Finished goods	20,596	9,261
Raw materials	1,281	2,294
Others	307	40
	22,184	**11,595**
Allowance for slow moving inventory*	(235)	(113)
	21,949	**11,482**

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

	2018	2017
	JD "000"	JD "000"
At 1 January	113	126
Charges to (Released from) the provision	122	(13)
At 31 December	**235**	**113**

(15) Spare Parts and Supplies

	2018	2017
	JD "000"	JD "000"
Spare parts	42,433	37,979
Fuel store	2,537	1,667
Others	1,810	1,364
	46,780	**41,010**
Allowance for slow-moving spare parts*	(3,057)	(3,853)
	43,723	**37,157**

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

	2018	2017
	JD "000"	JD "000"
At 1 January	3,853	4,755
Provision for the year	-	645
Amounts written-off during the year	(796)	(1,547)
At 31 December	**3,057**	**3,853**

(16) Other Current Assets

	2018	2017
	JD "000"	JD "000"
Prepaid expenses	3,239	2,765
Advance payments to contractors	28,155	12,445
Due from Sales Tax Department (note 25)	15,708	15,422
Advance payment for Potash mining fees due to the government of the Hashemite Kingdom of Jordan	886	-
Others	5,470	6,072
	53,458	**36,704**

(17) Cash On Hand And Bank Balances

	2018	2017
	JD "000"	JD "000"
Cash on hand	133	74
Cash at banks	14,433	30,324
Short term deposits*	**25,710**	**54,057**
Cash and cash equivalents	40,276	84,455
Short term deposits mature after more than 3 months**	207,726	186,866
The effect of IFRS 9 implementation – Expected credit loss	(2,044)	-
	245,958	**271,321**

Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

Cash on hand	133	74
Cash at banks	14,433	30,324
Short term deposits*	**25,710**	**54,057**
	40,276	84,455
Bank overdraft (Note 20)	(3,688)	-
Balances per statement of cash flows	**36,588**	**84,455**

* This item represents deposits in Jordanian Dinar at local banks with an interest rate of 5.1% (2017: 4.6%) and have a maturity of three months or less.

** This items represents deposits in Jordanian Dinar at local banks with an annual interest rate ranges between 5.5% to 6.15% (2017: 4.6%) and have a maturity of more than three months.

(18) Other Non-Current Assets

The Group entered into an agreement with the Jordan Valley Authority to assist financially in the building of Wadi Ibn Hammad dam in return for water purchased at a preferred price. The amount paid was limited to JD 26 million. When the Group settled the amount, they transferred the project from the projects in progress to other non-current assets as they will begin to benefit from the project. However, during 2018, the contract was changed where the amount to be paid was increased by JD 7.5 million, for which the Authority will provide the Company with annual water quantities of 2.5 million cubic meters for 16 and a half years amounting to a total of 41.25 million cubic meters with the preferred price of (JD 0.35/cubic meter). The agreement's duration may be extended in the case that the total water quantity agreed upon is not received. Management started amortising these amounts based on the amounts of water actually received.

The movement on other current assets is as follows:

	Other non-current assets
	JD "000"
2018	
Cost	
Balance as at 1 January 2018	-
Additions	6,612
Transfer from projects in progress (Note 7)	26,888
Balance as at 31 December 2018	**33,500**
Accumulated amortization	
Balance as at 1 January 2018	-
Charges	1,536
Balance as at 31 December 2018	**1,536**
Net book amount As at 31 December 2018	**31,964**

(19) Reserves

Statutory reserve

The accumulated amounts in this account of JD 50,464 thousands 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 as it exceeded the required percentage. The statutory reserve is not available for distribution to equity holders.

Voluntary reserve

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

Dividends

The General Assembly resolved in its ordinary meeting held on 24 April 2018 to distribute an amount of JD 83,318 thousands (equivalent to 100% of the Company's capital) as cash dividends to the shareholders. (2017: JD 83,318 thousand).

(20) Borrowings

Numeira Mixed Salts and Mud Company

The company was granted a long-term loan 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 was paid though 60 monthly payments, the first payment fell due on 31 July 2013 and the last payment was due on 30 June 2018. The loan is secured against the building it was purchased.

Arab Potash Company

(a) Due to banks

The Company renewed a credit facility during 2018 from a local bank with ceiling of JD 5 million, with annual interest rate of 3%. The total utilised balance as at 31 December 2018 was JD 3,688 thousands.

The book value of current borrowings approximates their fair value as the discount effect is insignificant.

(b) Bank loan

The Company obtained a credit facility on 7 November 2017 from local bank with a ceiling of USD 34,000 thousand, with annual interest rate of LIBOR for three months plus 2%, to finance the installation of natural gas turbine.

This loan shall be settled on sixteen equal consecutive quarterly instalments with interest payment. The first instalment becomes due after one year of grace period commencing from the date of first withdrawal.

Principal instalments payable during 2018 and after are as follows:

	2018	2017
	JD "000"	JD "000"
Non- current		
Long-term loan	**15,861**	**11,614**
Current		
Current portion of long-term loan	3,798	17
Total loans	**19,659**	**11,631**

The book value of current borrowings approximates their fair value as the discount effect is insignificant.

(21) Provision Against Employees' Death and Compensation Fund

The provision against employees' compensation and death is calculated based on the projected cost units which is determined by discounting estimated future cash outflows using the interest rate on high quality governmental bonds that are denominated in the currency in which the defined benefit is paid, and with maturity dates that are approximately close to those obligations.

This provision shall be calculated and paid upon death, retirement or resignation for each employee by 1/6 of the last year total salaries for each year of service if the employee has been employed by the Group for a period of more than five years.

The employee shall not benefit from this fund if he/she spent less than five years of service. In that case, the employee's total contribution to the fund is returned to the employee.

This plan is an unfunded benefit and there are no plan assets held to fund it.

The following table shows movement in the provision recognized in the consolidated statement of financial position.

	2018	2017
	JD "000"	JD "000"
Balance as at 1 January	49,106	55,350
Current and past service cost	3,360	3,293
Discount value	3,246	3,837
Actuarial losses resulting from the remeasurement of the defined benefit plans	3,217	4,851
Paid during the year	(5,901)	(18,225)
Balance as at 31 December	**53,028**	**49,106**

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

	2018	2017
	JD "000"	JD "000"
Non- current		
Death and compensation fund obligations	49,922	46,548
Current		
Death and compensation fund obligations	3,106	2,558
Total	**53,028**	**49,106**

The weighted average duration of the defined benefit obligation is 14 years. The expected maturity analysis of undiscounted pension is as follows:

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Above 5 years	Total
	JD '000	JD '000	JD '000	JD '000	JD '000
At 31 December 2018					
Death and compensation obligation	3,106	4,847	12,389	200,472	220,814
At 31 December 2017					
Death and compensation obligation	2,558	3,091	16,632	192,157	214,438

The following table shows the amounts recognized in the consolidated income statement:

	2018	2017
	JD "000"	JD "000"
Current and past service cost	3,360	3,293
Discount value	3,246	3,837
	6,606	**7,130**

The following table shows the significant actuarial assumptions that have been used:

	2018	2017
	%	%
Discount rate	7.9	6.9
Salary growth rate	3.5	2
Staff turnover	1.26	1.26

At the end of the year, if the assumptions differ by 1% from management estimates, and all other variables are held constant, the profit for the year will be affected as follows:

	Increase in the assumptions by 1%	Decrease in the assumptions by 1%
2018		
Discount rate	4,011	(4,533)
Salary growth rate	(4,441)	3,985
Staff turnover	(1,250)	1,348

	Increase in the assumptions by 1%	Decrease in the assumptions by 1%
2017		
Discount rate	5,285	(2,771)
Salary growth rate	(2,663)	5,242
Staff turnover	(129)	3,001

(22) Other Current Liabilities

	2018	2017
	JD "000"	JD "000"
Employees' legal cases compensation provision (note 35)	6,290	8,127
Dividends payable	1,310	1,266
Contractors retentions	1,629	2,823
Accrued expenses	19,151	9,590
Others	6,989	5,220
	35,369	**27,026**

(23) 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:

2018

	Arab Potash Co.	KEMAPCO	Numeira Co.	Total	Eliminations and Adjustments	Total
	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"
Sales to external customers	407,246	74,942	539	482,727	-	482,727
Inter-company Sales	19,910	-	1,897	21,807	(21,807)	-
Total Sales	**427,156**	**74,942**	**2,436**	**504,534**	**(21,807)**	**482,727**
Less: Cost of goods sold	**(294,948)**	**(46,782)**	**(2,216)**	**(343,946)**	**27,916**	**(316,030)**
Segment profit	**132,208**	**28,160**	**220**	**160,588**	**6,109**	**166,697**
Results						
Share of profit of associates and joint ventures	**34,852**	**-**	**-**	**34,852**	**-**	**34,852**
Depreciation	**64,144**	**1,786**	**109**	**66,039**	**(807)**	**65,232**
Capital Expenditure						
PP&E and projects in progress	**57,586**	**4,910**	**198**	**62,694**	**-**	**62,694**
Total Assets	**924,914**	**95,009**	**1,878**	**1,021,801**	**(11,196)**	**1,010,605**
Total Liabilities	**156,230**	**13,188**	**1,512**	**170,930**	**(5,419)**	**165,511**
Investments in associates and joint ventures	**194,930**	**-**	**-**	**194,930**	**-**	**194,930**

2017

	Arab Potash Co.	KEMAPCO	Numeira Co.	Total	Eliminations and Adjustments	Total
	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"
Sales to external customers	348,507	74,366	404	423,277	-	423,277
Inter-company Sales	15,825	-	2,253	18,078	(18,078)	-
Total Sales	**364,332**	**74,366**	**2,657**	**441,355**	**(18,078)**	**423,277**
Cost of sales	**(290,154)**	**(47,197)**	**(2,033)**	**(339,384)**	**20,862**	**(318,522)**
Segment profit	**74,178**	**27,169**	**624**	**101,971**	**2,784**	**104,755**
Results						
Share of profit of associates and joint ventures	**32,371**	**-**	**-**	**32,371**	**-**	**32,371**
Depreciation	**68,705**	**3,906**	**108**	**72,719**	**(3,395)**	**69,324**
Capital Expenditure						
PP&E and projects in progress	**58,449**	**331**	**271**	**59,051**	**-**	**59,051**
Total Assets	**855,446**	**93,471**	**2,261**	**951,178**	**(13,871)**	**937,307**
Total Liabilities	**121,977**	**8,558**	**1,533**	**132,068**	**(2,646)**	**129,422**
Investments in associates and joint ventures	**158,561**	**-**	**-**	**-**	**-**	**158,561**

Following is a summary of sales by geographical location for the year ended 31 December 2018 and 2017:

	31 December 2018				31 December 2017			
	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	165,657	6,147	1	171,805	165,047	2,972	19	168,038
Far East	110,180	4,912	10	115,102	95,453	1,362	-	96,815
Middle East	34,356	10,843	418	45,617	26,825	8,794	340	35,959
Africa	69,763	9,587	-	79,350	43,788	7,281	-	51,069
Europe	26,964	32,057	110	59,131	16,685	36,205	24	52,914
America & Australia	326	10,346	-	10,672	709	17,085	21	17,815
Canada	-	1,050	-	1,050	-	667	-	667
	407,246	**74,942**	**539**	**482,727**	**348,507**	**74,366**	**404**	**423,277**

All assets and liabilities of the Group are located inside the Hashemite Kingdom of Jordan.

(24) Other Non-Current Liabilities

	2018	2017
	JD "000"	JD "000"
End of service indemnity*	4,749	4,641
Employees' post-employment benefits **	-	3,355
Unveiled leaves ***	2,860	100
	7,609	**8,096**

* The Group pays end of service to its employees based on its internal bylaws. This provision represents a defined benefit plan whereby the Group pays specific amounts to the employees registered in this program once they retire.

The Group accounts for this type of benefit using the "Projected Cost Unit" method and as disclosed in the accounting policy note 2.15. Management believe that no material impact will incur had any of the assumption used in this method changed, whereas, the average remaining lives of the benefit is 5 years, accordingly, any early retirements or change in discount rate will have immaterial impact on the consolidated financial statement.

** This provision represents a fixed amount of allowance that will be paid to the employees upon their resignation or retirement, this provision was computed based on the signed agreement with some of the employees who claimed for their insurance claims against work injuries, this balance was booked on the present value using a discount rate of 6.125% which is the discount rate for the government bonds with same maturities as at 31 December 2017. The Group reached to a settlement with the related employees and paid the related provision in full during 2018.

** As per the Groups' policy and labour laws, employees have the right to roll forward any unutilised vacations for two years, which resulted in classifying these unveiled vacations as long-term benefit thus should be treated as defined benefit plan and should be presented on the present value.

The main assumption used by the management is salaries increments for the coming two years.

(25) Income and Deferred Tax

(a) Income tax

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

	2018	2017
	JD "000"	JD "000"
Balance at 1 January	2,314	1,350
Income tax expense for the year	22,610	11,661
Offset against prepaid sales tax	(3,399)	(10,200)
Income tax paid	(9,464)	(497)
Balance at 31 December	**12,061**	**2,314**

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

	2018	2017
	JD "000"	JD "000"
Current year income tax	22,610	11,661
Deferred tax assets	(4,192)	4,694
	18,418	**16,355**

Income tax expense

	2018	2017
	JD "000"	JD "000"
Computed tax at statutory rates	36,726	24,226
Subsidiaries' profits not subject to income tax	(4,498)	(3,600)
Gain on investments in associates not subject to income tax	(7,706)	(6,199)
Tax effect of expenses not acceptable for tax purposes	(6,104)	1,928
Income tax expense for the year	**18,418**	**16,355**
Effective income tax rate	**12.1%**	**15.4%**

The statutory income tax rate for the company and its subsidiaries is 24% and 14% respectively.
The provision for the year ended 31 December 2018 and 2017 has been calculated in accordance with the income tax law No, (34) of the year 2014 and its amendments.

(b) Deferred tax assets

The movement on Deferred tax assets is as follows:

	2018	2017
	JD "000"	JD "000"
At 1 January (as previously stated)	15,897	19,391
Additions during the year- IFRS 9 effect	550	-
At 1 January (Restated)	**16,447**	**19,391**
Additions during the year	**7,775**	**2,784**
Additions during the year- resulting from re-measurement of Post-employment benefit obligations	**739**	**1,200**
Retirements during the year	**(3,583)**	**(7,478)**
At 31 December	**21,378**	**15,897**

The below table shows the deferred tax assets amount related to each applicable line items:

Deferred tax assets items	2018	2017
	JD "000"	JD "000"
Death and compensation fund obligation	16,261	11,689
End of service indemnity	536	515
Medical disability provision	1,935	1,940
Inventory provision	948	924
Employees post-employment benefits	-	805
Unveiled employees vacation	887	24
IFRS 9 Impact on financial assets	811	-
	21,378	**15,897**

The deferred tax assets as at 31 December 2018 was calculated using the income tax rate per the new enacted tax law no.18 for the year of 2018 of 31% (2017: 24%).

- Arab Potash Company

The Income and Sales Tax Department has reviewed the Company's records for the years 2015 and 2016 and has issued the final tax clearance for those years. As for the year of 2017, the tax return has been submitted and not been audited by the Income and Sales Tax Department up to the date of these consolidated financial statements.

Due from Sales Tax Department

Other receivables include JD 15.5 million representing the general sales tax authorities paid by the Company over the past years and mainly on the expansion project which was completed in 2010. These amounts are refundable under the provisions of the General Sales Tax Law.

Up to the year of 2018, the Income and Sales Tax Department approved a refund of JD 4.9 million from the above balance after the audit. The remaining amount of JD 10.5 million remains under verification until the date of preparation of these consolidated financial statements.

- Numeira Mixed Salts and Mud Company

tax returns for the years of 2015, 2016 and 2017 has been submitted and has not been audited by the Income and Sales Tax Department up to the date of these consolidated financial statements.

- Arab Fertilizers and Chemicals Industries (KEMAPCO)

According to the management, Arab Fertilizers and Chemicals Industries (KEMAPCO - Subsidiary) is a company exempted from income and social services taxes for a period of 12 years starting from the assessment year following the beginning of production (April 2003). Excluded from this exemption is the profit of commercial storage projects for goods that are put into local consumption. The Income and Sales Tax Department ("the Department") has inspected the Company's records for the years 2010, 2011, 2012 and 2013 and issued its initial decision to claim the Company to pay income tax resulting from differences in interpreting the decision of exemptions of the Free Zones Law No. (32) for the year 1984 and its amendments regarding the coverage of the profits of domestic sales in the tax exemption. The Company recorded an income tax provision for this claim. In the opinion of the Management and the legal counsel, additional tax provisions are sufficient to meet the impact of obligations in this regard.

(26) Cost Of Sales

	2018	2017
	JD "000"	JD "000"
Raw materials		
Raw materials as at 1 January	2,294	2,148
Purchases	18,300	15,629
Minus: Raw materials as at 31 December (Note 14)	(1,281)	(2,294)
Raw materials used in production	**19,313**	**15,483**
Salaries and wages	67,214	63,383
Freight costs	31,490	29,445
Depreciation and amortisation (Note 5,6)	63,723	67,657
Fuel and electricity	87,291	78,666
Maintenance	30,031	27,925
Water	8,375	7,674
Rentals	4,248	4,201
Professional fees	3,296	2,741
Insurance	3,415	3,586
Others	8,969	8,122
	327,365	**308,883**
Add: beginning finished goods	9,261	18,900
Less: ending finished goods (Note 14)	(20,596)	(9,261)
	316,030	**318,522**

(27) Administrative Expenses

	2018	2017
	JD "000"	JD "000"
Salaries and other benefits	8,632	7,745
Professional and consulting fees	1,405	1,271
Insurance	962	701
Depreciation (Note 5)	503	614
Travel and hospitality	534	598
Maintenance and repairs	242	293
Electricity	168	154
Post and telephone	145	205
Fuel	63	45
Others	2,305	2,363
	14,959	**13,989**

(28) Other Income, Net

	2018	2017
	JD "000"	JD "000"
Gain on sale of disposal of Magnesia	-	7,894
Reversal of provisions	-	917
Scrap sales of spare parts	497	1,817
Others, net	(461)	861
	36	**11,489**

(29) Royalty to the Government of Jordan

The movement on accrued royalty provision is as follows:

	2018	2017
	JD "000"	JD "000"
Balance as at 1 January	339	4,063
Additions during the year	15,114	7,339
Payments during the year	(16,339)	(11,063)
Balance (Due from) to the government as at 31 December	**(886)**	**339**

(30) Selling and Distribution Expenses

	2018	2017
	JD "000"	JD "000"
Marketing		
Salaries and other benefits	704	776
Sales commission	3,863	2,969
Travel and transportation	348	338
Depreciation (Note 5)	11	11
Sample testing	265	346
Advertising	61	13
Post and telephone	18	20
Others	851	905
	6,121	**5,378**
Aqaba – Selling Office		
Handling fees	8,414	8,394
Salaries, wages and other benefits	2,128	2,105
Depreciation (Note 5)	2,065	2,093
Electricity	448	438
Maintenance and repair	409	340
Fuel	18	12
Insurance	132	135
Rent	74	60
Others	692	396
	14,380	**13,973**
	20,501	**19,351**

(31) Finance Costs and Bank Charges

	2018	2017
	JD "000"	JD "000"
Interest expense	8,184	5,464
Bank commissions	2,654	1,389
	10,838	**6,853**

(32) Earnings Per Share

	2018	2017
	JD "000"	JD "000"
Profit for the year	**124,874**	**89,843**
Weighted average number of shares (''000")	**83,318**	**83,318**
	Fills/ JD	Fills/ JD
Basic and diluted, earnings per share (JD / Fils)	**1.499**	**1.078**

Basic earnings per share for the Group equals to the diluted earnings per share, whereas, the Group has not issued any diluting financial instruments that can affect the basic earning per share.

(33) Related Party Transactions

Related party transactions include transactions with shareholders' 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 as at 31 December 2018.

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

	2018	2017
	JD "000"	JD "000"
Amounts due from related parties		
Accounts receivable – Jordan Bromine Company	922	634

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

	2018	2017
	JD "000"	JD "000"
Sales – Nippon Jordan Fertilizer Company (Associate)	1,905	1,216
Sales – Jordan Bromine Company (Joint venture)	8,828	8,963
Company's share of profit of associates and joint ventures	34,852	32,371

Compensation of the key management personnel was as follows:

	2018	2017
	JD "000"	JD "000"
Key management benefits (Salaries, wages, and bonus) for the group	2,303	1,981

(34) Changes In Accounting Policies

This note explains the impact of the adoption of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" on the Group's consolidated financial statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

1- Adoption of IFRS 9 "Financial Instrument"

(a) Impact on the consolidated financial statements

As a result of the changes in the Group's accounting policies, some items' opening balances in the prior year financial statements had to be restated. As explained in note (b) below, IFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in a restated balance sheet as at 31 December 2017, but were recognised within the retained earnings in the opening consolidated statement of financial position on 1 January 2018.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided with the consolidated statement of financial position as at 1 January 2018. The adjustments are explained in more detail by the requirements of the standard below in notes (b, c and d).

Consolidated Statement of financial position (extract)

	1 January 2018 As originally presented	IFRS 9	1 January 2018 Restated
	JD "000"	JD "000"	JD "000"
Assets			
Non-current assets			
Financial assets at amortized cost	21,106	-	21,106
Employees' housing loans	18,526	(224)	18,302
Deferred tax assets	15,897	550	16,447
	527,218	**326**	**527,544**
Current assets			
Employees' housing loans	2,736	(33)	2,703
Accounts receivable	50,689	-	50,689
Cash on hand and bank balances	271,321	(2,124)	269,197
	410,089	(2,157)	407,932
Total Assets	**937,307**	**(1,831)**	**935,476**
Shareholders' Equity			
Retained earnings	599,167	(1,831)	597,336
Net Shareholders' Equity	**807,885**	**(1,831)**	**806,054**

(b) IFRS 9 Financial Instruments – Impact of adoption

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. The new accounting policies are set out in note (c) below. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated.

The total impact on the Group's retained earnings as at 1 January 2018 is as follows:

	1 January 2018
	JD '000
Closing retained earnings as at 31 December 2017	599,167
Adjustments:	
Increase in provision on cash deposits at banks	(2,124)
Increase in provision over Employees' housing loans	(257)
Increase in deferred tax assets related to impairment provisions	550
Total adjustment to retained earnings from adoption of IFRS 9 on 1 January 2018	**(1,831)**
Opening retained earnings 1 January 2018 – adoption of IFRS 9	**597,336**

(c) Classification and measurement

The Group has early adopted IFRS phase 1, reclassification and measurement, during 2011 as per the Jordanian Securities Commission instruction.

No impact was recorded from this adoption, whereas, the financial assets of the Group were kept in the same earlier classification under IAS 39 based on the business model of the Company, thus Available for sale Investments (all equity) were classified as Financial assets held at fair value through other comprehensive income, and all other financial assets (Cash and Banks, Receivables, Employees loans and investments held to maturity) under IAS 39 were classified as financial assets at amortised cost as per IFRS 9.

(d) Impairment of financial assets

The Group has four types of financial assets that are subject to IFRS 9's new expected credit loss model:

1. Trade receivables from sales of inventory
2. Debt investments carried at amortised cost
3. Employees housing loans, and
4. Balances and deposits at banks

The Group was required to revise its impairment methodology under IFRS 9 for each of these classes of assets. The impact of the change in impairment methodology on the Group's retained earnings and equity is disclosed in the table in note (b) above.

1- Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

On that basis, and based on the last five years data and current year aging, it was noted that there were no receivables with balances that were overdue in addition to having collaterals against these balances represented by letter of credit from reputable risk rated banks. Thus, management considered all the receivables as current balances and accordingly deemed that the expected credit loss amount is immaterial to the trade receivables and was not recorded.

2- Debt investments

All of the Group's debt investments at amortised cost are considered to have «low credit risk» as these investments are investments in the the Jordanian Government which has no previous history of default or delays in both paying back the interest or the principle, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. Management considers the Jordanian Governmental Bonds as 'low credit risk' as they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Based on the above, the Group has exposure in sovereign bonds issued by The Hashemite Kingdom of Jordan rated B+ by S&P. Since this is an exposure of sovereign nature, a base case PD of 0.03% is considered as per BASEL guidelines, and as accordingly, the management believe that no additional loss is required over this type of financial assets, as the resulted expected credit loss is immaterial.

3- Employees housing loans

The Group has applied a combination of the simplified and general approach permitted by IFRS 9. Simplified approach is applied to a portfolio of housing loans that are homogeneous in nature and carry similar credit risk. Therefore, management has classified all its loans to employees as current (law acceptable risk), due to the fact that all employees has full collateral against these loans in addition to other end of service benefits which the Group can utilize to settle all these loans. The management believe that a provision amounting to 1% can be considered as the expected credit loss for such category to cover these low acceptable risk items. Thus, an additional provision of JD 257 thousands was recorded.

Under general approach, the Group measures the loss allowance for a financial asset at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. Therefore, a provision of JD 489 thousands was recorded during the current year.

4- Balances and deposits at banks

For the Deposits with Banks Portfolio, the Group does not track rating migration since inception. All the Deposits were for periods less than 365 days and the Fitch Ratings as on 31-12-2017 for them were mapped with the S&P Equivalent Ratings and one year average Multi-Year Global Corporate Transition Matrices. Then these were mapped with the Financial Institutions ratings as per 2016 Annual Global Corporate Default Study And Rating Transitions by S&P to arrive at the Probability of Default (PD).

For Unrated exposures, the least rating for the remaining exposures in the Portfolio was taken, and since, there was no actual instance of default, the Loss Given Default (LGD) could not be modelled based on historical data. Instead, the statutory JOD 50,000 Deposit Insurance Cover for JOD-denominated deposits were factored into the LGD%.

The additional provision related to the expected credit loss as per IFRS 9 requirements against cash and cash equivalent was JD 2,124 thousand as at 1 January 2018.

2- Adoption of IFRS 15 "revenue from contracts with customers"

The Group has adopted IFRS 15 "Revenue from Contracts with Customers" from 1 January 2018. Accordingly, Management has assessed the effects of applying the new standard on the Group's consolidated financial statements and has determined that the recognition and measurement of revenue for all the current on-going contracts under the IFRS 15's five-step model, will not materially change as being currently recognised under IAS 18, since the Group's revenues are generated from sources that are not subject to the new changes required by IFRS 15.

IFRS 15 requires that revenue is recognized from contracts with customers based on a five step model as follows:

- Identify contracts with customers
- Identify the separate performance obligation
- Determine the transaction price of the contract
- Allocate the transaction price to each of the separate performance obligations, and
- Recognise the revenue as each performance obligation is satisfied.

Based on the above 5 steps process, management concluded that all its contracts have one obligation related to selling the products and the related discounts and quantity rebates (where applicable). Prices are fixed annually based on the agreed on international prices. Accordingly, management did not identify additional performance obligations in the related contracts other than selling the products and the related discounts and quantity rebates and based on specific agreed on shipping terms that will be satisfied on a point in time rather over time.

For more about the accounting policy, please refer to note (2-19).

(35) Contingencies and Commitments

As of 31 December 2018, the Group had the following contingencies and commitments:

	2018	2017
	JD "000"	JD "000"
Letters of Guarantees	27,609	27,404
Letters of Credit	28,212	32,623
Bills of collection	112	-

Capital Commitments:

- The Group has committed and contracted for capital expenditure amounting to JD 164,000 thousands as at 31 December 2018 (2017: JD 141,238 thousands).
- The Group has committed but not contracted for capital expenditure amounting to JD 375,000 thousands as at 31 December 2018 (2017: JD 424,467 thousands).
- According to the agreement signed on 9 September 2003, and its amendment on 27 October 2016 with the ministry of water and irrigation, Arab Potash Company is obligated to withdraw and consume not less than 3 million cubic meter of water per annum at JD 1.25 per cubic meter. The duration of the agreement is five years from the date of the amendment.

Operating lease commitments

The Company leases the land under mining through a non-cancellable operating leases expiring in 2057. The leases is applicable for annual increase based on the positive increase in the Consumer Price Index.

Future minimum rentals payable under these leases at December 31 are as follows:

	2018	2017
	JD "000"	JD "000"
Within one year	2,290	2,231
After one year but not more than five years	9,160	8,924
More than five years	63,360	66,085
	74,810	**77,240**

Legal claims

There are a number of individual claims filed against the Group by a number of employees, most of which are related to insurance indemnities resulting from disability. In addition to other lawsuits raised against the Company in the normal course of business. The Company estimates the total amount of these claims of JD 6,466 thousands as at 31 December 2018 (2017: JD 8,552 thousands), see note 22, which were provided for by management based on the opinion of the legal advisor.

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