

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

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

**30 SEPTEMBER 2023**

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

**Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Arab Potash Company - Public Shareholding Company ("the Company") and its subsidiaries (together the "Group") as of 30 September 2023, and the related interim condensed consolidated statement of income, and the interim condensed consolidated statement of comprehensive income for the three-month and nine-month periods then ended, the interim condensed consolidated statements of changes in shareholders' equity and cash flows for the nine-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard (IAS) 34 (Interim Financial Reporting). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

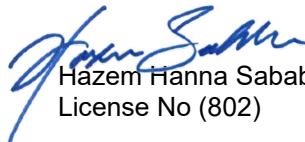
**Scope of Review**

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

**Conclusion**

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

For and on behalf of PricewaterhouseCoopers "Jordan"

  
Hazem Hanna Sababa  
License No (802)



Amman – Jordan  
31 October 2023

**ARAB POTASH COMPANY - PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2023 (UNAUDITED)**

	Notes	30 September 2023 JD"000" (Unaudited)	31 December 2022 JD"000" (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	704,484	633,631
Rights of use	5	14,284	15,342
Right of use of leased asset		2,839	3,356
Investment in associates	8	6,749	5,902
Investment in joint ventures	8	266,827	231,517
Financial assets at amortized cost	6	20,458	20,555
Deferred tax assets		22,629	22,316
Employees' housing loans		13,808	13,404
Other non-current assets		80,686	88,001
Financial assets at fair value through other comprehensive income		835	835
		<u>1,133,599</u>	<u>1,034,859</u>
<b>Current assets</b>			
Inventories		31,863	42,406
Spare parts and supplies		55,337	52,725
Employees' housing loans		2,727	2,738
Accounts receivable		190,675	282,897
Other current assets	9	42,654	79,130
Cash on hand and bank balances	10	469,454	531,040
		<u>792,710</u>	<u>990,936</u>
<b>TOTAL ASSETS</b>		<u><u>1,926,309</u></u>	<u><u>2,025,795</u></u>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Paid in share capital		83,318	83,318
Statutory reserve	7	50,464	50,464
Voluntary reserve		80,699	80,699
Fair value reserve		178	178
Re-measurement of post-employment benefit obligations		(11,237)	(8,155)
Retained earnings		<u>1,458,336</u>	<u>1,368,824</u>
<b>NET SHAREHOLDERS' EQUITY</b>		<u><u>1,661,758</u></u>	<u><u>1,575,328</u></u>

**ARAB POTASH COMPANY - PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2023 (UNAUDITED) (CONTINUED)**

	Notes	30 September 2023 JD“000” (Unaudited)	31 December 2022 JD“000” (Audited)
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Death and compensation fund obligations	11	53,392	50,048
Lease liabilities		2,489	3,193
Other non-current liabilities		19,982	19,465
		<u>75,863</u>	<u>72,706</u>
<b>Current liabilities</b>			
Lease liabilities		893	893
Death and compensation fund obligations	11	3,676	3,731
Potash mining fees due to the government of the Hashemite Kingdom of Jordan		43,681	77,133
Trade payables		19,710	15,055
Income tax provision	14	58,527	196,278
Other current liabilities	12	62,201	84,671
		<u>188,688</u>	<u>377,761</u>
<b>TOTAL LIABILITIES</b>		<u>264,551</u>	<u>450,467</u>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<u>1,926,309</u>	<u>2,025,795</u>

**General Manager**

**Senior Executive Vice  
President of financial and  
support services**

**The attached notes from 1 to 18 are part of these interim condensed consolidated  
financial statements.**

**ARAB POTASH COMPANY - PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME**  
**FOR THE THREE AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023 (UNAUDITED)**

	Notes	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2023	2022	2023	2022
		JD "000" (Unaudited)	JD "000" (Unaudited)	JD "000" (Unaudited)	JD "000" (Unaudited)
Revenue from contracts with customers	13	188,272	368,471	600,464	991,012
Cost of sales		(102,691)	(84,984)	(275,519)	(266,036)
<b>Gross profit</b>		<b>85,581</b>	<b>283,487</b>	<b>324,945</b>	<b>724,976</b>
Administrative expenses		(3,963)	(3,832)	(12,484)	(11,856)
Selling and distribution expenses		(6,046)	(3,814)	(15,810)	(12,117)
Corporate social responsibility expenses		(536)	(1,405)	(4,553)	(4,858)
Impairment (Loss) Reversal of non -financial assets		(1,027)	(2,358)	879	(3,244)
Potash mining fees	1	(10,928)	(39,777)	(43,681)	(100,371)
<b>Operating profit</b>		<b>63,081</b>	<b>232,301</b>	<b>249,296</b>	<b>592,530</b>
Interest income		6,706	3,585	20,053	7,945
Finance costs		(1,146)	(1,271)	(4,170)	(4,328)
Other Income (Loss), net		(263)	(3,530)	845	(5,311)
<b>Profit before the Group's share of profit from associates and joint ventures and income taxes</b>		<b>68,378</b>	<b>231,085</b>	<b>266,024</b>	<b>590,836</b>
Group's share of profit from associates and joint ventures	8	12,797	24,367	57,376	73,967
<b>Profit before income tax</b>		<b>81,175</b>	<b>255,452</b>	<b>323,400</b>	<b>664,803</b>
Income tax expense	14	(22,317)	(74,143)	(83,916)	(187,525)
<b>Profit for the period</b>		<b>58,858</b>	<b>181,309</b>	<b>239,484</b>	<b>477,278</b>
		<u>JD / Fils</u>	<u>JD / Fils</u>	<u>JD / Fils</u>	<u>JD / Fils</u>
<b>Earnings per share</b>					
Basic and diluted earnings per share for the period	16	<u>0.706</u>	<u>2.176</u>	<u>2.874</u>	<u>5.728</u>

The attached notes from 1 to 18 are part of these interim condensed consolidated financial statements.

**ARAB POTASH COMPANY - PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THREE AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023 (UNAUDITED)**

	For the three- month period ended 30 September		For the nine -month period ended 30 September	
	2023	2022	2023	2022
	JD "000"	JD "000"	JD "000"	JD "000"
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period	58,858	181,309	239,484	477,278
<b>Add: other comprehensive income</b>				
<i>Items that will not be reclassified to profit or loss:</i>				
Actuarial loss from re-measurement of post-employment benefit obligations	-	-	(4,467)	-
Income tax relating to these items	-	-	1,385	-
<b>Total comprehensive income for the period</b>	<b>58,858</b>	<b>181,309</b>	<b>236,402</b>	<b>477,278</b>

The attached notes from 1 to 18 are part of these interim condensed consolidated financial statements.

**ARAB POTASH COMPANY - PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023 (UNAUDITED)**

	Paid in share capital	Statutory reserve	Voluntary reserve	Fair value reserve	Re- measurement of post- employment benefit obligations	Retained Earnings	Net Shareholders' equity
	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"
<b>For the nine months ended</b>							
<b>30 September 2023 (unaudited)</b>							
Balance at 1 January 2023	83,318	50,464	80,699	178	(8,155)	1,368,824	1,575,328
Profit for the period	-	-	-	-	-	239,484	239,484
Other comprehensive income	-	-	-	-	(3,082)	-	(3,082)
Total comprehensive income for the period	-	-	-	-	(3,082)	239,484	236,402
Dividends distribution (Note 17)	-	-	-	-	-	(149,972)	(149,972)
<b>Balance at 30 September 2023</b>	<b>83,318</b>	<b>50,464</b>	<b>80,699</b>	<b>178</b>	<b>(11,237)</b>	<b>1,458,336</b>	<b>1,661,758</b>
<b>For the nine months ended</b>							
<b>30 September 2022 (unaudited)</b>							
Balance at 1 January 2022	83,318	50,464	80,699	133	(14,781)	867,577	1,067,410
Profit for the period	-	-	-	-	-	477,278	477,278
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	477,278	477,278
Dividends distribution (Note 17)	-	-	-	-	-	(99,981)	(99,981)
<b>Balance at 30 September 2022</b>	<b>83,318</b>	<b>50,464</b>	<b>80,699</b>	<b>133</b>	<b>(14,781)</b>	<b>1,244,874</b>	<b>1,444,707</b>

The attached notes from 1 to 18 are part of these interim condensed consolidated financial statements.



**ARAB POTASH COMPANY - PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023 (UNAUDITED)**

	Notes	For the nine months ended	
		30 September	
		2023 JD "000" (Unaudited)	2022 JD "000" (Unaudited)
<b>OPERATING ACTIVITIES</b>			
Profit for the period before income tax		323,400	664,803
<b>Adjustments for</b>			
Depreciation of property, plant and equipment		42,001	39,758
Depreciation on right of use of leased asset		517	506
Amortisation		3,483	2,632
Interest income		(20,053)	(7,945)
Finance costs		4,170	4,328
Group's share of profit from associates and joint Ventures	8	(57,376)	(73,967)
End of service indemnity provision		(183)	(412)
Potash mining fees		43,681	100,371
Provision for slow moving spare parts and Inventory		(1,564)	517
Provision for employees' unpaid leaves		(294)	(160)
Death and compensation provision		520	(58)
Employee's legal cases compensation provision		6,203	5,483
<b>Working capital changes:</b>			
Inventories		10,543	(13,342)
Spare parts and supplies		(1,048)	(1,676)
Accounts receivable		92,222	(133,920)
Other current assets		3,719	24,831
Trade payables		4,655	12,039
Other current liabilities		(22,444)	4,746
<b>Net cash flows generated from operating activities before income tax, mining fees and death and compensation fund obligations paid</b>		<b>432,152</b>	<b>628,534</b>
Income tax paid		(220,595)	(118,123)
Potash mining fees paid		(77,133)	(29,383)
Death and compensation fund obligations paid		(7,381)	(4,138)
Lease Payment		(893)	-
<b>Net cash flows generated from operating activities</b>		<b>126,150</b>	<b>476,890</b>

**ARAB POTASH COMPANY - PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023 (UNAUDITED) (CONTINUED)**

	Notes	For the nine months ended 30 September	
		2023 JD "000" (Unaudited)	2022 JD "000" (Unaudited)
<b>INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment and acquisition of Projects in progress	4	(112,854)	(137,965)
Dividends received from associates and joint ventures		59,026	31,468
Granted employees' housing loans		(2,551)	(2,087)
Proceeds from employees housing loans		2,158	2,724
Short term deposits with original maturities of more than 3 months		72,693	(241,917)
Interest received		19,990	5,962
<b>Net cash flows generated for (Used in) investing activities</b>		<b>38,462</b>	<b>(341,815)</b>
<b>FINANCING ACTIVITIES</b>			
Repayment of loans		-	(4,871)
Payments for obligations against capital projects		-	(2,427)
Interest paid		(3,981)	(4,103)
Dividends paid to shareholders		(149,524)	(100,077)
<b>Net cash flows used in financing activities</b>		<b>(153,505)</b>	<b>(111,478)</b>
<b>Net change in cash and cash equivalents</b>		<b>11,107</b>	<b>23,597</b>
Cash and cash equivalents at 1 January		75,327	53,017
<b>Cash and cash equivalents at 30 September 2023</b>	10	<b>86,434</b>	<b>76,614</b>

**The attached notes 1 to 18 form part of these interim condensed 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 2 million as at 30 September 2023.

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

The Company calculated the potash mining fees for the nine months period ended on 30 September 2023 and 2022 at 25% of the net profits of the Arab Potash Company after tax and before the company's share of the results of the subsidiaries and affiliates' businesses, and it was presented in a separate item in the interim condensed consolidated statement of income.

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

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

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

The interim condensed consolidated financial statements were authorized for issue by the audit committee on 30 October 2023.

**(2) SIGNIFICANT ACCOUNTING POLICIES**

**2-1 Basis of Preparation**

The interim condensed consolidated financial statements for the nine months period ended 30 September 2023 have been prepared in accordance with International Accounting Standard 34 (Interim Financial Reporting).

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

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2022. In addition, results for the nine months period ended 30 September 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

**2-2 Basis of Consolidation**

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

The interim condensed consolidated financial statements comprise the financial statements of Arab Potash Company and its subsidiaries as at 30 September 2023:

	<u>Paid in capital</u> (Thousands of shares)	<u>Percentage of Ownership</u> %
Arab Fertilizers and Chemicals Industries (KEMAPCO)	29,000	100
Numeira Mixed Salts and Mud Company	800	100
Dead sea for chemicals & fertilizers	50	100

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

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

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

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

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

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

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

### **Changes in ownership interests**

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

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to interim condensed consolidated statement of income.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to interim condensed consolidated statement of income.

### **Shareholders with significant influence over the Group**

The authorized and paid-in capital of the company is JD 83,317,500 divided into 83,317,500 shares with a par value of JD 1 per share.

The following table shows the shareholders with significant impact on the Group:

	Number of shares	Ownership %
Man Jia Industrial Development Limited	23,294,614	28
Governmental Investments Management Company	21,782,437	26
Arab Mining Company	16,633,897	20
Social Security Corporation	8,679,641	10

2-3 **Changes in Accounting Policies**

**(A) New standards issued and applicable for the annual periods starting on or after 1 January 2023 which has been followed by the Group:**

New standard	Description	Effective date
<b>IFRS 17 Insurance Contracts</b>	<p>IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are remeasured in each reporting period. Contracts are measured using the building blocks of:</p> <ul style="list-style-type: none"> <li>• discounted probability-weighted cash flows</li> <li>• an explicit risk adjustment, and</li> <li>• a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period.</li> </ul> <p>The standard allows a choice between recognising changes in discount rates either in the statement of Income or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short-duration contracts, which are often written by non-life insurers. There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.</p> <p>Targeted amendments made in July 2020 aimed to ease the implementation of the standard by reducing implementation costs and making it easier for entities to explain the results from applying IFRS 17 to investors and others. The amendments also deferred the application date of IFRS 17 to 1 January 2023. Further amendments made in December 2021 added a transition option that permits an entity to apply an optional classification overlay in the comparative period(s) presented on initial application of IFRS 17. The classification overlay applies to all financial assets, including those held in respect of activities not connected to contracts within the scope of IFRS 17. It allows those assets to be classified in the comparative period(s) in a way that aligns with how the entity expects those assets to be classified on initial application of IFRS 9. The classification can be applied on an instrument-by-instrument basis.</p>	1 January 2023

**Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2** **The IASB amended IAS 1** to require entities to disclose their material rather than their significant accounting policies. The amendments define what is ‘material accounting policy information’ and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

1 January  
2023

To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

**Definition of Accounting Estimates – Amendments to IAS 8** **The amendment to IAS 8 Accounting Policies**, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

1 January  
2023

**Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12** **The amendments to IAS 12 Income Taxes** require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities.

1 January  
2023

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.

IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

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

**(B) New standards issued and not yet applicable or early adopted by the Group for the periods starting on or after 1 January 2024:**

Standard	Description	Effective date
<b>Non-current liabilities with covenants – Amendments to IAS 1</b>	<p>Amendments made to IAS 1 Presentation of Financial Statements in 2020 clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarified what IAS 1 means when it refers to the 'settlement' of a liability. The amendments were due to be applied from 1 January 2022. However, the effective date was subsequently deferred to 1 January 2023 and then further to 1 January 2024. In October 2022, the IASB made further amendments to IAS 1 in response to concerns raised about these changes to the classification of liabilities as current or non-current. The new amendments clarify that covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current, even if the covenant is only tested for compliance after the reporting date. The amendments require disclosures if an entity classifies a liability as noncurrent and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:</p> <ul style="list-style-type: none"> <li>• the carrying amount of the liability</li> <li>• information about the covenants, and</li> <li>• facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.</li> </ul> <p>The amendments must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Special transitional rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or noncurrent.</p>	1 January 2024
<b>Lease liability in sale and leaseback – amendments to IFRS 16</b>	<p>In September 2022, the IASB finalised narrow-scope amendments to the requirements for sale and leaseback transactions in IFRS 16 Leases which explain how an entity accounts for a sale and leaseback after the date of the transaction. The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognizing any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.</p>	1 January 2024



**Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28**      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 their associates or joint ventures. They confirm that 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 interests in the associate or joint venture. The amendments apply prospectively.

1 January  
2024

\*\*\* In December 2015, the IASB decided to defer the application date of this amendment until such time

Management doesn't believe that the above standards will have any impact on the interim condensed consolidated financial statements of the Group once adopted or become effective.

There are no other new standards or interpretations published that should be adopted by the Group for the annual periods starting on or after 1 January 2023 and which could have a material impact on the Group's interim condensed consolidated financial statements.

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

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

In preparing these interim condensed consolidated financial statements, significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the Group's audited consolidated financial statements as at and for the year ended 31 December 2022.

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

During the nine months ended 30 September 2023 the Group acquired property, plant and equipment with a cost of JD 10,662 thousand (30 September 2022: JD 8,666 thousand).

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

During the nine months ended 30 September 2023, the Group initiated new/ additional projects in progress at a cost of JD 102,192 thousand (30 September 2022: JD 129,299 thousand).

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

**(a) Right of use of natural gas pipeline**

On 19 February 2014, Arab Potash Company signed an agreement stating the construction of Gas pipelines, to provide the Company with natural gas as a source of energy. This agreement resulted in an obligation against capital projects of JD 15,583 thousand with an annual interest rate of LIBOR 6 months plus 5% marginal fixed interest rate. This commitment will be settled over a period of 60 monthly payments starting 31 October 2017. And the last instalment payment was paid during the last year 2022.

Amortization is calculated on a straight-line basis to allocate the cost over the entire term of the access right's contract of 15 years. The amortisation expense during the nine months ended on 30 September 2023 amounted to JD 779 thousand (30 September 2022: JD 779 thousand).

**(b) Right of use of electricity from "NEPCO" Company**

Arab Potash Company has signed an agreement with National Electrical Power Company (NEPCO) during 2017 as a contingent option to be able to use the electricity as an alternative source of power in case of any malfunctions in the currently used gas turbine. The agreement requires NEPCO to keep its generators stand-by and ready for immediate use by Arab Potash Company for 20 years for one-time payment of JD 7,420 thousand that was paid during December 2018 and will be amortised over the contract period. The amortisation expense for the nine months ended 30 September 2023 amounted to JD 278 thousand (30 September 2022: JD 278 thousand).

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

	30 September 2023	31 December 2022
	JD"000" (Unaudited)	JD"000" (Audited)
Unquoted financial assets – governmental bonds*	20,458	20,555

\* This item represents governmental bonds that mature on 29 January 2026 and bearing annual interest rate of 6.15% and payable every six months.

The amortization of bonds premium for these assets is JD 97 thousand for nine-months ended 30 September 2023. (30 September 2022 JD 91 thousand).

Financial assets at amortized cost are neither recoverable nor impaired.

These financial assets were taken into consideration when calculating the expected credit losses, and no losses were recorded as their impact is not material on this interim condensed consolidated financial statement.

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**(7) STATUTORY RESERVE**

The accumulated amounts in this account of JD 50,464 thousand represent 10% the Group's net income before income tax which were deducted during the previous year's according to the Companies Law. The Group has the option to cease such appropriations when the balance of this reserve reaches 25% of the Group's authorized capital. The Group decided in 2005 to cease appropriations to the statutory reserve. The statutory reserve is not available for distribution to equity shareholders.

**(8) THE GROUP'S SHARE OF PROFIT FROM ASSOCIATES AND JOINT VENTURES**

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

	For the nine months ended 30 September	
	2023	2022
	JD"000"	JD"000"
	(Unaudited)	(Unaudited)
Jordan Bromine Company*	55,668	71,735
Jordan Industrial Ports Company	861	944
Nippon Jordan Fertilizer Company	816	1,310
Jordan Investment and Southern Development Co.	31	(22)
	<u>57,376</u>	<u>73,967</u>

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

**(9) OTHER CURRENT ASSETS**

	30 September 2023	31 December 2022
	JD"000"	JD"000"
	(Unaudited)	(Audited)
Due from Sales Tax Department	25,406	21,064
Prepaid expenses	8,659	12,245
Dividends receivable	-	37,762
Others	8,589	8,059
	<u>42,654</u>	<u>79,130</u>

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

	30 September 2023	31 December 2022
	JD"000" (Unaudited)	JD"000" (Audited)
Cash on hand	209	177
Cash at banks	73,410	58,935
Short term deposits*	12,815	16,215
<b>Cash and cash equivalents</b>	<b>86,434</b>	<b>75,327</b>
Short term deposits with original maturities of more than 3 months**	388,410	461,982
Expected credit loss as per IFRS 9	(5,390)	(6,269)
	<b>469,454</b>	<b>531,040</b>

**Reconciliation to cash flow statement**

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

	30 September 2023	30 September 2022
	JD"000" (Unaudited)	JD"000" (Unaudited)
Cash on hand	209	195
Cash at banks	73,410	63,378
Short term deposits*	12,815	13,041
<b>Cash and cash equivalent</b>	<b>86,434</b>	<b>76,614</b>

\* This item represents deposits in Jordanian Dinars at local banks with an interest rate of 6.59% (30 September 2022: 4.56%) and mature within one to three months.

\*\* This item represents deposits in Jordanian Dinars at local banks with an interest rate of 6.19% (30 September 2022: 4.5%) and mature within a period more than three to twelve months.

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

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

	30 September 2023	31 December 2022
	JD"000" (Unaudited)	JD"000" (Audited)
Beginning balance	53,779	59,148
Current and past service cost	3,299	4,184
Discount value	2,904	3,580
Actuarial losses (gains) resulting from the remeasurement of the defined benefit plans	4,467	(7,949)
Paid during the period/year	(7,381)	(5,184)
Ending balance	<b>57,068</b>	<b>53,779</b>

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

	30 September 2023 JD"000" (Unaudited)	31 December 2022 JD"000" (Audited)
<b>Non- current</b>		
Death and compensation fund obligations	53,392	50,048
<b>Current</b>		
Death and compensation fund obligations	3,676	3,731
	<u>57,068</u>	<u>53,779</u>

**(12) OTHER CURRENT LIABILITIES**

	30 September 2023 JD"000" (Unaudited)	31 December 2022 JD"000" (Audited)
Accrued expenses	46,545	64,336
Employees' legal cases compensation provision	4,792	5,464
Dividends payable	1,866	1,418
Contractors' retentions	3,424	3,424
Others	5,574	10,029
	<u>62,201</u>	<u>84,671</u>

**(13) SEGMENT INFORMATION**

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

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

The Group is comprised of the following operating segments:

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

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

	Three months ended 30 September 2023					
	(Unaudited)					
	Arab Potash Co. JD “000”	KEMAPCO JD “000”	Numeira Co. JD “000”	Total JD “000”	Eliminations JD “000”	Total JD “000”
Sales to external customers	160,987	26,934	351	188,272	-	188,272
Inter-company sales	5,909	-	394	6,303	(6,303)	-
Total sales	166,896	26,934	745	194,575	(6,303)	188,272
Segment gross profit	80,056	2,934	261	83,251	2,330	85,581
<b>Results</b>						
Share of profits of associates and joint ventures	12,797	-	-	12,797	-	12,797
Depreciation and amortization	14,481	877	11	15,369	-	15,369
<b>Capital expenditures:</b>						
Property, plant and equipment and project in progress	44,754	178	138	45,070	-	45,070

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	Nine months ended 30 September 2023					
	(Unaudited)					
	Arab Potash Co. JD “000”	KEMAPCO JD “000”	Numeira Co. JD “000”	Total JD “000”	Eliminations JD “000”	Total JD “000”
Sales to external customers	531,048	68,604	812	600,464	-	600,464
Inter-company sales	21,994	-	998	22,992	(22,992)	-
Total sales	553,042	68,604	1,810	623,456	(22,992)	600,464
Segment gross profit	310,426	9,550	339	320,315	4,630	324,945
<b>Results</b>						
Share of profits of associates and joint ventures	57,376	-	-	57,376	-	57,376
Depreciation and amortization	43,391	2,618	31	46,040	(39)	46,001
<b>Capital expenditures:</b>						
Property, plant and equipment and projects in progress	111,286	1,382	186	112,854	-	112,854

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	As at 30 September 2023 (Unaudited)						
	Arab Potash Co. JD “000”	KEMAPCO JD “000”	Numeira Co. JD “000”	Dead sea for chemicals & fertilizers JD “000”	Total JD “000”	Eliminations JD “000”	Total JD “000”
Total Assets	1,841,787	101,557	5,108	50	1,948,502	(22,193)	1,926,309
Total Liabilities	248,817	23,512	5,716	678	278,723	(14,172)	264,551
Investments in associates and joint ventures	273,576	-	-	-	273,576	-	273,576

	Three months ended 30 September 2022 (Unaudited)					
	Arab Potash Co. JD “000”	KEMAPCO JD “000”	Numeira Co. JD “000”	Total JD “000”	Eliminations JD “000”	Total JD “000”
Sales to external customers	339,303	28,953	215	368,471	-	368,471
Inter-company sales	16,102	-	309	16,411	(16,411)	-
Total sales	355,405	28,953	524	384,882	(16,411)	368,471
Segment gross profit	281,774	4,618	(29)	286,363	(2,876)	283,487

<b>Results</b>							
Share of profits of associates and joint ventures	24,367	-	-	24,367	-	-	24,367
Depreciation and amortization	14,014	869	21	14,904	-	-	14,904

<b>Capital expenditures:</b>							
Property, plant and equipment and project in progress	82,842	(1,472)	431	81,801	-	-	81,801



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	Nine months ended 30 September 2022					
	(Unaudited)					
	Arab Potash Co.	KEMAPCO	Numeira Co.	Total	Eliminations	Total
	JD “000”	JD “000”	JD “000”	JD “000”	JD “000”	JD “000”
Sales to external customers	891,886	98,384	742	991,012	-	991,012
Inter-company sales	47,148	-	1,156	48,304	(48,304)	-
Total sales	939,034	98,384	1,898	1,039,316	(48,304)	991,012
Segment gross profit	711,883	19,787	415	732,085	(7,109)	724,976

**Results**

Share of profits of associates and joint ventures	73,967	-	-	73,967	-	73,967
Depreciation and amortization	40,319	2,597	59	42,975	(79)	42,896

**Capital expenditures:**

Property, plant and equipment and projects in progress	138,764	(1,252)	453	137,965	-	137,965
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	As at 30 September 2022 (Unaudited)						
	Arab Potash Co.	KEMAPCO	Numeira Co.	Dead sea for chemicals & fertilizers	Total	Eliminations	Total
	JD “000”	JD “000”	JD “000”	JD “000”	JD “000”	JD “000”	JD “000”
Total Assets	1,767,899	110,512	4,552	50	1,883,013	(30,910)	1,852,103
Total Liabilities	390,695	31,656	5,418	661	428,430	(21,034)	407,396
Investments in associates and joint ventures	253,057	-	-	-	253,057	-	253,057

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**INDUSTRY SEGMENT AND GEOGRAPHICAL ALLOCATION**

Following is a summary of sales by the Group based on customers' geographical location for the nine-months ended 30 September 2023 and 2022:

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

	For the nine months ended 30 September 2023 (unaudited)				For the nine months ended 30 September 2022 (unaudited)			
	Arab Potash Co.	KEMAPCO	Numeira Co.	Total	Arab Potash Co.	KEMAPCO	Numeira Co.	Total
	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"
China & India	190,732	3,790	-	194,522	261,822	5,557	18	267,397
Far East	72,742	4,076	-	76,818	167,243	5,438	-	172,681
Middle East	52,975	6,252	90	59,317	60,008	9,813	221	70,042
Africa	71,744	11,409	5	83,158	113,059	10,571	-	123,630
Europe	53,837	33,388	717	87,942	145,061	50,231	474	195,766
Southeast Asia	41,323	-	-	41,323	72,048	-	1	72,049
America & Australia	47,695	8,861	-	56,556	72,645	16,045	28	88,718
Canada	-	828	-	828	-	729	-	729
Total	531,048	68,604	812	600,464	891,886	98,384	742	991,012

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The Group derives revenue from the transfer of goods in the following major product lines:

**For nine Months ended 30 September 2023**

**Revenue from contracts with customers**

Timing of revenue –At a point in time

Timing of revenue –Over time

**Total**

<u>Sale of Potash</u>	<u>Sale of</u>	<u>Mixed salts</u>	<u>Revenue from</u>	<u>Total</u>
<u>JD “000”</u>	<u>potassium</u>	<u>and mud</u>	<u>freight</u>	<u>JD “000”</u>
	<u>JD “000”</u>	<u>JD “000”</u>	<u>JD “000”</u>	<u>JD “000”</u>
492,781	65,137	812	-	558,730
-	-	-	41,734	41,734
<u>492,781</u>	<u>65,137</u>	<u>812</u>	<u>41,734</u>	<u>600,464</u>

**For nine Months ended 30 September 2022**

**Revenue from contracts with customers**

Timing of revenue –At a point in time

Timing of revenue –Over time

**Total**

<u>Sale of Potash</u>	<u>Sale of</u>	<u>Mixed salts</u>	<u>Revenue from</u>	<u>Total</u>
<u>JD “000”</u>	<u>potassium</u>	<u>and mud</u>	<u>freight</u>	<u>JD “000”</u>
	<u>JD “000”</u>	<u>JD “000”</u>	<u>JD “000”</u>	<u>JD “000”</u>
841,577	92,900	742	-	935,219
-	-	-	55,793	55,793
<u>841,577</u>	<u>92,900</u>	<u>742</u>	<u>55,793</u>	<u>991,012</u>

**(14) INCOME TAX**

The income tax provision for the period ended 30 September 2023 and 2022, has been calculated in accordance with the income tax law No, (38) of the year 2018 and its subsequent amendments.

**Arab Potash Company**

The Income and Sales Tax Department has reviewed the Company's records for the years 2017, 2018 and has issued the final tax clearance for those years. As for the years 2019, 2020, 2021 and 2022 the tax return has been submitted but the final report was not issued until the date of preparing these interim condensed consolidated financial statements.

**Due from Sales Tax Department**

Other receivables include a balance of JD 25.4 million as at 30 September 2023 (31 December 2022: JD 21,1 million) representing the general sales tax authorities paid by the Company over the past years. These amounts are refundable under the provisions of the General Sales Tax Law.

**Numeira Mixed Salts and Mud Company**

The Income and Sales Tax Department has reviewed the company's records up until year 2019 and has issued the final tax clearance. As for the years 2020, 2021, and 2022 the tax return has been submitted to ISTD but not reviewed yet by the Income and Sales Tax Department until the date of preparing these interim condensed consolidated financial statements. Therefore, the company has recorded Deferred tax based on acceptable tax loss.

**Arab Fertilizers and Chemicals Industries (KEMAPCO)**

Income tax provision has been calculated for the period ended 30 September 2023 in accordance with Income Tax Law No. (38) of 2018, which became applicable on January 1, 2019 and under this law, the legal tax rate is 20% including 1% national contribution of the profit generated from sales and 21% on credit interest

The Investment Environment Law No. 21 of 2022 became applicable on January 14, 2023 in accordance with paragraph (a) of Article (31); The profit realized from exporting goods outside the Hashemite Kingdom of Jordan to the registered company that carries out an economic activity in the free zone is no longer exempt from income tax other than what was stipulated in Article 14 of the Investment Law No. (30) of 2014.

Income tax provision has been calculated for the period 31 December 2022 in accordance with Income Tax Law No. (38) of 2018, which became applicable on January 1, 2019. According to this law, the legal tax rate in addition to the national contribution rate is 19% of the profit generated from Domestic sales and 21% on credit interest, while export sales were exempt from income tax.

In the opinion of the management of the Company and its tax consultant, the Company will not have any obligations exceeding the provision recorded until 30 September 2023.

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**(15) CONTINGENCIES AND COMMITMENTS**

The Group had the following contingencies and commitments:

	30 September 2023	31 December 2022
	JD“000” (Unaudited)	JD“000” (Audited)
Letters of Guarantees	11,942	11,886
Letters of Credit	84,172	29,487

**Legal claims**

There are a number of individual claims filed against Arab Potash Company that are related to the ordinary course of business. The Company estimates the total amount of these compensations at about JD 4,792 thousand as at the date of the interim condensed consolidated financial statements (31 December 2022: JD 5,464 thousand), which have been provided for.

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

	For the three months period		For the nine months period	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	JD “000” (Unaudited)	JD “000” (Unaudited)	JD “000” (Unaudited)	JD “000” (Unaudited)
Profit for the period	58,858	181,309	239,484	477,278
Weighted average number of shares	83,318	83,318	83,318	83,318
	Fills/ JD	Fills/ JD	Fills/ JD	Fills/ JD
Basic and diluted earnings per share (JD / Fils)	0.706	2.176	2.874	5.728

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

**(17) DIVIDENDS**

The General Assembly resolved in its ordinary meeting held on 21 March 2023 to distribute an amount of JD 149,972 thousand (equivalent to 180% of the Company's share capital) as cash dividends to the shareholders. (2022: 99,981 JD thousand).

**(18) SUBSEQUENT EVENT**

The situation in Palestine and specifically in Gaza continues to be unstable and unpredictable. Subsequent to the interim period ended 30 September 2023, the conflict in Palestine has been escalated.

However, the Company continues to monitor the situation closely, including potential impacts on the business results and operations. Any further escalation in the conflict impacting the business may result in a potential material impact on the company's future results and operations.

This is considered a non-adjusting post balance sheet event as the event occurred subsequent to the interim reporting period of 30 September 2023.