Annual Report

2016

Jordan Phosphate Mines

Company P.L.C.

His Majesty King Abdullah II Ibn Al-Hussein

His Royal Highness Crown Prince Al Hussein bin Abdullah II

JORDAN PHOSPHATE MINES CO. PLC.

Head Office: 5 Al-Sharif Al-Radhi St. - Shmeisani - Amman
P.O.Box (30) Amman 11118
Hashemite Kingdom of Jordan

Report of the Board of Directors of the sixty third and
The Consolidated Financial Statements for 2016

www.jpmc.com.jo

Our Vision & Mission

Our Vision:

Working continuously and ambitiously to maintain JPMC's name and worldwide reputation, and to deliver our customers and shareholders with the best of service.

Our Mission:

We aim to become a market leader in phosphate mining, and in mining and marketing of cost-effective fertilizer products; while preserving the environment and the safety of our workers, so as to benefit our shareholders, employees, local communities, and the national economy.

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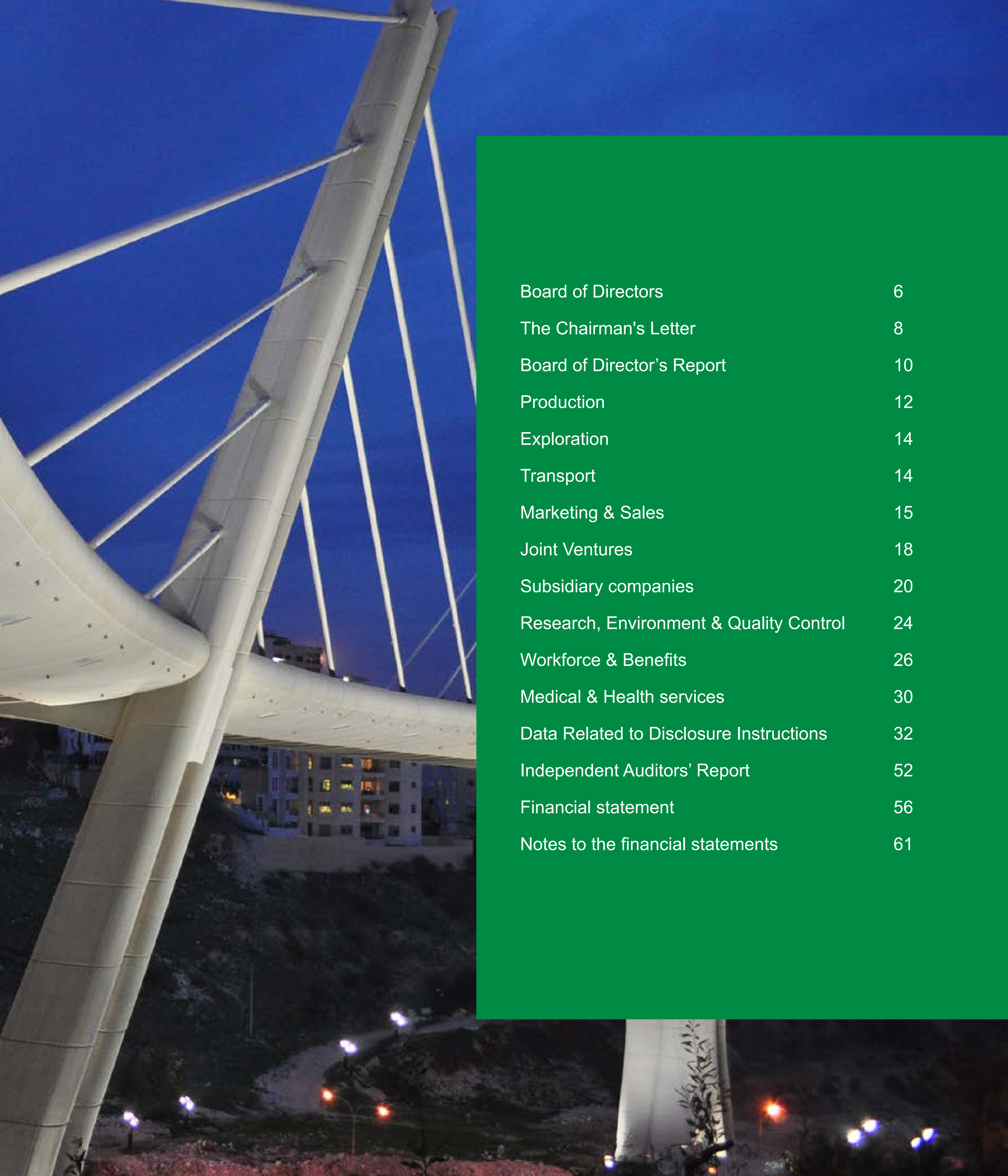


Board of Directors

The term for the previous Board of Directors ended on 14th April 2016. A new Board was elected on 14th April 2016.

Representatives of the Private Sector:

H.E. Dr. Mohammad Al-Thneibat	Chairman of the Board as of March 28th, 2017
Eng. Abdul Fattah Abu Hassan	Member
Eng. Amer Al-Majali	Chairman of the Board until March 28th, 2017

Representative of the Social Security Corporation:

Mr. Adel Al-Sharkas	Deputy Chairman of the Board as of June 16th, 2016
Mr. Jehad Al-Shara'	Deputy Chairman of the Board from May 18th, 2016 until June 16th, 2016

Representatives of Kamil Holdings Limited:

H.E. Eng. Muzahim Muhaisin	Member
Mr. Junaidi Masri	Member
Mr. Mohammad Al-Hamoud	Member as of Feb. 13th, 2017
Eng. Faisal Doudin	Member until Feb. 13th, 2017

Representatives of Government Shareholdings' Management Company(L.L.)

Dr. Makhlad Al-Omari	Member
Mr. Husam Abu Ali	Member
H.E. Abdul Karim Malahmeh	Deputy Chairman of the Board until April 14th, 2016
H.E. Dr. Eng. Munther Haddadin	Member until April 14th, 2016

Representative of the Public Investment Commission / The State of Kuwait:

Eng. Mohammad Al-Munaifi	Member

Representatives of the Private Sector:

Mr. Haethum Buttikhi / Jordan Kuwait Bank	Member until April 14th, 2016
Mr. Khaled Quran	Member until April 14th, 2016

Chief Executive Officer:

Dr. Shafik Ashkar

Auditors:

Messrs. ERNST & YOUNG

The Chairman's Letter to Shareholders

In the Name of Allah, the Most Gracious, Most Merciful

Distinguished Shareholders,,,

The Directors of the Jordan Phosphate Mines Company PLC (JPMC) and I welcome you to our Annual General Assembly Meeting. We submit to you the sixty third Annual Report featuring a summary of JPMC's results, activities and milestones reached during the fiscal year ending on 31/12/2016.

In 2016, JPMC experienced difficult circumstances which led to a decline in overall sales. However, JPMC remained committed to its production & marketing Plan for 2016. Last year has witnessed a sharp decline in the prices of products compared to 2015, where phosphate prices declined by 19%, and prices of fertilizers decreased by 27%. Similarly, prices of phosphoric acid declined by 28.4% from 2015.

Despite these negative trends related to the fall in global product prices and the general decline in demand for phosphate and fertilizers, JPMC continued to develop production and marketing plans aimed at achieving the highest return possible. JPMC has strengthened its presence in its existing traditional markets while continuing to explore new markets, mainly in Southeast Asia, and in East and South Africa, many of which came about after His Majesty's visit to Kenya last year.

The sharp decline in product prices had its negative impact on the results presented herein. They do however reflect the strenuous efforts exerted by JPMC’s executive management and employees, its subsidiaries and associtesbcompanies to maintain their existing markets while continuing to develop new markets and try to win back older markets, all of which is part of JPMC’s strategy to upgrade its production and marketing plans.

In the financial management area, efforts persisted to enhance the financial position of JPMC with the goal to self-finance its working capital needs and borrowing via loans from local banks only when necessary to meet its obligations while staying within safe solvency limits.

In terms of results, the production and marketing plans for 2016 were achieved. Sales of rock phosphate amounted to 7.9 million tonnes, of which 4.7 million tonnes were exported. In 2015, sales of rock phosphate were 8.2 million tonnes, of which 4.8 million tonnes were exported. In 2016, JPMC sold 392 thousand tonnes of fertilizer compared to 318 thousand tonnes in 2015. However, the decline in global prices referenced earlier at an unprecedented rate lead to a total loss of JD 90.1 million for the consolidated company compared to a profit of JD 34.6 million in 2015. It is worth noting that the value of reserves and amortizations amounted to JD 10.1 million, while net sales value amounted to JD 550 million in 2016 compared to JD 750 million in 2015; a decrease of 26.6%. Assets were valued at JD 1136 million in 2016, and Shareholers equity amounted to JD 724 million in 2016.

Distinguished Shareholders,

As for organization and management, JPMC has continued to improve its organizational structure, including the introduction of a human resources system and an independent end-of-service fund. These will enable JPMC to gradually reduce financial burdens and to improve its competitiveness over time. In 2016, JPMC continued in its efforts to reduce its overall workforce and as such 230 employees left the Company voluntarily.

In the midst of the above, all indicators currently point towards an improvement in global prices for our products starting in the second quarter of this year and some of this change is already felt. We expect these changes to positively impact the financial performance in 2017.

As we face future challenges we will arm ourselves with better organization of our capabilities. We were able to address many of the challenges related to falling prices and fierce competition while maintaining our existing markets and we hope to continue to overcome these challenges; and maintain JPMC's place ahead of competition.

Finally, the Directors and I would like to sincerely thank you; and we appreciate your continuous support. I also thank the JPMC Directors and employees for their persistent efforts and devotion to serve JPMC. May the Almighty Allah help us achieve further accomplishments to maintain this trust you have bestowed on us.

May Allah help us to further serve this country and to exert our efforts to help JPMC persist in its contribution to the economic growth and social development; under the rule of His Majesty King Abdullah II bin Al-Hussein, may Allah preserve him.

May Peace and Allah's Mercy and Blessings be upon all of you!

Eng. Amer Al-Majali

Chairman the Board

Board of Directors' Report

Distinguished Shareholders,

In accordance with Article (171) of the Companies' Law No. (22) for the year 1997 and its amendments, and in application of the Disclosure Instructions and Accounting & Auditing Standards for the year 2004, and in compliance with Article (62) of the Articles of Association of the Company, the Board of Directors of the Jordan Phosphate Mines Company PLC. (JPMC) hereby presents its sixty third annual report, summarising of the Company's operations and achievements during the fiscal year ending on December 31, 2016. The report also presents the results of JPMC's operations, and its financial position as depicted by its financial statements lists including the consolidated Statement of Financial Position, the consolidated Statement of Income and consolidated Statement of Comprehensive Income, the consolidated Statement of Changes in Equity and consolidated Cash Flow Statement, all of which had been adopted by the Board of Directors during its meeting held on 28/03/2017.

Following is JPMC's main activities during the year 2016:

Production:

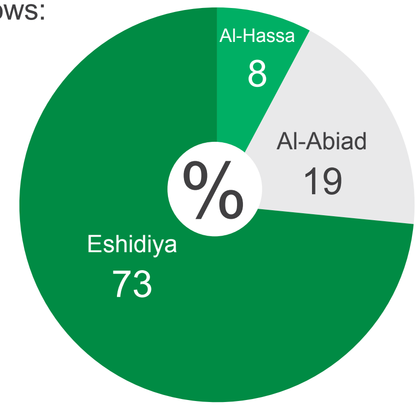
A. Phosphate:

The amount of phosphate production in 2016 was 7,991,157 tonnes; compared to 8,335,993 tonnes in 2015; a decrease of (4,14%).

1- The dry phosphate quantities which were produced in 2016 distributed as follows:

(tonnes)

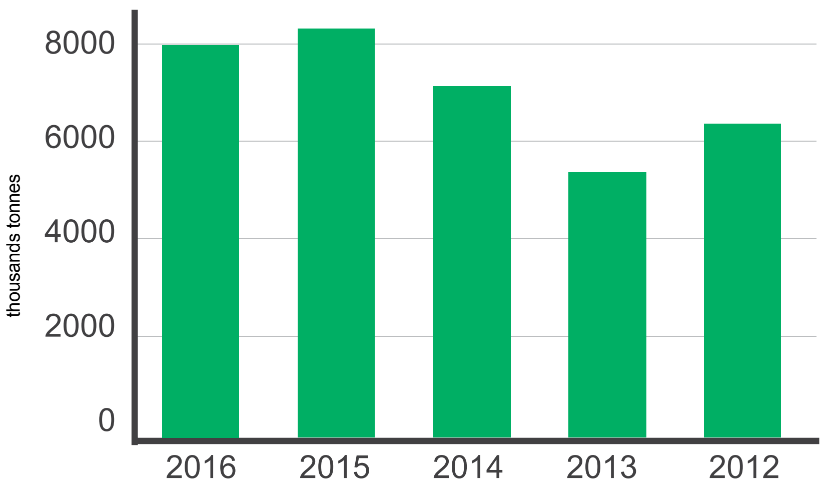
Mine	Production
Al-Hassa	621,451
Al-Abiad	1,500,765
Eshidiya	5,868,941
Total	7,991,157



2- Dry Phosphate Production from JPMC's Mines during the period 2012 – 2016:

(thousands tonnes)

Mine	2016	2015	2014	2013	2012
Al-Hassa	621	992	904	724	771
Al-Abiad	1,501	2,135	1,182	1,057	1,159
Eshidiya	5,869	5,208	5,058	3,618	4,453
Total	7,991	8,335	7,144	5,399	6,383



B. Fertilizer Products:

1- Production of the Chemical Fertilizers at Industrial Complex in Aqaba in 2016 as follows:

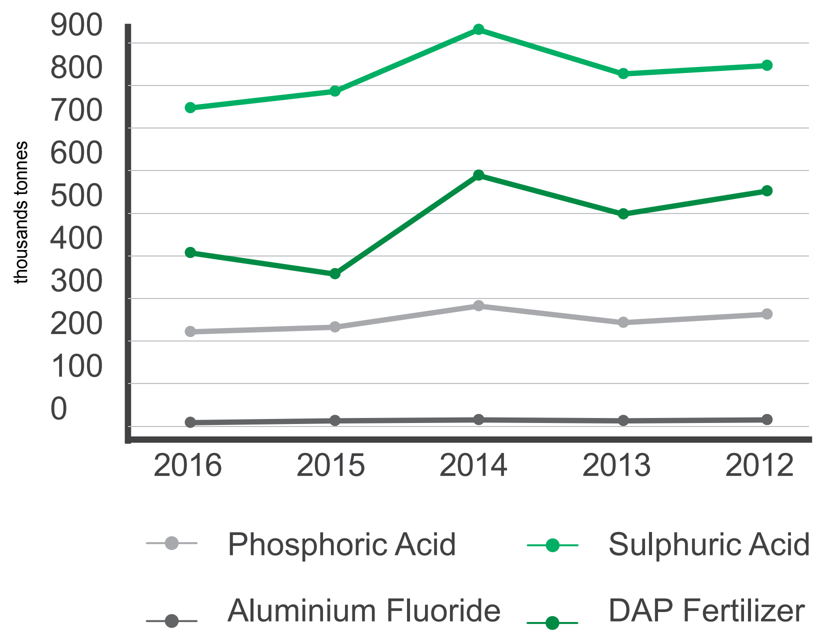
(tonnes)

Product	Production
DAP Fertilizer	396,180
Phosphoric Acid	228,450
Sulphuric Acid	738,397
Aluminium Fluoride	3,812

2- Production of the Industrial fertilizer Complex during 2012 - 2016:

(thousands tonnes)

Product	2016	2015	2014	2013	2012
DAP Fertilizer	396	344	590	494	551
Phosphoric Acid	228	238	292	251	272
Sulphuric Acid	738	780	932	822	843
Aluminium Fluoride	4	8	9	8	9



Exploration:

JPMC has not been granted new drilling licenses since 2011, however, raw materials exploration has been ongoing, with quantities being added to the geological reserve at Al Hasa and AL-Abiad mines, despite their limitations.

As for the Eshidiya Mine, exploration work focused on accurate quantity and quality control prior to starting mining operations.

By the end of 2016, the geological reserve (Proven, Possible, Probable & Mined Reserve) was as follows:

(thousands m^3)

Mine	Proven	Probable	Possible	Mined Reserve	Total
Al-Abiad	4,962	-	-	-	4,962
Al-Hassa	11,131	-	-	-	11,131
Eshidiya	315,911	68,000	168,000	39,273	591,184
Total	332,004	68,000	168,000	39,273	607,277

Transport:

A total of 7,896,710 tonnes of Rock Phosphate were transported from JPMC's Mines by trucks and railroad in 2016; distributed as follows:

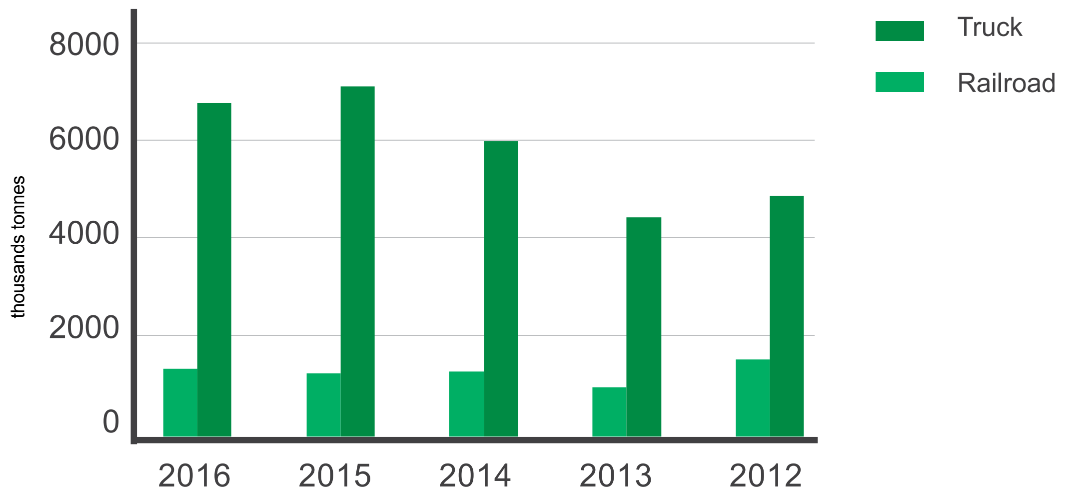
(tonnes)

Mine	Export	AFC	IJCC	JIFCO	JAFCCO	Total	Participation (%)
Eshidiya	2,854,510	681,755	520,832	1,730,076	-	5,787,173	73.29
Al-Hassa	491,028	111,055	-	-	-	602,083	7.62
Al-Abiad	1,310,134	184,048	-	-	13,272	1,507,454	19.09
Total Mine	4,655,672	976,858	520,832	1,730,076	13,272	7,896,710	100.00

A total of (1,328,284) tonnes (16.82%) were transported by Aqaba railroad, and a total of 6,568,426 tonnes (83.18%) by truck (compared to 8.2 million tonnes in 2015).

Phosphate Quantities Transported from Mines during 2012-2016: (thousands tonnes)

Method	2016	2015	2014	2013	2012
Railroad	1,328	1,248	1,287	961	1,524
Truck	6,569	6,906	5,828	4,328	4,742
Total	7,897	8,154	7,115	5,289	6,266



Marketing:

In 2016, JPMC exported 4.7 million tonnes of phosphate to more than 22 companies in 13 countries around the world, achieving 99% of the 2016 Quantity Marketing Plan. In 2016, JPMC diversified its markets to reduce dependency on the Indian market which is the main importer of JPMC's phosphate products. The quantities sold to the Indian market in 2016 amounted to 63.4%.

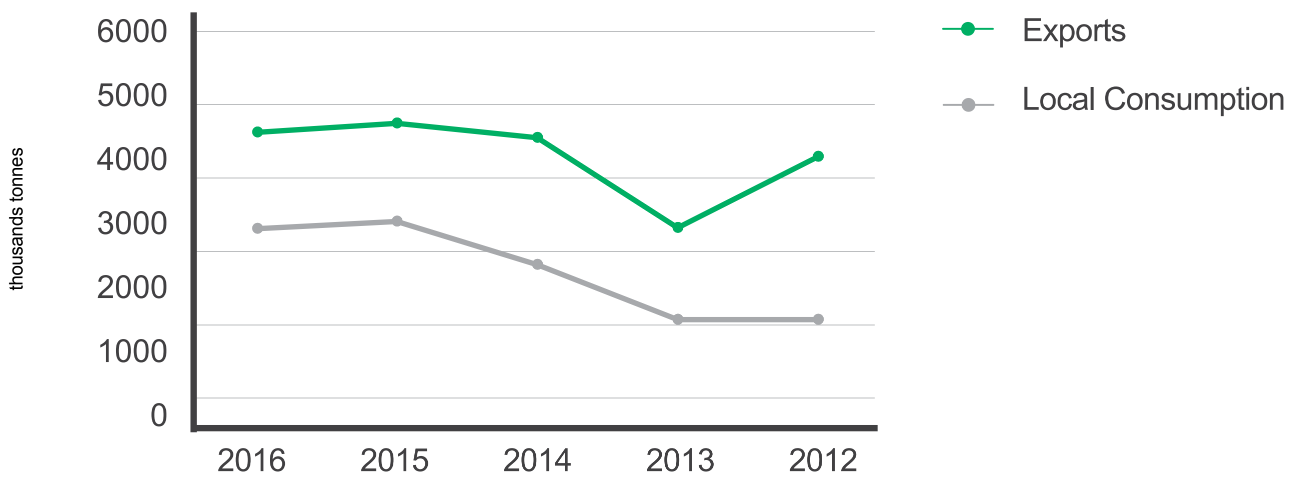
The year 2016 witnessed a decrease in international prices of phosphate; which affected JPMC's selling prices by 19% comapred to 2015. Phosphate fertilizer prices also declined by 27% compared to 2015.

As for chemical fertilizers, 392 thousand tonnes of DAP fertilizers were sold despite the decline in global demand, the reduction in global prices, and the introduction of new competitors. JPMC was able to adhere to its Production & Marketing Plans despite the production difficulties it faced in 2016 and the sudden breakdown of electric generators at the industrial complex in Aqaba. JPMC has also been able to meet its obligations of selling phosphoric acid, and continued to fulfil the needs of local and associates companies of phosphate and other raw materials.

1. Phosphate Sales during the period 2012 – 2016:

(thousands tonnes)

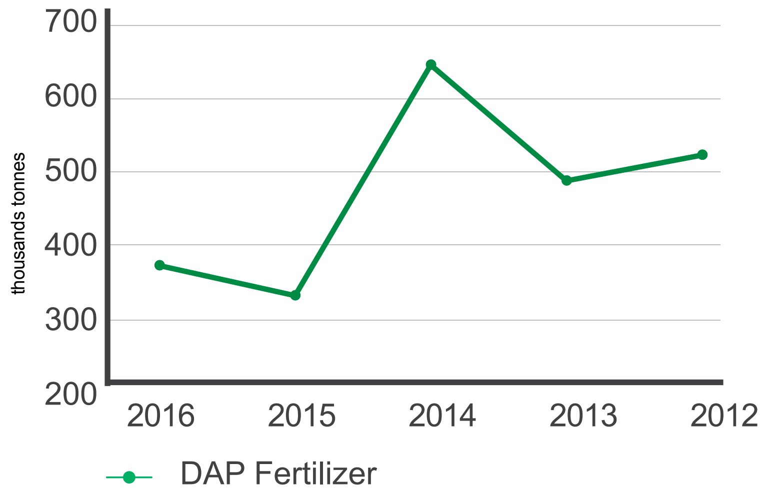
Year	2016	2015	2014	2013	2012
Exports	4,704	4,839	4,616	3,245	4.336
Local Consumption	3,231	3,345	2,685	1,852	1,852
Total	7,935	8,184	7,301	5,097	6,188

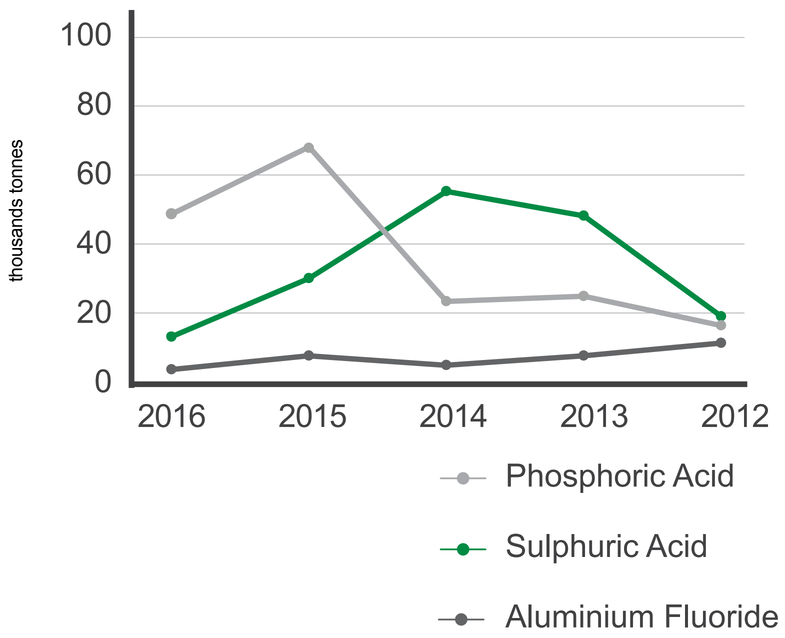


2 . Sales of the Industrial Fertilizer Complex, 2012-2016:

(thousands tonnes)

Product	2016	2015	2014	2013	2012
DAP Fertilizer	392	318	646	483	532
Phosphoric Acid	47	68	22	24	18
Sulphuric Acid	16	30	55	48	20
Aluminium Fluoride	5	8	6	8	13





Joint Ventures:

A- Jordanian-Indian Fertilizer Company (JIFCO):

The Jordan Indian Fertilizers Company (JIFCO) was established in Jordan in 2008 to produce phosphoric acid in the Eshidiya area in partnership with the Indian Farmers Fertilizers Cooperative (IFFCO). The Jordan Phosphate Mines Company contributes 48% of JIFCO’s capital, and 59% of the construction cost has been funded by the founders. As for the remaining 41%, it was funded through loans from the International Finance Corporation (IFC) and the European Investment Bank (EIB). JIFCO is expected to utilize about 1.8 million tonnes annually.

B- Jordan Abyad Fertilizer and Chemicals Company (JAFCCO):

The Jordan Abyad Fertilizer and Chemicals Company (JAFCCO) was established in 2007 to produce fertilizers and chemicals at Al-Wadi Al-Abiad mine, in partnership with JAFCO Bahrain Co., Arab Mining Company, Venture Capital Bank. JPMC’s contributes 27.4% of the Company's capital.

C- PT Petro Jordan Abadi Company:

The PT Petro Jordan Abadi Company was established in Indonesia in 2010 in partnership with the Indonesian (Petrokimia Gresik Company) to produce phosphoric acid consuming 800 thousand tonnes of phosphate anually from JPMC. JPMC contributes to 50% of PT Petro Jordan Abadi’s capital which amounts to USD 62 million.

D- PT Kaltim Jordan Abadi Company:

The PT Kaltim Jordan Abadi Company was established in Indonesia in 2014 in partnership with the Indonesian (PT Pupuk Kalimantan Timur Company (PKT)) to produce phosphoric acid using phosphate from the JPMC. JPMC contributes to 40% of Company’s capital.

E- Manajim Mining Development Company:

Manajim Mining Development Company was established in 2007 with Jordanian Trade Development Company, with a capital of JD 1 million. JPMC contributes to 46% of company's capital.

F- Arkan for Contracting and Construction Company:

Arkan for Contracting and Construction Company was established in 2011, with Al- Own Modern Contracting with a capital of JD 25 million. JPMC contributes to 46% of company's capital. Arkan Company is responsible for mining activities.

G- Jordan Industrial ports Company (JIPCO):

Jordan Industrial Ports Company was established in 2009 for the purpose of managing and operating of Aqaba industrial port with an initial capital totalling of JD 1 million in equal share between JPMC and Arab Potash Co., it is increased according to the needs of the project. Project implementation started immediately upon signing the Management & Operations Agreement with the Aqaba Development Co. JIPCO signed the contract in February 2015, with the consortium (Tecnicas Reunidas, S.A. - PHB Weserhutt, S.A.), and the cost for the project is estimated at USD 200 million.

Subsidiary companies

A- Indo-Jordan Chemicals Company (IJC)

The Indo-Jordan Chemicals Company (IJC) was established in 1992 with a capital of USD 63.4 million. IJC's annual production capacity is 224 thousand tonnes of phosphoric acid. IJC is fully owned by JPMC.

Phosphoric Acid Production during 2016 was (116.1) thousand tonnes compared with (188.2) thousand tonnes in 2015. Phosphoric Acid sales in 2016 were (114.9) thousand tonnes compared with (184.2) thousand tonnes in 2015.

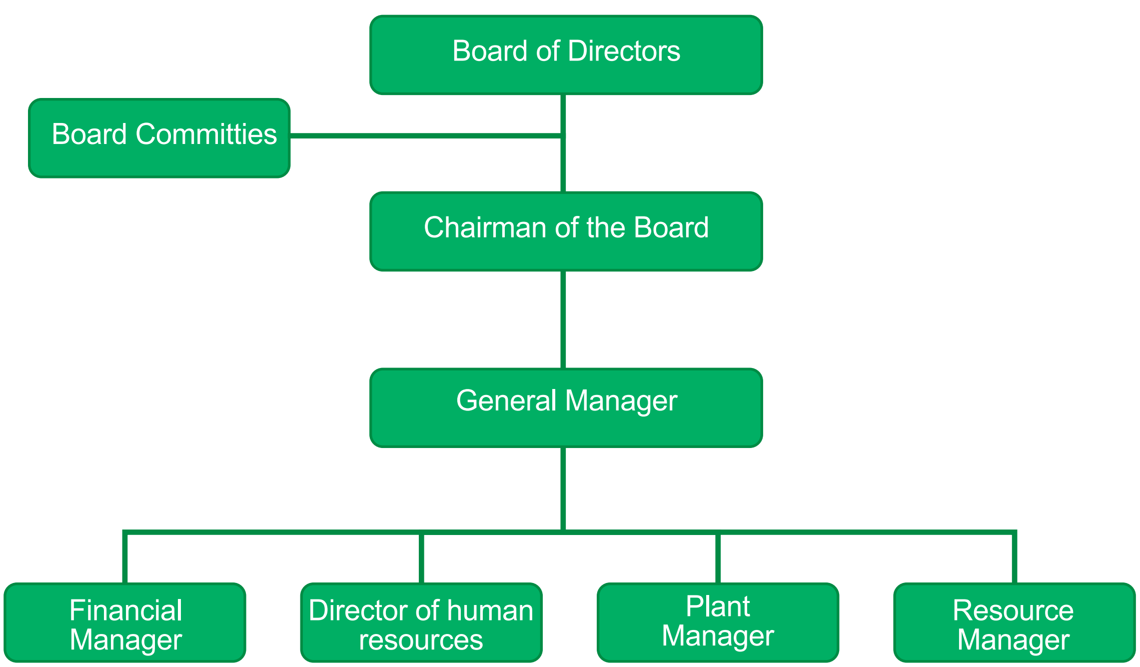
Workforce:

The total number of employees in The Indo-Jordan Chemicals Company (IJC) was 372 by the end of 2016 distributed by qualification as following:

Employee Details	University Graduate	Institutes	High School &Below	Total
Engineer	41	-	-	41
Technical	49	91	41	181
Administration	17	12	23	52
Accounts	17	-	-	17
Laborers	-	33	40	73
Drivers	-	-	8	8
Total	124	136	112	372

Address: Amman – AL-Rabia Ghazi Al Dabbas Center
B.O. Box: 17028 Amman 11195 Jordan

Organization Structure



B- Ro’ya Transportation Corporation (L.L.)

The Ro’ya Transportation Corporation was established in 2010 with a capital of JD 100 thousand fully - owned by JPMC.

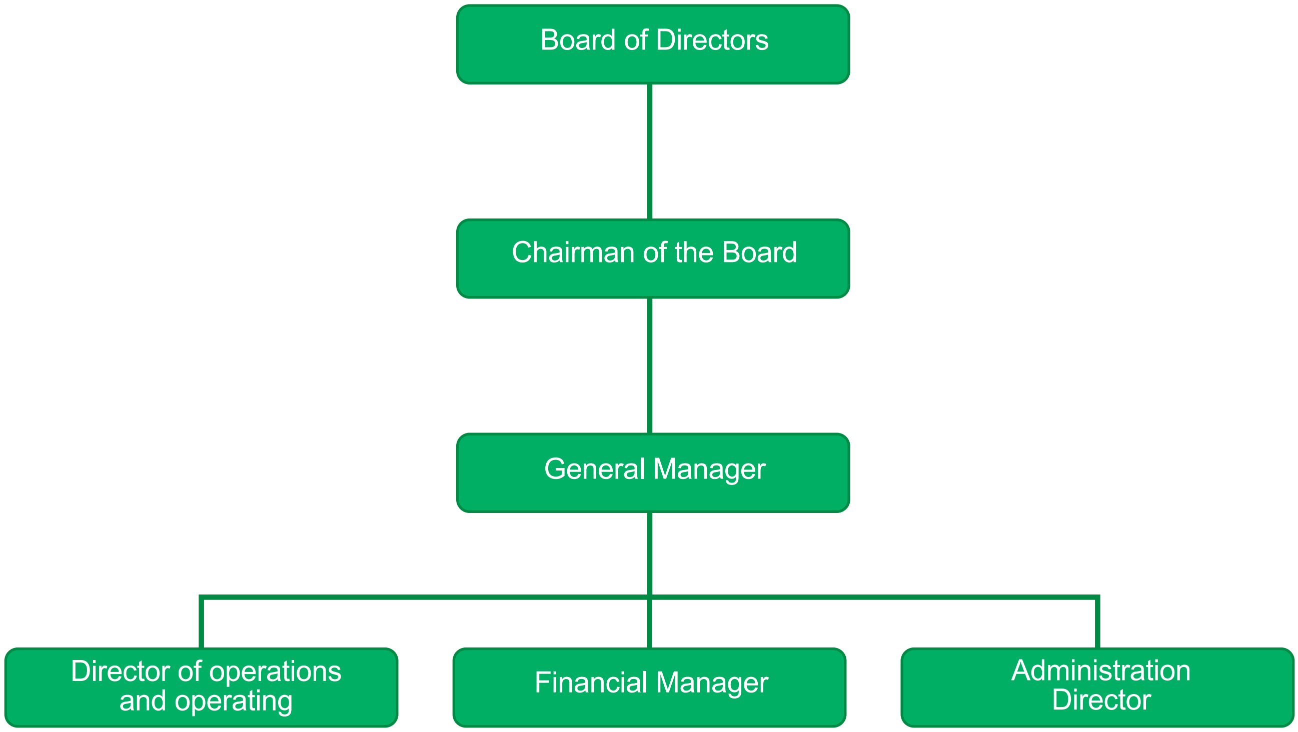
Workforce

The total number of employees in the Ro’ya Transportation Corporation reached 41 by the end of 2016 distributed by qualification as following:

Employee Details	University Graduate	Institutes	High School &Below	Total
Administration	14	2	3	19
Laborers	-	6	4	10
Drivers	-	-	12	12
Total	14	8	19	41

Address: Amman Tel: 5686293 – Fax: 5686294

Organization Structure



C - Nippon-Jordan Fertilizer Company (NJFC)

The Nippon - Jordan Fertilizer Company (NJFC) was established in 1992 with a capital of USD 24 million and produces compound fertilizers and ammonium phosphate fertilizer with an annual production capacity of 300 thousand tonnes. JPMC contribution is 70% of NJFC's capital.

Production Chemical Fertilizers (NPK&DAP) during 2016 was (151) thousand tonnes compared with (275.4) thousand tonnes in 2015. Chemical Fertilizers (NPK&DAP) Sales during 2016 were (141) thousand tonnes compared with (292.3) thousand tonnes in 2015.

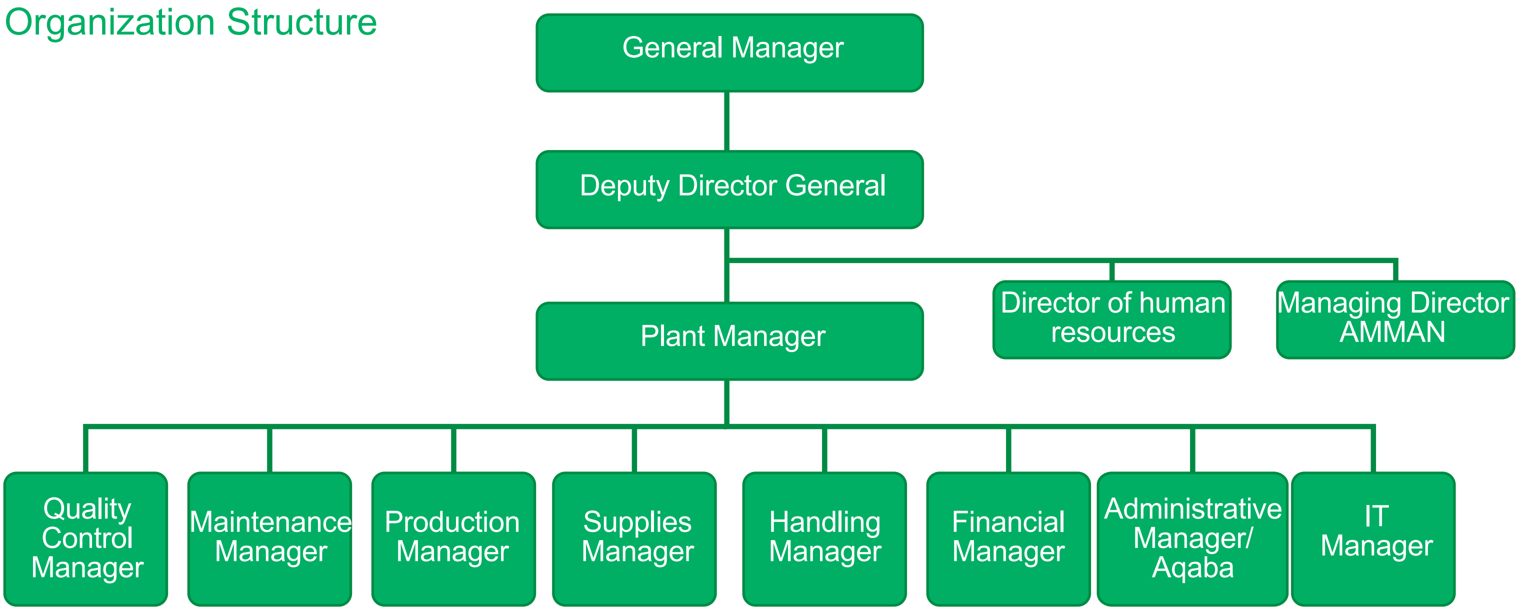
Workforce

The total number of employees at the Nippon-Jordan Fertilizer Company (NJFC) reached (125) by the end of 2016 distributed by qualification as following:

Employee Details	University Graduate	Institutes	High School & Below	Total
Engineer	16	-	-	16
Technical	20	23	24	67
Administration	11	1	4	16
Accounts	4	-	-	4
Laborers	-	-	15	15
Drivers	-	-	7	7
Total	51	24	50	125

Address: Essam Ajlouni Street Building 59 - Next to the Marriott Hotel, Shmeisani – Amman, P.O.Box 926861 Amman, 11190 Jordan

Organization Structure



Research, Environment and Quality Control

By virtue of scientific research, production development and control, JPMC has always been keen on re-engineering its operations and products to help maintain its reputation and visibility in the international markets. Customers must always receive the products they need according to the specifications they define.

JPMC Management is keen on doing analyses, studies, research and development as well as delivering technical services on its several sites, or companies or importers of its products of raw phosphate or chemical fertilizers. JPMC conducts studies to evaluate the discovered crudes and studies to increase the pilot laboratory percentage of all types of produced phosphate. These types are evaluated in producing phosphoric acid at the pilot level. Moreover, services are delivered to scientific institutions, companies, and universities by means of supporting some scientific research projects and graduation project for some students in Jordanian universities with an eye on the local community. JPMC delivers supervisory programs to train university students and newly graduate engineers at its labs depending on its specialized technical staff members who enjoy and multidiscipline and extensive experience. JPMC also possesses technical equipment, lab sets, and several pilot plants.

- The OHS certificate for the Industrial Complex was renewed and Implemented in line with ISO 14001. The Training Department is delivering training to the staff of environment and public safety in the several locations of JPMC to equip safety and environment disciplines there; training includes the occupational safety system as well (OHSAS 18001:2007).
- Observing environmental and public safety, JPMC is keen on implementing its processes and activities in safe and sound environmental conditions. It implements ecological systems, and occupational safety and health in line with the internationally observed standards; it maintains ecological elements on JPMC's sites and the surrounding areas. JPMC is keen on conserving the natural resources including surface and ground water; it seeks to achieve the best use of such sources and maintain the distinguished marine environment in the Aqaba Gulf area.

Workforce and Benefits

Workforce and Benefits:

The total number of employees reached 3293 by 31/12/2016. The following table illustrates the demographics of the JPMC's workforce by qualification and location:

Location	Sex	Engineer	University Graduate Technical	University Graduate Administrative	Middle Technical	Middle Administrative	Technical Less Than Tawjihi	Administrative Less Than Tawjihi	Total
Headquarters		41	9	148	3	21	16	66	304
	Male	23	6	101	3	9	15	58	215
	Female	18	3	47	-	12	1	8	89
Russeifa Mine		-	-	4	-	1	1	3	9
	Male	-	-	4	-	1	1	3	9
	Female	-	-	-	-	-	-	-	-
Al-Hassa Mine		50	13	28	19	12	359	59	540
	Male	48	12	28	19	10	357	55	529
	Female	2	1	-	-	2	2	4	11
Al-Abiad Mine		31	9	16	24	3	234	31	348
	Male	31	9	16	24	3	234	31	348
	Female	-	-	-	-	-	-	-	-
Eshidiya Mine		85	61	35	60	15	662	161	1079
	Male	85	61	35	60	15	662	161	1079
	Female	-	-	-	-	-	-	-	-
Export Department/ Aqaba		4	1	3	2	3	11	6	30
	Male	4	1	2	2	2	11	6	28
	Female	-	-	1	-	1	-	-	2
Industrial Fertilizer Complex /Aqaba		123	22	45	103	19	477	78	867
	Male	114	20	32	101	15	477	68	827
	Female	9	2	13	2	4	-	10	40
Research Department Centre		15	2	9	2	3	8	8	47
	Male	9	2	8	1	2	8	8	38
	Female	6	-	1	1	1	-	-	9
New Rock Phosphate Terminal		9	4	3	7	1	42	3	69
	Male	9	4	3	7	1	42	3	69
	Female	-	-	-	-	-	-	-	-
Total		358	121	291	220	78	1810	415	3293
Percentage		10.9%	3.7%	8.8%	6.7%	2.4%	55.0%	12.6%	100.0%

Housing Loans:

Total housing loans granted to the employees since the Fund establishment till the end of 2016 was (JD 31,535,874); with (1732) employees benefiting from them on all sites of JPMC. The loan is as 150 times as the basic salary with a ceiling of JD (30,000).

Training and Development:

During 2016, and as part of its efforts to develop the capacities and skills of its human resources, the JPMC developed (42) training programs for (168) employees from various positions within JPMC distributed as follows:

Nature of Programs / Location	Administrative, Accounting & Computer	Technical Courses Specialized with natures work of JPMC	Lectures Courses & Conferences	TOTAL
Programs held inside Jordan	11	5	3	19
Programs held outside Jordan	14	8	1	23
Total	25	23	4	42

A total of (40) students were trained as part of the training agreement signed with the Vocational Training Corporation, along with 100 engineers and geologists at various company locations, as part of the agreement signed between JPMC and the Jordanian Engineers and Geologists Associations. Moreover, (30) students from universities and community colleges were also trained within their academic specialization for graduating purposes.

In 2016 JPMC is granting each worker a scholarship to one of his sons, in addition granted 10 scholarships for the children of retired employees, this was accordance with the grant regulation since 2006. The total cost of the grants in 2016 was about JD 528 thousand.

Medical and Health Services:

Medical and Health Services:

JPMC provides distinct and comprehensive health care to more than (16) thousand beneficiaries including employees and their families. These services are delivered at the clinics of the medical service department all over the sites where JPMC operates. There is a wide medical network that JPMC relies on all over the Kingdom.

Since 2015, JPMC has computerized the medical services as some medical agencies operate on-line dealings; which helped build a database to show the medical history of each beneficiary. This base helps save medical expenses and avoids redundant medical interventions and procedures for the treatment phase.

JPMC has been keen on continuing its best medical services to employees and their families. It has approved the fees of all medical agencies according to the fees list approved by the Ministry of Health, the doctors' association, the dentists association, and the laboratories' association.

Cost of Medical Treatment for Employees and Families of Employees, 2012-2016: (thousands JD)

Description	2016	2015	2014	2013	2012
A - Cost of Medical treatment for employees	2,803	2,291	3,358	3,493	3,412
B - Cost of Medical treatment for employees Families	3,220	3,246	3,277	3,425	3,516
Total (A + B)	6,023	5,537	6,635	6,918	6,928

Post-Retirement Medical Insurance Fund:

JPMC provides medical insurance to its pensioners due to old age or early pension in compliance with the relevant bylaw. Each year, JPMC pays 50% of the costs incurred in this respect. It also finances the cash deficit in the Fund. In the period from 2012 to 2016 the expenses on post-retirement was as follows: (thousands JD)

Description	2016	2015	2014	2013	2012
The cost of health insurance after retirement (Retirees, their spouses & their children)	3,842	4,017	3,307	3,132	1,758
Amounts paid from JPMC's contribution to the health insurance fund for post retirement	2,250	2,733	1,533	1,562	1,095
Number of beneficiaries	5961	5479	4873	4440	4000

Data Related to Disclosure Instructions Issued by the Board of Commissioners of the Securities Commission:

Following are some instructions related to disclosure instructions:

A. General Information

- The Jordan Phosphate Mines Company was got mining rights to mine phosphate at various production locations throughout the Kingdom, including Al-Hassa, Al-Abiad, Russeifa, and Eshidiya, and through official decisions issued by the Natural Resources Authority under Law No. 12 for the year 1968 The Organization of Natural Resources Affairs Law (Mining Rights number 1&2 in Al-Hassa and Eshidiya), and a mining lease agreement for Russeifa, signed with the government of the Hashemite Kingdom of Jordan/Ministry of National Economy prior to that. The Cabinet decided on 13th November, 2001 to renew the contract concerning mining rights in Al-Hassa and Al-Abiad for 20 years.
- The Cabinet decided on April 17th, 2013 to amend the regulation of Rock Phosphate Mining fees for the year 2013, to become effective as of March 7th 2013, to be 5% of the total sales of the Jordan Phosphate Mines Company or JD (1,420) per tonnes, whichever is greater, shall be forwarded to the treasury. This applies to the quantities exports, sold or utilized by JPMC. Proceeds shall be paid monthly during the month following earning.
- The cabinet decided in July 12th 2012 to amend the regualtion of mining rights fees for 2012 to be JD 500 per square kilometer or any part thereof.
- The Fertilizer Industrial Complex in Aqaba obtained the (ISO 14001) Environmental Management System, (OHSAS 18001) Occupational Health & Safety Management System and the (ISO 9001) Quality Management System approved by (Lloyd's Register Quality Assurance) Moreover The Export Department in Aqaba obtained the ISO 9001by (SGS).
- The Jordan Phosphate Mines Company as an enterprise, duly registered and licensed to practice economic/ industrial activities at the Aqaba Special Economic Zone Authority in 2001. In light of this, the Fertilizer Industrial Complex enjoys privileges and exemptions contained in the law of the Aqaba Special Economic Zone.
- The Jordan Phosphate Mines Company was re-registered at the Income and Sales Tax Department under the number 49918 as of 01/01/2001.

B- External Audit Remuneration:

The remuneration to external auditors of the Group Messrs Ernst &Young for 2016 (JD)

Company / Description	Annual fees	Sales Tax 16%	Total
Jordan Phosphate Mines Company PLC	80,000	12,800	92,800
Indo- Jordan Chemicals Company L.L. (IJC)	13,000	2,080	15,080
Nippon Jordan Fertilizers Company L.L. (NJFC)	5,500	-	5,500
Roy'a Transportation Company	3,448	552	4,000

C- Company Sales to Major Customers during 2016:

Country	Phosphate Sales		Fertilizer sales		Percentage of trading in Raw materials (%)
	Percentage of total amount of sales (%)	Percentage of total amount of exports (%)	Percentage of total amount of sales (%)	Percentage of total amount of exports (%)	
India	61,43	43,21	29,46	24,62	-
Turkey	2,97	2,09	50,96	42,58	-
Indonesia	21,15	14,87	-	-	-
Iraq	-	-	13,62	11,38	-
Lebanon	3,56	2,51	-	-	-
Romania	-	-	2,79	2,33	-
Bulgaria	1,97	1,39	1,12	0,94	-
Serbia	1,80	1,27	-	-	-
Japan	1,78	1,25	-	-	-
Local Sales, Subsidiaries & Affiliated companies	-	29,66	-	16,44	100

D- List of Company Activities According to Geographic Location and Volume of Capital Investment for 2016:

(Thousands JD)

Location	Type of Activity	Capital Investment
Russeifa Mine	Re-processing of stockpiles	4,572
Al Hassa Mine	Production of normal and washed phosphate	65,321
Al Abiad Mine	Production of normal and washed phosphate	30,856
Eshidiya Mine	Production of normal, washed and floated phosphate	293,728
Industrial complex/Aqaba	Production of fertilizers, phosphoric acid, and aluminium Fluoride	269,707
Other Locations		13,173
	Total	677,357

E- List of Main Contractors and local Suppliers for 2016:

Description	Amount (in thousands JD)	Percentage of total purchases (%)
Phosphate Excavation Contractors	193,35	55.8%
Phosphate Transport Contractors	58,39	16,9%
Jordan Refinery Company	11,19	3,2%
Electricity Companies	29,09	8.4%
Water Authority and Aqaba Water Company	9,68	2,8%

F- Contributions of Board Members and Senior Management Personnel in JPMC Capital during 2015-2016:

Name of Contributor	Nationality	Shares	
		2016	2015
Directors			
Dr. Mohammad Al-Thneibat / Chairman as of 28/03/2017	Jordanian	44,000	40,000
Eng. Amer Al-Majali / Chairman until 28/03/2017	Jordanian	550	-
Dr. Eng. AbdulFattah Abu Hassan / member as of 14/04/2016	Jordanian	5628	5117
Mr. Mohammad Al-Hamoud / Member as of 13/02/2017	Jordanian	1149	1045
Mr. Khaled Al-Quran / Member until 14/04/2016	Jordanian	221	450
Top Management :			
Dr. Shafik Ashkar/CEO	Jordanian	5168	1680

Otherwise, Chairman of the Board of Directors or Board members or any of the senior management does not have any shares in JPMC's capital in the year 2016.

G. The Company's Contract, Projects and Links with the Chairman of the Board of Directors or Board members or General Manager, or any employee in JPMC or their relatives

JPMC has no contracts, projects or connections with the Chairman of the Board, Board members, CEO or any employee in JPMC or their relatives.

H- The Company's Role in Development and Serving the Local Community:

JPMC has continued the buildup of a close development network to embrace all efforts contributing to the development of localities close to the production and plants' areas. Via Tikeyet Umm Ali, JPMC supported those entitled to assistance all over the Kingdom. From a corporate social responsibility perspective, JPMC is providing assistance and donations to the institutions and projects aimed at developing these communities. It responds to the community needs in a collaborative manner and serious joint quality work to introduce positive tangible change. Every year, JPMC contributes financially to several events in the Kingdom including socio-economic, cultural, sports and health-care event. JPMC can boast of being a pioneer of corporate social responsibility which has become a national mission for it.

I - Donations:

The total cash and in-kind donations, submitted by JPMC, during 2016, reached JD 1,859 million to development of the local society and support of Various Activities. The following table shows the details of donations:

JPMC's Contribution in the Development Local Society and Support of Various Activities in 2016:

Description	JD
The Community Rehabilitation Program	303,178
Scholarships	528,470
Charity Packages Campaign	255,500
Welfares Organization and Pockets of Poverty	240,650
Support Religious, Cultural, Tourism, Social Activities, Environmental and Medical And Health Activities	270,812
Support Of Public institutes Unions	176,266
Supporting Sports Activities	56,500
Supporting Schools, Scientific Institutes, Jordan Universities, Educational center	27,750
Total	1,859,126

Donations paid by JPMC during 2012-2016:

2016	2015	2014	2013	2012
1,859,126	1,785,520	2,590,807	4,315,485	2,284,786

In 2011 The Company allocated of an amount JD 7 million, this amount spent in the years (2011-2015).

J- Board of Directors:

The term of JPMC Board of Directors has ended on April 14th, 2016 and a new Board of Directors has been elected on April 14th, 2016.

Representatives of the Private Sector:

- H.E. Dr. Mohammad Mahmoud Al-Thneibat / Chairman of the Board

- H.E. Dr. Al-Thneibat assumed the chairmanship of Jordan Phosphate Mines Company as of March 28th, 2017 representing the private sector.
- Dr. Al-Thneibat is a Professor possessing the following academic degrees:

PhD in Administrative Sciences

Master of Political Science

Master of Science in Management

Bachelor of Economics & Administrative Sciences

He is currently Chairman of the Board of Trustees of the University of Science & Technology

He previously held several official positions, most recently: Deputy Prime Minister for Services and Minister of Education.

Date of election: March 28th, 2017 Date of birth: Januray 1st, 1950

- Eng. Amer Abdel-Wahab Al-Majali / Chairman of the Board

Eng. Amer Abdel-Wahab Al-Majali has assumed his duties as Chairman of the Board of JPMC representing Kamil Holdings Limited during the period between February 28th, 2013 until March 10th, 2015, and served as Chairman of the BOD representing the Social Security Corporation from March 12th, 2015 to April 14th, 2016, and was elected Chairman of the Board as of May 5th, 2016 representing the private sector.

Education: B.Sc. in Civil Engineering, UK.

Eng. Amer Al-Majali Worked for multiple sectors of the fields of industry, investment and construction contracting.

Previously: Chief Commissioner of the Development and Free Zones Commission, Chairman of the Board of Jordanian Innovation Co, Chairman of the Board of the Industrial Estates Co,Vice Chairman of the Board of the Free Zones, Director General of the Industrial Estates Corporation, and additional work in the fields of planning, top management, and studies for an international engineering company in the USA, Fluor Corporation Engineers.

Date of Election: April 14th, 2016 Date of Birth: October 29th, 1950

- Dr. Eng. Abdelfattah Mahmoud AbuHassan

Education: Ph.D. in Science of Mining Engineering

Consultant in Mining Engineering

Previously: Board of Directors member at the Jordan Phosphate Mines Company (2004-2012), Advisor to the Executive Investment Committee at the Jordan Phosphate Mines Company, Acting General Manager at the Jordan Phosphate Mines Company.

Date of Election: April 14th, 2016 Date of Birth: January 1st, 1942

Representative of Social Security Corporation /Deputy Chairman of the Board of Directors:

- Dr. Adel Al-Sharkas

Education: Ph.D. in Financial Economics, MA in Economics/ Statistics, BSS in Applied Statistics

Current position: Deputy Governor / Central Bank of Jordan

Date of Appointment: June 16th, 2016 Date of Birth: July 10th, 1966

- Mr. Jehad ALshara

Education: M.A. in Economics - B.Sc. in Economics - Banking

Current position: Head of Research & Equity Support Department in the Social Security Investment Fund

Date of Appointment: May 18th, 2016

BOD Membership end date: June 16th, 2016 Date of Birth: March 21st, 1958

Representatives of Kamil Holdings Limited:

- H.E. Eng. Muzahim Muhaisin

Education: B.Sc. in Civil Engineering

Free Lance Engineering Consultation

Previously: Occupied multiple senior public position including: Minister of Agriculture (2007-2009), Minister of Labor (2001-2003), Director General for Vocational Training Corporation, Secretary General at the Ministry of ICT.

Date of Appointment: From April 18th, 2016 from March 19th, 2015 until April 14th, 2016.

Date of Birth: October 26th, 1948

- Mr. Junaidi Masri

Education: B.Sc. in Computer & Management Sciences

Current position: Acting General Manager Brunei Investment Agency (BIA)

Date of Appointment: April 18th, 2016 From March 30th, 2006 until April 14th, 2016.

Date of Birth: July 14th, 1963

- Mr. Mohammed Al-Hmoud

Education: B.Sc in Political Science

Previously: He Worked at JPMC from 1992-2014. he was the Director of the Phosphate sales and Marketing unit during 2006-2014

Date of Appointment: February 13th, 2017 Date of Birth: January 4th, 1962

- Eng. Faisal Doudin

Education: B.Sc. in Chemical Engineering

Previously: Working in JPMC from 1980-2012 and occupied several senior positions, Managing Director to Indo-Jordan Chemicals Company (IJC) (2011-2012), and Project Adviser to Jordan-India Fertilizer Company (JIFCO) (2013).

Date of Appointment: April 18th, 2016 until February 13th, 2017 From April 20th, 2015 until April 14th, 2016

Date of Birth: January 27th, 1950

Representatives of Government Shareholdings' Management Company LL.:

- Dr. Mukhallad Omari

Education: Ph.D. in Business Economics, M.A in Economics, B.Sc. in Economics

Current position: Secretary General – Jordan Investment Commission (JIC)

Date of Appointment: April 17th, 2016 Date of Birth: April 8th, 1977

- Mr. Husam Abu Ali

Education: M.A in Finance and Accounting, B.Sc. in Accounting

Current position: Financial expert\ Ministry of Finance Secretary-General Assistant for Fiscal Affairs

Date of Appointment: April 17th, 2016 Date of Birth: March 29th, 1962

- H.E. Abdel Karim Malahmeh / Deputy Chairman of the Board

Education: B.Sc. in Sociology, Bachelor in Law, Higher Diploma in Management

Current position: Deputy Chairman Irbid Electricity Company PLC

Previously: Minister for Parliamentary Affairs, Governor at the Ministry of Interior for several provinces, Chairman of the Board of the Electricity Distribution Company, Chairman of the Board Irbid Electricity Company.

Date of Appointment: June 20th, 2012 BOD Membership end date: April 14th, 2016

Date of Birth: February 4th, 1952

- H.E. Dr. Eng. Munther Haddadin

Education: Ph.D. in Civil Engineering (Construction), MA in Civil Engineering, BA in Civil Engineering

Previously: Chairman of the Board of the National Resources Investment & Development Corporation, Minister of Water and Irrigation (1997–1998), President of the Jordan Valley Authority (1982–1987).

Date of Appointment: March 8th, 2012 BOD Membership end date: April 14th, 2016

Date of Birth: March 16th, 1940

Representative of Kuwait Investment Authority:

- Eng. Mohammad Al-Munaifi

Education: B.Sc. in Industrial Engineering

Current position: Acting Director of Institutions and New Projects Department/ Kuwait Investment Authority

Date of Appointment: From April 26th, 2016 From June 23rd, 2015 until April 14th, 2016.

Date of Birth: July 17th, 1959

Representatives of the Private Sector:

- Jordan Kuwait Bank\ Mr. Haethum Buttikhi

Education: B.Sc. in International Policies & Relations

Current position: Head of retail and Private Banking in Jordan Kuwait Bank

Date of Appointment: April 28th, 2012 BOD Membership end date: April 14th, 2016

Date of Birth: November 30th, 1977

- Mr. Khaled Quran

Education: MBA in Business Administration Accounting Major, B.Sc. in Accounting

Current position: Chief Financial Officer for the MENA Region\ Hikma Pharmaceuticals company

Date of Appointment: April 28th, 2012 BOD Membership end date: April 14th, 2016

Date of Birth: October 21st, 1966

K-Board Meetings Allowances, Committees Attendance Allowance, Representations & Transportation Allowances and Annual Remuneration for the year 2016 in (JD):

Board of Director Member	Position	Salaries	Board Meetings Allowances	Committees Attendance Allowance	Representations & Transportations Allowances	Travel Perdiem	Annual Remuneration 2015
Representatives of the Private Sector:							
Eng. Amer Al-Majali	Chairman	97,407	4400	13440	15900	4,000	5000
Dr. Eng. Abdulfattah Abu Hassan	Member as of 14/04/2016	-	2900	9960	16267	6,125	-
Representative of Social Security Corporation as of 05/05/2016(1):							
Dr. Adel Al-Sharkas Mr. Jehad AL-Shara'	Deputy Chairman as of 16/06/2016 Deputy Chairman from 18/05/2016 until 16/06/2016	-	2900	3480	14103	-	-
Eng. Amer Al-Majali (2)	Chairman From 11/03/2015 to 14/04/2016	46,207	-	300	1500	7,500	555.5
Representatives of Kamil Holdings Limited:							
H.E. Eng. Muzahim Muhaisin	Member	-	4400	17520	23000	-	3889
Mr. Junaidi Masri (3)	Member	-	1900		17250	6000	5000
Eng. Faisal Doudin	Member	-	4400	13200	23000	2,000	3333
Representatives of Government Shareholdings' Management Company(L.L.):							
Dr. Makhlad Al-Omari(4)	Member as of 17/04/2016	-	2900	3720	16133	-	-
Mr. Husam Abu Ali (4)	Member as of 17/04/2016	-	2900	5340	16133	-	-
H.E. Abdel Karim Malahmeh	Deputy Chairman until 14/04/2016	-	1500	5100	6933	-	5000*
H.E. Dr. Eng. Munther Haddadin	Member as of 14/04/2016	-	1500	14100	6933	-	5000*
Representative of The State of Kuwait (5):							
Eng. Mohammad Al-Munaifi	Member	-	3900	7260	16850	36000	5000
Representatives of the Private Sector:							
Jordan Kuwait Bank/ Mr. Haethum Buttikhi	Member as of 14/04/2016	-	1500	5700	6933	1500	5000
Mr. Khaled Al-Quran	Member as of 14/04/2016	-	1500	3900	6933	-	5000

The Chairman of the Board does not have any housing allowances but he use a company car.

The Members of Board of Directors have neither housing nor car allowances

The monthly transport allowances do not disbursed to members from outside the Kingdom

(1) Paid to the Social Security Corporation

(2) Transferred to the Social Security Corporation for Eng. Amer Al-Majal's representation

(3) All amounts Paid to Brunei Investment Agency

(4) All amounts are paid to the account of the Ministry of Finance Trusts at the Central Bank of Bank

(5) Paid to the Kuwait Investment Authority except the ravel Perdiem paid to the board member

(*) paid to the Ministry of Finance

L - Senior Management information:

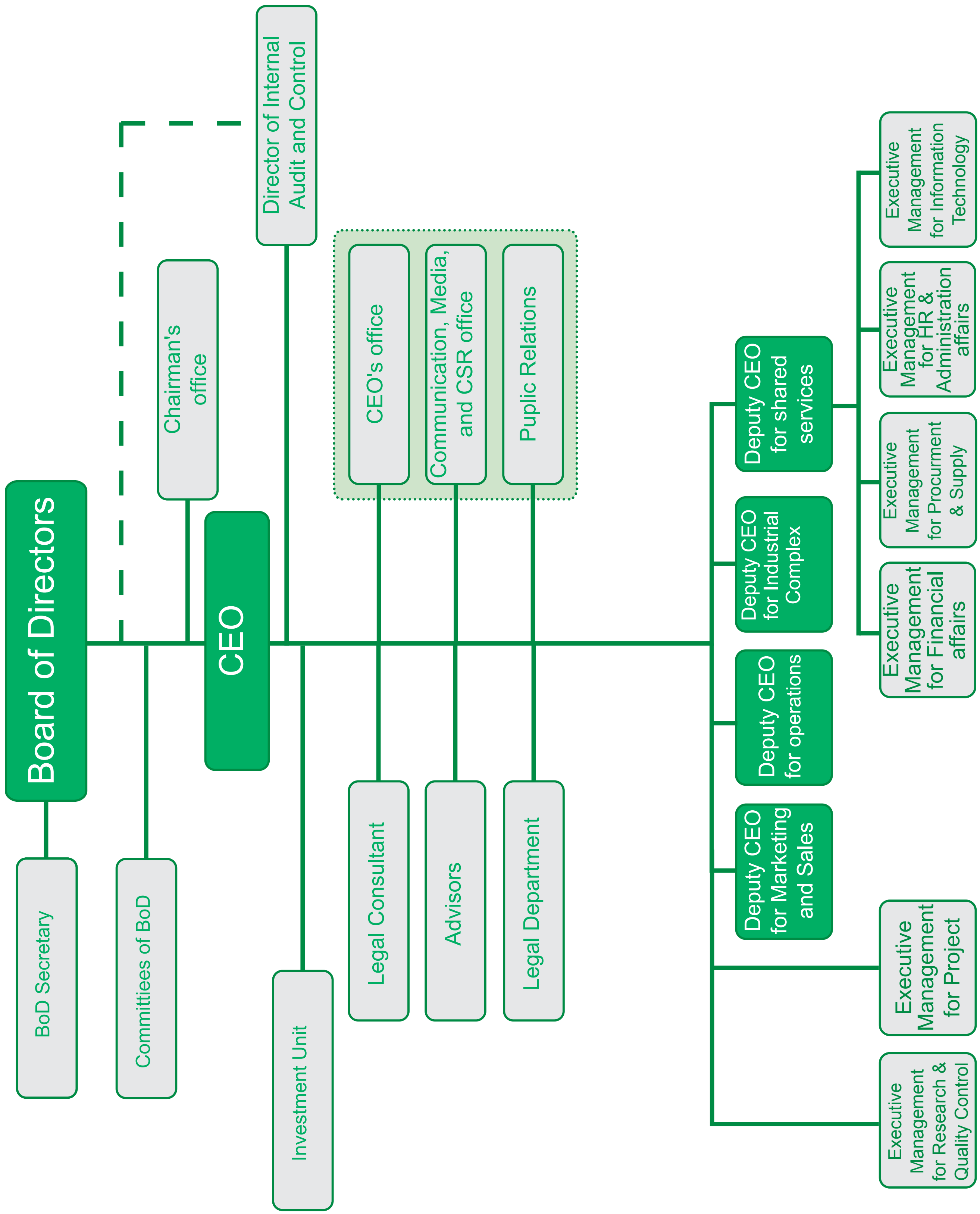
Name	Job Description	Nationality	Date of Appointment	Date of Position	Specialization	Educational Qualification
Dr. Shafk Ashkar	Chief Executive Officer	Jordanian	18/11/2013	18/11/2013	Economic and Industrial Management	PhD
Eng. Basam Ekali	CEO Assistant for Operations	Jordanian	08/03/1988 till 31/12/2016	20/03/2014	Mechanical Engineering	BS
Ms. Sana' Qarain	Director of Finance	Jordanian	21/07/1984	11/05/2007	Accountant	MS
Mr. Rafat Ghabayen	CEO assistant for Finance until 18/08/2016 Advisor to CEO for Finance	Jordanian	18/08/2013	18/08/2013 18/08/2016	Accountant Business Administration	BS MS + CMA
Mr. Khaled Fanatseh	Advisor to Chairman for Labor Affairs	Jordanian	01/04/1995	09/07/2007	-	High School

M. Salaries and Benefits paid to Senior as of Management 2016:

Name	Job Description	Salaries / JD	Travel Perdiems / JD
Dr. Shafik Ashkar (*)	Chief Executive Officer	144,608	49,020
Eng. Basam Ekali (*)	CEO assistant for operations until 31/12/2016	66,708	9,633
Ms. Sana' Qarain	Director of Finance	67,095	3,240
Mr. Rafat Ghabayen	Advisor to CEO for finance as of 18/08/2016	81,704	16,224
Mr. Khaled Alfanatseh (*)	Advisor to Chairman for Labor Affairs	83,616	23,322

* They use a company car

N - Organization Structure



Financial Position as of 31/12/2016

1- Company Capital (82.5 million shares /JD)

JPMC's declared, subscribed and paid up capital is 82.5 million equity shares of stock, with a par value of One JD per share (1 JD/share), distributed as shown in the following table:

Shareholders and the Percentage of their Shares

Name of Shareholders	2016		2015	
	Number of Shares	Percentage %	Number of Shares	Percentage %
KAMIL HOLDINGS LIMITED	30,525,000	37.00	27,750,000	37.00
Government Shareholdings' Management Co. (L.L.)	21,165,569	25.66	19,241,427	25.66
Social Security Corporation	13,576,428	16.46	12,342,208	16.46
Government of the State of Kuwait	7,700,000	9.33	7,000,000	9.33
Other Company's Shareholders Total	9,533,003	11.55	8,666,365	11.55
Total	82,500,000	100.00	75,000,000	100.00

(*) On 6/3/2016, the Ministry of Finance transferred 19,241,427 of its shares to the Government Shareholdings' Management Company (L.L.), with the remaining 3,969 shares in the name of the Ministry of Finance.

2- Property and Equipment: (JD 788 million at cost, JD 247.2 million after deducting accumulated depreciation)

Property and equipment were valued at JD 788 million, (JD 674.2 million in 2015); a JD 113.8 million increase from 2015 as a result of adding machines and equipment, roads and yards, water and electricity networks, spare parts reserves, valued at JD 114.1 million (fixed assets purchased for JD 6.5 million and capitalization of projects in progress to fixed assets amounting to JD 107.6 million). Conversely, JD 0.3 million of vehicles spare parts reserves, and furniture and office equipment were disposed.

3- Accounts Receivable before deducting provision for doubtful debts (JD 149.7 million)

Accounts receivable balance reached JD 149.7 million. After deducting a provision for doubtful debts amounting JD 21 million, the net is JD 128.7 million, of which accounts receivable resulting from phosphate rock processing activities amounted to JD 115 million, and accounts receivable resulting from fertilizer manufacturing activity amounted to JD 7.2 million and accounts receivable resulting from subsidiary companies activities JD 6.5 million. The following table details shown below:

Description	As at December 31	
	2016	2015
	Amount (JD)	Amount (JD)
Trade Receivables	60,128,871	68,336,349
Due from Associated Companies	81,891,571	65,717,885
Others	7,700,338	7,443,132
Total	149,720,780	141,497,366
Less: Provision for Doubtful debts	20,961,016	20,961,016
Net Accounts Receivable	128,759,764	120,536,350

A- Trade Receivables (JD 60.1 million):

Trade receivables amounted to JD 60.1 million, (JD 68.3 million in 2015), of which JD 47.1 million are phosphate rock sales receivables and JD 6.6 million are processed fertilizers sales and JD 6.4 million due from Subsidiary Companies. The receivables due and unpaid that accumulated between 1986 and 2002 amounted to JD 18.1 million, of which JD 15.7 are due from Ex. Yugoslavia. As for the remaining balance of JD 42 million will be collected on due date in 2017.

B- Dues from Associated Companies (JD 81.9 million):

Receivables due from associated companies amounted to JD 81.9 million, of which JD 45.3 million is due from the Jordan India fertilizer company (JIFCO), JD 1.3 million is due from the Jordan Industrial ports Company, JD 5.1 million due from Jordan Abiad Fertilizer Chemical Company (JAFCCO) and JD 30.2 million due from Petro-Jordan Abadi /Indonesia.

4- Inventory (JD 114.3 million)

Inventory was valued in 31 December 2016 JD 114.3 million (JD 125.4 million on 31 December 2015). Following are the details:

Description	As at December 31	
	2016	2015
A. Finished product stock Amount	Amount (JD)	Amount (JD)
Finished Phosphate Inventory	20,157,492	17,894,541
Finished Fertilizers Inventory	19,339,729	27,892,407
Finished subsidiary companies Inventory	14,583,471	15,222,537
Total Inventory of Finished Products	54,080,692	61,009,485
B. Inventory in Process	Amount (JD)	Amount (JD)
Phosphate Inventory in Process	31,888,994	42,164,988
Fertilizers Inventory in Process	1,800,727	1,560,280
Subsidiary companies Inventory in Process	2,085,316	729,242
Total Inventory of Products in Process	35,775,037	44,454,510
C. Raw Materials	24,424,288	19,892,817
Grand Total (A+B+C)	**114,280,017**	**125,356,812**

5- Loans Payable (JD 122.6 million)

Loans payable balance reached JD 122.6 million. These are presented on JPMC's financial position as long-term loans at JD 83.9 million, and short-term loans payable in 2017 at JD 38.7 million. It should be noted that JPMC repaid JD 30.2 million in 2016 of which JD 26.1 million the instalments loan and JD 4.1 million are interest charges.

6- Wages, Salaries and other Payroll Items (JD 114.3 million):

Wages, salaries and benefits extended to The Group employees in 2016 amounted to JD 114.3 million (JD 123.7 million in 2015) decrease than 2015 by 7.6% The following table shows their breakdown:

A. Wages, Salaries and benefits extended to Company employees for the years 2016-2015:

Description	Amount (JD)	
	2016	2015
Salaries and Allowances	61,375,636	67,121,285
Wages of Daily Paid Labour and Contractors	1,585,902	1,513,906
Industrial Apprenticeship Salaries	6,196	8,187
Other Rewards	147,892	969,361
Total (A)	63,115,626	69,612,739

B. Company contribution in Benefits Extended to Employees 2016-2015:

Description	Amount (JD)	
	2016	2015
Saving Fund	2,255,512	2,442,558
Social Security	7,323,528	7,408,605
Medical Treatment Expenses for employees	2,802,673	2,291,312
Medical Insurance Expenses for Employee Families	3,220,134	3,245,972
JPMC contribution in the post retirement health insurance fund	2,250,000	2,733,134
Meal Subsidies	606,830	1,014,732
Paid End of Service Indemnity Expenses	2,225,641	6,598,361
Death and Compensation Fund / 2015	13,192,842	10,297,185
Total (B)	33,877,160	36,031,859
Total (A+B)	96,992,786	105,644,598

C. Wages, Salaries Extended to Subsidiary Companies Employees

Description	Amount (JD)	
	2016	2015
Salaries and Allowances	17,069,531	16,944,082

D. Bonus of the End-of-Service Compensation extended to JPMC employees and the Subsidiaries Companies

Description	Amount (JD)	
	2016	2015
Current Bonus of the End-of-Service Compensation in Present Value	197,152	1,063,236

Total Salaries & Wages paid in 2016-2015:

Description	Amount (JD)	
	2016	2015
Salaries and Allowances	114,259,469	123,651,916

7- Results of Closing Operations in 2016 compared with 2015:

- Consolidated net sales revenues reached JD 549.7 million (JD 367.1 million in rock phosphate sales, JD 99.2 million in fertilizers sales, JD 76.7 million in Subsidiary companies sales and JD 6.7 million trading in raw material sales). Compared to JD 750.2 million in 2015, of which (JD 423.6 million in rock phosphate sales, JD 113.5 million in fertilizers sales, JD 186.4 million in Subsidiary companies sales and JD 26.7 million trading in raw material sales).
- Consolidated total expenses reached JD 633.9 million, of which JD 380.5 million for the phosphate unit, JD 147.7 million for the fertilizers unit, JD 100 million for subsidiary companies and JD 5.7 million as cost of raw material for trading; compared to JD 697.3 million in 2015, of which (JD 367.6 million for the phosphate unit, JD 132.7 million for the fertilizers unit, JD 171.8 million for subsidiary companies and JD 25.2 million as cost of raw material for trading).
- Income tax allocations reached JD 5.9 million in 2016 compared to JD 18.3 million in 2015.
- Consolidated net losses in 2016 of JD 90.1 million compared to consolidated profits of JD 34.6 million in 2015.
- Total equity reached JD 724.8 million in 2016 (JD 818.2 million in 2015), with decrease by 11.4% than 2015.

8- Some Information and Financial Indicators:

A - Details of Major Financial Indicators for the Years 2012-2016:

(Thousands JD)

Details	2016	2015	2014	2013	2012
Net Revenues/Sales	549.697	750,174	738,429	574,412	759,426
Total expenses	(639,837)	(715,528)	(717,494)	(571,817)	(627,693)
Net (Losses) Profits	(90,140)	34,646	20,935	2,595	131,733
Interest on Loans	4.216	3,894	2,818	741	508
Net Fixed Assets	247.197	158,552	160,758	170,994	162,564
Current Assets	362,199	412,902	440,523	397,458	379,368
Total Assets	1,136,295	1,174,183	1,211,466	1,112,494	994,797
Shareholders Equity	724,844	818,218	783,952	762,281	778,056
Long-Term Loans	83.912	59,414	39,871	58,065	46,690
Current Liabilities	302,426	268,402	338,727	254,572	131,911
Financial Ratios:					
Debt / Equity Ratio	14:86	11:89	8:92	09:91	07:93
Debt Service Ratio (%)	0,71	2,5	2,2	1,7	9.18
Current Ratio (Time)	1.2	1,5	1,3	1,6	2,7
(Losses) Earning Per Share / JD	(1,077)	0,450	0,264	0,020	1,763
Closing Price Share / JD	2.14	5,47	6,52	7,15	13,00

B- (Losses) Profits Realized, Dividends Distributed, Net Equity and Issued Securities Prices for the Years 2012-2016:

(Thousands JD)

Year	Net (Losses) Profits	Distributed Dividends	Net Shareholders' Equity
2016	(90,140)	--	724,844
2015	34,646	7,500 (Free Shares)	818,218
2014	20,935	--	783,952
2013	2,595	--	762,281
2012	131,733	18.500	778,056

Year	Prices of issued securities Shares
	JD/ Share
2016	2,14
2015	5,47
2014	6,52
2013	7,15
2012	13,00

C-Transactions with Treasury and Public Corporation during the years 2015 & 2016: (Thousands JD)

Description	Year	
	2016	**2015**
Ministry of Finance		
Mining Revenues	30,000	21,000
Customs charges	619	403
Incomes stamps fees	239	30
Lands and Survey Department	3,921	3,889
Income Tax and sales Tax	9,379	9,258
Income Tax, and Tax on Social Services Deducted from Employees Salaries	1,344	1,719
Company contribution in Social Security	7,324	6,854
Employees Contribution in Social Security	4,193	4,277
Aqaba Railway Corporation	9,188	8,866
Ports Authority	2,763	2,994
Public Security Directorate/Protection of Production Sites	1,875	2,517
Military Retirees Economic and Social Corporation/ Protection Charges	1,134	1,169
The General Directorate of the Gendarmerie	708	280
Water Authority	10,291	10,553
Electricity Companies	36,434	24,139
Aqaba special Economic Zone Authority/Lease Lands & Income Tax	855	687
Natural Resources Authority/ Mining Fees	93	131
Total	**120,360**	**98,766**

D- Summary of Main Data on Company Position for the years 2012-2016:

Year	Total Assets (JD Thousands)	Authorizes Capital (JD Thousands)	Total Share-holders equity (JD Thousands)	Net Income (JD Thousands)	Production (Thousands tonnes)			Sales (Thousands tonnes)			Percentage Of Dividends paid (%)	Number of Employees as of December 31
					Phosphate	DAP Fertilizer	Phosphoric Acid	Phosphate	DAP Fertilizer	Phosphoric Acid		
2016	1,136,295	82,500	724,844	(90,140)	7,991	396	344	7,935	392	162	-	3293
2015	1,174,183	75,000	818,218	34,646	8,335	344	426	8,184	318	252	10 (Free Shares)	3468
2014	1,211,466	75,000	783,952	20,935	7.144	590	498	7,301	646	236	--	4036
2013	1,112,494	75,000	762,281	2,595	5,399	494	444	5,097	483	219	--	4033
2012	994,797	75.000	778,056	131,733	6,383	551	447	6,188	532	182	25	4225

E – Risks:

The Fluctuation of global prices for Rock Phosphate and Fertilizer and the deep drop during 2016, impacted on the revenues of JPMC and its subsidires and associated companies producing Phosphate Acid.

F- Regulatory Affirmation:

No operations of any non-repetitive manner with material affect occurred within the main activity of JPMC during the fiscal year 2016.

G- Corporate Governance Guide:

The Company was compliance with all the articles of Corporate Governance Guide except of below:

Article No.	Explain
Article No. (14, 17) part ’2’ section "1": "Board of Directors Duties and Responsibilities"	Has not been completed to date

H- Declaration of the Board of Directors:

H/1- The Board of Directors hereby declares its full responsibility for the preparation of the financial statements included herein, and which were approved by the BOD in its meeting held on 28/03/2017; and JPMC has an effective monitoring system.

H/2- The Board of Directors of Jordan Phosphate Mines Company Co. PLC herby declares that according to the best of their information and Knowledge there are no material matters that may affect the continuity of JPMC's during 2017.

Eng. Amer Al-Majali
Chairman of the Board

Dr. Adel Al-Sharkas
Deputy Chairman of the Board

Dr. Eng. Abdulfattah Abu Hassan
Member

H.E.Eng. Muzahim Muhaisin
Member

Mr. Junaidi Masri
Member

Dr. Makhlad Al-Omari
Member

Mr. Husam Abu Ali
Member

Eng. Mohammad Al Munaifi
Member

Mr. Mohammad Al-Hmoud
Member

The Chairman of the Board Declares along with Chief Executive Officer and Director of Finance that all the information and data in the annual report 2016 are correct, accurate and complete.

Eng. Amer Al-Majali
Chairman of the Board

Dr. Shafik Ashkar
Chief Executive Officer

Sana' Qarain
Director of Finance

بسم الله الرحمن الرحيم

انه ليوم خير واسرّ مناسبة ارتاحت لها نفسي
وقد وفق الله وقدر وتحول الحلم الى واقع يحميه الرجال
والاعمال والعزم . اربعة اعوام انقضت وقبل ان
ان اعلن البدايات الاولى وافتتح رسميا اليوم هذا
المشروع الانتاجي الكبير ضمن مسيرة الاردن الحديثة
لاستغلال طاقاته خدمة لانسانه وطموحاته وغد
افضل . فالى الشكر والعرفان والتقدير للاخوة وكل من قاد
لدعمهم مشروعنا ومشاركتهم ايانا الثقة بالاردن
ومستقبله الواعد باذن الله وكل اعتزازي وتقديري
لابناء الوطن سيتعاملون مع احدث التكنولوجيا العصرية
بكفاءة واقتدار والله راعي المسيرة وهو ولي التوفيق

الحسين

١٧/١١/١٩٨٢

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Building a better working world

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Jordan Phosphate Mines Company – Public Shareholding Company
Amman - Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of **Jordan Phosphate Mines Company – Public Shareholding Company** (the "Company") and its Subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

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

Impairment testing on the Group's goodwill - fertilizer's unit

The annual impairment test for the fertilizer's unit performed by Jordan Phosphate Mines Company was significant to our audit because the assessment process is judgmental and is based on assumptions that are affected by expected future economic and market conditions. In performing the impairment testing for goodwill, the company used various assumptions in respect of future economic and market conditions, such as the discount rate, revenue and margin development, expected inflation rates and the terminal value growth.

How the key audit matter was addressed

Our audit procedures included an assessment of the methodology and the appropriateness of key assumptions. We reviewed and challenged management assumptions, including comparing relevant assumptions to industry and economic forecasts. We obtained and evaluated management's sensitivity analyses to ascertain the impact of reasonably possible changes in key assumptions.

The process is complex and includes a high level of estimation, which includes price fluctuations, competition and uncertain economic outlooks. The outcome of impairment testing could vary significantly, if different assumptions applied.

Refer to note 6 to the consolidated financial statements for more details.

Associate impairment testing

One of the Group's interests in associates relate to its 27.38% interest in Jordan Abyad Fertilizers and Chemicals Company, which includes embedded goodwill. Management impairment test for the investment in the associate including the embedded goodwill in the investment account was significant to our audit because the assessment process is complex, judgmental and is based on assumptions that are affected by expected future economic and market conditions. such as the discount rate, revenue, expected inflation rates and the terminal value growth.

How the key audit matter was addressed

Our audit procedures included an assessment of the methodology and the appropriateness of key assumptions. We reviewed and challenged management assumptions, including comparing relevant assumptions to industry and economic forecasts. We obtained and evaluated management's sensitivity analyses to ascertain the impact of reasonably possible changes in key assumptions.

The process is complex and includes a high level of estimation, which includes price fluctuations, competition and uncertain economic outlooks. The outcome of impairment testing could vary significantly, if different assumptions applied.

Refer to note 5 to the consolidated financial statements for more details.

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

Other information consists of the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

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

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

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

Ernst & Young/ Jordan

ERNST & YOUNG
Amman - Jordan

Waddah Isam Barkawi
License No. 591

Amman – Jordan
28 March 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

(In Thousands of Jordanian Dinars)

		2016	2015
ASSETS	Notes		
Non-current assets			
Property, plant and equipment	3	247,197	158,552
Projects in progress	4	30,126	134,074
Investments in associates and joint ventures	5	273,466	236,042
Intangible assets	6	162,945	173,378
Deferred tax assets	23	6,537	7,090
Employees' housing loans	7	5,481	6,378
Financial assets at fair value through other comprehensive income	8	452	527
Loans receivable	9	6,781	6,576
Long term accounts receivable	12	5,076	-
Other debt balances	13	975	-
Production and development stripping cost	10	30,060	28,664
Advance payments on investments		5,000	10,000
		774,096	761,281
Current assets			
Inventories, spare parts and supplies	11	199,894	210,284
Accounts receivable	12	123,683	120,536
Other current assets	13	24,695	20,449
Loans receivable	9	-	19,562
Financial assets at fair value through profit and loss		182	159
Cash on hand and at banks	14	13,745	41,912
		362,199	412,902
TOTAL ASSETS		**1,136,295**	**1,174,183**
EQUITY AND LIABILITIES			
Equity			
Paid-in-capital	15	82,500	75,000
Statutory reserve	15	75,000	75,000
Voluntary reserve	15	75,000	75,000
Special reserve	15	75,000	75,000
Fair value reserve		(227)	(152)
Retained earnings		411,076	507,397
Equity attributable to Company's shareholders		718,349	807,245
Non – controlling interests	40	6,495	10,973
Total Equity		724,844	818,218
Non-current liabilities			
Long-term loans	16	83,912	59,414
Compensation and end-of-service indemnity provision	17	11,338	15,156
Assets deferral provision	6	13,775	12,993
		109,025	87,563
Current liabilities			
Accounts payable	19	79,215	79,028
Accrued expenses	20	54,425	56,589
Other current liabilities	21	26,988	17,398
Due to banks	22	101,512	70,417
Employees incentives and retirees grants provision	34	1,058	597
Short term early retirement obligations	18	-	137
Current portion of long-term loans	16	38,708	40,637
Income tax provision	23	520	3,599
		302,426	268,402
Total Liabilities		**411,451**	**355,965**
TOTAL EQUITY AND LIABILITIES		**1,136,295**	**1,174,183**

The attached notes 1 to 43 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

(In Thousands of Jordanian Dinars)

	Notes	2016	2015
Net Sales		549,697	750,174
Cost of sales	24	(471,964)	(564,671)
Gross profit		**77,733**	**185,503**
Selling and marketing expenses	25	(9,375)	(9,445)
New phosphate port terminal expenses	37	(11,997)	(11,793)
Aqaba port fees		(4,074)	(4,265)
Transportation expenses		(49,140)	(51,830)
Administrative expenses	26	(23,663)	(28,999)
Russiefah Mine expenses	27	(1,897)	(2,537)
Mining fees	28	(19,195)	(22,809)
Provision for slow-moving spare parts	11	(2,045)	(1,001)
Other provisions	34	(1,456)	(1,459)
Pension expense	18	-	(90)
Other (loss) income, net	29	(6,163)	10,442
Foreign currency exchange differences		865	233
Operating (loss) profit		(50,407)	61,950
Finance costs	30	(14,805)	(11,552)
Finance income	31	1,306	2,474
Group share of loss of associates and joint ventures	5	(12,363)	(274)
Board of Directors remuneration		-	(103)
Gain (loss) from revaluation of financial assets at fair value through profit and loss		23	(51)
Goodwill impairment loss	6	(4,074)	(1,050)
Investment in associates impairment loss	5	(4,563)	(3,000)
(Loss) profit before income tax		(84,883)	48,394
Income tax expense	23	(5,257)	(13,748)
(Loss) profit for the year		**(90,140)**	**34,646**
Attributable to:			
Equity holders		(88,821)	33,764
Non – controlling interests	40	(1,319)	882
(Loss) profit for the year		**(90,140)**	**34,646**
		JD/Fils	**JD/Fils**
Basic and diluted (losses) earnings per share attributable to the equity holders	**32**	**(1/077)**	**0/450**

The attached notes 1 to 43 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

(In Thousands of Jordanian Dinars)

	Notes	2016	2015
(Loss) profit for the year		(90,140)	34,646
Add: Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Changes in fair value of financial assets at fair value through other comprehensive income	8	(75)	(16)
Actuarial loss	17	-	(132)
Total comprehensive (loss) income for the year		(90,215)	34,498
Total comprehensive (loss) income attributable to:			
Equity holders		(88,896)	33,616
Non – controlling interests		(1,319)	882
Total comprehensive (loss) income for the year		**(90,215)**	**34,498**

The attached notes 1 to 43 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

(In Thousands of Jordanian Dinars)

	Paid-in capital	Reserves			Fair value reserve	Retained earnings		Non-controlling interest	Total
		Statutory	Voluntary	Special		Unrealized*	Realized**		
For the year ended 31 December 2016									
Balance at 1 January 2016	75,000	75,000	75,000	75,000	(152)	26,179	481,218	10,973	818,218
Total comprehensive income for the year	-	-	-	-	(75)	-	(88,821)	(1,319)	(90,215)
Paid in capital	7,500	-	-	-	-	-	(7,500)	-	-
Dividends paid by a subsidiary	-	-	-	-	-	-	-	(3,159)	(3,159)
Balance at 31 December 2016	82,500	75,000	75,000	75,000	(227)	26,179	384,897	6,495	724,844
For the year ended 31 December 2015									
Balance at 1 January 2015	75,000	75,000	75,000	75,000	(136)	26,179	447,586	10,323	783,952
Total comprehensive income for the year	-	-	-	-	(16)	-	33,632	882	34,498
Dividends paid by a subsidiary	-	-	-	-	-	-	-	(232)	(232)
Balance at 31 December 2015	75,000	75,000	75,000	75,000	(152)	26,179	481,218	10,973	818,218

* An amount of JD 26,179 thousands is restricted and represents the unrealized gain from the revaluation of investment and acquisition of Indo-Jordan Chemical Co. and Nippon Jordan Fertilizer Co. during 2010 and 2011.

** Included in retained earnings an amount of JD 6,537 thousands which represents deferred tax assets as of 31 December 2016 (31 December 2015: JD 7,090 thousand). An amount of JD 227 thousands from the retained earnings is restricted against the negative balance of fair value reserve for financial assets at fair value through other comprehensive income as of 31 December 2016 (31 December 2015: JD 152 thousands).

The attached notes 1 to 43 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

(In Thousands of Jordanian Dinars)

	Notes	2016	2015
OPERATING ACTIVITIES			
(Loss) profit for the year before income tax		(84,883)	48,394
Adjustments for:			
Depreciation	3	25,233	22,295
Amortization of new phosphate port terminal	6	6,359	6,359
Goodwill impairment loss		4,074	1,050
Investment in associates impairment loss	5	4,563	3,000
Amortization of production stripping costs	10	13,284	11,983
Employees compensation fund and end-of-service indemnity	17 , 21	17,091	12,500
Finance cost		9,172	9,378
Finance income		(1,306)	(2,474)
Mining fees		21,222	24,914
Group's share of profit of associates and joint ventures		12,363	274
Provision for slow-moving spare parts		2,045	1,001
Other non-cash items		6,136	1,457
Working capital changes:			
Accounts receivable		(25,386)	(10,333)
Employees' housing loans		801	(1,544)
Other current assets		(5,580)	(2,021)
Inventories, spare parts and supplies		8,345	38,611
Production stripping cost		(14,680)	(7,287)
Accounts payable		187	(12,231)
Accrued expenses		6,533	(9,083)
Other current liabilities		7,520	(13,909)
Employees' compensation and end-of-service indemnity and death fund paid		(19,794)	(55,395)
Mining fees paid		(30,000)	(21,000)
Early retirement obligations paid		(118)	(417)
Income tax paid	23	(7,783)	(6,862)
Net cash flows (used in) from operating activities		(44,602)	38,660
INVESTING ACTIVITIES			
Property, plant and equipment and payments on projects in progress – net		(9,929)	(16,816)
Loans receivable		547	9,750
Investment in associates and joint ventures		(17,000)	(15,708)
Short term investment		-	4,612
Interest received		1,306	2,474
Net cash flows used in investing activities		(25,076)	(15,688)
FINANCING ACTIVITIES			
Proceeds from loans		48,684	54,275
Repayments of loans		(26,115)	(26,449)
Dividends of subsidiaries		(3,064)	(251)
Interest paid		(9,089)	(9,191)
Net cash flows from financing activities		10,416	18,384
Net (decrease) increase in cash and cash equivalents		(59,262)	41,356
Cash and cash equivalents at 1 January		(28,505)	(69,861)
Cash and cash equivalents at 31 December	**14**	**(87,767)**	**(28,505)**

The attached notes 1 to 43 form an integral part of these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1- GENERAL

Jordan Phosphate Mines Company was established in 1949, and became a public shareholding company in 1953. The Company's objectives are to mine and market phosphate rock, produce fertilizers and invest in the establishment of related industries. All other business activities of the Company are located in Jordan. The fertilizers production unit is located in the Industrial Complex in Aqaba. The phosphate rock is extracted, to a large extent, from the mines of Al-Abiad, Al-Hasa, Shidiya. In respect of the mining rights granted to the Company, it is subject to annual mining rights fees of JD 500 / squared Kilo meter or any part of squared Kilo meter per mined area payable to the Natural Resources Authorities. The Company produces chemical fertilizers and related by-products through its subsidiaries that are listed in Amman Stock Exchange (Note 2-2).

The head office of the Company is located in Shmeisani, Amman - Jordan.

The consolidated financial statements were authorized for issue by the Board of Directors in their meeting held on 28 March 2017 and they are subject to the approval of the Company's General Assembly.

(2-1) BASIS OF PREPARATION

The consolidated financial statements have been prepared on a historical cost basis, except for the financial assets at fair value through profit and loss and financial assets at fair value through other comprehensive income which have been measured at fair value as of the date of the consolidated financial statements.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS).

The consolidated financial statements are presented in Jordanian Dinars and all values are rounded to the nearest thousand except when otherwise indicated.

(2-2) BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Jordan Phosphate Mines Company "JPMC" and the following subsidiaries:

Company name	Nature of activity	Ownership	Country
Indo-Jordan Chemicals Company Limited	Phosphoric Acid and other chemicals production	100%	Jordan
Ro'ya for Transportation Company Limited	Transportation services	100%	Jordan
Nippon Jordan Fertilizers Company Limited	Fertilizers and chemicals production	70%	Jordan

The control exists when the Group controls the subsidiaries' significant and relevant activities, and is exposed, or has the rights, to variable returns from its involvement with the subsidiaries, and has the ability to affect those returns. Control over the subsidiaries is exercised when the following factors exist:

- 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.
- The ability to use its power over the investee to affect its returns.

When the Group owns less than a majority of the voting rights in an investee, in this case, the Group considers all factors and circumstances to determine whether it has control over the investee, which include the following:

- Contractual agreements with shareholders that have voting rights in the investee.
- Rights resulting from other contractual arrangements.
- The Group's current and future voting rights in the investee.

The Group reassesses its control over the investee when circumstances and factors exist that lead to the change in one or more of the three factors listed above.

Subsidiaries are fully consolidated from the date of acquisition being the date on which the Group gains control, and continues to do so until the date when such control ceases. The subsidiaries revenues and expenses are consolidated in the consolidated statement of comprehensive income from the date the Group gains control over the subsidiaries until that control ceases.

Profits, losses, and all other comprehensive income items are attributed to the shareholders' equity of the parent company, and to non-controlling interest, even if this leads to a deficit balance. If need arises, the subsidiaries' financial statements are adjusted accordingly to comply with the Group's accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full

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 interest
- 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 the statement of profit or loss and other comprehensive income
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Investors with significant influence on the Group:

Kamil Holding Limited, Government Contribution Management Company, Jordanian Social Security Corporation and Government of Kuwait own 37%, 25.7%, 16.5% and 9.3% of the Company's issued shares, respectively.

(2-3) CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

IAS 1 Presentation of Financial Statements – Amendments to IAS 1

The amendments to IAS 1 include narrow-focus improvements related to:

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

Investment entities (Amendments to IFRS 10 and IAS 28)

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

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

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

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

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

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

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

The implementation of the new amendments did not have impact on the Company's financial position or performance.

(2-4) STANDARDS ISSUED BUT NOT YET EFFECTIVE

IFRS 9 Financial Instruments

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

IFRS 15 Revenue from Contracts with Customers

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

IFRS 16 Leases

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

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

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

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

IAS 7 Disclosure Initiative – Amendments to IAS 7

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

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

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

Entities may apply the amendments prospectively and are effective for annual periods beginning on or after 1 January 2018, with early application permitted.

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

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

Transfers of Investment Property (Amendments to IAS 40)

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

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

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

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

(2-5) USE OF ESTIMATES

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

Useful life of properties, plant and equipment

The Group's management estimates the useful life for property, plant and equipment for the purpose of calculating depreciation by depending on the expected useful life of these assets. Management reviews the remaining book value and useful life annually. Future depreciation expense is adjusted if management believes that the remaining useful life of the assets differs from previous estimations.

Impairment of goodwill

The Group's management performs an annual impairment test for the goodwill resulted from the purchase of the fertilizers unit at the date of the consolidated financial statements. Goodwill is impaired if there are indications of impairment, i.e. if the estimated recoverable amount for the fertilizers unit is less than the book value. Impairment is recorded in the consolidated statement of income.

The fair value of recoverable amounts for the fertilizers unit is valued using the discounted value of future cash flows. All assumptions used in the goodwill impairment calculation are indicated in (Note 6).

Provision for slow moving spare parts

The Group's management performs an annual study which categorizes all spare parts by age groups. Based on the results of the study, a provision is taken against spare parts which have surpassed, at the date of the Group's financial statements, a certain age from the date of purchase.

Stripping Cost in the Production Phase of Surface Mine

The Group incurs waste removal costs (stripping costs) during the development and production phases of its surface mining operations. During the production phase, stripping costs (production stripping costs) can be incurred both in relation to the production of phosphate in that period or the creation of improved access and mining flexibility in relation to phosphate to be mined in the future.

Production stripping costs are included as part of the costs of inventory, while the stripping costs incurred in the creation of improved access and mining flexibility in relation to phosphate to be mined in future periods are capitalised as a stripping activity non-current asset that is amortized using units of production method.

Costs paid for the removal of overburden in the stripping or the production stages are capitalised as non-current assets at cost and is amortized using the units of production method at each location when the following conditions are met:

- It is probable that the future economic benefit improved access to the phosphate associated with the stripping activity will flow to the entity.
- The entity can identify the amount and type of phosphate for which has been improved; and
- The cost relating to the striping activity associated with the component can be measured reliably.

Significant judgment is required to distinguish between development stripping and production stripping and to distinguish between the production stripping that relates to the extraction of phosphate and what relates to the creation of a stripping activity asset. The Group's management calculates the stripped quantities of overburden for any of the locations based on geological and specialized technical studies conducted on a quarterly basis. Stripping costs are capitalized as a stripping activity asset when the actual stripping ratio is higher than the contracted stripping ratio estimated by geologists and specialised professionals.

The capitalised stripping costs are amortized using the units of production method estimated based on the updated geological studies for the period for each location when the actual stripping ratio is lower than or equal to the contracted stripping ratio.

Provision for doubtful debts

The Group's management reviews the credit limit granted to its customers periodically. When customers do not abide to their obligations to pay, and after the additional grace period granted, and after taking appropriate legal action, a provision is booked against the receivable balance until collected or it will be written off.

Income tax provision

The Group calculates tax expense for the year based on reasonable estimates, for possible consequences of audit by the Income and Sales tax department. The amount of tax provision is based on various factors, such as experience of previous tax audits. Additionally, the Group engages an independent tax specialist to review the tax provision calculations.

Deferred tax assets are recognized for all deductible temporary differences such as unused tax expenses and losses to the extent that it is probable that taxable profit will be available against which the loses can be utilized. Management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits. Details of income tax provision and deferred tax are disclosed in (Note 23).

Indemnity and end-of-service provisions

Indemnity and end-of-service costs are measured using the Projected Unit Credit Method that is calculated by an actuary. All actuarial assumptions are disclosed in (Note 17).

Early retirement obligations

Early retirement obligations are calculated through an actuarial study. Employee benefits are awarded based on the number of years of service. The associated obligations are determined based on the present value of the overall obligation at the date of the financial statements less the unrealized previous service cost. The Group's obligations arising from the early retirement plan are measured using the Projected Unit Credit Method. All associated assumptions are disclosed in (Note 18).

(2-6) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. The cost and accumulated depreciation for a sold or disposed of asset is derecognized and the gain or loss associated is booked in the consolidated statement of income.

Depreciation is calculated on a straight-line basis using the following depreciation rates, (land is not depreciated):

Type of property, plant and equipment	Depreciation rate %
	%
Buildings	2 - 8
Roads and yards	25
Machinery and equipment	5 - 20
Water and electricity networks	5
Furniture and office equipment	9
Medical and lab equipment	10
Communication equipment	12
Computers	12
Vehicles	15
Spare parts reserves	10
Software and programs	20

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

When the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount, and the impairment is recorded in the consolidated statement of income.

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

Projects in progress

Projects in progress are stated at cost, and include the cost of construction, equipment and other direct costs and it is not depreciated until it is available for use.

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 associate and joint venture 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 not tested for impairment individually.

The consolidated statement of income 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 consolidated statement of other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of income 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, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the consolidated statement of income.

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 statement of income.

Intangible assets

- **New phosphate port terminal**

This item represents the license to use and operate the new phosphate port terminal for a period of 26 years, after that the port will be handed over to Aqaba Development Corporation.

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Intangible assets are amortized over the period in which they are expected to be available for use by the Group and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization expense on intangible assets is recognized in the consolidated statement of income starting on the opening date of the new phosphate port terminal until 28 February 2040.

- **Goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised in either profit or loss or as a change to other comprehensive income . If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Asset deferral cost

The Company recognises and measures asset deferral provision for movable assets as a consequence of the use of the new phosphate port terminal during the operating period in accordance with IAS 37, using the best estimate of the expenditures required to settle the present obligation at the consolidated statement of financial position date.

Financial assets at fair value through other comprehensive income

These are financial assets limited to equity instruments and the management intends to retain those assets in the long term. These financial assets are initially recognized at fair value plus attributable transaction costs and subsequently measured at fair value. The change in fair value of those assets is presented in the consolidated statement of comprehensive income within owners' equity, including the change in fair value resulting from the foreign exchange differences of non-monetary assets.

In case those assets - or part of them - were sold, the resultant gain or loss is recorded in the consolidated comprehensive income statement within owners' equity and the fair value reserve for the sold assets is directly transferred to the retained profit or loss and not through the consolidated statement of income.

- Those financial assets are not subject to impairment testing.
- Dividends income is recorded in the consolidated income statement.
- It is not permitted to reclassify assets to or from this category except in certain circumstances determined in the IFRS 9.

Loans receivable

After initial measurement, loans receivable are subsequently measured at amortised cost using the effective interest rate method, less any impairment.

Inventories and spare parts

Inventories are valued at the lower of cost or net realizable value.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

Raw materials	Purchase cost using the weighted average cost method.
Finished goods and work in process	Cost of direct materials, labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs, using the weighted average cost method.
Spare parts and supplies	Cost using the weighted average cost method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Accounts receivable

Accounts receivable are stated at original invoice amount or the value of shipped goods less any provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount or part of it is no longer probable and bad debts are written off when there is no possibility of recovery.

Financial assets at fair value through profit and loss

Financial assets which are purchased with the aim of resale in the near future in order to generate profit from the short-term market prices fluctuation or the trading profit margins.

Financial instruments at fair value through profit or loss are initially measured at fair value, transaction costs are recorded in the income statement at the date of transaction. Subsequently, these assets are revalued at fair value. Gains or losses arising on subsequent measurement of these financial assets including the change in fair value arising from non-monetary assets in foreign currencies are recognized in the income statement. When these assets or portion of these assets are sold, the gain or loss arising is recorded in the consolidated statement of income.

Dividend and interest income are recorded in the consolidated statement of income.

It is not permitted to reclassify assets to or from this category except in certain circumstances determined in the International Financial Reporting Standards.

Cash and cash equivalents

Cash and cash equivalent in the consolidated statement of financial position comprise cash at banks and at hand and short term deposits with an original maturity of three months or less. If original maturity of deposits exceeds three months, they are classified as short–term investments. For the purpose of the consolidated statement of cash flow, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Long term loans

All term loans are initially recognized at net consideration received and interest is recognized using the effective interest rate method.

Interest on long term loans is recorded during the year when earned. Interest on long term loans for the purpose of financing projects in progress, is capitalized as a part of the project cost.

Employees' benefits

- **End-of-service indemnity**

The liability is valued by professionally qualified independent actuaries. The obligation and costs of pension benefits are determined using a Projected Unit Credit Method. The Projected Unit Credit Method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Past service costs are recognized on a straight-line basis over the average period until the amended benefits become vested. Gains or losses on the curtailment or settlement of pension benefits are recognized when the curtailment or settlement occurs. Actuarial gains or losses are recognized as other comprehensive income item when it occurs. Gain or loss is realized from amendment or payment of the benefits when it occurs. The pension obligation is measured at the present value of estimated future cash flows using a discount rate that is similar to the interest rate on government bonds.

- **Death and Compensation Fund**

Death and Compensation Fund represents a defined contribution plan; the Company calculated its contribution of 25% of gross monthly salaries subject to social security and transfers this contribution to the Fund's bank account. The Fund is independent from the Company (financially and administratively), accordingly, the Company is not legally obligated in case the Fund was not able to pay its obligations. The contribution is recognized as an expense in the consolidated statement of income.

Accounts payable and accruals

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

Provisions

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

Revenue recognition

Revenue from the sale of goods is recognized when significant risks and rewards of ownership of goods have passed to the buyer, usually when goods are shipped and invoices are issued.

Interest income revenue is recognized as interest accrues using the effective interest rate method.

Dividends are recognized when the shareholder's right to receive payment is established.

Other revenues are recognized on an accrual basis.

Mining Fees

Mining fees paid in respect of phosphate rock used by the Fertilizers Unit are charged to cost of sales. Other mining fees on exported and locally sold phosphate are shown as a separate item in the consolidated statement of income.

Operating Lease

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments made under an operating lease are recognized as an expense over the lease term on a straight-line basis, in the consolidated statement of income.

Income tax

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

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

Current income tax is calculated based on the tax rates and laws that are applicable at the consolidated statement of financial position date and according to IAS 12.

Deferred income taxation is provided using the liability method on all temporary differences at the consolidated financial statement date. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on laws that have been enacted at the financial position date. The carrying values of deferred income tax assets are reviewed at each consolidated statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment of financial assets

The Company assesses at each financial position date whether there is any objective evidence that a financial asset or a group of financial assets are impaired. A financial asset or a group of financial assets are considered impaired when there is objective evidence of impairment as a result of one or more events (loss event) that occur after the asset's initial measurement, that will have a direct and reasonably estimated impact on its future cash flows. Permanent impairment indicators could comprise of indications that the borrower or a group of borrowers are facing significant financial difficulties, or neglect, or default in making interest or principal payments, and are likely to be subject to bankruptcy or financial restructuring. Furthermore, permanent impairment indicators exist when observable data indicates the existence of a measurable decrease in estimated cash flows such as changes in the Group's economic conditions due to negligence.

The Group's management does not believe there were any indications of impairments of its financial assets during 2016 and 2015.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the consolidated statement of financial position date, based on the rates declared by the Central Bank of Jordan.

Fair value

The Group evaluates its financial instruments such as financial assets at fair value through other comprehensive income at the date of the financial statements. Also, the fair value of financial instruments is disclosed in (Note 41).

Fair value represents the price received in exchange for financial assets sold, or price paid to settle a sale between market participants at the date of financial statements.

The fair value is measured based on the assumption that the sale or purchase transaction of financial assets is facilitated through an active market for financial assets and liabilities respectively. In case there is no active market, a market best fit for financial assets and liabilities is used instead. The Group needs to acquire opportunities to access the active market or the best fit market.

The Group measures the fair value of financial assets and liabilities using the pricing assumptions used by market participants to price financial assets and liabilities, assuming that market participants behave according to their economic interests.

The fair value measurement of non-financial assets considers the ability of market participants to utilize the assets efficiently in order to generate economic benefits, or to sell them to other participants who will utilize them in the best way possible.

The Group uses valuation techniques that are appropriate and commensurate with the circumstances, and provides sufficient information for fair value measurement. Also, it illustrates clearly the use of inputs that are directly observable, and minimizes the use of inputs that are not directly observed.

The Group uses the following valuation methods and alternatives in measuring and recording the fair value of financial instruments.

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

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

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

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unob servable.

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

For the disclosure of fair value, the Group classifies assets and liabilities based on their nature, their risk, and the level of fair value measurement.

Segment reporting

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

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

Offsetting

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

3- PROPERTY, PLANT AND EQUIPMENT

2016	Land	Buildings	Roads & Yards	Machinery & equipment	Water & electricity network	Office equipment
Cost:	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars
At 1 January 2016	1,299	129,848	18,802	419,639	37,068	6,252
Additions	-	19	-	522	-	176
Transfers from projects in progress (Note 4)	-	160	6,602	55,391	45,261	12
Disposals	-	-	-	-	-	-
Transferred to expenses	-	-	-	-	-	-
At 31 December 2016	1,299	130,027	25,404	475,552	82,329	6,440
Accumulated Depreciation:						
At 1 January 2016	-	73,661	10,771	355,887	32,414	3,597
Depreciation for the year	-	5,672	2,495	11,658	1,436	393
Related to disposals	-	-	-	-	-	-
At 31 December 2016	-	79,333	13,266	367,545	33,850	3,990
Net book value						
At 31 December 2016	1,299	50,694	12,138	108,007	48,479	2,450

The estimated value of fully depreciated property, plant and equipment is JD 425,974 at 31 December 2016.

Medical equipment	Communication equipment	Computers	Vehicles	Spare parts reserves	Software and programs	Total
Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars
1,010	1,314	3,664	13,517	39,825	1,913	674,151
7	10	121	535	5,151	-	6,541
-	-	-	124	-	-	107,550
-	-	-	(54)	-	-	(54)
-	-	-	-	(204)	-	(204)
1,017	1,324	3,785	14,122	44,772	1,913	787,984
825	1,271	3,300	10,327	21,634	1,912	515,599
32	26	182	1,010	2,329	-	25,233
-	-	-	(45)	-	-	(45)
857	1,297	3,482	11,292	23,963	1,912	540,787
160	27	303	2,830	20,809	1	247,197

3- PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2015	Land	Buildings	Roads & Yards	Machinery & equipment	Water & electricity network	Office equipment
Cost:	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars
At 1 January 2015	1,299	128,776	12,612	413,942	36,157	5,864
Additions	-	183	-	1,875	-	279
Transfers from projects in progress (note 4)	-	889	6,190	3,829	911	111
Disposals	-	-	-	(7)	-	(2)
At 31 December 2015	1,299	129,848	18,802	419,639	37,068	6,252
Accumulated Depreciation:						
At 1 January 2015	-	68,971	9,411	344,519	31,144	3,277
Depreciation for the year	-	4,690	1,360	11,373	1,270	332
Related to disposals	-	-	-	(5)	-	(12)
At 31 December 2015	-	73,661	10,771	355,887	32,414	3,597
Net book value						
At 31 December 2015	1,299	56,187	8,031	63,752	4,654	2,655

The estimated value of fully depreciated property, plant and equipment is JD 411,217 at 31 December 2015.

Medical equipment	Communication equipment	Computers	Vehicles	Spare parts reserves	Software and programs	Total
Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars
944	1,303	3,583	12,542	35,310	1,913	654,245
68	15	95	961	4,552	-	8,028
-	-	-	195	-	-	12,125
(2)	(4)	(14)	(181)	(37)	-	(247)
1,010	1,314	3,664	13,517	39,825	1,913	674,151
802	1,254	3,118	9,527	19,552	1,912	493,487
23	18	183	964	2,082	-	22,295
-	(1)	(1)	(164)	-	-	(183)
825	1,271	3,300	10,327	21,634	1,912	515,599
185	43	364	3,190	18,191	1	158,552

3- PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation in the consolidated statement of income is as follows:

	2016	2015
	Thousands of dinars	Thousands of dinars
Cost of sales	24,376	21,472
Administrative expenses	585	587
Selling and marketing expenses	82	40
Russiefah mine expenses	32	27
Other	158	169
	25,233	**22,295**

4- PROJECTS IN PROGRESS

Movement on the projects in progress is as follows:

	Balance at 1 January 2016	Additions	Transferred to property plant & equipment	Transferred to others	Balance at 31 December 2016
	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars
Aqaba Industrial Complex Projects	80,200	119	(53,389)	-	26,930
Shidiya Mine Projects	44,862	1,527	(45,065)	(1,177)	147
Indo-Jordan's Projects	2,237	2,512	(2,437)	-	2,312
Head Office, Hasa & Abiad mines	6,761	366	(6,602)	-	525
Nippon's Projects	14	255	(57)	-	212
	134,074	**4,779**	**(107,550)**	**(1,177)**	**30,126**

The estimated cost to complete the projects in progress as of 31 December 2016 amounted to JD 935 thousand for JPMC related projects, JD 3,043 thousand for Indo-Jordan related projects and JD 150 thousand for Nippon related projects.

5- INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The below schedules summarizes the Group's investment in associates and joint ventures:

	2016	2015
	Thousands of dinars	Thousands of dinars
Investment in associates (A)	228,567	204,365
Joint projects (B)	44,899	31,677
	273,466	**236,042**

A. INVESTMENTS IN ASSOCIATES:

The below schedules summarizes financial information for the Group's investment in associates:

	Country of incorporation	Nature of activity	Ownership	2016	2015
			%	Thousands of dinars	Thousands of dinars
Manajim for Mining Development Company "Manajim"	Jordan	Mining services	46	41,192	38,662
Jordan Abyad Fertilizer Company "JAFCCO"	Jordan	Fertilizers production	27.38	1,626	9,262
Jordan India Fertilizer Company "JIFCO"	Jordan	Phosphoric acid production	48	162,896	136,053
Kaltime Jordan Abdi Company	Indonesia	Phosphoric acid production	40	612	708
Arkan Company for Construction "Arkan"	Jordan	Mining contracting	46	22,241	19,680
				228,567	**204,365**

Movements on the investment in associates were as follows:

	2016	2015
	Thousands of dinars	Thousands of dinars
At 1 January	204,365	207,621
The Group's share of current year losses	(2,856)	(720)
Investment in Kaltime Jordan Abdi Company	-	708
Impairment of the investment in JAFCCO	(4,563)	(3,000)
Elimination of Group's share of JIFCO income related to transactions between the Group and associate	(13)	(189)
Increase investment in Indo Jordan*	31,605	-
Addition (Elimination) of Group's share of JAFCCO's income related to transactions between the Group and associate	29	(55)
At 31 December	228,567	204,365

* On August 9th 2016 it was approved to increase Indo Jordan capital by JD 65,844 thousand bringing the total paid in capital to JD 371,346 thousand with JPMC's share of the increase amounted to JD 31,605 thousand. The Company had capitalized the value of its loans and accounts payable balances.

Group's share of associate company's results:

	2016	2015
	Thousands of dinars	Thousands of dinars
Group's share of loss for the year	(2,856)	(720)
(Elimination) addition of Group's share of associate's income related to transactions between the Group and associate	(34)	441
	(2,890)	(279)

The below schedules summarizes financial information for the Group's investment in associates:

2016	Manajim for Mining Development	Jordan Abyad Fertilizers and Chemicals Company	Jordan India Fertilizers Company	Arkan Company for Construction	Kaltime Jordan Abdi Company	Total
	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars
Group's share in net equity:						
Current assets	77,560	3,235	48,287	31,693	1,616	162,391
Non-current assets	28,250	100,667	542,893	31,282	-	703,092
Current liabilities	(24,354)	(26,928)	(71,361)	(14,559)	(86)	(137,288)
Non-current liabilities	-	(36,483)	(180,032)	-	-	(216,515)
Partners current account	-	(46,427)	-	-	-	(46,427)
Net equity	81,456	(5,936)	339,787	48,416	1,530	465,253
Percentage of ownership	46%	27.38%	48%	46%	40%	
Group's share in net equity	37,470	(1,625)	163,098	22,271	612	221,826
Elimination of Group's share of associates related to transactions between the group and associates	-	(26)	(202)	-	-	(228)
Adjustments due to change in ownership percentage	(4,078)	(98)	-	14	-	(4,162)
Group's net share in partner's current account	-	3,375	-	-	-	3,375
Imbedded goodwill	7,800	-	-	(44)	-	7,756
Net investment as at 31 December	**41,192**	**1,626**	**162,896**	**22,241**	**612**	**228,567**
Group's share from associates revenues and profits:						
Revenues	84,838	4,740	178,807	50,526	-	318,911
Cost of sales	(75,396)	(10,290)	(102,367)	(42,592)	-	(230,645)
Administrative, selling and distribution expenses	(501)	(1,284)	(86,149)	(820)	(293)	(89,047)
Interest income	163	-	-	-	33	196
Finance expenses	(30)	(4,093)	-	(396)	(1)	(4,520)
Other (expenses) revenues, net	35	-	-	-	-	35
Currency difference	-	-	-	-	(27)	(27)
Profit (loss) for the year before income tax	9,109	(10,927)	(9,709)	6,718	(288)	(5,097)
Income tax expense	(2,037)	-	-	(1,344)	-	(3,381)
Profit (loss) for the year	7,072	(10,927)	(9,709)	5,374	(288)	(8,478)
Percentage of ownership	46%	27.38%	48%	46%	40%	-
Group's share from current year income	3,253	(2,992)	(4,660)	2,472	(115)	(2,042)
Group's share from prior years income*	(723)	(110)	(90)	90	19	(814)
Elimination of Group's share of associate's income related to transactions between the Group and associates	-	-	-	(34)	-	(34)
Group's share of associates' profit (loss)	**2,530**	**(3,102)**	**(4,750)**	**2,528**	**(96)**	**(2,890)**

2015	Manajim for Mining Development	Jordan Abyad Fertilizers and Chemicals Company	Jordan India Fertilizers Company	Arkan Company for Construction	Indonesia project Kaltime Jordan Abdi Co.	Total
	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars
Group's share in net equity:						
Current assets	68,829	3,005	42,182	30,719	1,770	146,505
Non-current assets	34,031	101,268	564,730	15,747	-	715,776
Current liabilities	(26,552)	(35,217)	(80,368)	(3,618)	-	(145,755)
Non-current liabilities	(351)	(34,114)	(242,707)	-	-	(277,172)
Partners current account	-	(29,549)	-	-	-	(29,549)
Net equity	75,957	5,393	283,837	42,848	1,770	409,805
Percentage of ownership	46%	27.38%	48%	46%	40%	
Group's share in net equity	34,940	1,477	136,242	19,710	708	193,077
Elimination of Group's share of associates related to transactions between the group and associates	-	(55)	(189)	-	-	(244)
Adjustments due to change in ownership percentage	(4,078)	(98)	-	14	-	(4,162)
Group's net share in partner's current account	-	3,375	-	-	-	3,375
Imbedded goodwill	7,800	4,563	-	(44)	-	12,319
Net investment as at 31 December	**38,662**	**9,262**	**136,053**	**19,680**	**708**	**204,365**
Group's share from associates revenues and profits:						
Revenues	82,224	16,721	183,518	53,240	-	335,703
Cost of sales	(67,530)	(21,074)	(141,609)	(43,397)	-	(273,610)
Administrative, selling and distribution expenses	(640)	(1,996)	(55,174)	(505)	-	(58,315)
Interest income	148	-	-	-	-	148
Finance expenses	(38)	(4,016)	-	-	-	(4,054)
Profit (loss) for the year before income tax	14,164	(10,365)	(13,265)	9,338	-	(128)
Income tax expense	(2,830)	-	-	(1,867)	-	(4,697)
Profit (loss) for the year	11,334	(10,365)	(13,265)	7,471	-	(4,825)
Percentage of ownership	46%	27.38%	48%	46%	-	-
Group's share from current year income	5,214	(2,838)	(6,367)	3,437	-	(554)
Group's share from prior years income*	-	(77)	(89)	-	-	(166)
Elimination of Group's share of associate's income related to transactions between the Group and associates	-	-	-	441	-	441
Group's share of associates' profit (loss)	**5,214**	**(2,915)**	**(6,456)**	**3,878**	**-**	**(279)**

Prior year adjustments represent differences between draft financial statements and final audited financial statements of the company.

B- JOINT VENTURES:

The below schedule presents the Group's investment in joint ventures noting that Jordan Industrial Ports Co. and PT Kaltim Jordan Abadi Co. have not yet commenced operations:

	Country of incorporation	Nature of activity	Ownership	2016	2015
			%	Thousands of dinars	Thousands of dinars
Indonesian project – Petro Jordan Abadi Company	Indonesia	Phosphoric Acid production	50	9,951	19,222
Jordan Industrial Ports Company	Jordan	Shipping services	50	34,948	12,455
				44,899	**31,677**

The movement on the investment in joint ventures is as follows:

	2016	2015
	Thousands of dinars	Thousands of dinars
At 1 January	31,677	26,941
Group's share of (loss) profit for the year	(9,473)	5
Increase in investment in Industrial Ports Company**	22,000	5,000
Elimination of Group's share of associate's income related to transactions between the Group and joint venture	695	(269)
At 31 December	44,899	31,677

** Industrial pats company has increased its paid in capital during 2016 by JD 44,000 thousand to reach JD 70,000 thousand. JPMC's share of the increase amounted to JD 22,000 thousand.

The below schedules summarizes financial information for the Group's major joint ventures:

2016	Indonesian project – Petro Jordan Abadi Company	Jordan Industrial Ports Company	Total
	Thousands of dinars	Thousands of dinars	Thousands of dinars
Current assets	24,707	31,468	56,175
Non-current assets	141,434	56,586	198,020
Current liabilities	(73,659)	(18,158)	(91,817)
Non-current liabilities	(71,930)	-	(71,930)
Net equity	20,552	69,896	90,448
Percentage of ownership	50%	50%	
Group's share in net equity	10,276	34,948	45,224
Elimination of group's share of the income related to transactions between the Group and joint ventures	(325)	-	(325)
Group's share in net equity	**9,951**	**34,948**	**44,899**
Group's share in revenues and joint ventures			
Revenues	54,919	4,208	59,127
Cost of sales	(68,528)	(3,185)	(71,713)
Administration expenses	(1,566)	(735)	(2,301)
Interest income	9	-	9
Finance expense	(4,326)	-	(4,326)
Other revenues	158	924	1,082
Loss for the year	(19,334)	1,212	(18,122)
Percentage of ownership	50%	50%	
Group's share of the year income	(9,667)	606	(9,061)
Group's share of prior year income***	(299)	(113)	(412)
Group's share of profit (loss) from joint ventures	**(9,966)**	**493**	**(9,473)**

2015	Indonesian project – Petro Jordan Abadi Company	Jordan Industrial Ports Company	Total
	Thousands of dinars	Thousands of dinars	Thousands of dinars
Current assets	29,864	35,080	64,944
Non-current assets	148,659	23,845	172,504
Current liabilities	(55,887)	(22,015)	(77,902)
Non-current liabilities	(82,153)	-	(82,153)
Net equity	40,483	36,910	77,393
Percentage of ownership	50%	50%	
Group's share in net equity	20,242	18,455	38,697
Group's share from partner's current account	-	(6,000)	(6,000)
Elimination of group's share of income related to transactions between the Group and joint ven-tures	(1,020)	-	(1,020)
Group's share in net equity	**19,222**	**12,455**	**31,677**
Group's share in revenues and joint ventures			
Revenues	24,471	-	24,471
Cost of sales	(21,131)	-	(21,131)
Administration and selling and distribution expenses	(1,322)	(403)	(1,725)
Interest revenue	7	-	7
Finance cost	(1,996)	-	(1,996)
Other revenues, net	496	-	496
Profit (loss) for the year	525	(403)	122
Percentage of ownership	50%	50%	
Group's share of the year results	263	(202)	61
Group's share of prior year results***	-	(56)	(56)
Group's share of profit (loss) from joint ventures	**263**	**(258)**	**5**

*** Prior year adjustments represent differences between draft financial statements and final audited financial statements of Jordan Industrial Ports Company.

The estimated cost to renovate the industrial port of Aqaba as of 31 December 2016 is approximate JD 79,728 thousand where JPMC share of which is JD 39,864 thousand.

6- INTANGIBLE ASSETS

The details of this item is as follows:

	2016	2015
	Thousands of dinars	Thousands of dinars
Fertilizers unit goodwill*	16,680	20,754
New phosphate port**	146,265	152,624
	162,945	173,378

* FERTILIZERS UNIT GOODWILL:

During 1986 the Group acquired Jordan Fertilizers Industry Company ("JFIC" or "the Fertilizers Unit") regarding the Economic Security Committee decision no. 16/86 dated 15 June 1986, whereby all assets and certain liabilities have been transferred to the Group.

Goodwill represents the excess of the cost of purchase over the Group's interest in the net fair value of the JFIC identifiable assets and liabilities at the date of acquisition in 1996.

Impairment test of goodwill

The recoverable amount of the Fertilizers Unit has been determined based on the value in use calculation using the projected cash flows based on financial budgets and projections prepared by the Group. The pre-tax discount rate applied is 14.1%. The projections were prepared based on the production capacity and the expected prices of raw material and finished goods as published by specialized international organization. Based on the impairment test of goodwill results an impairment loss of 4,074 thousand was recorded.

Key assumptions used:

The key assumptions to calculate the value in use for the Fertilizers Unit and which were used by management to prepare the projected cash flows for the impairment test of goodwill were as follows:

Projected sales:

The quantities sold during 2016 were used to build up the projected 5 years future sales.

Projected costs:

Except for raw material prices, the actual levels of costs in 2016 were used to build up the projected 5 years cost.

Discount rate:

The discount rate used reflects the management's estimate of the risks specific to the fertilizer unit and to the industry to determine the weighted average cost of capital which represent the discount rate used of 14.1%.

Raw materials and selling prices:

Estimated selling prices and prices of raw materials are based on management expectations. Fertilizers chemical products prices are obtained from published information issued from international specialized organization and it has been adjusted on historical cost to reflect the purchase prices including Cost and Freight (CFR) Aqaba / Jordan.

Sensitivity to changes in assumptions:

With regard to the assessment of value in use of the fertilizer unit, management believes that no reasonably possible changes in any other above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

** NEW PHOSPHATE PORT:

During 2014, the Company capitalized the new phosphate port project as intangible assets in accordance with IFRIC 12 (Service Concession Arrangements), where the total cost of the project represents the license to use and operate the new port for a period of 26 years, after that the port will be handed over to Aqaba Development Corporation / Aqaba Special Economic Zone Authority. The Company started to amortize the intangible assets related to the new phosphate port terminal from the first of January 2014. The amortization expense for the year ended 31 December 2016 amounted to JD 6,359 thousand (2015: JD 6,359 thousand) was recorded within new phosphate port terminal expenses (Note 37).

Movement on new phosphate port is as follows.

	2016	2015
	Thousands of dinars	Thousands of dinars
At 1 January	152,624	158,983
Amortization for the year	(6,359)	(6,359)
At 31 December	146,265	152,624

*** This amount represents the asset deferral provision when the license to use and operate the new port expires. The obligation is measured at the present value of estimated future cash flows using an average interest rate of 6.5%. The balance of asset deferral provision is JD 13,775 thousand as of 31 December 2016 (2015: JD 12,993 thousand).

The movement on the asset deferred provision is as follows:

	2016	2015
	Thousands of dinars	Thousands of dinars
At 1 January	12,993	12,197
Present value discount	782	796
At 31 December	13,775	12,993

7- EMPLOYEES' HOUSING LOANS

	2016	2015
	Thousands of dinars	Thousands of dinars
At 1 January	6,378	6,199
Net movement during the year	(801)	1,544
Present value discount	(96)	(1,365)
At 31 December	5,481	6,378

The Group grants its classified employees, who have been in service with the Group for not less than seven years, interest-free housing loans at a maximum amount of JD 30 thousand per employee. The loans are repayable in monthly installments, deducted from the employees' monthly salaries over a period not to exceed 15 years. These loans are guaranteed by a mortgage over the real estate.

Housing loans are initially recorded at fair value which is calculated by discounting the monthly installments to their present value using an interest rate which approximates the interest rate for similar commercial loans, and subsequently measured at amortized cost using the effective interest rate method.

8- FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2016	2015
	Thousands of dinars	Thousands of dinars
Quoted shares	174	249
Unquoted shares*	278	278
	452	527

* Unquoted financial assets at fair value through other comprehensive income are recorded at cost, the Group's management believes that book values of these assets do not materially vary from their fair value as of 31 December 2016 and 2015.

The Group's ownership percentage in some of these investments exceeds 20% of investees' net assets, and are not classified as investments in associates due to a board decision. Therefore, these investments are classified as financial assets at fair value through other comprehensive income.

9- LOANS RECEIVABLE

The balance represents loans granted to associated companies of the Group (Jordan Abyad Fertilizers and Chemicals Company, Manajim for Mining Improvements Company and Jordan India Fertilizers Company). Long-term loans receivable are subject to annual interest rates between 6% and 8.25%.

		2016		2015	
		Loan payments		Loan payments	
	Currency	Due within one year Thousands of dinars	long-term Thousands of dinars	Due within one year Thousands of dinars	long-term Thousands of dinars
Jordan India Fertilizers Company (Note 5)	USD	-	-	16,312	-
Jordan Abyad Fertilizers and Chemicals Company – net*	USD	-	3,564	-	2,174
Jordan Abyad Fertilizers and Chemicals Company – net*	JD	-	3,217	-	4,402
Manajim for Mining Improvements	JD	-	-	3,250	-
		-	**6,781**	**19,562**	**6,576**

* Included in this item an amount of JD 2,498 thousand, which represents the net present value of the debit loans related to Jordan Abyad Fertilizers and Chemicals Company, calculated based on the expected future cash inflows using the market weighted average interest rate.

10- PRODUCTION AND DEVELOPMENT STRIPPING COSTS

Movement on the production stripping cost is as follows:

	2016	2015
	Thousands of dinars	Thousands of dinars
At 1 January	28,664	33,360
Additions for the year	14,680	7,287
Amortization for the year	(13,250)	(12,424)
(Elimination) addition of Group's share of associate's income related to transactions between the Group and associates	(34)	441
At 31 December	**30,060**	**28,664**

11- INVENTORIES, SPARE PARTS AND SUPPLIES

	2016	2015
	Thousands of dinars	Thousands of dinars
Finished goods	54,081	61,009
Work in progress (Note 35)	35,775	44,455
Raw materials	24,424	19,893
Inventory held by contractors	12,534	11,392
Spare parts and supplies	95,789	94,199
	222,603	230,948
Provision for slow moving spare parts*	(22,709)	(20,664)
	199,894	**210,284**

Movement in the provision for slow-moving spare parts was as follows:

	2016	2015
	Thousands of dinars	Thousands of dinars
At 1 January	20,664	19,663
Provision for the year	2,045	1,001
At 31 December	**22,709**	**20,664**

12- ACCOUNTS RECEIVABLE

	2016	2015
	Thousands of dinars	Thousands of dinars
Trade receivables	60,129	68,333
Due from associated companies (Note 39)*	81,891	65,718
Other	7,700	7,446
	149,720	**141,497**
Allowance for doubtful debts	(20,961)	(20,961)
	128,759	**120,536**

* Included in this item an amount of JD 5,076 thousand which represents the net present value of the amount due from Jordan Abyad Fertilizers and Chemicals Company, calculated based on the expected future cash inflows using the market weighted average interest rate.

The Group's policy with regard to trade receivables and related parties receivables is a collection period that does not exceed 90 days.

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

	Neither past due nor impaired			
	Less than 90 days	90 – 180 days	More than 180 days	Total
	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars
2016	16,461	30,407	81,891	128,759
2015	47,164	7,654	65,718	120,536

The management of the Group expects unimpaired receivables, on the basis of past experience, to be fully recoverable. The majority of the Group's sales are made through letter of credits.

13- OTHER CURRENT ASSETS

	2016	2015
	Thousands of dinars	Thousands of dinars
Payments on letters of credit	10,872	7,073
Advance payments on sales tax	6,934	6,113
Prepaid expenses	4,987	4,020
Accrued interest revenue*	2,452	2,859
Others	425	384
	25,670	**20,449**

* Included in this item an amount of JD 975 thousand which represents the net present value of the accrued interest of debit loan related to Jordan Abyad Fertilizers and Chemicals Company, calculated based on the expected future cash inflows using the market weighted average interest rate.

14- CASH ON HAND AND AT BANKS

For the purpose of the consolidated statement of cash flow, cash and cash equivalents consist of the following amounts which appears in the consolidated statement of financial position:

	2016	2015
	Thousands of dinars	Thousands of dinars
Cash at banks*	13,682	41,814
Cash on hand	63	98
	13,745	**41,912**
Less: Bank overdrafts (Note 22)	(101,512)	(70,417)
	(87,767)	**(28,505)**

* Cash at banks include current accounts in United States Dollars bearing annual average interest rate of maximum 1% for the years ended 31 December 2016 and 2015.

Cash at banks include short-term deposits accounts in Jordanian Dinars bearing annual interest rate average between 3% and 3,75% (2015: Between 4% and 5%).

15- EQUITY ATTRIBUTABLE TO EQUITY HOLDERS

Paid-in capital

The Group's authorized, subscribed and issued capital amounted to JD 82,500 thousand which comprises of 82,500 thousand shares at par value of JD 1 per share. The general assembly for JPMC plc shareholders has decided in the normal meeting held on April 14th 2016 to officially approve a capitalization of JD 7,500 thousand from retained earnings and distribution as free share on shareholders.

Statutory reserve

As required by the Jordanian Companies Law, 10% of the annual net income for the year before income tax is to be transferred to the statutory reserve until it reaches 25% of the Group capital. However the Group may continue transferring to the statutory reserve up to 100% of the Group capital if general assembly approval is obtained. This reserve is not available for distribution to the shareholders.

Voluntary reserve

The amount accumulated in this reserve represents the transfers from net income before income tax at a maximum of 20%. This reserve is available for distribution to the shareholders.

Special reserve

The amount accumulated in this reserve represents the transfers from net income before income tax at a maximum of 20%. This reserve is available for distribution to the shareholders.

16- LOANS

		2016		2015	
		Due within one year	Long-term	Due within one year	Long-term
	Currency	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars
International Finance Corporation	USD	11,681	11,625	11,680	23,306
Arab Bank loan (1)	USD	-	40,427	-	-
Arab Jordanian Investment Bank	USD	-	2,124	-	-
Arab Bank loan	USD	-	-	4,885	-
Housing Bank for Trade and finance Loan	USD	7,080	21,240	7,080	24,780
Union Bank Loan	USD	2,832	8,496	2,832	11,328
Arab Banking Corporation revolving loan	USD	7,074	-	7,080	-
Arab Bank revolving loan (2)	USD	7,080	-	7,080	-
Capital Bank	USD	2,961	-	-	-
		38,708	**83,912**	**40,637**	**59,414**

International Finance Corporation (IFC) Loan

On 26 March 2010, Group signed a loan agreement with the International Finance Corporation (IFC) in the amount of USD 110 million for a period of nine years including two years grace period and payable in 14 equal semi-annually installments amounting to JD 5,840 thousand for each installment at an interest rate of six months LIBOR +3.5%. The loan is divided into two parts: loan (A) in the amount of USD 50 million and loan (B) in the amount of USD 60 million. The purpose of the loan agreement is to finance the construction and operation of new rock phosphate terminal in the southern industrial zone in the port of Aqaba on (Building Operating and Transfer) BOT basis. The new terminal total cost was JD 153,144 thousand. The first installment for both loans (A) and (B) was paid on 15 June 2012, and the last installment for both loans (A) and (B) will be due on 15 December 2018.

Arab Bank Loan (1)

Jordan Phosphate Mining Company signed a USD 96 Million loan agreement with Arab Bank. On January 5, 2016 the first part of the loan agreement with the amount of USD 50 Million was signed between the group and Arab Bank. On July 21, 2016 the second part of the loan agreement with the amount of USD 46 Million was signed between the Group and the Arab Bank, in order to fully finance Jordan Phosphate Mining Company's share in industrial Jordanian Ports Company to develop and update the industrial port in Aqaba. The loan holds a LIBOR interest rate of 6 months adding to it Margin of 2.75% for the first 7 years of loan period. With Libor price of 6 months adding the margin of 2.8% from the 8th year till the end of loan period, the loan has a 15 years period including 2 years grace period. The loan is paid through equally semiannually installments, the value of each USD 3,65 Million. The first installment is due on January 15, 2018, and the last installment is payable on July 15, 2030. The first part of the loan was with routed during the first quarter of 2016. An amount of USD 7.1 Million was dratted from second part of the loan during the first Quarter of 2016.

Certain loan agreements contains coveralls relating to financial periods in the Groups financial statements, other terms apply. Moreover, these loan agreements gives the lender the whole right to ask for full payment of loans amount in case covenants of non – compliance with the agreed upon terms.

Arab Jordanian Investment Bank

On December 27, 2016 a loan agreement was signed with Arab Jordanian Investment Bank with the amount of USD 3 Million, having the LIBOR interest rate of 3 months+ 3%, with a minimums of 3% annual interest loan for a 4 years period that includes a one year grace period. The loan is payable through quarterly paid installments, that starts after the passing of 12 months of singing the agreement. The first installments is due on January 15, 2018, and the last installment is due on July 15, 2020.

Housing Bank for Trade and Finance Loan

On 22 December 2015, the Group signed a loan agreement with Housing Bank (Bahrain Branch) in the amount of USD 50 million to finance employees end-of-service expense bearing an interest rate of 3 months LIBOR + 3% with a minimum interest rate of 4% yearly. The loan is payable in 10 equal semiannual installments of USD 5 million. The loan was fully utilized on 6 January 2015. The first installment was paid on 22 December 2015 and the last installment will be due on 15 May 2020. The Bank is entitled to guarantee claims in case the average price per phosphate ton decrease by less than USD 60.

Union Bank Loan

On 6 October 2015, the Group signed an agreement with Union Bank in the amount of USD 20 million to finance the compensation and end-of-service fund bearing an interest rate of 3 months LIBOR + 2.75% with a minimum interest rate of 3.25% yearly. The loan's duration is 6 years with a grace period of 1 year. The loan is payable in 5 annual installments of USD 4 million. First installment is payable on 6 October 2016 and last installment on 6 October 2020.

Arab Banking Corporation Revolving Loan

On 22 May 2014, the Group signed a revolving loan agreement with Arab Banking Corporation with a ceiling of USD 10 Million to finance the working capital, at an annual interest of one month LIBOR + 1.5%. The loan was fully utilized during 2014 and should be fully paid within maximum 13 months from the utilization date.

Arab Bank Revolving Loan (2)

On 3 July 2014, the Group signed a revolving loan agreement with Arab Bank with a ceiling of USD 10 Million to finance to finance letters of credit, at an annual interest of one month LIBOR +2%. The loan was fully utilized during 2014 and should be fully paid within 1 month from the utilization date and / or the collection date of the letter of credit from customers, whichever is earlier.

Capital Bank Loan

On November 27, 2016 the Group has used credit with the amount at USD 4,183 thousand with 3.6% interest rate. The loan is due within 6 months of withdrawal date.

Loans repayments schedule:

The aggregate amounts of annual principal maturities of long-term loan are as follows:

Year	Amount in JD' 000
2018	25,146
2019	13,520
Thereafter	45,246
	83,912

Certain loan agreements contain covenants relating to financial ratios and others relating to additional borrowings. The loan agreements give the lender the right to ask for full repayment of the loans in case of non-compliance with the stated covenants.

The loan agreement with the International Finance Corporation stipulates that the Group do not enter into any agreement or arrangement to lease any property or equipment of any kind, except the Land Lease and only to the extent the aggregate lease payments do not exceed the equivalent of USD 10,000,000 (equivalent to JD 7,080,000) in any Financial Year. Furthermore, the agreement stipulates that the Group does not enter into any Derivative Transaction or assume the obligations of any party to any Derivative Transaction. The agreement also stipulates that the JPMC should maintain a debt service ratio of not less than 1.5 times, a current ratio of not less than 1.5 times and liabilities to net equity ratio not more than 2 times.

The Group did not comply with the covenants of the International Finance Corporation loan agreement, when current assets to current liabilities ratio has reached 1.2 as of December 31, 2016, noting that the Group has received a waiver letter form loan the IFC on March 17 2016, where the current assets to current liabilities ration was adjusted to be 1.2 instead of 1.5 for 18 months period starting from January 1, 2016 till June 30, 2017. Also, the Group didn't comply with the debt solvency ratio which have reached .73 point instead of 1.5 points, the group is working with the International Finance Corporation to obtain a waiver letter during April 2017.

The loan agreement with Arab Bank stipulates that the Group do not enter into an agreement with another bank for an amount exceeding USD 50 million without the bank's prior approval, Furthermore, the agreement stipulates that JPMC should maintain a debt service ratio of not less than 1.25 times and a current ratio of not less than 1.2 times and liabilities to net equity ratio not more than 1.5 times. Furthermore, the agreement stipulates that the group does not pledge it's shares in the Industrial Ports Company to other party without the bank's prior approval, also the Group do not distribute Dividends exceeding 75% of the Company's capital, also no distributions should be made when loan installments are due.

The Group did not comply with some of the Arab Bank covenants, when debt solvency ratio was 0.73 instead of 1.5. The Group has received a waiver letter from Arab Bank in16 March 2017 for a year starting 1 January 2017.

17- COMPENSATION AND END-OF-SERVICE INDEMNITY PROVISIONS

The movement on the end-of-service indemnity provision is as follow:

	2016				
	Compensation Fund**	Engineers Specialty Allowances****	End of Service Bonus Compensation*****	Six months Bonus compensation	Total
	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars
At 1 January	4,233	18	10,625	280	15,156
Provision during the year	30	-	197	56	283
Payments during the year	(4,080)	-	-	(21)	(4,101)
At 31 December	**183**	**18**	**10,822**	**315**	**11,338**

	2015					
	Compensation Fund**	Employee End-of-Service Indemnity***	Engineers Specialty Allowances****	End of Service Bonus Compensation****	Six months Bonus compensation	Total
	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars
At 1 January	4,333	74	18	29,201	2,649	36,275
Provision during the year	577	13	-	1,141	318	2,049
Transfers to employees*	-	-	-	(19,427)	(2,499)	(21,926)
Payments during the year	(677)	(87)	-	(422)	(188)	(1,374)
Actuarial gain	-	-	-	132	-	132
At 31 December	**4,233**	**-**	**18**	**10,625**	**280**	**15,156**

* Transfers includes the following:

	2016	2015
	Thousands of dinars	Thousands of dinars
Transferred to Death and Compensation Fund (note 21)	-	15,762
Transferred to employee incentive provision (note 34)	-	3,509
Released during the year	-	2,655
	-	**21,926**

** Starting on 1 January 1981, all employees became entitled to be included in the Compensation Fund (ESCF). The Fund contributions were divided between the employee and the employer. Effective 1 August 1999, the employer's share was amended to become JD 310 and the employee share JD 140 as the total entitlement became JD 450 annually. The Fund balance as of 31 December 2016 represents the accumulated funds that have vested to some employees; the Company's contributions are recognized as an expense when incurred, under administrative expenses.

*** During 1999 the Company calculated the engineers specialty allowances provision, per a value form count of cassation that includes a final verdict to previous Company's employee that makes the Company pay a premium for spatiality for employees as part of end of service indemnity.

**** The Company calculated the provision for employees' end-of-service bonus based on JD 1,000 per each service year for each employee in accordance with the signed agreement with the Jordanian Mines Employees Labor Union on 9 June 2011 and according to the Board of Directors decisions made on the 2 July, 2011 and 28 July 2011 which set the end of service bonus basis.

End-of-service bonus is earned based on years of service. The Company determined its liability for defined end of service bonus as the present value of the obligation at the date of the consolidated financial statements. The obligation resulting from the end-of-service bonus compensation plan is determined using the projected unit credit method and it is computed by an actuarial expert.

This provision includes a surplus of JD 9 Million no decision was taken to transfer this surplus to death and compensation Fund.

Details of employees end-of-service indemnity expense as presented on the consolidated statement of income is as follows:

	2016	2015
	Thousands of dinars	Thousands of dinars
Interest cost	90	511
Cost of current service	107	630
Reversed employees incentives provision	-	(19,427)
	197	**(18,286)**

18- EARLY RETIREMENT OBLIGATIONS

The following table reconciles the funded status of the defined benefit plan (early retirement plan) to the amount recognized in the statement of financial position:

	2016	2015
	Thousands of dinars	Thousands of dinars
Present value of unfunded obligation	137	1,382
Curtailments and settlements	(137)	(1,245)
Liability recognized in the consolidated statement of financial position	-	137

The movements in the liability recognized in the consolidated statement of financial position were as follows:

	2016	2015
	Thousands of dinars	Thousands of dinars
At 1 January	137	1,382
Early retirement expense	-	90
Payments of bonuses and salary difference to retirees	(118)	(417)
Provision reduction during year*	(19)	(918)
Net liability at 31 December	**-**	**137**

19- ACCOUNTS PAYABLE

	2016	2015
	Thousands of dinars	Thousands of dinars
Due to associates (Note 39)	49,270	51,040
Due to contractors	13,817	8,084
Due to foreign suppliers	3,418	870
Due to local suppliers	1,620	2,492
Electricity company	5,926	13,090
Other	5,164	3,452
	79,215	**79,028**

20- ACCRUED EXPENSES

	2016	2015
	Thousands of dinars	Thousands of dinars
Mining fees	8,846	17,623
Inventory held by contractors	12,534	11,392
Accrued contractors expense	6,721	6,725
Accrued production bonus	40	766
Accrued rent	139	2,568
Interest expense	476	393
Sales agents’ commissions	543	614
Freight and transportation fees	4,417	3,902
Demurrage and unloading expense	1,306	1,393
Sales rebates	1,481	1,368
Port fees	1,466	1,087
Fuel, electricity and water expenses	1,491	1,484
Accrued medical insurance	1,313	1,203
Accrued agriculture service fees	2,990	2,099
Accrued balances for affiliate companies	7,373	-
Other	3,289	3,972
	54,425	**56,589**

21- OTHER CURRENT LIABILITIES

	2016	2015
	Thousands of dinars	Thousands of dinars
Advanced collected payments	10,349	750
Deposits and other provisions	5,493	5,556
Death and compensation fund	2,982	1,431
Contractor retention	2,217	3,394
Cash received under letters of guarantees	2,357	2,357
Other	3,590	3,910
	26,988	**17,398**

* The movement on the Death and Compensation Fund is as follows:

	2016	2015
	Thousands of dinars	Thousands of dinars
At 1 January	1,431	-
Company's contribution	15,640	10,677
Employees contribution	862	1,105
Transferred form compensation and end-of-service provision (Note 17)	-	15,762
Transferred from other period	-	101
Paid during the year	(14,951)	(26,214)
At 31 December	**2,982**	**1,431**

During March 2015, the Group established a Death and Compensation Fund in accordance with the Board of Directors resolution dated 12 March 2015. The Fund is independent from the Group (financially and administratively) and is effective starting 1 April 2015.

The Fund resources consist of the following:

- Employees' contribution of 1% of gross salary subject to social security with a minimum annual contribution of JD 240.
- Company's contribution of 25% of gross monthly salaries subject to social security.
- Donations and grants.

The Fund grants the employees included in this Fund upon their end-of-service, an average of two-month salary bonus for each service year with a maximum of 23 service years. The salary bonus is determined based on the last salary subject to social security with a maximum salary of JD 4,000.

The Company's financial obligations toward the Fund is limited to the contribution of 25% of gross monthly salaries subject to social security. Accordingly, the Company is not legally obligated in case the Fund was not able to pay its obligations.

22- DUE TO BANKS

This balance represents the utilized amount of overdraft facilities granted by local banks with a ceiling of JD 37,500 thousand as of 31 December 2016 (2015: JD 46,500 thousand) for the JD accounts, and USD 71,500 thousand as of 31 December 2016 (2015: USD 60,500 thousand) for the USD accounts. The Group had an agreement with a local bank to exceed the ceiling of the USD overdraft facility by USD 18,000 thousand guaranteed by the export letters of credit received by the Company. Average interest rates on those overdrafts facilities ranged between 7.25% and 8.5% in 2016 (2015: between 7.25% and 8.5%) for the JD accounts, and LIBOR plus 1% to 2% for the USD accounts with a maximum of 4.875%.

23- INCOME TAX

Income tax expense (benefit) presented in the consolidated income statement represents the following:

	2016	2015
	Thousands of dinars	Thousands of dinars
Current year income tax	4,704	9,757
Amount released from deferred tax asset	1,147	8,261
Prior year tax	-	270
Deferred tax assets	(594)	(4,540)
	5,257	**13,748**

(A) Income tax payable

Movement in the provision for income tax was as follows:

	2016	2015
	Thousands of dinars	Thousands of dinars
At 1 January	3,599	434
Income tax expense for the year	4,704	9,757
Prior year’s tax	-	270
Income tax paid	(7,783)	(6,862)
At 31 December	**520**	**3,599**

(B) Reconciliation of the accounting profit to taxable profit

The details of computed income tax is as follows:

	2016					
	Phosphate	Fertilizer	*Indo Jordan	Nippon *Jordan	Al Ro'ya	Total
	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars
Accounting profit	(14,148)	(47,515)	(19,057)	(4,117)	(46)	(84,883)
Non-taxable profits	(10,662)	(3,463)	19,057	4,117	-	9,049
Non-deductible expenses	35,495	1,611	-	-	1,937	39,043
Taxable income	10,685	(49,367)	-	-	1,891	(36,791)
Provision for income tax	4,326	-	-	-	378	4,704
Effective income tax rate	-	-	-	-	-	-
Enacted income tax rate	24%	5%	-	-	20%	

	2015					
	Phosphate	Fertilizer	*Indo Jordan	Nippon *Jordan	Al Ro'ya	Total
	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars
Profit before tax	51,414	(17,642)	11,038	3,598	(14)	48,394
Non-taxable profits	(56,343)	(13,835)	(11,038)	(3,598)	-	(84,814)
Non-deductible expenses	30,553	4,289	-	-	1,232	36,074
Taxable income	25,624	(27,188)	-	-	1,218	(346)
Provision for income tax	9,513	-	-	-	244	9,757
Effective income tax rate	18.5%	-	-	-	-	20.2%
Enacted income tax rate	24%	5%	-	-	20%	-

* No income tax is calculated on Indo-Jordan's and Nippon Jordan's results because both companies are registered in the free zone which is exempted from the income tax at 100%.

(C) Deferred tax assets

Movement in the provision for income tax was as follows:

	2016	2015
	Thousands of dinars	Thousands of dinars
At 1 January	7,090	10,811
Additions during the year	594	4,540
Released during the year	(1,147)	(8,261)
At 31 December	6,537	7,090

The income tax provision for the year ended at 31 December 2016 has been calculated in accordance with the Income Tax Law No. (34) of 2014 and in accordance with the Aqaba Special Economic Authority Law (32) of 2000 for the Fertilizers Unit.

Phosphate Unit

The Company submitted its' tax declarations for the Phosphate Unit for the years 2014, 2013 and 2012. The Income and Sales Tax Department has reviewed the tax returns for the yeas 2013 and 2012 without final settlement as of the date of the consolidated financial statements, the tax return for the year 2014 has been accepted on the sample basis system. Regarding 2015, the Income and Sales Tax Department has not reviewed the records of the Phosphate Unit up to the date of the consolidated financial statements. The Company reached a final settlement with the income tax department for the Phosphate Unit up to 2011.

Fertilizer Unit

The Company submitted its' tax declarations for the Fertilizers Unit for the years 2015, 2014, 2013 and 2012. The Income and Sales Tax Department / Aqaba Special Economic Zone Authority has not reviewed the records of the Fertilizers Unit up to the date of the consolidated financial statements. The Income and Sales Tax Department / Aqaba Special Economic Zone Authority have reviewed the records of the Fertilizer Unit for the year 2011 and did not issue its' final report up to the date of the consolidated financial statements. The Company reached a final settlement with the income tax department / Aqaba Special Economic Zone Authority for the fertilizers Unit up to 2010.

24- SALES/ COST OF SALES

	Sales	Cost of sales	Gross profit
	Thousands of dinars	Thousands of dinars	Thousands of dinars
Phosphate unit	367,040	(235,718)	131,322
Fertilizers unit	99,172	(137,811)	(38,639)
Indo Jordan	40,875	(55,297)	(14,422)
Nippon	35,870	(37,448)	(1,578)
Trading in raw materials	6,740	(5,690)	1,050
	549,697	**(471,964)**	**77,733**

	2016	2015
	Thousands of dinars	Thousands of dinars
Finished goods at 1 January	61,009	53,247
Production costs (Note 35)	465,036	572,433
Finished goods at 31 December	(54,081)	(61,009)
	471,964	**564,671**

Included in the Fertilizer Unit's production costs are amounts of JD 2,012 thousand and JD 2,105 thousand for 2016 and 2015 respectively, which represent mining fees on rock phosphate used in the fertilizer unit production (Note 28).

25- SELLING AND MARKETING EXPENSES

	2016	2015
	Thousands of dinars	Thousands of dinars
Sales commissions	2,347	2,733
Export department	906	1,665
Packaging materials	501	686
Income tax on marine freight	280	345
Demurrage and unloading expenses	53	185
Bank charges on letters of credit	726	845
Governmental fees on agriculture services	891	876
Other sales and marketing expenses	3,671	2,110
	9,375	**9,445**

26- ADMINISTRATIVE EXPENSES

	2016	2015
	Thousands of dinars	Thousands of dinars
Salaries and wages	8,058	8,955
End-of-service benefits and compensation fund contributions	3,726	7,730
Paid vacations and end-of-service benefits	49	161
Employees Saving Fund contributions	370	384
Post-Retirement Health Insurance contributions	2,251	2,739
Employees' Health Insurance Fund contributions	345	393
Employer's Social Security contributions	962	880
Medical expenses	422	299
Travel and per diems	736	669
Depreciation	585	587
Post and telephone	163	173
Subscriptions and exhibitions	270	164
Legal expenses and lawyer fees	531	459
Rent	82	170
Advertising	133	203
Stationery	94	117
Utilities	224	241
Hospitality	219	202
Maintenance and spare parts	292	291
Scientific research and development	823	918
Fees, taxes and stamps	487	346
Insurance fees	72	109
Other	2,769	2,809
	23,663	**28,999**

27- RUSSIEFAH MINE EXPENSES

	2016	2015
	Thousands of dinars	Thousands of dinars
Salaries and wages	320	511
Employer's social security contributions	32	64
Employees Saving Fund contributions	12	18
Employees Health Insurance Fund contributions	28	35
Medical expenses	21	11
Scientific research and development	1,326	1,433
Depreciation	32	27
Other	126	438
	1,897	**2,537**

28- MINING FEES

The Group is subject to mining fees to the Jordanian Government on each ton of phosphate rocks exported, sold locally or used in the Group's projects. Mining fees is calculated as 5% of gross revenue or JD 1.42 per ton of phosphate, whichever is higher.

Mining fees incurred for the years 2016 and 2015 are as follows:

	2016	2015
	Thousands of dinars	Thousands of dinars
Mining fees on exported and locally sold Phosphate	19,195	22,809
Mining fees on Phosphate used by the Fertilizers Unit (Note 24)	2,012	2,105
	21,207	**24,914**

29- OTHER INCOME, NET

	2016	2015
	Thousands of dinars	Thousands of dinars
Net income from sales of supplies	(1,929)	1,091
Early vessels revenue	824	474
Dividends income	90	219
Reversed slow moving provision	(10,063)	-
Excess provisions released	-	4,206
Settlement of insurance claims	1,478	324
Other	3,437	4,128
	(6,163)	**10,442**

30- FINANCE COSTS

	2016	2015
	Thousands of dinars	Thousands of dinars
Interest on loans	4,216	3,894
Bank interest	4,956	5,484
Present value discount for phosphate port	782	796
Present value discount on due from related parties amounts	4,727	-
Other	124	1,378
	14,805	**11,552**

31- FINANCE INCOME

	2016	2015
	Thousands of dinars	Thousands of dinars
Interest income on banks' current accounts and deposits	715	1,344
Interest on loans receivable	591	1,130
	1,306	**2,474**

32- EARNINGS PER SHARE

	2016	2015
	Thousands of dinars	Thousands of dinars
Profit for the year attributable to Company's shareholders (thousand JD's)	(88,821)	33,764
Weighted average number of shares during the year (thousand shares)	82,500	75,000
	JD/Fils	**JD/Fils**
Basic earnings per share*	(1/077)	0/450

* The diluted losses / earnings per share attributable to Company's shareholders are equal to the basic earnings per share.

33- SEGMENT INFORMATION

The operating segments are organized and managed separately according to the nature of the products and service provided. Each segment represents a separate unit which is measured according to the reports used by the chief operating decision maker of the Group.

The Phosphate Unit extracts mines and sells phosphate in the local and international market as well as to associated companies.

The Fertilizer Unit purchases the phosphate from the Phosphate Unit and uses it in the production of Fertilizers and Phosphoric Acid and Aluminum Fluoride to be sold to the international and local markets as well as the associated companies.

Indo-Jordan (Subsidiary) produces phosphoric acid and other chemicals by-products and sells to international and associated companies.

Nippon (Subsidiary) produces fertilizers and other chemical by-products and sells to international and associated companies

The raw material trading unit purchases raw materials and explosives and uses them in mining and fertilizers production as well as selling them in the local and international market as well as the associated companies.

	Phosphate unit	Fertilizers unit	Indo-Jordan	Nippon	Other	Trading in Raw Materials	Eliminations	Total
31 December 2016	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars
Revenues								
External sales	367,040	99,172	40,875	35,870	-	6,740	-	549,697
Inter-segment sales	57,116	18,538	6,174	-	-	-	(81,828)	-
Total Sales	424,156	117,710	47,049	35,870	-	6,740	(81,828)	549,697
Cost of sales	(235,718)	(137,811)	(55,297)	(37,448)	-	(5,690)	-	(471,964)
Gross profit	188,438	(20,101)	(8,248)	(1,578)	-	1,050	(81,828)	77,733
Segment results								
(Loss) profit before tax, finance costs, interest income and exchange difference	(1,092)	(48,437)	(19,011)	(4,713)	(46)	1,050	-	(72,249)
Finance (costs) income and exchange difference	(13,002)	(182)	(46)	596	-	-	-	(12,634)
(Loss) profit before tax	(14,094)	(48,619)	(19,057)	(4,117)	(46)	1,050	-	(84,883)
(Loss) profit for the year	(18,924)	(48,667)	(19,057)	(4,117)	(425)	1,050	-	(90,140)
Share of profit of associates and joint ventures	(12,363)	-	-	-	-	-	-	(12,363)
Non-controlling interest	-	-	-	(1,319)	-	-	-	(1,319)
Other segment information								
Capital expenditures	1,909	4,979	2,308	700	33	-	-	9,929
Depreciation	7,224	8,310	8,550	995	154	-	-	25,233

31 December 2015								
Revenues								
External sales	423,614	113,459	90,270	96,090	-	26,741	-	750,174
Inter-segment sales	74,946	36,116	11,128	-	-	-	(122,190)	-
Total Sales	498,560	149,575	101,398	96,090	-	26,741	(122,190)	750,174
Cost of sales	(245,426)	(127,562)	(75,966)	(90,488)	-	(25,229)	-	(564,671)
Gross profit	253,134	22,013	25,432	5,602	-	1,512	(122,190)	185,503
Segment results								
Profit (loss) before tax, finance costs, interest income and exchange difference	60,629	(18,823)	11,166	2,769	(14)	1,512	-	57,239
Finance (costs) income and exchange difference	(9,208)	(338)	(128)	829	-	-	-	(8,845)
Profit (loss) before tax	51,421	(19,161)	11,038	3,598	(14)	1,512	-	48,394
Profit (loss) for the year	38,531	(19,775)	11,038	3,598	(258)	1,512	-	34,646
Share of profit of associates and joint ventures	(274)	-	-	-	-	-	-	(274)
Non-controlling interest	-	-	-	882	-	-	-	882
Other segment information								
Capital expenditures	8,333	4,727	3,431	323	2	-	-	16,816
Depreciation	6,415	6,217	8,526	980	157	-	-	22,295

Assets and Liabilities as at 31 December 2016	Phosphate unit	Fertilizers unit	Indo-Jordan	Nippon	Other	Total
	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars
Assets	532,031	213,142	87,273	29,303	1,100	862,849
Investment in associates and joint ventures	273,446	-	-	-	-	273,446
Liabilities	371,399	28,236	7,842	2,638	1,336	411,451

Assets and Liabilities as at 31 December 2015	Phosphate unit	Fertilizers unit	Indo-Jordan	Nippon	Other	Total
	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars
Assets	577,608	212,737	102,084	44,542	1,170	938,141
Investment in associates and joint ventures	236,042	-	-	-	-	236,042
Liabilities	328,074	21,978	4,890	249	774	355,965

Geographical segments

Following is a summary of sales by geographical areas:

	Phosphate unit	Fertilizers unit	Indo-Jordan	Nippon	Raw Materials	Total
	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars
2016						
Asia	261,322	93,041	34,095	28,455	-	416,913
Australia	5,462	-	-	-	-	5,462
Europe	11,894	5,237	-	5,439	-	22,570
Africa	-	88	1,528	1,831	-	3,447
Associated and joint ventures companies in Jordan	88,361	-	-	-	-	88,361
Other	1	806	5,252	145	6,740	12,944
	367,040	**99,172**	**40,875**	**35,870**	**6,740**	**549,697**
2015						
Asia	321,612	89,687	52,037	44,851	-	508,187
Australia	6,355	-	-	5,086	-	11,441
Europe	15,757	13,985	33,081	45,392	-	108,215
Africa	-	9,190	-	642	-	9,832
Associated companies, Jordan	79,890	-	-	-	-	79,890
Other	-	597	5,152	119	26,741	32,609
	423,614	**113,459**	**90,270**	**96,090**	**26,741**	**750,174**

The Group operates in the Hashemite Kingdom of Jordan, accordingly all of its assets and liabilities are within the territory of Jordan, except for the Indonesian project – Petro Jordan Abadi Company which is located in Indonesia.

34- OTHER PROVISIONS

The details of other provisions included in the consolidated statement of income are as follows:

	2016	2015
	Thousands of dinars	Thousands of dinars
Employees' incentives provision*	1,203	-
End-of-service bonus compensation provision (Note 17)	197	1,141
Bonus compensation – six months for subsidiaries (Note 17)	56	318
	1,456	**1,459**

The details of employees' incentives and retirees grants provision included in the consolidated statement of financial position are as follows:

	2016	2015
	Thousands of dinars	Thousands of dinars
Employees' incentives provision*	489	12
Employees' grants provision**	569	585
	1,058	**597**

* The employees' incentives provision for the year 2012 was calculated based on the Company's Board of Directors decision on 2 July 2011 approved an Early Retirement Incentive Plan for the year 2011 and its associated by-laws (the "Plan"). The Plan is applicable only to those employees who meet its conditions, whereby the Plan may not be combined with either the early retirement incentive plan for the year 2000 or with the end of service bonus. The Plan provides the following benefits to those employees who meet the conditions of the plan:

1. Granting a JD 1,000 bonus for each year of service as of the hiring date and until the termination date.
2. Granting a JD 1,000 bonus for each year of service as of the termination date until attaining the age of seniority (60 years of age for males and 55 years of age for females).
3. Granting a bonus equivalent to four salaries for each year in respect of the first five years of service, a bonus equivalent to three salaries for each year in respect of the second five years of service, a bonus equivalent to two salaries for each year in respect of the third five years of service. For purposes of computing the incentive provided for under the Plan, the remaining years of service must not, in all cases, exceed 10 years for females and 15 years for males.
4. Benefiting from the medical insurance coverage after retirement. Additionally, the employee who does not meet the conditions of the Plan, or the employee who chooses to leave the company but not take advantage of the early retirement program, still has the right to subscribe to the medical insurance coverage after retirement provided that the subscription must be paid for in advance.

Whereby eligibility to the Plan and its entitlements shall not affect the eligible employee's rights to receive his/her end-of-service benefits including the six-month bonus, the compensation and death fund entitlements, or the savings fund entitlements.

Movement on the employees' bonus provision is as follows:

	2016	2015
	Thousands of dinars	Thousands of dinars
At 1 January	12	24,310
Provision for the year	1,203	-
Transferred from end-of-service indemnity provision (Note 17)	-	3,509
Paid during the year	(726)	(27,807)
At 31 December	**489**	**12**

** On 29 February 2012, the Company's Board of Directors approved the decision to grant the Company's early retirees who retired on early retirement plan for the year 2000 an amount of JD 5,000 for each retiree.

On 20 February 2012, the Company's Board of Directors approved the decision to grant the Company's retirees who retired between the period from 1 January 2002 and 4 June 2011. The amount is calculated based on the following formula and the minimum amount is JD 8,000 for each retiree:

((50% x salary subject to social security x years of service) + (25% x salary subject to social security x remaining years from the termination date until the age of seniority)).

Movement on the employees' grants provision is as follows:

	2016	2015
	Thousands of dinars	Thousands of dinars
At 1 January	585	585
Paid during the year	(16)	-
At 31 December	**569**	**585**

35- PRODUCTION COSTS

	2016	2015
	Thousands of dinars	Thousands of dinars
Work in progress beginning balance	44,455	78,021
Add:		
Mining contractors	171,377	162,266
Raw materials	74,572	134,611
Raw materials purchases	5,690	25,229
Salaries and other benefits	89,399	90,066
Utilities	35,134	36,147
Fuel and oil	12,455	23,753
Spare parts and consumables	26,364	27,997
Depreciation	24,376	21,472
Other	16,989	17,326
Less: Work in progress ending balance	(35,775)	(44,455)
	465,036	**572,433**

36- SALARIES AND EMPLOYEES BENEFITS

	2016	2015
	Thousands of dinars	Thousands of dinars
Salaries and allowances	74,661	82,794
Present value of end-of-service bonus compensation	197	1,141
End-of-service and indemnity Fund	15,634	11,041
Social security	8,673	8,788
Saving Fund	2,710	2,930
Employees medical expenses	3,541	2,897
Employees families health insurance	3,356	3,401
The Company's share in the Health Insurance Fund / retirees	2,284	2,767
Employees meals subsidy	918	1,341
Paid end-of-service indemnity	2,286	6,552
	114,260	**123,652**

37- NEW PHOSPHATE PORT TERMINAL EXPENSES

	2016	2015
	Thousands of dinars	Thousands of dinars
Salaries, wages and other benefits	2,873	2,632
Water and electricity	1,279	1,341
Amortization (Note 6)	6,359	6,359
Property and equipment insurance	524	891
Rent	601	399
Other	361	171
	11,997	**11,793**

38- COMMITMENTS AND CONTINGENCIES

Guarantees and letters of credit

As of 31 December 2016, the outstanding letters of credit and letters of guarantee were JD 14,955 thousand and JD 2,856 thousand respectively (2015: JD 12,358 thousand and JD 2,868 thousand; respectively).

The Group has guaranteed 27.38% (Group's share of investment) of the syndicated loans and credit facilities managed by Jordan Ahli Bank, given to Jordan Abyad Fertilizers and Chemicals Company (Affiliate Company), amounting to JD 13,758 thousand as of 31 December 2016. On 6 November 2016, Jordan Ahli Bank credited JD 7,639 thousand to the Company's account, which represents the Company's share of the syndicated loan installment, the credit facilities granted and the accrued interest on Jordan Abyad Fertilizers and Chemicals Company. The company do not have any accounts at Al-Ahli Bank as of 31 December 2016.

The Group has guaranteed 50% of a guarantee issued to Aqaba development Company form Jordanian Industrial Ports Company (affiliate Company) as of December 31, 2016 amounting to JD 2,600 Thousand.

Operating Leases

During 2008, the Group had renewed the agreement with Aqaba Development Company by entering into an operating lease agreement for an area of 3,043 square meters for a period of forty nine years with an annual lease of JD 570 thousands, starting of 2016 the leased area was decreased to 3,022 square meters with the same terms with an annual lease of JD 567 thousands.

Litigation

The Group is a defendant in a number of lawsuits and claims in the ordinary course of business of approximately JD 1,626 thousand. The management of the Group believes that these lawsuits will not have a material effect on the financial statements.

During 1999, the Group withdrew the cash received under letters of guarantee that were issued by the German KHD Company in favor of the Group due to KHD’s noncompliance with the terms and conditions of the contract agreement. KHD is the prime contractor of the Company’s beneficiation and flotation plant project in the Shidiya.

During January 2000, KHD initiated a lawsuit in a Jordanian court against the Group’s withdrawal of the amount of the letters of guarantee and during February 2000, the Group filed a counter suit. Further, during March 2000, KHD started an arbitration procedure to be heard by the International Chamber of Commerce. The Jordanian Supreme Court had decided that KHD had waived its right to arbitration in the International Chamber of Commerce and, accordingly, Jordanian Courts are the relevant legal jurisdiction to hear the lawsuit and the case is still pending.

During October 2004, KHD filed a lawsuit against the Group, claiming amounts under the contract signed between the two parties in respect of the beneficiation and flotation plant project at Shidiya mine.

The total amount of claims relating to lawsuits relating to KHD is JD 12,564 thousand. The Group filed a counter-claim that has reached JD 27,659 thousand representing the cost incurred by the Group in fixing the errors made by KHD during the construction of the project.

Obligations related to rehabilitation of mines and factories

The Group’s activities are represented in industrial and mining rights, which may have an impact on the environment. The Group does not have a reliable estimate of this impact. The Group will perform a study to determine the environmental obligations “if any” as a result of the Group’s business.

39- RELATED PARTY TRANSACTIONS

Related parties represent balances with associated companies, major shareholders, directors and key management of the Group and the companies in which they are major shareholders in.

The Group entered into transactions with the associates, related parties and the Hashemite Kingdome of Jordan government in its normal course of business with pricing, policies and term.

The following is a summary of related parties transactions for the years ended 31 December 2016 and 2015:

	Related parties			Total	
	Associated Companies and Joint Ventures	Government of Jordan*	Others**	2016	2015
	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars
Consolidated statement of financial position items:					
Accounts receivable	81,891	-	17,433	99,324	87,405
Accounts payable	49,270	-	755	50,025	51,683
Debit loans	6,781	-	-	6,781	26,138
Accrued expenses	7,373	12,826	-	20,199	-
Off consolidated statement of financial position items:					
Guaranteed loans	16,358	-	-	16,358	11,777
Consolidated statement of income items:					
Sales	88,361	-	130,101	218,462	214,831
Purchases	153,820	-	5,695	159,515	152,086
Mining fees	21,207	-	-	21,207	24,914
Port fees	4,074	-	-	4,074	4,265
Other income	18,760	-	371	19,131	19,526
Land lease	-	4,568	-	4,568	4,708

The following transactions have been entered into with related parties:

* The Group purchases goods and services from companies /institutions owned by the Government of Jordan (Major shareholders). The total amounts paid to these companies / institutions amounted to JD 120,360 thousand and JD 98,766 thousand for the years ended 31 December 2016 and 2015 respectively.

** Others include balances and transactions with Jordan Phosphate Mines Company partners in associated companies and projects.

Compensation of the key management personnel was as follows:

	2016	2015
	Thousands of dinars	Thousands of dinars
Benefits (Salaries, wages, and other benefits) of senior executive management	1,048	1,056

End-of-service indemnity paid to key management personnel for the year 2016 amounted to JD Zero (2015: JD 441 thousand).

Main transactions with the Government of Jordan:

The nature of the main transactions with related parties was as follows:

- The Company is liable to pay mining fees to the Government of Jordan at rates determined by the government from time to time.
- The Company has an operating lease with the Government of Jordan / Aqaba Special Economic Zone Authority for the land which the Industrial Complex is built on.
- The Company has an operating lease with the Government of Jordan / Aqaba Special Economic Zone Authority for the land which the New Phosphate Port is built on (Note 6).

40- MATERIAL PARTY-OWNED SUBSIDIARIES

Financial information of subsidiaries in which non-controlling interest is material is as follows:

Company name	Country of incorporation	Nature of activity	Non-controlling interest	
			2016	2015
Nippon Jordan Fertilizers Company Limited	Jordan	Production and sale of fertilizers and chemical by-products	30%	30%

Summarized financial information of these subsidiaries are provided below. This information is based on amounts before inter-company elimination.

Accumulated balances of material non-controlling interest	2016	2015
	Thousands of dinars	Thousands of dinars
Nippon Jordan Fertilizers Company Limited	6,495	10,973

(Loss) profit attributable to material non-controlling interest	2016	2015
	Thousands of dinars	Thousands of dinars
(Loss) profit of Nippon Jordan Fertilizers Company Limited	(1,319)	882
Dividends of Nippon Jordan Fertilizers Company Limited	(3,159)	(232)

A. Summarized statement of financial position

	Nippon Jordan Fertilizers Company Limited	
	2016	2015
	Thousands of dinars	Thousands of dinars
Current assets	21,123	36,232
Non-current assets	7,951	8,219
Current liabilities	(7,217)	(7,702)
Non-current liabilities	(315)	(280)
Difference between book and market value at acquisition	**107**	**107**
Total equity	**21,649**	**36,576**
Non-controlling interest in equity	**6,495**	**10,973**

B. Summarized statement of profit and loss

	Nippon Jordan Fertilizers Company Limited	
	2016	2015
	Thousands of dinars	Thousands of dinars
Sales revenue	35,870	96,090
Cost of sales	(37,745)	(91,144)
Gross profit	**(1,875)**	**4,946**
Sales and marketing expenses	(909)	(1,393)
Administrative expenses	(1,676)	(1,602)
Operating profit	**(4,460)**	**1,951**
Interest revenue	583	923
Finance cost	(7)	(86)
Other (expense) revenue	(511)	153
Net (Loss) income for the year	**(4,395)**	**2,941**
Other comprehensive income	-	-
Total comprehensive income	**(4,395)**	**2,941**
Total comprehensive income attributable to non-controlling interest	**(1,319)**	**882**

C. Summarized statement of cash flow

	Nippon Jordan Fertilizers Company Limited	
	2016	2015
	Thousands of dinars	Thousands of dinars
Operating activities	(1,031)	9,697
Investing activities	202	625
Financing activities	(8,959)	(859)
Net (decrease) increase in cash and cash equivalents	(9,788)	9,463

41- FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments include financial assets and financial liabilities.

Financial assets include cash on hand and at banks, trade receivables, debt loans and selected other current assets as well as employee housing loans, financial liabilities include due to banks, accounts payable and other current liabilities.

Book values of financial instruments do not materially vary from their fair value.

The Group uses the following methods and alternatives of valuating and presenting the fair value of financial instruments:

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

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

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

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

	Level 1	Level 2	Level 3	Total
	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars
2016				
Financial assets				
Financial assets at fair value through other comprehensive income	174	-	-	174
Financial assets at fair value through profit and loss	182	-	-	182
2015				
Financial assets				
Financial assets at fair value through other comprehensive income	249	-	-	249
Financial assets at fair value through profit and loss	159	-	-	159

42- RISK MANAGEMENT

Interest rate risk

Credit risk is the risk that results from the changes in market value or future cash flows of financial instruments as a result of changes in interest rate.

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

The following table summaries the sensitivity analysis for the changes in the interest rates over the profit and loss for the Group as of 31 December computed on the Group's assets and liabilities bearing a variable interest rate, with all other variables held constant, on the consolidated statement of income:

2016	Increase in interest rates	Effect on profit
Currency	Basis points	Thousands of dinars
JOD	100	(348)
USD	100	(1,771)
Euro	100	-

2015	Increase in interest rates	Effect on profit
Currency	Basis points	Thousands of dinars
JOD	100	(102)
USD	100	(1,027)
Euro	100	1

The effect of decreases in interest rates by 100 basis points is expected to be equal and opposite to the effect of the increases shown above.

B) Equity price risk

The following table demonstrates the sensitivity of the Group's consolidated statement of income (for financial assets at fair value through profit and loss) and cumulative changes in fair value (for financial assets at fair value through other comprehensive income to reasonably possible changes in equity prices, with all other variables held constant.

2016	Change in Index	Effect on Profit	Effect on Equity
Index	%	JD ('000)	JD ('000)
Amman Stock Exchange	5	9	9
2015	Change in Index	Effect on Profit	Effect on Equity
Index	%	JD ('000)	JD ('000)
Amman Stock Exchange	5	8	12

The effect of decreases in equity prices with the same percentages is expected to be equal and opposite to the effect of the increases shown above.

C) Credit risk

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

The Group seeks to limit its credit risk with respect to banks by only dealing with reputable banks and with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables. The majority of the Group's sales are carried out through letters of credit.

The Group sells its products to a large number of phosphate and fertilizers customers. Its largest 8 customers account for 68% of outstanding accounts receivable at 31 December 2016 (2015: largest 8 customers 91%).

D) Liquidity risk

Liquidity risk is defined as the Group failure to provide the required funding to cover its obligations at their respective due dates.

The Group limits its liquidity risk by ensuring bank facilities are available.

The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 December 2016 and 2015, based on contractual payment dates and current market interest rates.

	Less than 3 months	3 to 12 months	1 to 5 years	Total
	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars
As of 31 December 2016				
Due to banks	2,030	107,603	-	109,633
Accounts payable	68,802	10,413	-	79,215
Term loans	-	40,004	87,049	127,053
Total	70,832	158,020	87,049	315,901

	Less than 3 months	3 to 12 months	1 to 5 years	Total
	Thousands of dinars	Thousands of dinars	Thousands of dinars	Thousands of dinars
As of 31 December 2015				
Due to banks	1,408	74,643	-	76,051
Accounts payable	68,615	10,413	-	79,028
Term loans	1,640	40,272	61,693	103,605
Total	71,663	125,328	61,693	258,684

E) Currency risk

Most of the Group's transactions are in Jordanian Dinars and US Dollars and Euro. The Jordanian Dinar exchange rate is fixed against the US Dollar (USD 1/41 JD). Accordingly, the Group is not exposed to significant currency risk in relation to the US Dollar.

43- CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2016 and 31 December 2015.

During its meeting held on 19 March 2016, the Company's Board of Directors approved the recommendation to the general assembly to capitalize an amount of JD 7,500 thousand from the retained earnings and distribute them to shareholders as stock dividends.

Capital comprises paid in capital, statutory reserve, voluntary reserve, special reserve and retained earnings, and is measured at JD 718,576 thousand as at 31 December 2016 (2015: JD 807,397 thousand).

Jordan Phosphate Mines Company P.L.C.

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