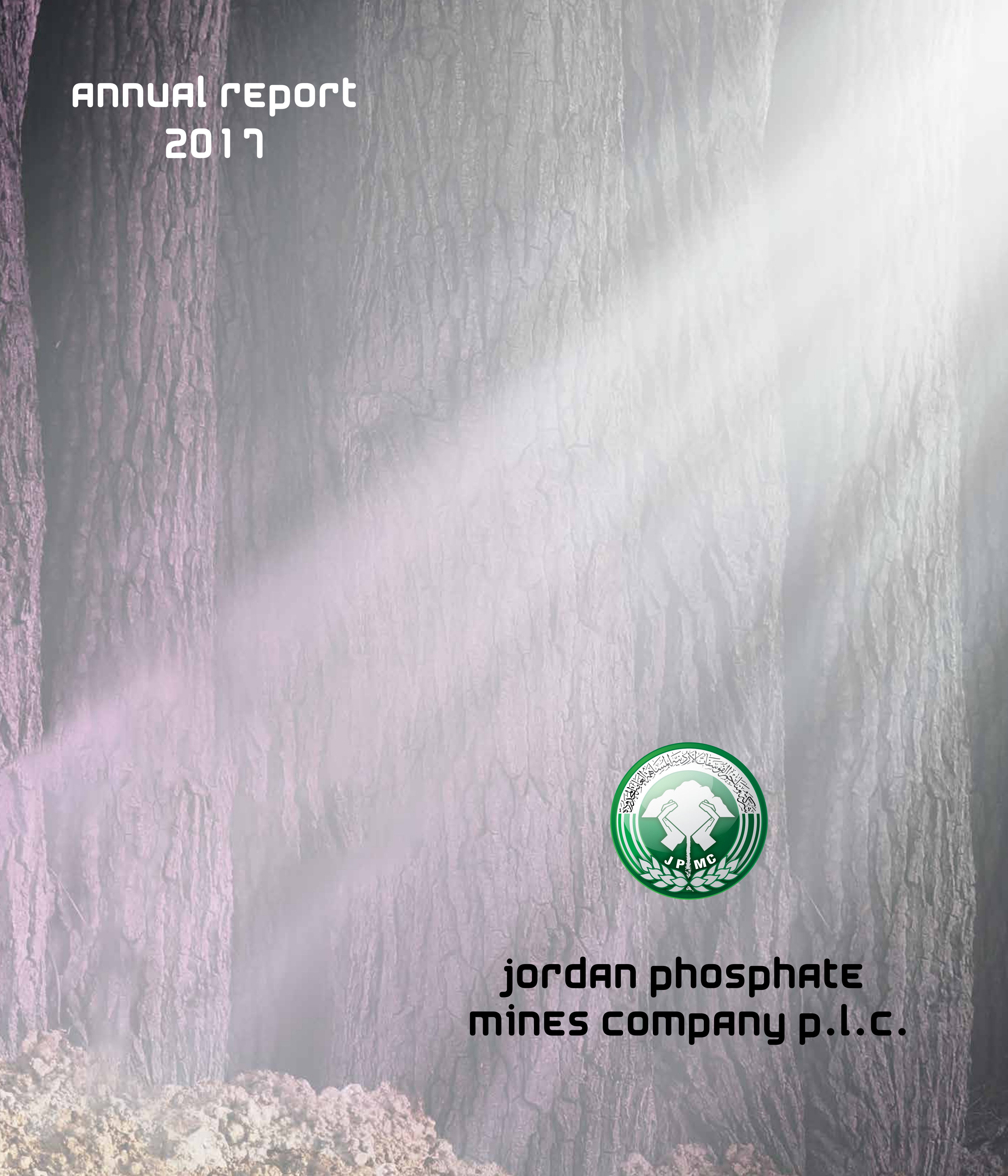
annual report 2017



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

The Sixty Forth Annual Report of the Board of Directors and
The Consolidated Financial Statements for the Year 2017

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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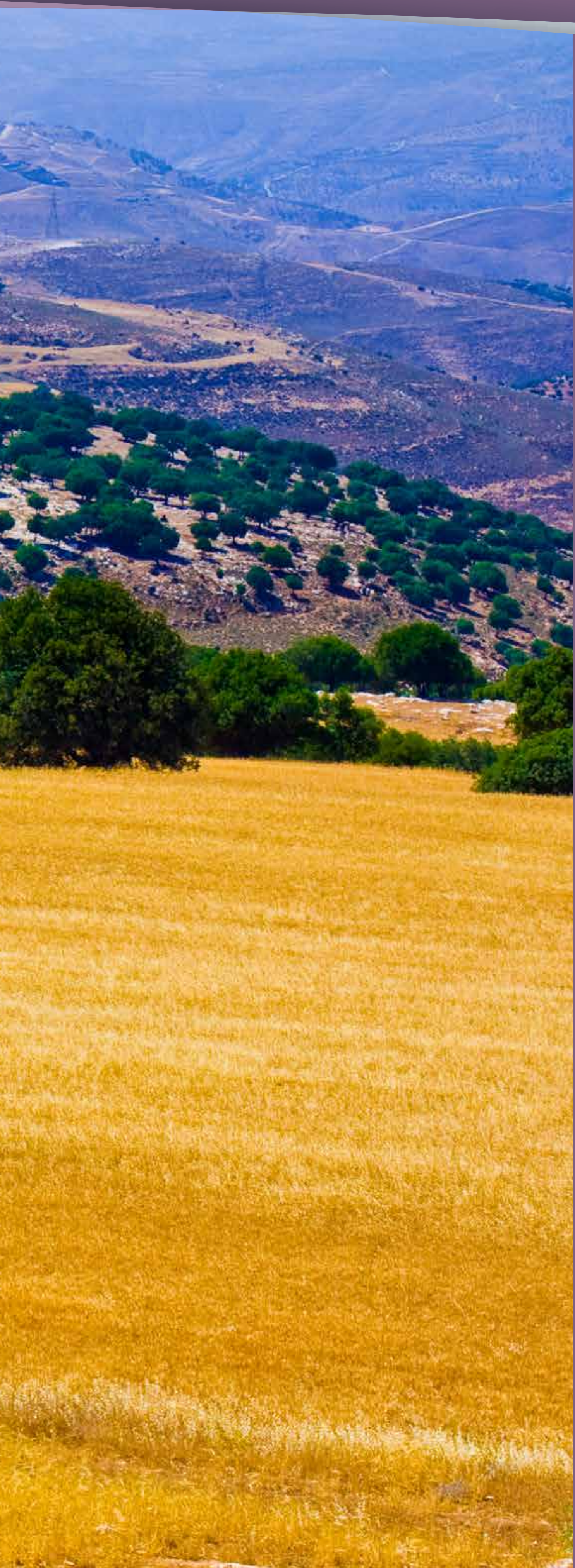


Board of Directors

Representatives of the Private Sector:

H.E. Dr. Mohammad Thneibat	Chairman of the Board	as of 28th March,2017 Member as of 28th March,2017
Eng. Abdelfattah AbuHassan	Member	
H.E. Eng. Amer Al-Majali	Chairman of the Board	until 28th March,2017

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

Dr. Adel Al-Sharkas	Deputy Chairman of the Board

Representatives of Kamil Holdings Limited:

H.E. Eng. Muzahim Muhaisin	Member	
Mr. Junaidi Masri	Member	
Mr. Mohammed Al-Hmoud	Member	as of 13rd Feb., 2017
Eng. Faisal Doudin	Member	until 13rd Feb., 2017

Representatives of Shareholdings Management Company - The Government of Jordan

Mr. Mohammad Kreishan	Member	as of 15th Jan., 2018	
Mr. Husam Abu Ali	Member		
Dr. Mohammad Al-Hazaimeh	Member	as of 16th Aug., 2017	until 15th Jan., 2018
Dr. Mukhalled Omari	Member	until 19th July, 2017	

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

Eng. Mohammad Al-Munaifi	Member

Chief Executive Officer:

Dr. Shafik Ashkar

Auditors:

Messrs. ERNST & YOUNG

The Chairman's Address to Shareholders

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

Distinguished Shareholders,

On behalf of the Board of Directors, I welcome you to this Ordinary General Assembly Meeting of the Jordan Phosphate Mines Company. We present to you the 64th Annual Report on the Company's business, activities and consolidated financial statements as at 31st December 2017.

In 2017, JPMC suffered from a persistent sharp decline in the prices of its products. In the past two years, the price of raw phosphate declined by 26%, and the price of phosphate fertilizers and compound fertilizers declined by 26.1%. In addition, the price of phosphoric acid has declined by 30% accompanied with a high increase in the price of sulphur and ammonia.

In keeping with the commitments made by both the Board of Directors and the Executive Management, the Board put a plan to stand the challenges presented by the falling prices and to take a series of measures to control expenditure. The result was a savings of JD 21 million during the second half of 2017, with the amount expected to double in 2018. The Board has also requested the Executive Management to review the Production & Marketing Plan for 2017 with the aim of increasing production and sales by 8% at least. This was achieved by virtue of the commendable efforts of the Executive Management, the staff and support from the Mines Workers Union. It lead to an increase in the production of phosphate ore by 700 thousand tonnes (8.7%), and foreign sales (exports) increased by 500 thousand tonnes (10.6%). In addition, the total cost for mining and phosphate production was reduced by JD 2.8 per tonne (approximately USD 4 per tonne and equivalent to 9% reduction). Human resource expenses were reduced by 2.7%. Production cost at the Industrial Complex and the cost of operating the second unit No. (76) for producing Phosphatic fertilizers (DAP) have been reduced as well. Production at Unit (76) stopped for a year and the restart without incurred extra maintenance cost. Marketing cost was reduced by (11%) and traveling expenses decreased by (70%) compared to 2016. Sale commissions were reduced as they have exceeded in 2016 than USD 3.5 million. At the same time, USD 23.6 million of the Company's debts was collected. Total debt amount is estimated at USD 115.7 million and no collections took place during the past two years.

Al-Abyad Fertilizer Company resumed operation at its plants after stopping for two years. It is expected to reduce the losses of this company this year. In terms of productivity and profitability, Al-Abyad is expected to get back to its regular condition in generating profits for JPMC. Thus, the Board of Directors and the Executive Management have fulfilled the commitments made to the General Assembly on 29th April 2017 in terms of developing a road map to rationalize spending, optimize the use of human and material resources, monitor the performance of joint ventures, collect Company debts and increase our presence in foreign markets. It is expected that new markets will open this year, and a few markets will be restored after being lost during the past years.

These measures helped to confront the sharp drop in the prices of phosphate and phosphate products, and in reducing losses during 2017 as they marked JD 46.6 million compared to JD 90 million in 2016 (a 50% reduction) although the phosphate fertilizer market witnessed further deterioration in 2017 compared to 2016. As for the mining works and based on adhering to the principles of transparency and competition, JPMC began issuing tenders for mining works. Other JPMC activities were tendered in order to achieve free competition. This will positively impact JPMC's business during the coming years.

In terms of financial management, JPMC's position has improved as a result of the increase in sales. Sales of crude phosphate reached 8.8 million tonnes, an increase of 900 thousand tonnes over 2016 sales. Also, 5.2 million tonnes were exported compared to 4.7 million tonnes in 2016; an increase of 500 thousand tonnes. JPMC sold 401 thousand tonnes of fertilizers (DAP) compared to 392 thousand tonnes in 2016. As a result, net sales in 2017 amounted to JD 586.7 million compared to JD 549.7 million in 2016, an increase of JD 37 million (6.7%). JPMC's assets amounted to JD 1,078 million and net shareholders' equity ownership was JD 678 million in 2017. The company formulated its work plan to increase the value of sales in 2018 to reach 8.9 million tonnes. This will be achieved by taking advantage of JPMC's assets including crushers, dryers and other infrastructure networks. In addition, annual production will be increased at Al-Hassa Mine from 750 thousand tonnes to 1.150 million tonnes of phosphate ore, which will prolong the production life of the Al-Hassa Mine, which will have its positive social and economic impacts on the local community.

Finally, we would like to thank the JPMC shareholders for monitoring our performance, and for their faith in our ability to continue to achieve despite the circumstances and challenges. I would also like to thank my fellow Board Members and the Executive Management for their efforts to improve the company's status. I would also like to thank our staff at all locations and their Union which supported JPMC's reform process.

I ask Allah, The Almighty, for guidance and progress for this economic enterprise in this great country under the leadership of His Majesty, King Abdullah II Ibn Al Hussein, may Allah protect him.

May Allah's peace, mercy and blessings be upon you.

Chairman of Board of Directors

Dr. Mohammad Thneibat

Board of Directors' Report

Distinguished Shareholders,

In accordance with the provisions of Article (171) of the Companies' Law No. (22) for the year 1997 and its amendments, and in application of Disclosure Instructions and Accounting and Auditing Standards for the year 2004, and in compliance with the provisions of Article (62) of the Articles of Association of JPMC, the Board of Directors of the Jordan Phosphate Mines Company Plc. hereby presents its sixty forth annual report, summarising of JPMC's operations and achievements during the fiscal year ending on December 31, 2017. The report also presents the results of JPMC operations, and its financial position as presented by the financial statements lists, which includes the consolidated Statement of Financial Position, the consolidated Statement of Income and Statement of Comprehensive Income, the consolidated Statement of Changes in Equity and Cash Flow Statement, all of which had been adopted by the Board during its 15th March 2018 meeting.

Following is JPMC's main activities during the year 2017:

Production:

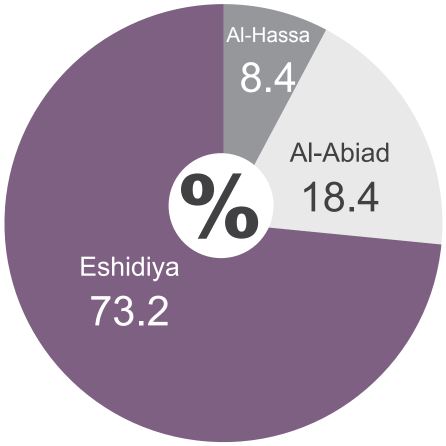
A. Phosphate:

Production of phosphate in 2017 reached (8,687,581) tonnes; compared to 7,991,157 tonnes in 2016; an increase of (8.7%).

- The dry phosphate quantities which were produced in 2017 distributed as follows:

(tonnes)

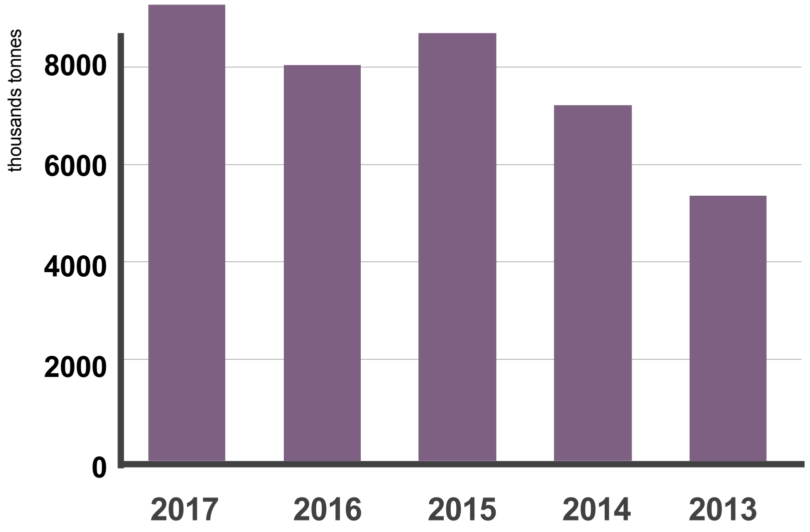
Mine	Production
Al-Hassa	732,947
Al-Abiad	1,601,940
Eshidiya	6,352,694
Total	8,687,581



- Dry Phosphate Production Quantities of per Company Mine for the period 2013 – 2017:

(thousands tonnes)

Mine	2017	2016	2015	2014	2013
Al-Hassa	733	621	992	904	724
Al-Abiad	1,602	1,501	2,135	1,182	1,057
Eshidiya	6,353	5,869	5,208	5,058	3,618
Total	8,688	7,991	8,335	7,144	5,399



B. Industrial Fertilizer Complex:

- Production of the Chemical Fertilizers at Industrial Complex in Aqaba in 2017 as follows:

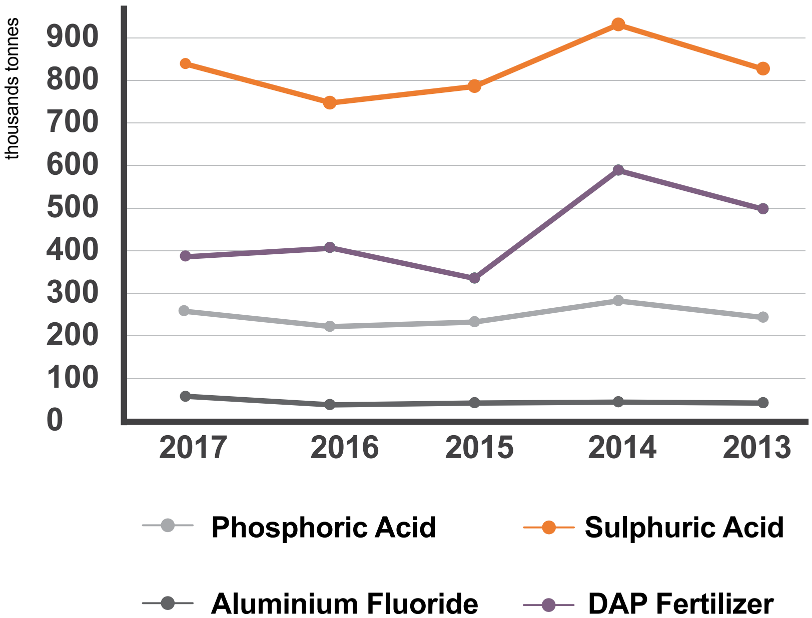
(tonnes)

Product	Production
DAP Fertilizer	378,600
Phosphoric Acid	264,000
Sulphuric Acid	839,427
Aluminium Fluoride	5,900

- Production of the Industrial fertilizer Complex during 2013 - 2017:

(thousands tonnes)

Product	2017	2016	2015	2014	2013
DAP Fertilizer	379	396	344	590	494
Phosphoric Acid	264	228	238	292	251
Sulphuric Acid	839	738	780	932	822
Aluminium Fluoride	6	4	8	9	8



Exploration:

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

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

By the end of 2017, the geological reserve (fixed, possible and probable) was as follows:

(million m^3)

Mine	Proven	Probable	Possible	Mined Reserve	Total
Al-Abiad	2,936	-	-	-	2,936
Al-Hassa	9,045	-	-	-	9,045
Eshidiya	303,489	68	162	41,040	574,889
Total	315,470	68	162	41,040	586,870

Transport:

Quantities of Rock Phosphate transported from JPMC's mines by trucks and railroad reached (8,525,211) tonnes distributed as follows:

(tonnes)

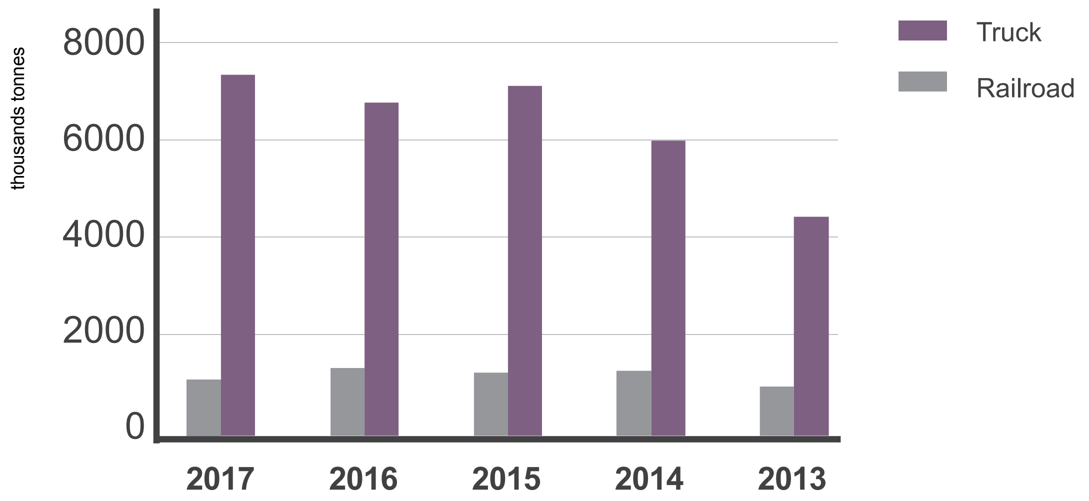
Mine	Export	Aqaba Fertilizer Complex	IJCC	JIFCO	Total	Participation (%)
Eshidiya	2,968,460	632,957	825,461	1,741,484	6,168,362	72.4
Al-Hassa	744,401	772	-	-	745,173	8.7
Al-Abiad	1,216,380	395,296	-	-	1,611,676	18.9
Total Mine	4,929,241	1,029,025	825,461	1,741,484	8,525,211	100

A total of (1,257,106) tonnes (14.7%) were transported by Aqaba railroad, and (7,268,105) tonnes 85.3% transported by trucks (as appose to 7,896,710 tonnes in 2016).

Phosphate Quantities Transported from Mines during 2013-2017:

(thousands tonnes)

Method	2017	2016	2015	2014	2013
Railroad	1,257	1,328	1,248	1,287	961
Truck	7,268	6,569	6,906	5,828	4,328
Total	8,525	7,897	8,154	7,115	5,289



Marketing:

In 2017, JPMC exported 5.2 million tonnes of phosphate more than 22 companies in 13 countries around the world, achieving 106% of the 2017 Marketing Plan. 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 2017 amounted to 59.6%.

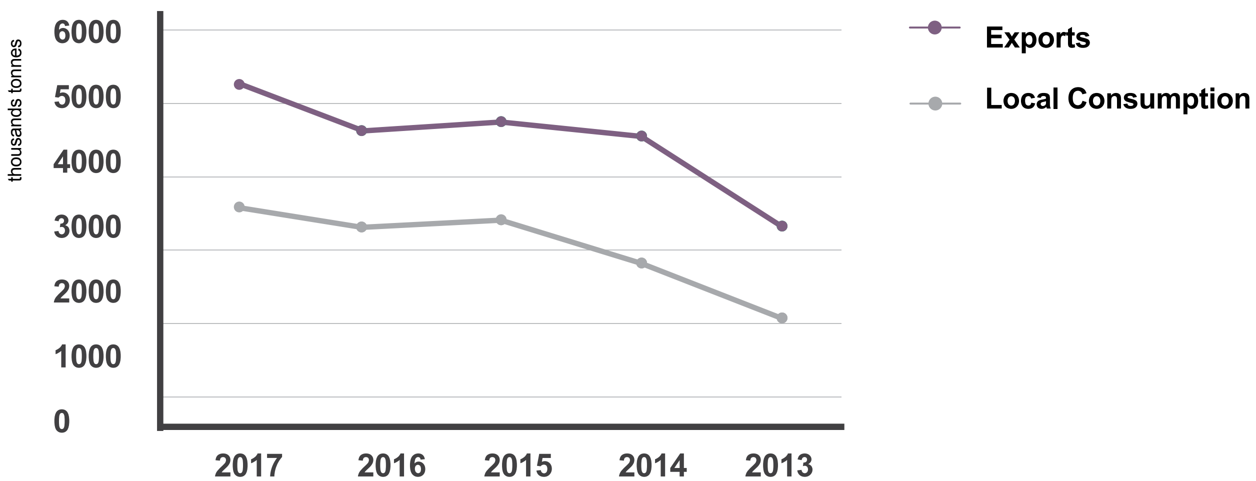
The year 2017 witnessed a decrease in international prices of phosphate; which affected JPMC's selling prices by 14.4% over that of 2016. Phosphate fertilizers prices declined as well.

As for chemical fertilizers, 401 thousand tonnes of (DAP) fertilizers were sold despite the reduction in global prices. JPMC was able to adhere to its Production & Marketing Plans despite the production difficulties it faced in 2017 and the breakdown of one production unit from September 2016 until October 2017. JPMC has also been able to meet its obligations of selling phosphoric acid, and continued to fulfil the needs of local and associated companies of phosphate and other raw materials.

1. Phosphate Sales during the period 2013 – 2017:

(thousands tonnes)

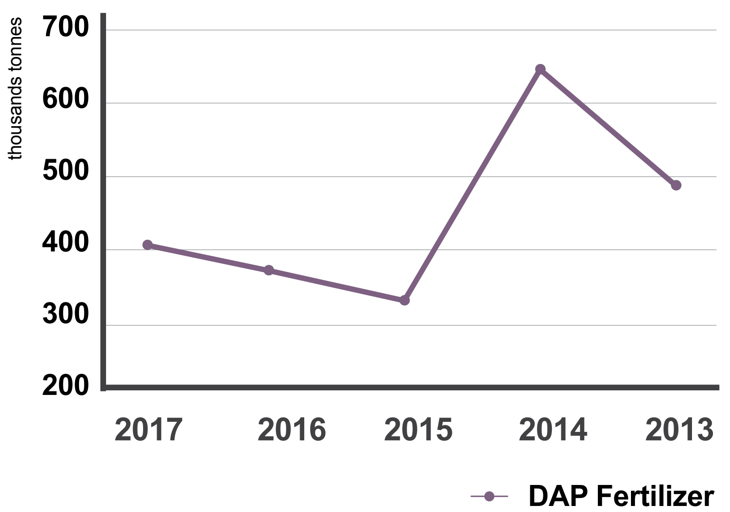
Year	2017	2016	2015	2014	2013
Exports	5,195	4,704	4,839	4,616	3,245
Local Consumption	3,588	3,231	3,345	2,685	1,852
Total	8,783	7,935	8,184	7,301	5,097

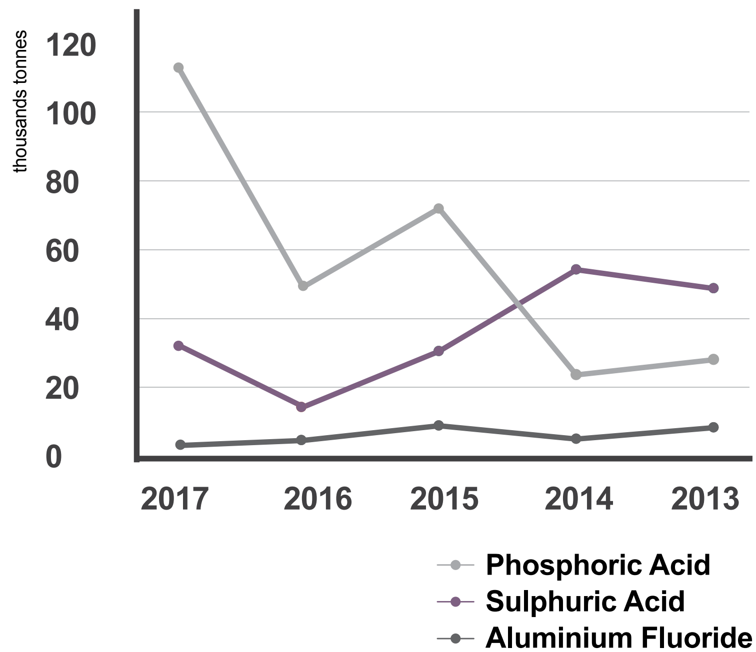


2 . Sales of the Industrial Fertilizer Complex, 2013-2017:

(thousands tonnes)

Product	2017	2016	2015	2014	2013
DAP Fertilizer	401	392	318	646	483
Phosphoric Acid	111	47	68	22	24
Sulphuric Acid	33	16	30	55	48
Aluminium Fluoride	3	5	8	6	8





Joint Ventures:

A- Jordan-India Fertilizer Company (JIFCO):

The Jordan India Fertilizer Company (JIFCO) was established in Jordan in 2008 to produce phosphoric acid in the Eshidiya area in partnership with the Indian Farmers Fertilizer Cooperative (IFFCO). The Jordan Phosphate Mines Company contributes to 48% of JIFCO's capital, and 59% of the construction cost has been funded by the shareholders. 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 Fertilizers and Chemicals Company Psc. (JAFCCO):

The Jordan Abyad Fertilizers and Chemicals Company Psc. (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 JAFCCO's capital.

C- PT Petro Jordan Abadi Company (PJA):

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

D- PT Kaltim Jordan Abadi Company (KJA):

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 Jordan Phosphate Mines Company. JPMC contributes to 40% of KJA'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. Jordan Phosphate Mines Company holds 46% of the share 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. Jordan Phosphate Mines Company holds 46% of the share capital. Arkan Company is responsible for Mining activities for JPMC.

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 the equal capital share contribution totalling of JD (1) million of both companies Jordan Phosphate Mines and Arab Potash Co., it is increased according to the needs of the project. Project implementation started immediately upon signing the Management and 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 USD200 million.

Subsidiary companies

A- Indo-Jordan Chemicals Company (IJCC)

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

Phosphoric Acid (P_2O_5) Production during 2017 was (205.16) thousand tonnes compared with (116.11) thousand tonnes in 2016. Phosphoric Acid Sales (P_2O_5) Sales in 2017 were (208.16) thousand tonnes compared with (114.93) thousand tonnes in 2016.

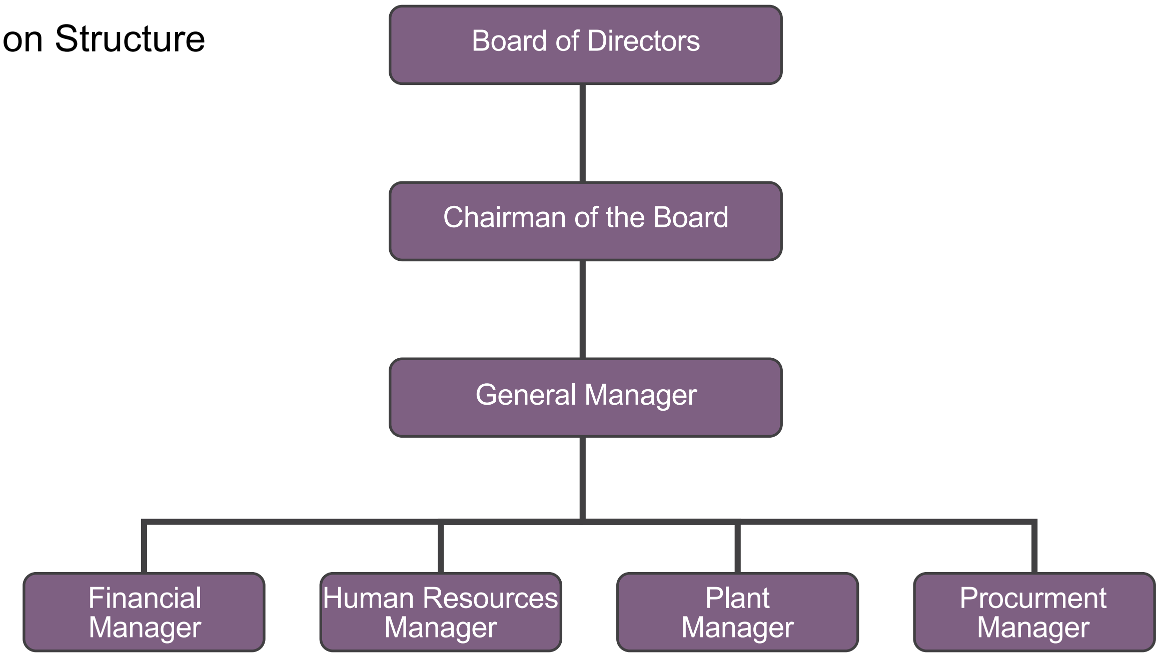
Workforce:

The total number of employees in The Indo-Jordan Chemicals Company (IJCC) was (352) by the end of 2017 distributed by qualification as following:

Employee Details IJC	University Graduate	Institutes	High School &Below	Total
Engineer	47	-	-	47
Technical	46	89	29	164
Administration	17	11	21	49
Accountants	13	-	-	13
Laborers	-	33	38	71
Drivers	-	-	8	8
Total	123	133	96	352

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

Organization Structure



B- Ro'ya Transportation Company (L.L.)

The Ro'ya Transportation Company was established in 2010 with a capital of JD 100 thousand fully - owned by Jordan Phosphate Mines Company.

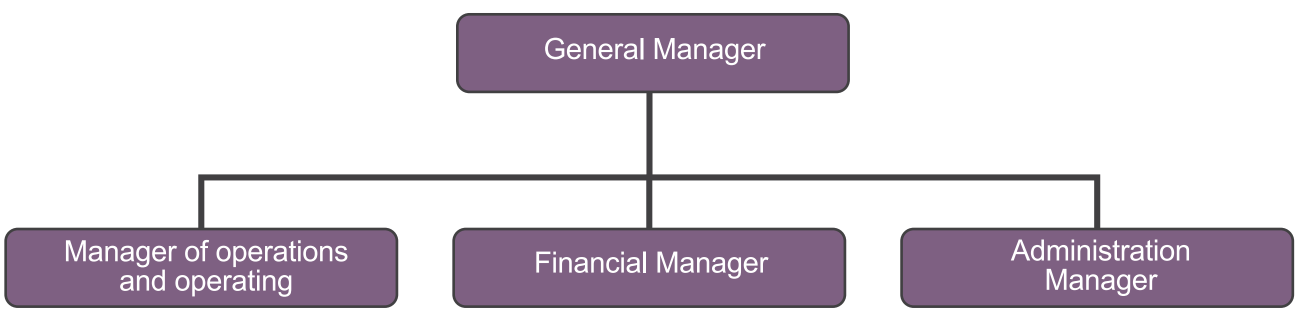
Workforce

The total number of employees in The Ro'ya Transportation Company reached (37) by the end of 2017 distributed by qualification as following:

Employee Details	University Graduate	Institutes	High School &Below	Total
Administration	11	2	3	16
Laborers	-	5	4	9
Drivers	-	-	12	12
Total	11	7	19	37

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 USD24 million and produces compound fertilizers and ammonium phosphate fertilizer with an annual production capacity of 300 thousand tonnes. Jordan Phosphate Mines Company contribution is 70% of NJFC's capital.

Production Chemical Fertilizers (NPK&DAP) during 2017 was (316.62) thousand tonnes compared with (151.21) thousand tonnes in 2016. Chemical Fertilizers (NPK&DAP) Sales during 2017 was (316.13) thousand tonnes compared with (141.16) thousand tonnes in 2016.

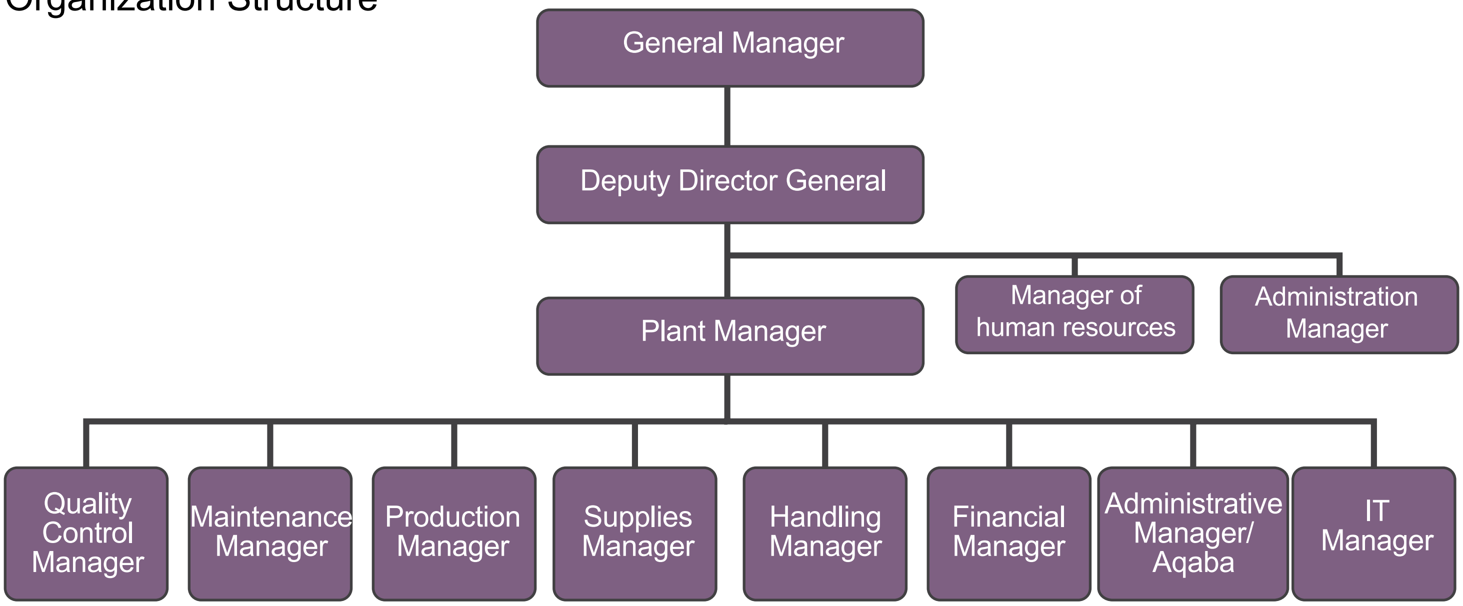
Workforce

The total number of employees in The Nippon-Jordan Fertilizer Company (NJFC) reached (119) by the end of 2017 distributed by qualification as following:

Engineer	University Graduate	Institutes	High School & Below	Total
Technical	17	-	-	17
Administration	15	19	25	59
Accounts	11	2	5	18
Laborers	4	-	-	4
Drivers	-	-	15	15
Total	-	-	1	1
Drivers	-	-	5	5
Total	47	21	51	119

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

Organization Structure



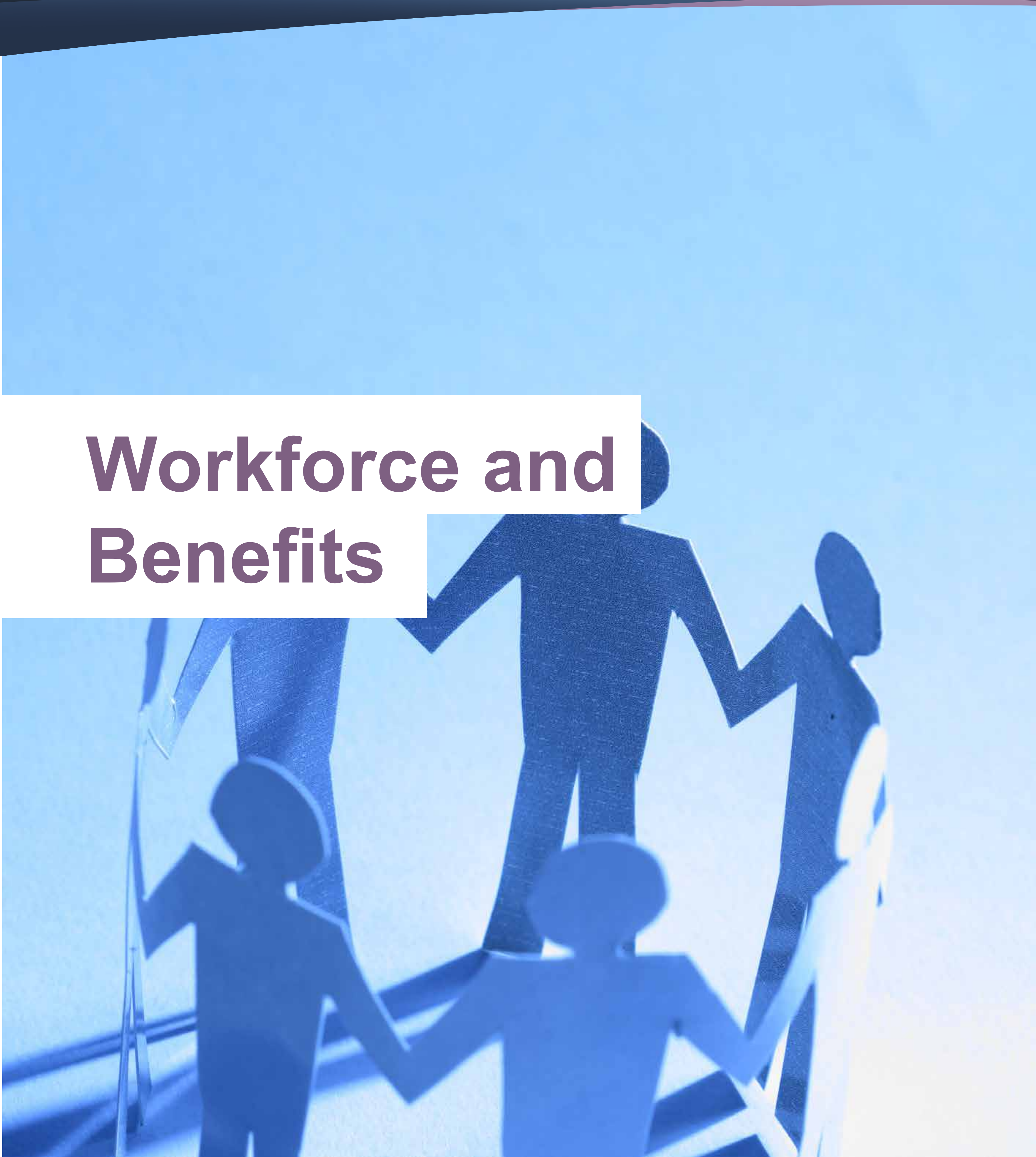
Research, Environment and Quality Control

In light of the competition in the global phosphate market, the company attaches great importance to the quality issue, and through its technical staff and qualified human cadres to carry out the tests and tests necessary for the various types of phosphate to ensure the acquisition of a product conforming to the required specifications and to meet the wishes of consumers.

The company also pays utmost attention to the development of its operations and products through performing studies, analysis, research and development, and through providing technical service to the various production sites, scientific institutions and universities through a specialized technical staff, technical equipment, laboratory equipment and various experimental plants. JPMC conducts assessment studies for ores discovered, and studies how to increase the various types of phosphate produced. The performance of these qualities is also evaluated in the production of phosphoric acid at the pilot level.

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 (2871) by 31/12/2017. 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		25	12	121	8	14	37	21	238
	Male	11	6	83	6	9	34	18	167
	Female	14	6	38	2	5	3	3	71
Russeifa Mine		0	0	0	1	0	0	1	2
	Male	0	0	0	1	0	0	1	2
	Female	0	0	0	0	0	0	0	0
Al-Hassa Mine		37	7	27	32	3	159	183	448
	Male	37	6	27	31	2	159	177	439
	Female	0	1	0	1	1	0	6	9
Al-Abiad Mine		26	8	18	26	4	105	109	296
	Male	26	8	18	26	4	105	109	296
	Female	0	0	0	0	0	0	0	0
Eshidiya Mine		50	21	61	95	10	564	135	936
	Male	50	21	61	95	10	564	135	936
	Female	0	0	0	0	0	0	0	0
Export Department/Aqaba		0	0	0	0	1	0	0	1
	Male	0	0	0	0	1	0	0	1
	Female	0	0	0	0	0	0	0	0
Industrial Fertilizer /Complex Aqaba		79	17	52	156	23	393	101	821
	Male	69	12	44	154	17	390	97	783
	Female	10	5	8	2	6	3	4	38
Research Department Centre		7	3	3	8	0	5	4	30
	Male	3	2	3	7	0	5	4	24
	Female	4	1	0	1	0	0	0	6
New Rock Phosphate Terminal		12	2	12	13	2	24	34	99
	Male	12	2	11	13	1	24	34	97
	Female	0	0	1	0	1	0	0	2
Total		236	70	294	339	57	1287	588	2871
Percentage		8.22%	2.44%	10.24%	11.81%	1.99%	44.83%	20.48%	100.00%

Housing Loans:

Total housing loans granted to the employees since the Fund establishment till the end of 2017 was (JD 34,385,574); with (1828) 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). In 2017, (96) employees benefited from the housing loans for a total value of (JD 2,849,700). The total number of participants entitled to receive the grants was (125) employees with a total cost of about (JD 3,750,000).

Training and Development:

In 2017, (29) engineers and geologists were trained at various company locations, as part of the agreement signed between JPMC and the Jordanian Engineers and Geologists Associations. Moreover, (53) students from universities and community colleges were also trained within their academic specialization for graduating purposes.

In 2017 JPMC is granting each worker a scholarship to one of his sons, in addition granted (10) scholarship for the children of retired employees, this was accordance with the grant regulation since 2006. The total cost of the grants in 2017 was around (JD 962) thousand.

Medical and Health Services:

Medical and Health Services:

JPMC provides distinct and comprehensive health care to more than (15) 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 of Jordan.

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, 2013-2017: (thousands JD)

Description	2017	2016	2015	2014	2013
A - Cost of Medical treatment for employees	2,761	2,803	2,291	3,358	3,493
B - Cost of Medical treatment for employees Families	3,230	3,220	3,246	3,277	3,425
Total (A + B)	5,991	6,023	5,537	6,635	6,918

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. On 01/04/2017, the post-retirement health insurance policy with the Arab Orient Insurance Company expired. JPMC took over management of the post-retirement health insurance and JPMC is in the process of accreditation and disbursement of the post-retirement health insurance system as was the case previously. In the period from 2013 to 2017 JPMC's expenses on post-retirement was as follows: (thousands JD)

Description	2017	2016(*)	2015	2014	2013
The cost of health insurance after retirement (Retirees, their spouses & their children)	4,038	3,754	4,017	3,307	3,132
Amounts paid from JPMC's contribution to the health insurance fund for post retirement	2,019	1,877	2,733	1,533	1,562
Number of beneficiaries	7710	5961	5479	4873	4440

(*) The figures for the year 2016 were revised to clarify the amounts paid from the post-retirement health insurance fund (pensioners, wives and children) to be (JD 3,754) thousand and JPMC's contribution to the post-retirement health insurance fund became (JD 1,877) thousand.

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 November 13, 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 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 tonne, 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 on 12th July 2012 amended the regulations for mining fees, so that the mining permit fees became five hundred Jordanian Dinars per square kilometre or any part thereof. The regulation was published in the Official Gazette.
- The Fertilizer Industrial Complex in Aqaba obtained the (ISO 14001:2015) Environmental Management System, (OHSAS 18001:2007) Occupational Health & Safety Management System and the (ISO 9001:2015) 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 is an enterprise, duly registered and licensed/ 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 January 1st 2001.

B- External Audit Remuneration:

The remuneration to external auditors of the Group Messrs Ernst & Young for 2017: (JD)

Company / Description	Annual fees	Sales Tax 16%	Total
Jordan Phosphate Mines Company PLC	55,000	8,800	63,800
Indo- Jordan Chemicals Company L.L. (IJC)	13,000	-	13,000
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 2017:

Country	Phosphate Sales		Fertilizer sales		Percentage of trading in Raw materials (%)
	Percentage of total amount of exports (%)	Percentage of total amount of sales (%)	Percentage of total amount of exports (%)	Percentage of total amount of sales (%)	
India	62,8	43,5	35,5	25,3	-
Turkey	3,1	2,2	32,0	22,9	-
Indonesia	23,3	16,1	-	-	-
Iraq	-	-	18,87	13,5	-
Lebanon	2,1	1,4	-	-	-
Taiwan	2,4	1,7	-	-	-
Serbia	1,8	1,2	-	-	-
Japan	0,7	0,5	-	-	-
Local Sales, Subsidiaries & Associated companies	-	39,1	-	15,7	100

D- List of Company Activities According to Geographic Location and Volume of Capital Investment for 2017:

(Thousands JD)

Location	Type of Activity	Capital Investment
Russeifa Mine	Re-processing of stockpiles	4,613
Al Hassa Mine	Production of normal and washed phosphate	63,936
Al Abiad Mine	Production of normal and washed phosphate	30,453
Eshidiya Mine	Production of normal, washed and floated phosphate	283,231
Industrial complex/Aqaba	Production of fertilizers, phosphoric acid, and aluminium Fluoride	275,854
Other Locations		13,054
Total		671,141

E- List of Main Contractors and local Suppliers for 2017:

Description	Amount (in thousands JD)	Percentage of total purchases (%)
Phosphate Excavation Contractors	213,751	56,95%
Phosphate Transport Contractors	71,302	19,00%
Jordan Refinery Company	7,458	1,99%
Electricity Companies	23,469	6,25%
Water Authority and Aqaba Water Company	8,954	2,39%

F- Contributions of Board Members and Senior Management Personnel and their relatives in JPMC Capital during 2016-2017:

Name of Contributor	Nationality	Shares	
		2017	2016
Directors			
H.E. Dr. Mohammad Thneibat Chairman as of 28/03/2017	Jordanian	44,000	44,000
Eng. Amer Al-Majali / Chairman until 28/03/2017	Jordanian	550	550
Dr. Eng. Abdelfattah AbuHassan	Jordanian	5628	5628
Mr. Mohammed Al-Hmoud member as of 13/02/2017	Jordanian	1149	1149
Senior Management:			
Dr. Shafik Ashkar/CEO	Jordanian	12,000	5168

Otherwise, Chairman of the Board of Directors or Board members or any of the senior management or their relatives does not have any shares in JPMC's capital and the subsidiaries comapnies in the years 2016-2017.

G. JPMC's Contract, Projects and Links with the Chairman of the Board of Directors or Board members or CEO, 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- JPMC’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. However, the financial conditions experienced by the JPMC in 2016-2017, it was unable to play its role towards the local community. JPMC believes that there it has a social responsibility and that this responsibility is a national message. JPMC looks forward to carrying out its duties in the coming years as usual.

I - Donations:

Due to JPMC's financial situation in 2016-2017, the Board of Directors decided to stop cash and in-kind contributions without its approval. The total cash and in-kind donations, submitted by JPMC, during 2017, reached (JD 160) thousand to development of the local society and support of Various Activities.

Donations paid by JPMC during 2013-2017:

2017	2016	2015	2014	2013
159,977	1,859,126	1,785,520	2,590,807	4,315,485

J- Board of Directors:

Representatives of the Private Sector:

- H.E Dr. Mohammad Thneibat\ Chairman of the Board as of March 28th, 2017

H.E Dr. Thneibat assumed the chairmanship of the Jordan Phosphate Mines Company as of March 28th, 2017 representing the private sector.

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

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

Dr. Thneibat is a Professor Possessing the following academic degrees:

Ph.D. in Administrative Sciences

Master of Political Science

Master of Science in Management

Bachelor’s degree in Economics & Administrative Sciences

Date of Election: March 28th, 2017

Date of Birth: Januray 1st, 1950

- Eng. Amer Abdel-Wahab Al-Majali\ Chairman of the Board until March 28th, 2017

BSc. In Civil Engineering from Warwick University, UK.

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 as a member of the board of director representing the private sector as of April 14th 2016 , as well as and was elected Chairman of the Board as of May 5th, 2016.

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

Previously he was holding the post of: 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 Birth: October 29th, 1950

- Dr. Eng. Abdelfattah AbuHassan: Ph.D. in Science of Mining Engineering

Consultant in Mining Engineering

Previously he was holding the post of: Board of Directors member at the Jordan Phosphate Mines Company (2004-2012), Advisor to the Executive Investment Committee at the Jordan Phosphate Mines Company and 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: 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

Representatives of Kamil Holdings Limited:

- H.E. Eng. Muzahim Muhaisin: 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 and Secretary General at the Ministry of ICT

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

Date of Birth: October 26th, 1948

- Mr. Junaidi Masri: B.Sc. in Computer & Management Sciences.

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

Date of Appointment: From March 30th, 2006 until April 14th, 2016 and from April 18th, 2016 – Present

Date of Birth: July 14th, 1963

- Mr. Mohammed Al-Hmoud: 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: B.Sc. in Chemical Engineering

Previously: He Worked at 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: From April 20th, 2015 until April 14th, 2016 and from April 18th, 2016 until February 13th, 2017

Date of Birth: January 27th, 1950

Representatives of Shareholdings Management Company – The Government of Jordan:

- Mr. Mohammad Kreishan: Education: B.Sc. in law

Licensed Lawyer

Previously: Occupied multiple senior public position including: Member of the 25th Senate, General prosecutor and Judge at first and appeal courts.

Date of Appointment: January 15th, 2018 **Date of Birth:** December 12th, 1951

- Mr. Husam Abu Ali: M.A in Finance and Accounting, B.Sc. in Accounting

Current position: Director General of Income and Sales Tax Department

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

Date of Appointment: April 2016 **Date of Birth:** 29th March 1962

- Dr. Mohammad Al-Hazaimeh: Ph.D. in Finance, M.A in Economics, B.Sc. in Economics

Current position: Director General of General Budget Department

Date of Appointment: August 16th, 2017 **BOD Membership end date:** January 15th , 2018

Date of Birth: April 1st, 1965

- Dr. Mukhallad Omari: Ph.D. in Business Economics, M.A in Economics, B.Sc. in Economics

Previously: Secretary General – Jordan Investment Commission (JIC)

Date of Appointment: April 17th, 2016

BOD Membership end date: July 19th, 2017

Date of Birth: April 8th, 1977

Representative of Kuwait Investment Authority:

- Eng. Mohammad Al-Munaifi: B.Sc. in Industrial Engineering

Current position: Director of the Department of development and institutions\ Kuwait Investment Authority

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

Date of Birth: July 17th, 1959

K-Board Meetings Allowances for the year 2017 in (JD):

Board of Director Member	Position	Salaries	Board Meetings Allowances	Committees Attendance Allowance	Representations & Transportations Allowances	Transport Remuneration	Travel Perdiems
Representatives of the Private Sector:							
H.E. Dr. Mohammad Thneibat	Chairman as of 28/03/2017 Member as of 28/03/2017	120,968	-	-	-	13,500	6,412
Eng. Abdelfattah Abu Hassan	Member	-	800	5,280	4,800	15,500	2,250
Eng. Amer Al-Majali (1)	Chairman until 28/03/2017	32,000	800	1,200	3,483	-	-
Representative of Social Security Corporation:(2)							
Dr. Adel Al-Sharkas	Deputy Chairman	-	800	1,920	4,800	15,500	-
Representatives of Kamil Holdings Limited:							
H.E. Eng. Muzahim Muhaisin	Member	-	800	3,360	4,800	15,500	
Mr. Junaidi Masri (3)	Member	-	400	-	3,600	15,500	5,400
Mr. Mohammed Al-Hmoud	Member as of 13/02/2017	-	400	-	1,600	15,500	-
Eng. Faisal Doudin	Member as of 13/02/2017	-	400	2,640	3,200	-	-
Shareholdings Management Company - The Government of Jordan:(4)							
Dr. Mohammad Al-Hazaimeh	Member as of 16/08/2017	-	-	-	-	6,774	-
Mr. Husam Abu Ali	Member	-	800	2,160	4,800	15,500	-
Dr. Mukhalled Omari	Member as of 19/07/2017	-	800	2,160	4,800	7,225	-
Representative of The State of Kuwait:(5)							
Eng. Mohammad Al-Munaifi	Member	-	800	1,440	3,600	15,500	18,900

Neither the chairman of the board nor the Members of Board of Directors have any housing allowances or cars.

(1) The Chairman of the Board H.E. Eng. Amr Al-Majali does not have any housing allowances but he use a company car.

(2) All amounts are paid to the Social Security Corporation.

(3) All amounts are paid to Brunei Investment Agency except the travel Perdiem paid to the board member.

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

(5) All amounts are paid to the Kuwait Investment Authority except the travel Perdiem paid to the board member.

L - Senior Management information:

Name	Job Description	Nationality	Date of Appointment	Date of Position	Specialization	Educational Qualification
Dr. Shafik Ashkar	Chief Executive Officer	Jordanian	18/11/2013	18/11/2013	Economic and Industrial Management	PhD
Ms. Sana' Qarain	Director of Finance	Jordanian	21/07/1984	11/05/2007	Accountant	MS
Eng. Naser AbuOleam	Acting Executive commercial Manager/ Executive Manager for Marketing and Export Phosphate	Jordanian	4/4/1989	19/11/2017 1/7/2014	Chemical Engineering	BSc.
Geologist Mr. Mohammad Abu Hazeem	Acting of Assistant CEO for Operations	Jordanian	5/6/1995	15/5/2017	Geology	BSc.
Eng. Najwa Al-Qaisi	Acting Executive Manager for Procurement	Jordanian	8/3/1998	2/1/2017	Chemical Engineering	BSc.
Eng. Bassam Haddad	Acting Industrial Complex Manager	Jordanian	1/11/1988	20/7/2017	Mechanical Engineering	BSc.
Eng. Eid Welidat	Director of Fertilizer Prod./ Industrial Complex Manager	Jordanian	14/3/1988 until 20/7/2017	20/3/2014	Chemical Engineering	BSc.
Mr. Rafat Ghabayen	Advisor to CEO for Finance	Jordanian	18/08/2013 Until 15/7/2017	18/08/2016	Accountant Business Administration	BSc. MS + CMA
Mr. Khaled Fanatseh	Advisor to Chairman for Labour Affairs	Jordanian	01/04/1995 until 31/3/2017	09/07/2007	——	High School

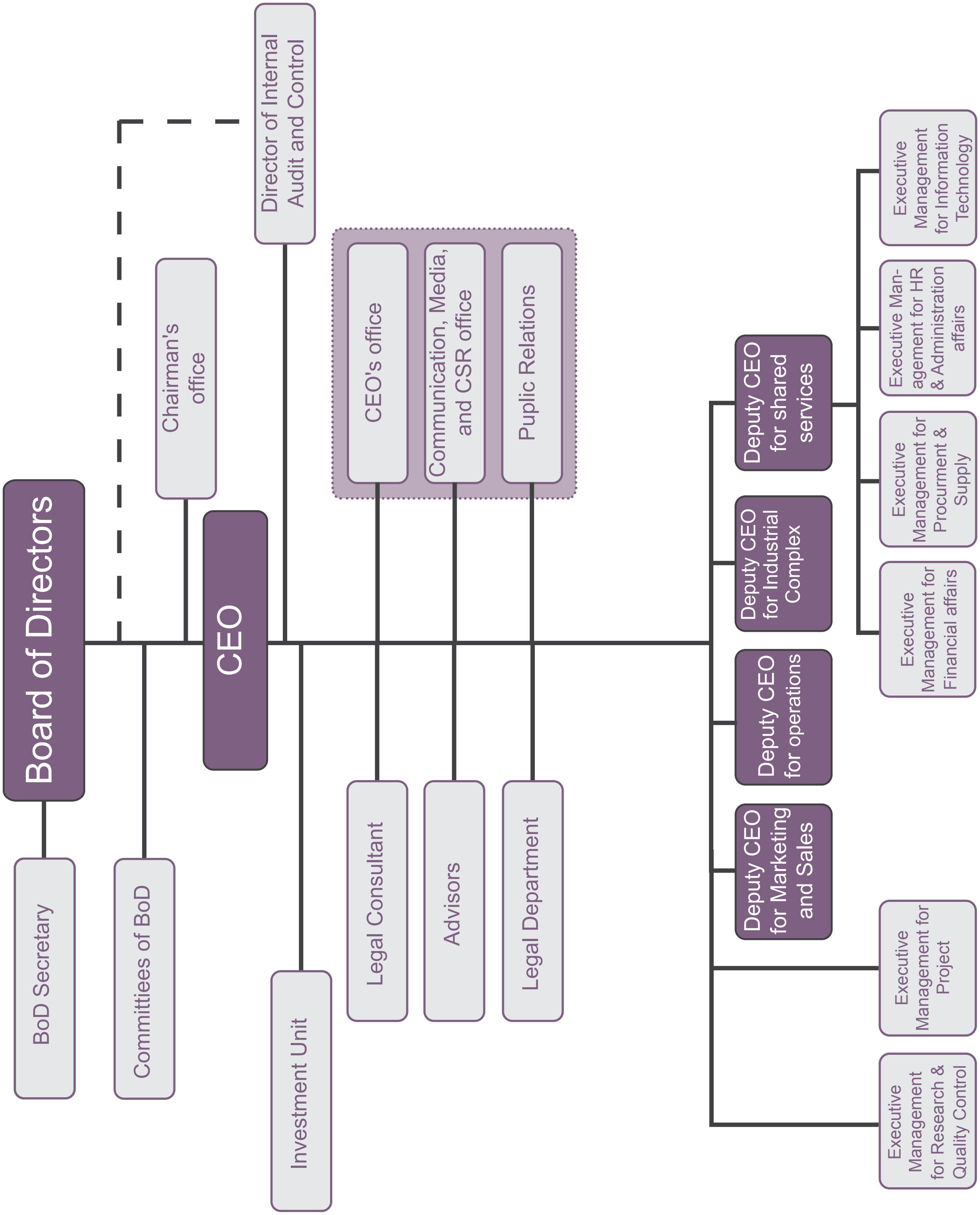
M. Salaries and Benefits paid to Senior Management 2017:

Name	Job Description	Salaries /JD	Travel Perdiems /JD
Dr. Shafik Ashkar (*)	Chief Executive Officer	145,660	17,662
Ms. Sana' Qarain	Director of Finance	68,858	-
Eng. Naser AbuOleam	Acting Executive commercial Manager/ Executive Manager for Marketing and Export Phosphate	42,793	16,200
Geologist Mr. Mohammad Abu Hazeem	Acting of Assistant CEO for Operations	34,598	-
Eng. Najwa Al-Qaisi	Acting Executive Manager for Procurement	34,604	-
Eng. Bassam Haddad	Acting Industrial Complex Manager as of 20/7/2017	55,627	-
Eng. Eid Welidat	Director of Fertilizer Prod./ Industrial Complex Manager until 20/7/2017	33,910	-
Mr. Rafat Ghabayen	Advisor to CEO for Finance until 15/7/2017	44,123	-
Mr. Khaled Alfanatseh (**)	Advisor to Chairman for Labour Affairs until 31/3/2017	20,457	5,400

* He use a company car

** He use a company car until 31 March 2018

N - Organization Structure



Financial Position as of 31/12/2017

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	2017		2016	
	Number of Shares	Percentage %	Number of Shares	Percentage %
KAMIL HOLDING LIMITED	30,525,000	37,00	30,525,000	37,00
Shareholdings Management Co. The Government of Jordan	21,165,569	25,66	21,165,569	25,66
Social Security Corporation	13,576,428	16,46	13,576,428	16,46
State of Kuwait	7,700,000	9,33	7,700,000	9,33
Other Company's Shareholders Total	9,533,003	11,55	9,533,003	11,55
Total	82,500,000	100,00	82,500,000	100,00

2. Property and Equipment: (JD 784 million at cost, JD 229 million after deducting accumulated depreciation)

Property and equipment were valued at (JD 784 million), (JD 788 million in 2016); a (JD 4 million) decrease from 2016 as a result of adding buildings, constructions, machines and equipment, water and electricity networks, vehicle and spare parts reserves, valued at (JD 10 million) (fixed assets purchased for (JD 6 million)) and capitalization of under construction projects to fixed assets amounting to (JD 4 million). Conversely, (JD 14 million) of machines and equipment vehicles, furniture and office equipment and spare parts reserves were disposed.

3. Accounts Receivable before deducting provision for doubtful debts (JD 168 million)

Accounts receivable balance reached (JD 168 million). After deducting a provision for doubtful debts amounting (JD 21.2 million), the net is (JD 146.8 million), of which accounts receivable resulting from phosphate rock processing activities amounted to (JD 126.6 million), and accounts receivable resulting from fertilizer manufacturing activity amounted to (JD 6.3 million) and accounts receivable resulting from subsidiary companies activities (JD 13.9 million). The following table details shown below:

Description	As at December 31	
	2017	2016
	Amount (JD)	Amount (JD)
Trade Receivables	66,622,674	60,128,871
Due from Associated Companies	92,531,544	81,891,571
Others	8,868,506	7,700,338
Total	168,022,724	149,720,780
Less: Provision for Doubtful debts	(21,231,016)	(20,961,016)
Net Accounts Receivable	146,791,708	128,759,764

A- Trade Receivables (JD 66.6 million):

Trade receivables amounted to (JD 66.6) million, (JD 60.1 million in 2016), of which (JD 47.8) million are phosphate rock sales receivables and (JD 5.8) million are processed fertilizers sales and (JD 13.0) 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 48.5) million will be collected on due date in 2018.

B- Dues from Associated Companies (JD 92.5 million):

Receivables due from associated companies amounted to (JD 92.5) million, of which (JD 46.5) million is due from the Jordan India fertilizer company (JIFCO), (JD 0.7) million is due from the Jordan Industrial ports Company, (JD 5.1) million due to Jordan Abiad Fertilizer Chemical Company (JAFCCO) and (JD 40.2) million due from Petro-Jordan Abadi/Indonesia.

4. Inventory (JD 81.2 million)

Inventory was valued in 31 December 2017 (JD 81.2) million (JD 114.3 million on 31 December 2016). Following are the details:

Description	As at December 31	
	2017	2016
A. Finished product stock Amount	Amount (JD)	Amount (JD)
Finished Phosphate Inventory	15,861,705	20,157,492
Finished Fertilizers Inventory	15,247,105	19,339,729
Finished subsidiary companies Inventory	11,307,094	14,583,471
Total Inventory of Finished Products	42,415,904	54,080,692
B. Inventory in Process	Amount (JD)	Amount (JD)
Phosphate Inventory in Process	20,837,708	31,888,994
Fertilizers Inventory in Process	833,237	1,800,727
Subsidiary companies Inventory in Process	726,880	2,085,316
Total Inventory of Products in Process	22,397,825	35,775,037
C. Raw Materials	16,408,233	24,424,288
Grand Total (A+B+C)	**81,221,962**	**114,280,017**

5. Loans Payable (JD 118.9 million)

Loans payable balance reached (JD 118.9 million). These are presented on JPMC's financial position as long-term loans at (JD 72.8 million), and short-term loans payable in 2018 at (JD 46.1 million). It should be noted that JPMC proceeds of loans (JD 23.2 million) in 2017 and repaid (JD 31.6 million) of the loans given to JPMC of which (JD 26.8 million) the instalments loan and (JD 4.8 million) are interest charges.

6 -Wages, Salaries and other Payroll Items (JD 108.6 million):

Wages, salaries and benefits extended to Group employees in 2017 amounted to (JD 108.6 million) decrease from 2016 of amount 3% The following table shows their breakdown:

A. Wages, Salaries and benefits extended to Company employees for the years 2016-2017:

Description	Amount (JD)	
	2017	2016
Salaries and Allowances	57,106,383	61,375,636
Wages of Daily Paid Labour and Contractors	1,478,461	1,585,902
Industrial Apprenticeship Salaries	1,680	6,196
Other Rewards	272,653	147,892
Total (A)	58,859,177	63,115,626

B. Company contribution in Benefits Extended to Employees 2016-2017:

Description	Amount (JD)	
	2017	2016
Saving Fund	2,143,751	2,255,512
Social Security	7,187,189	7,323,528
Medical Treatment Expenses for employees	2,761,487	2,802,673
Medical Insurance Expenses for Employee Families	3,229,885	3,220,134
Meal Subsidies	713,418	606,830
Paid End of Service Indemnity	4,960,872	2,225,641
Death and Compensation Fund for 2015	12,453,550	13,192,842
Present value of end-of-servicebonus compansation	200,000	197,152
Total (B)	33,650,152	31,824,312
Total (A+B)	92,509,329	94,939,938

• Re-classified the Company's contribution to post-retirement insurance has been included under administrative expenses which amounted in 2016 (JD 2,250 million)

C. Wages, Salaries Extended to Subsidiary Companies Employees totalling (JD 16.1 million)

Description	Amount (JD)	
	2017	2016
Salaries and Allowances	16,093,671	17,069,531

7. Results of Closing Operations in 2017 compared with 2016:

- Consolidated net sales revenues reached (JD 586.7) million (JD 335.5 million in rock phosphate sales, (JD 101.9) million in fertilizers sales, (JD 142.2) million in Subsidiary companies sales and (JD 7.1) million trading in raw material sales). Compared to (JD 549.7) million in 2016, of which (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).
- Consolidated total expenses reached (JD 631) million, of which (JD 349.7) million for the phosphate unit, (JD 124.7) million for the fertilizers unit, (JD 150.4) million for sales subsidiary companies and (JD 6.2) million as cost of raw material for trading compared to (JD 633.9 million in 2016, of which JD 380.5 million for the phosphate unit, JD 147.7 million for the fertilizers unit, JD 100 million for sales subsidiary companies and JD 5.7 million as cost of raw material for trading).
- Income tax allocations reached (JD 2.3) million in 2017 compared to (JD 5.9) million in 2016.
- Net loss in 2017 of (JD 46.6) million compared to a profit of (JD 90.1) million in 2016.
- Total equity reached (JD 678) million in 2017 (JD 724.8 million in 2016), with a decrease of 6.5% than 2016.

8. Some Information and Financial Indicators:

A - Details of Major Financial Indicators for the Years 2013 - 2017: (Thousands JD)

Details	2017	2016	2015	2014	2013
Revenues/Sales	586,666	549,697	750,174	738,429	574,412
Total expenses	(633,319)	(639,837)	(715,528)	(717,494)	(571,817)
Net (losses) Profits	(46,653)	(90,140)	34,646	20,935	2,595
Interest on Loans	4,754	4,216	3,894	2,818	0,741
Net Fixed Assets	228,979	247,197	158,552	160,758	170,994
Current Assets	336,933	362,199	412,902	440,523	397,458
Total Assets	1077,663	1136,295	1174,183	1211,466	1112,494
Shareholders Equity	678,152	724,844	818,218	783,952	762,281
Long-Term Loans	72,791	83,912	59,414	39,871	58,065
Current Liabilities	309,783	302,426	268,402	338,727	254,572
Financial Ratios:					
Debt / Equity Ratio	15:85	14:85	11:89	8:92	9:91
Debt Service Ratio (%)	0.70	0,71	2,5	2,2	1,7
Current Ratio (Time)	1,09	1,20	1,53	1,3	1,6
Earning Per Share / JD	(0,576)	(1,077)	0,450	0,264	0,020
Close Price Share / JD	2,55	2,14	5,47	6,52	7,15

B-Profits (losses) Realized, Dividends Distributed, Net Equity and Issued Securities Prices for the Years 2013-2017:

(Thousands JD)

Year	Net Profits (Losses)	Distributed Dividends	Net Shareholders' Equity
2017	(46,653)	--	678,152
2016	(90,140)	--	724,844
2015	34,646	7,500 (Free Shares)	818,218
2014	20,935	--	783,952
2013	2,595	--	762,281

Year	Prices of issued Shares JD/ Share
2017	2,55
2016	2,14
2015	5,47
2014	6,52
2013	7,15

C-Transactions with Treasury and Public Corporation during the years 2016 & 2017: (Thousands JD)

Description	Year	
	2017	2016
Ministry of Finance		
Mining Revenues	24,120	30,000
Customs charges	731	619
Incomes stamps fees	42	239
Lands and Survey Department	1,001	3,921
Income Tax and sales Tax	7,131	9,379
Income Tax, and Tax on Social Services Deducted from Employee Salaries	2,044	1,344
Company contribution in Social Security	7,251	7,324
Employee Contribution in Social Security	4,096	4,193
Aqaba Railway Corporation	9,407	9,188
Ports Authority	1,139	2,763
Public Security Directorate/Protection of Production Sites	1,165	1,875
Military Retirees Economic and Social Corporation/Protection	1,133	1,134
The General Directorate of the Gendarmerie	708	708
Water Authority	8,836	10,291
Electricity Companies	25,921	36,434
Aqaba special Economic Zone Authority/ Lease Lands & Income Tax	2,332	855
Natural Resources Authority/ Minning Fees	204	93
Total	**97,261**	**120,360**

* The company filed a request for amount of JD 4,844 million to settle the sales tax refunds with land rent. The total rent land paid was JD 5,845 millions.

D- Summary of Main Data on Company Position for the years 2013-2017:

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 (%)	Number of Employees as of December 31
					Phosphate	DAP Fertilizer	Phosphoric Acid	Phosphate	DAP Fertilizer	Phosphoric Acid		
2017	1,077,663	82,500	678,152	(46.653)	8,688	379	469	8,783	401	319	--	2871
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

E – Risks:

In 2017, JMPC suffered a profound fluctuation in world prices for phosphate and chemical fertilizer products. The sharp decline in the price of phosphoric acid in 2017 significantly affected JPMC's revenue.

F- Regulatory Affirmation:

No operations of any non-repetitive manner with material affect occurred within the main activity of JPMC during the fiscal year 2017.

G- Declaration of the Board of Directors:

G/1- The Board of Directors hereby declares its full responsibility for the preparation of the consolidated financial statements included herein, and which had been adopted by the Board of Directors during its meeting held on 15th March 2018; as an effective monitoring system in JPMC.

G/2- The Board of Directors of Jordan Phosphate Mines Company 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 2018.

H.E. Dr. Mohammad Thneibat Chairman of the Board	Dr. Adel Al-Sharkas Deputy Chairman of the Board	Dr. Eng. Abdulfattah AbuHassan Member
H.E.Eng. Muzahim Muhaisin Member	Mr. Junaidi Masri Member	Mr. Mohammad Kreishan 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 2017 are correct, accurate and complete.

H.E. Dr. Mohammad Thneibat Chairman of the Board	Dr. Shafik Ashkar Chief Executive Officer	Sana' Qarain Director of Finance

Governance

Introduction

In light of the economical developments worldwide, the need for good governance has risen in many emerging economies during the past few decades. This is especially true in the wake of the financial crises that took place in many countries.

Based on the Mission of the Jordan Phosphate Mines Company, and in recognition of its role in strengthening the national economy, JPMC believes that rational governance leads to good management and contributes to achieving the strategic objectives. It also increases trust and confidence among shareholders in our ability to mitigate risk. Corporate governance is an important issue for all public companies in this era, especially in light of the financial crises. Good governance reduces the misuse of administrative powers and increases the role of the Board of Directors, strengthens internal controls and the implementation of strategies and sets the powers of the shareholders, the Board of Directors, the executive management and stakeholders. It emphasizes transparency and the disclosure of information.

Governance Report

Pursuant to the 2017 provisions regarding the Corporate Governance Regulations of Public Companies which were issued according to Articles (12/N) and (118/B) of the Securities Law No. (18), approved by the Commission Resolution No. (201/2017) dated 22/5/2017, the following instructions became mandatory as of the date of approval by the Board of Commissioners in accordance with best practices:

1- Composition of the Board of Directors:

JPMC is managed by a board of nine directors representing the shareholders according to JPMC's bylaws, regulations and instructions. They are elected by the General Assembly to represent all shareholders, manage the company, work with integrity and transparency to achieve JPMC's interests and objectives. All members possess the needed academic qualifications and have sufficient experience in administrative and financial areas.

2- Functions and Responsibilities of the Board of Directors:

- The JPMC Board of Directors is committed to the standards of corporate governance in accordance with the best practices. This includes the development of strategies, policies, plans and procedures that will achieve the company's interests and objectives, maximize shareholders' rights, serve the local community and adopt the company's disclosure and transparency policies and implementing them in accordance to the legislation in force.

- **Corporate Governance Officer:**

The Corporate Governance Officer has not been appointed as of 31/12/2017. It is the responsibility of the Board of Directors to appoint one.

- **Board Meetings:**

The Board of Directors shall hold its meetings in accordance with the Companies Law and at least six times a year. Decisions of the Board shall be issued by an absolute majority of the members present. If the votes are equal, the side on which the chairman of the meeting votes shall prevail. In 2017, the Board met nine times.

- **Secretary of the Board of Directors:**

- The Secretary shall record the minutes of the meetings and decisions in a designated record numbered in sequence showing the attendees and any decisions made.

3- Members of the Board of Directors, whether the member is executive or non-executive and whether independent or non-independent

A. The following table shows the current Directors and those who have resigned in 2017:

Members	Representing	Position	Independence	Membership
H.E. Dr. Mohammad Thneibat	Private sector representative	Chairman as of March 28, 2017	Independent	Executive
Dr. Adel Al-Sharkas	Representative of the Social Security Corporation	Deputy Chairman of the Board	Not independent	Non-executive
H.E. Eng. Muzahim Muhaisin	Kamil Holdings Limited	Member	Not independent	Non-executive
Eng. Abdelfattah AbuHassan	Private sector representative	Member	Independent	Non-executive
Mr. Junaidi Masri	Kamil Holdings Limited	Member	Not independent	Non-executive
Dr. Mohammad Al-Hazaimeh	Representatives of Shareholdings' Management Company - The Government of Jordan	Member as of 16/8/2017	Not independent	Non-executive
Mr. Husam Abu Ali	Representatives of Shareholdings' Management Company - The Government of Jordan	Member	Not independent	Non-executive
Eng. Mohammad Al-Munaifi	Representative of the General Authority for Investment / Kuwait	Member	Not independent	Non-executive
Mr. Mohammed Al-Hmoud	Kamil Holdings Limited	Member as of 13/2/2017	Not independent	Non-executive
Dr. Mukhalled Omari	Representatives of Shareholdings' Management Company - The Government of Jordan	Member as of 17/4/2016 Until 19/7/2017	Not independent	Non-executive
Eng. Amer Al-Majali	Representative of the private sector	Chairman until the date of resignation 28/3/2017	Independent	Executive
Eng. Faisal Doudin	Kamil Holdings Limited	Member until February 13, 2017	Not independent	Non-executive

No other executive position in the company can be combined with the Chairman position;none of the Chairman kinship can occupy the Director General position of the Company.

B. The number of Board meetings in 2017 and a list of the members present:

Name	Meeting No. and Date									Total	
	No.(1) 19/1	No. (2) 28/3	No. (3) 13/4	No. (4) 29/4	No. (5) 3/6	No. (6) 22/7	No. (7) 16/9	No. (8) 13/11	No. (9) 2/12	Atten-dance	Absence with excuse
H.E. Dr. Mohammad Thneibat	N/A	N/A	P	P	P	P	P	P	P	7	-
Dr. Adel Al-Sharkas	P	P	P	P	P	P	P	P	P	9	-
H.E. Eng. Muzahim Muhaisin	P	P	P	P	P	P	P	P	P	9	-
Eng. Abdelfattah AbuHassan	P	P	P	P	P	P	P	P	P	9	-
Mr. Junaidi Masri	A	P	A	P	A	P	A	P	A	4	5
Dr. Mohammad Al-Hazaimeh	N/A	N/A	N/A	N/A	N/A	N/A	P	A	A	1	2
Mr. Husam Abu Ali	P	P	A	P	P	P	P	P	P	8	1
Eng. Mohammad Al-Munaifi	P	P	A	P	P	P	P	P	P	8	1
Mr. Mohammed Al-Hmoud	N/A	P	P	P	P	P	P	P	P	8	-
Dr. Mukhalled Omari	P	P	P	P	P	N/A	N/A	N/A	N/A	5	-
Eng. Amer Al-Majali	P	P	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2	-
Eng. Faisal Doudin	P	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	-

N/A = Not a member A = Absent P = Present

C. Attendance of members of the Board of Directors of the Board of Directors during the year 2017

Board members	Position	Board meetings attended during the term of office	Attendance Percentage
H.E. Dr. Mohammad Thneibat	Chairman as of March 28, 2017	7/7	100%
Dr. Adel Al-Sharkas	Deputy Chairman	9/9	100%
H.E. Eng. Muzahim Muhaisin	Member	9/9	100%
Eng. Abdelfattah AbuHassan	Member	9/9	100%
Mr. Junaidi Masri	Member	4/9	44%
Dr. Mohammad Al-Hazaimeh	Member as of 16/8/2017	1/3	33%
Mr. Husam Abu Ali	Member	8/9	89%
Mr. Mohammed Al-Hmoud	Member as of 13/2/2017	8/8	100%
Eng. Mohammad Al-Munaifi	Member	8/9	89%
Dr. Mukhalled Omari	Member until 19/7/2017	5/5	100%
Eng. Amer Al-Majali	Chairman until 28/3/2017	2/2	100%
Eng. Faisal Doudin	Member until 13/2/2017	1/1	100%

4- JPMC Board members who are members of the Boards of Directors of Other Public Companies:

Dr. Adel Sherkas Deputy Chairman is a member of:

a. Industrial Cities Company

b. Al-Rahn Al-Aqari (Mortgage) Company

Otherwise, none of the current members of the JPMC Board of Directors is a board member at another shareholding companies.

5- Executive positions and names of persons who occupy them

Name	Position
H.E. Dr. Mohammad Thneibat	Chairman of the Board of Directors as of March 28, 2017
Dr. Shafik Ashkar	Chief Executive Officer
Ms. Sana’ Qarain	Director of Finance
Eng. Naser AbuOleam	Acting Executive commercial Manager/Executive Marketing and Export Phosphate
Geologist Mr. Mohammad Abu Hazeem	Acting of Assistant CEO for Operations
Eng. Najwa Al-Qaisi	Acting Executive Manager for Procurement
Eng. Bassam Haddad	Acting Industrial Complex Manager as of 20/7/2017
Ms. Khawla Nasser	Secretary of the Board of Directors
Eng. Eid Welidat	Director of Fertilizer Prod./ Industrial Complex Manager until 20/7/2017
Mr. Rafat Ghabayen	Advisor to CEO for Finance until 15/7/2017
Mr. Khaled Alfanatseh	Advisor to Chairman for Labour Affairs until 31/3/2017

6- Committees of the Board of Directors:

a. The Audit Committee:

a/1 - Members of the Audit Committee:

Mr. Husam Abu Ali / Head of the committee

Masters in Accounting and Finance - Bachelor of Administrative and Financial Sciences - Accounting

Director General income and sales Tax Department, Previously Assistant Secretary General for Finance and Financial Expert / Ministry of Finance.

Representative of the Social Security Corporation / Dr. Adel Sherkas / Deputy head of the Committee.

PhD in Financial Economics, Master of Economics / Statistics, B.Sc. in Applied Statistics

He is currently the Deputy Governor of the Central Bank of Jordan.

Dr. Eng. Abdelfattah AbuHassan / Member

PhD in Mining and Mining Engineering.

Previously served as a board member of Jordan Phosphate Mines Company from 2004-2012, Advisor to the Executive Committee for Investment/ Jordan Phosphate Mines Company, Acting General Manager / Jordan Phosphate Mines Company.

a/2 The following table shows includes the attendance of the of the Audit Committee members in 2017:

Meeting No.	Meeting Date	Mr. Husam Abu Ali / Head of the committee	Dr. Adel Al Sharkas / Deputy Head of the Committee	Dr. Abdulfattah AbuHassan / Member
1/2017	14/01/2017	P	P	P
2/2017	19/02/2017	P	P	P
3/2017	23/03/2017	P	P	P
4/2017	29/04/2017	P	P	P
5/2017	02/07/2017	P	P	P
6/2017	16/07/2017	P	P	P
7/2017	29/07/2017	P	P	P
8/2017	02/08/2017	P	P	P
9/2017	08/08/2017	P	P	P
10/2017	27/08/2017	P	P	P
11/2017	26/10/2017	P	P	P
12/2017	29/10/2017	P	P	P
13/2017	27/12/2017	P	P	P

P = Present A = Absent

a/3 The Audit Committee held four meetings with the External Auditor in 2017.

a/4 Functions of the Audit Committee

The Audit Committee shall supervise accounting and auditing activities of the Company, including:

- Discussing matters related to selecting the external auditor while ensuring adherence to the legislation and full independence.
- Follow-up the Company's compliance with the provisions and legislations in force and the requirements of the regulatory bodies.
- Studying the periodic reports before submitting them to the Board of Directors and making recommendations thereon.
- Reviewing internal audit reports and making recommendations to the Board of Directors regarding procedures for internal auditing and the development of policies and strategies to ensure the strengthening of internal control over the company.

B. The Nominations and Remuneration Committee:

B/1 - Members of the Nominations and Remuneration Committee

- Eng. Abdelfattah AbuHassan, Head of the committee
- Mr. Husam Abu Ali / Deputy head of the committee
- H.E. Eng. Muzahim Muhaisin / Member
- Eng. Mohammad Al-Munaifi / Member
- Mr. Mohammed Al-Hmoud / Member as of 13/11/2017

B/2 - The following table shows the attendance members of the Nomination and Remuneration Committee in 2017

Meeting No.	Meeting Date	Dr. Abdelfattah AbuHassan, Head of the committee	Mr. Husam Abu Ali / Deputy head of the committee	H.E. Eng. Muzahim Muhaisin / Member	Eng. Mohammad Al-Munaifi / Member
1/2017	18/02/2017	P	P	P	P
2/2017	02/03/2017	P	P	P	P
3/2017	23/03/2017	P	P	P	P
4/2017	27/04/2017	P	P	P	P
5/2017	03/06/2017	P	A	P	P
6/2017	22/07/2017	P	P	P	P
7/2017	24/08/2017	P	A	P	P
8/2017	16/09/2017	P	P	P	P
9/2017	12/11/2017	P	A	P	P

B/3 - Functions of the Nominations and Remunerations Committee:

- The Nomination and Remuneration Committee shall establish and review the policies for bonuses, benefits, incentives and salaries within the Company.
- Identifying the Company's needs of with regards to senior executive management staff, and the basis of their selection.

C- Risk Management Committee

C / 1- Members of the Risk Management Committee

Includes all board members:
H.E. Dr. Mohammad Thneibat
Dr. Adel Al-Sharkas
H.E. Eng. Muzahim Muhaisin
Eng. Abdelfattah AbuHassan
Mr. Mohammad Kreishan
Mr. Junaidi Masri
Mr. Husam Abu Ali
Eng. Mohammad Al-Munaifi
Mr. Mohammed Al-Hmoud

C/2 - The Committee did not hold meetings in 2017

C/3 - Functions of the Risk Management Committee:

Responsibilities of the Risk Management Committee include: managing the risks and discussing them with other departments. To monitor and assess the various types of risks and developing plans to manage them. Plans shall be reviewed periodically. The Committee shall develop written procedures to regulate its work and determine its obligations. The Committee shall submit recommendations to the Board.

D – The Governance Committee:

The Governance Committee has not yet been formed.

Chairman of Board of Directors

Dr. Mohammad Thneibat

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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 2017, 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 2017, and its consolidated statement of income, 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.

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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.

1. **Impairment testing on the Group's goodwill - Fertilizer's Unit** Refer to note 6 on the consolidated financial statements	
Key audit matter	**How the key audit matter was addressed in the audit**
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.	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.

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<table>
<tr><td colspan="2">2. Investments in associates and joint ventures including shareholders long-term receivables and loans
Refer to the notes 5 and 12 on the consolidated financial statements</td></tr>
<tr><td>Key audit matter</td><td>How the key audit matter was addressed in the audit</td></tr>
<tr><td>The Company has investments in associates and Joint ventures in addition to the granted loans to these entities. The total amount of investments including loans is JD 364.5 million representing 34% of the Group's assets; accordingly, this was considered a key audit matter.</td><td>Our audit procedures included, among other things, instructing the statutory auditors to perform an audit on the relevant financial information for the purpose of the consolidated financial statements of Jordan Phosphate mining Company.

Obtaining the latest available financial information to recalculate the carrying value of the investments in associates and joint ventures according to the equity method.

We have received confirmations for shareholders long-term receivables and loans that are related to associates and joint ventures. In addition, We have assessed management's considerations of the impairment indicators of these investments and receivables.</td></tr>
</table>

Other information included in the Company's 2017 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.

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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.

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- 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.

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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 accounting which are in agreement with the consolidated financial statements

Ernst & Young/ Jordan

Ernst + Young

Waddah Isam Barkawi
License No. 591

Amman – Jordan
28 March 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017
(In Thousands of Jordanian Dinars)

		2017	2016
ASSETS	Notes		
Non-current assets			
Property, plant and equipment	3	228,979	247,197
Projects in progress	4	31,480	30,126
Investments in associates and joint ventures	5	271,996	273,466
Intangible assets	6	155,586	162,945
Deferred tax assets	22	4,941	6,537
Employees' housing loans	7	5,520	5,481
Financial assets at fair value through other comprehensive income	8	413	452
Loans receivable	9	16,033	6,781
Long term accounts receivable	12	5,076	5,076
Other current assets	13	1,313	975
Production and development stripping cost	10	19,393	30,060
Advance payments on investments		-	5,000
		740,730	774,096
Current assets			
Inventories, spare parts and supplies	11	161,235	199,894
Accounts receivable	12	141,716	123,683
Other current assets	13	27,820	24,695
Financial assets at fair value through profit and loss		194	182
Cash on hand and at banks	14	5,968	13,745
		336,933	362,199
TOTAL ASSETS		**1,077,663**	**1,136,295**
EQUITY AND LIABILITIES			
Equity			
Paid-in-capital	15	82,500	82,500
Statutory reserve	15	75,000	75,000
Voluntary reserve	15	75,000	75,000
Special reserve	15	75,000	75,000
Fair value reserve		(266)	(227)
Retained earnings		363,544	411,076
Equity attributable to Company's shareholders		**670,778**	**718,349**
Non – controlling interests	39	7,374	6,495
Total Equity		678,152	724,844
Non-current liabilities			
Long-term loans	16	72,791	83,912
Compensation and end-of-service indemnity provision	17	2,394	11,338
Assets deferral provision	6	14,543	13,775
		89,728	109,025
Current liabilities			
Accounts payable	18	106,541	79,215
Accrued expenses	19	40,116	54,425
Other current liabilities	20	22,662	26,988
Due to banks	21	92,136	101,512
Employees incentives and retirees grants provision	33	744	1,058
Current portion of long-term loans	16	46,111	38,708
Income tax provision	22	1,473	520
		309,783	302,426
Total Liabilities		**399,511**	**411,451**
TOTAL EQUITY AND LIABILITIES		**1,077,663**	**1,136,295**

The attached notes 1 to 42 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2017
(In Thousands of Jordanian Dinars)

	Notes	2017	2016
Net Sales	23	586,666	549,697
Cost of sales	23	(496,099)	(471,964)
Gross profit		**90,567**	**77,733**
Selling and marketing expenses	24	(8,332)	(9,375)
New phosphate port terminal expenses	36	(11,405)	(11,997)
Aqaba port fees		(5,090)	(4,074)
Transportation expenses		(57,185)	(49,140)
Administrative expenses	25	(25,198)	(23,663)
Russiefah Mine expenses	26	(1,660)	(1,897)
Mining Revenus	27	(18,266)	(19,195)
Provision for slow-moving spare parts	11	(594)	(2,045)
Other provisions	33	(283)	(1,456)
provision for doubtful debts	12	(270)	-
Other income (loss), net	28	9,343	(6,163)
Foreign currency exchange differences		756	865
Operating loss		(27,617)	(50,407)
Finance costs	29	(11,452)	(14,805)
Finance income	30	1,706	1,306
Group's share of loss from associates and joint ventures	5	(6,093)	(12,363)
Gain from revaluation of financial assets at fair value through profit and loss		12	23
Goodwill impairment loss	6	(1,000)	(4,074)
Impairment on investment in associates	5	-	(4,563)
Loss before income tax		(44,444)	(84,883)
Income tax expense	22	(2,209)	(5,257)
Loss for the year		**(46,653)**	**(90,140)**
(Loss) profit Attributable to:			
Equity holders		(47,532)	(88,821)
Non – controlling interests	39	879	(1,319)
Loss for the year		**(46,653)**	**(90,140)**
		JD/Fils	**JD/Fils**
Basic and diluted losses per share attributable to the equity holders	**31**	**(0/576)**	**(1/077)**

The attached notes 1 to 42 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017
(In Thousands of Jordanian Dinars)

	Notes	2017	2016
Loss for the year		**(46,653)**	**(90,140)**
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	(39)	(75)
Total comprehensive income for the year		(46,692)	(90,215)
Total comprehensive income attributable to:			
Equity holders		(47,571)	(88,896)
Non – controlling interests		879	(1,319)
Total comprehensive income for the year		**(46,692)**	**(90,215)**

The attached notes 1 to 42 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER
(In Thousands of Jordanian Dinars)

	Paid-in capital	Reserves			Fair value reserve	Retained earnings		Non-controlling interest	Total equity
		Statutory	Voluntary	Special		Unrealized*	Realized**		
For the year ended 31 December 2017									
Balance at 1 January 2017	82,500	75,000	75,000	75,000	(227)	25,953	385,123	6,495	724,844
Loss for the year	-	-	-	-	-	12	(47,544)	879	(46,653)
Total comprehensive income items	-	-	-	-	(39)	-	-	-	(39)
Total comprehensive income for the year	-	-	-	-	(39)	12	(47,544)	879	(46,692)
Balance at 31 December 2017	**82,500**	**75,000**	**75,000**	**75,000**	**(266)**	**25,965**	**337,579**	**7,374**	**678,152**
For the year ended 31 December 2016									
Balance at 1 January 2016	75,000	75,000	75,000	75,000	(152)	25,930	481,467	10,973	818,218
Loss for the year	-	-	-		-	23	(88,844)	(1,319)	(90,140)
Total comprehensive income items	-	-	-	-	(75)	-	-	-	(75)
Total comprehensive income for the year	-	-	-	-	(75)	(23)	(88,844)	(1,319)	(90,215)
Paid in capital (Note 1)	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)**	**25,953**	**385,123**	**6,495**	**724,844**

* 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 5,421 thousands which are restricted, it includes JD 4,941 thousands which represents deferred tax assets, an amount of JD 266 thousands restricted against the negative balance of fair value reserve for financial assets at fair value through other comprehensive income as of 31 December 2017, and an amount of JD 214 thousands is restricted against the negative balance of fair value through profit or loss as of 31 December 2017.

The attached notes 1 to 42 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017
(In Thousands of Jordanian Dinars)

	Notes	2017	2016
OPERATING ACTIVITIES			
Loss for the year before income tax		(44,444)	(84,883)
Adjustments for:			
Depreciation	3	27,687	25,233
Amortization of new phosphate port terminal	6	6,359	6,359
Goodwill impairment loss		1,000	4,074
Impairment on investment in associates	5	-	4,563
Amortization of production stripping costs	10	17,983	13,284
Employees compensation fund and end-of-service indemnity		15,165	17,091
Finance costs		10,219	9,172
Finance income		(1,706)	(1,306)
Mining Revenus		20,391	21,222
Group’s share of loss from associates and joint ventures		6,093	12,363
Provision for slow-moving spare parts		594	2,045
Provision for doubtful debts		270	-
Other non-cash items		4,040	6,136
Working capital changes:			
Accounts receivable		(18,303)	(25,386)
Employees' housing loans		(504)	801
Other current assets		(2,329)	(4,989)
Inventories, spare parts and supplies		38,065	8,345
Production stripping costs		(7,316)	(14,680)
Accounts payable		27,326	187
Accrued expenses		(10,474)	6,533
Other current liabilities		(5,767)	7,520
Employees’ compensation, end-of-service indemnity and death fund paid		(23,158)	(19,794)
Mining Revenus paid		(24,120)	(30,000)
Early retirement obligations paid		-	(118)
Income tax paid	22	(3,687)	(7,783)
Net cash flows from (used in) operating activities		33,384	(44,011)
INVESTING ACTIVITIES			
Property, plant and equipment and payments on projects in progress – net		(10,823)	(9,929)
Loans receivable		(9,252)	547
Investment in associates and joint ventures		(12,500)	(17,000)
Dividends paid		14,260	-
Interest received		573	715
Net cash flows used in investing activities		(17,742)	(25,667)
FINANCING ACTIVITIES			
Proceeds from loans		23,151	48,684
Repayments of loans		(26,869)	(26,115)
Dividends of subsidiaries		-	(3,064)
Finance costs paid		(10,325)	(9,089)
Net cash flows (used in) from financing activities		**(14,043)**	**10,416**
Net increase (decrease) in cash and cash equivalents		**1,599**	**(59,262)**
Cash and cash equivalents at 1 January		(87,767)	(28,505)
Cash and cash equivalents at 31 December	**14**	**(86,168)**	**(87,767)**

The attached notes 1 to 42 form an integral part of these consolidated financial statements

(In Thousands of Jordanian Dinars)

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 (Note 2-2).

In it's meeting dated 14th April 2016, the General Assembly have decided to capitalized an amount of JD 7,500 thousand from the retained earnings and distribute them to shareholders as stock dividends, this resulted in an authorized and paid-in-capital of JD 82,500 thousand divided into 82,500 thousand shares with a par value of JD 1 each.

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 15th March 2018 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 consolidated financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2016 except for the followings:

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

Limited amendments which require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). However, the adoption of these amendments have no impact on the Company's financial statements.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Un-recognised Losses

Limited amendments to clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference and some other limited amendments, the adoption of these amendments have no impact on the Company's financial statements.

(2-4) STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

IFRS 9 Financial Instruments (Implemented IFRS 9)

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. 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 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required; but providing comparative information is not mandatory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Company plans to adopt the remaining phases on the effective date and will not restate comparative information.

(a) Classification and Measurement

The Company does not expect a material impact on its balance sheet or equity on applying the new classification and measurement category of IFRS 9.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Company analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

(b) Impairment

IFRS 9 requires the Company to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Company will apply the simplified approach and record lifetime expected losses on all trade receivables. The Company has estimated that the additional provision to be recorded resulting from the expected credit loss from its trade receivables will not be material compared to the current requirements of provisioning for doubtful trade receivables.

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.

During 2017, the Group has performed an impact assessment of IFRS 15. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2018 when the Group adopts IFRS 15, whereas,

The Group does not expect a material impact on its balance sheet or equity on applying the requirements of IFRS 15.

Amendments to IFRS 10 and IAS 28:Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

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.

IFRS 16 Leases

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

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

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

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

IFRS 17 Insurance Contracts

IFRS 17 provides a comprehensive model for insurance contracts covering the recognition and measurement and presentation and disclosure of insurance contracts and replaces IFRS 4 -Insurance Contracts. The standard applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The standard general model is supplemented by the variable fee approach and the premium allocation approach.

The new standard will be effective for annual periods beginning on or after 1 January 2021. Early application is permitted.

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.

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.

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.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The interpretation is effective for annual reporting periods beginning on or after 1January 2019, but certain transition reliefs are available.

(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 22).

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).

(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

1- 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.

2- 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 2017 and 2016.

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 40).

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 unobservable.

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.

(In Thousands of Jordanian Dinars)

3- PROPERTY, PLANT AND EQUIPMENT

2017	Land	Buildings	Roads & Yards	Machinery & equipment	Water & electricity network	Office equipment
Cost:						
At 1 January 2017	**1,299**	**130,027**	**25,404**	**475,552**	**82,329**	**6,440**
Additions	-	49	-	112	49	68
Transfers from projects in progress (Note 4)	-	194	-	3,182	221	23
Adjustments	-	-	-	(173)	245	-
Disposals	-	(269)	(93)	(12,258)	-	(186)
At 31 December 2017	1,299	130,001	25,311	466,415	82,844	6,345
Accumulated Depreciation:						
At 1 January 2017	-	79,333	13,266	367,545	33,850	3,990
Depreciation for the year	-	5,347	3,758	11,516	2,626	401
Adjustments	-	33	(8)	2	-	-
Related to disposals	-	(264)	(17)	(12,161)	-	(169)
At 31 December 2017	-	84,449	16,999	366,902	36,476	4,222
Net book value						
At 31 December 2017	1,299	45,552	8,312	99,513	46,368	2,123

The estimated value of fully depreciated property, plant and equipment is JD 494,188 thousand as at 31 December 2017.

(In Thousands of Jordanian Dinars)

Medical equipment	Communication equipment	Computers	Vehicles	Spare parts reserves	Software and programs	Total
1,017	**1,324**	**3,785**	**14,122**	**44,772**	**1,913**	**787,984**
73	2	14	125	5,694	-	6,186
-	-	-	-	-	-	3,620
-	64	70	33	100	-	339
-	(16)	(109)	(441)	(327)	-	(13,699)
1,090	1,374	3,760	13,839	50,239	1,913	784,430
857	1,297	3,482	11,292	23,963	1,912	540,787
26	21	157	891	2,944	-	27,687
(2)	18	(162)	-	184	-	65
-	(15)	(102)	(338)	(22)	-	(13,088)
881	1,321	3,375	11,845	27,069	1912	555,451
209	53	385	1,994	23,170	1	228,979

(In Thousands of Jordanian Dinars)

3- PROPERTY, PLANT AND EQUIPMENT

2016	Land	Buildings	Roads & Yards	Machinery & equipment	Water & electricity network	Office equipment
Cost:						
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	-	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 thousand as at 31 December 2016.

(In Thousands of Jordanian Dinars)

Medical equipment	Communication equipment	Computers	Vehicles	Spare parts reserves	Software and programs	Total
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**

(In Thousands of Jordanian Dinars)

3- PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation in the consolidated statement of income is as follows:

	2017	2016
Cost of sales	26,769	24,376
Administrative expenses	608	585
Selling and marketing expenses	89	82
Russiefah mine expenses	113	32
Others	108	158
	27,687	**25,233**

4- PROJECTS IN PROGRESS

Movement on the projects in progress is as follows:

	Balance at 1 January 2017	Additions	Transferred to property plant & equipment	Transferred to expenses and others	Balance at 31 December 2017
Aqaba Industrial Complex Projects	26,930	733	-	(91)	27,572
Shidiya Mine Projects	147	191	(214)	(5)	119
Indo-Jordan's Projects	2,312	3,851	(3,249)	-	2,914
Head Office, Hasa & Abiad mines	525	209	(103)	(13)	618
Nippon's Projects	212	100	(54)	(1)	257
	30,126	**5,084**	**(3,620)**	**(110)**	**31,480**

The estimated cost to complete the projects in progress as of 31 December 2017 amounted to JD 737 thousand for JPMC related projects, JD 2,434 thousand for Indo-Jordan related projects and JD 430 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:

	2017	2016
Investment in associates (A)	211,387	228,567
Joint projects (B)	60,609	44,899
	271,996	**273,466**

(In Thousands of Jordanian Dinars)

A. INVESTMENTS IN ASSOCIATES:

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

	Country of incorporation	Nature of activity	Ownership %	2017	2016
Manajim for Mining Development Company "Manajim"	Jordan	Mining services	46	37,057	41,192
Jordan Abyad Fertilizer Company "JAFCCO" *	Jordan	Fertilizers production	27.38	-	1,626
Jordan India Fertilizer Company "JIFCO"	Jordan	Phosphoric acid production	48	156,935	162,896
Kaltime Jordan Abdi Company	Indonesia	Phosphoric acid production	40	540	612
Arkan Company for Construction "Arkan"	Jordan	Mining contracting	46	16,855	22,241
				211,387	**228,567**

* Losses in excess of the investment balance amounting to JD 1,080 thousand were recorded as other liabilities.

Movements on the investment in associates were as follows:

	2017	2016
At 1 January	228,567	204,365
The Group's share of current year losses	(4,629)	(2,856)
Dividends received from Manajim for Mining development	(7,820)	-
Dividends received from Arkan constructions services	(6,440)	-
Impairment of the investment in JAFCCO	-	(4,563)
Elimination of Group's share of JIFCO income related to transactions between the Group and associate	603	(13)
Increase investment in JIFCO*	-	31,605
Addition of Group's share of JAFCCO's income related to transactions between the Group and associate	26	29
Transfer of JAFCCO excess losses over investment to other liabilities	1,080	-
At 31 December	211,387	228,567

* On 9 August 2016 it was approved to increase JIFCO 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 receivable balances.

Group's share of associate company's results:

	2017	2016
Group's share of loss for the year	(4,629)	(2,856)
Addition (Elimination) of Group's share of associate's income related to transactions between the Group and associate	466	(34)
	(4,163)	(2,890)

(In Thousands of Jordanian Dinars)

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

2017	Manajim for Mining Development	Jordan Abyad Fertilizers and Chemicals Company	Jordan India Fertilizers Company	Arkan Company for Construction	Kaltime Jordan Abdi Company	Total
Group's share in net equity:						
Current assets	66,407	1,891	57,838	21,664	2,126	149,926
Non-current assets	22,529	100,032	525,552	30,012	35	678,160
Current liabilities	(16,468)	(18,943)	(96,736)	(10,789)	(810)	(143,746)
Non-current liabilities	-	(55,788)	(160,541)	(4,180)	-	(220,509)
Partners current account	-	(43,123)	-	-	-	(43,123)
Net equity	72,468	(15,931)	326,113	36,707	1,351	420,708
Percentage of ownership	46%	27.38%	48%	46%	40%	
Group's share in net equity	33,335	(4,362)	156,534	16,885	540	202,932
Elimination of Group's share of association related to transaction between the Group and associate	-	-	401	-	-	401
Adjustments due to change in ownership percentage	(4,078)	(93)	-	14	-	(4,157)
Group's net share in partner's current account	-	3,375	-	-	-	3,375
transfer of excess losses on investment to other liabilities	-	1,080	-	-	-	1,080
Imbedded goodwill	7,800	-	-	(44)	-	7,756
Net investment as at 31 December	**37,057**	**-**	**156,935**	**16,855**	**540**	**211,387**
Group's share from associates revenues and profits:						
Revenues	100,318	233	169,779	43,884	1,114	315,328
Cost of sales	(89,457)	(2,205)	(97,359)	(40,618)	(1,102)	(230,741)
Administrative, selling and distribution expenses	(999)	(3,456)	(85,082)	(1,196)	(267)	(91,000)
Interest income	146	-	-	-	45	191
Finance expenses	(17)	(4,194)	-	(706)	(1)	(4,918)
Other revenues	25	-	-	-	46	71
Profit (loss) for the year before income tax	10,016	(9,622)	(12,662)	1,364	(165)	(11,069)
Income tax expense	(2,007)	-	-	(68)	-	(2,075)
Profit (loss) for the year	8,009	(9,622)	(12,662)	1,296	(165)	(13,144)
Percentage of ownership	46%	27.38%	48%	46%	40%	
Group's share from current year income	3,684	(2,635)	(6,078)	596	(66)	(4,499)
Group's share from prior years income*	-	(97)	(485)	457	(5)	(130)
Elimination of Group's share of associate's income related to transactions between the Group and associates	-	-	-	466	-	466
Group's share of associates' profit (loss)	**3,684**	**(2,732)**	**(6,563)**	**1,519**	**(71)**	**(4,163)**

(In Thousands of Jordanian Dinars)

2016	Manajim for Mining Development	Jordan Abyad Fertilizers and Chemicals Company	Jordan India Fertilizers Company	Arkan Company for Construction	Kaltime Jordan Abdi Company	Total
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)**

* Prior year adjustments represent differences between draft financial statements and final audited financial statements.

(In Thousands of Jordanian Dinars)

B- JOINT VENTURES:

The below schedule presents the Group's investment in joint ventures:

	Country of incorporation	Nature of activity	Ownership %	2017	2016
Indonesian project – Petro Jordan Abadi Company	Indonesia	Phosphoric Acid production	50	6,664	9,951
Jordan Industrial Ports Company	Jordan	Shipping services	50	53,945	34,948
				60,609	**44,899**

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

	2016	2015
Balance at 1 January	44,899	31,677
Group's share of (loss) for the year	(1,930)	(9,473)
Increase in investment in Industrial Ports Company**	17,500	22,000
Addition Group's share of associate's income related to transactions between the Group and joint venture	140	695
Balance at 31 December	60,609	44,899

** Industrial Ports Company increased its paid in capital during 2017 by JD 35,000 thousand to reach JD 105,000 thousand. JPMC's share of the increase amounted to JD 17,500 thousand.

(In Thousands of Jordanian Dinars)

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

2017	Indonesian project – Petro Jordan Abadi Company	Jordan Industrial Ports Company	Total
Current assets	30,903	18,301	49,204
Non-current assets	138,900	101,710	240,610
Current liabilities	(41,446)	(12,121)	(53,567)
Non-current liabilities	(114,659)	-	(114,659)
Net equity	13,698	107,890	121,588
Percentage of ownership	50%	50%	
Group’s share in net equity	6,849	53,945	60,794
Elimination of group’s share of the income related to transactions between the Group and joint ventures	(185)	-	(185)
Group’s share in net equity	**6,664**	**53,945**	**60,609**
Group’s share from joint ventures and profits			
Revenues	73,485	14,772	88,257
Cost of sales	(78,078)	(12,672)	(90,750)
Administration, selling and distribution expenses	(1,637)	(694)	(2,331)
Interest income	50	801	851
Finance expense	(4,681)	(3)	(4,684)
Other revenues, net	(24)	1,110	1,086
(Loss) profit for the year	(10,885)	3,314	(7,571)
Percentage of ownership	50%	50%	
Group’s share of the year results	(5,443)	1,657	(3,786)
Group’s share of prior year results***	2,016	(160)	1,856
Group’s share of (loss) profit from joint ventures	**(3,427)**	**1,497**	**(1,930)**

(In Thousands of Jordanian Dinars)

2016	Indonesian project – Petro Jordan Abadi Company	Jordan Industrial Ports Company	Total
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 selling and distribution expenses	(1,566)	(735)	(2,301)
Interest income	9	-	9
Finance expense	(4,326)	-	(4,326)
Other revenues, net	158	924	1,082
(Loss) profit for the year	(19,334)	1,212	(18,122)
Percentage of ownership	50%	50%	
Group's share of the year results	(9,667)	606	(9,061)
Group's share of prior year results***	(299)	(113)	(412)
(loss) Group's share of profit from joint ventures	**(9,966)**	**493**	**(9,473)**

*** Prior year adjustments represent differences between draft financial statements and final audited financial statements.

The estimated cost to renovate the Industrial Port of Aqaba as of 31 December 2017 is approximately JD 25,000 thousand where JPMC's share amount to JD 12,500 thousand.

(In Thousands of Jordanian Dinars)

6- INTANGIBLE ASSETS

The details of this item is as follows:

	2017	2016
Fertilizers unit goodwill*	15,680	16,680
New phosphate port**	139,906	146,265
	155,586	162,945

* FERTILIZERS UNIT GOODWILL:

During 1986 the Group acquired Jordan Fertilizers Industry Company (“JFIC” or “the Fertilizers Unit”) as agreed by 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 that have been recorded 1996.

Impairment test of goodwill

The recoverable amount of the Fertilizers Unit has been determined using the projected cash flows based on financial budgets and projections prepared by the Group. The pre-tax discount rate applied is 15.9% 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 an impairment loss of JD 1,000 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 2017 were used to build up the projected 5 years future sales.

Projected costs:

The costs incurred during 2017 except for raw material prices, 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 15.9%.

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.

(In Thousands of Jordanian Dinars)

** 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 2017 amounted to JD 6,359 thousand (2016: JD 6,359 thousand) was recorded within new phosphate port terminal expenses (Note 36).

Movement on new phosphate port is as follows.

	2017	2016
Balance at 1 January	146,265	152,624
Amortization for the year	(6,359)	(6,359)
Balance at 31 December	139,906	146,265

The asset deferral provision when the license to use and operate the new port expires is JD 14,543 thousand as 31 December 2017 (2016: JD 13,775 thousand). The obligation is measured at the present value of estimated future cash flows using an average interest rate of 6.5%.

The movement on the asset deferred provision is as follows:

	2017	2016
Balance at 1 January	13,775	12,993
Present value discount	768	782
Balance at 31 December	14,543	13,775

7- EMPLOYEES’ HOUSING LOANS

Movement on the employee's housing loans is as foloowing:

	2017	2016
Balance at 1 January	5,481	6,378
Net movement during the year	504	(801)
Present value discount	(465)	(96)
Balance at 31 December	5,520	5,481

The Group grants its classified employees, who have been in service with the Group for a minimum of seven years, interest-free housing loans at a maximum amount of JD 30 thousand per employee. The loans are repaid in monthly installments, deducted from the employees’ monthly salaries over a period of maximum 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 is subsequently measured at amortized cost using the effective interest rate method.

(In Thousands of Jordanian Dinars)

8- FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2017	2016
Quoted shares	133	174
Unquoted shares*	280	278
	413	452

* 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 2017 and 2016.

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 3.5% and 8.25%.

		2017	2016
		Loan payments	Loan payments
	Currency	long-term	long-term
Jordan India Fertilizers Company	USD	6,536	-
Jordan Abyad Fertilizers and Chemicals Company – net*	USD	3,564	3,564
Jordan Abyad Fertilizers and Chemicals Company – net*	JD	5,933	3,217
		16,033	**6,781**

* The balance represents the net present value of the debit loans after deducting an amount of JD 2,498 thousand, which represents the net present value of the expected future cash in flows using the market weighted average interest rate.

10- PRODUCTION AND DEVELOPMENT STRIPPING COSTS

Movement on the production stripping cost is as follows:

	2017	2016
Balance at 1 January	30,060	28,664
Additions for the year	7,316	14,680
Amortization for the year	(18,449)	(13,250)
Addition (Elimination) of Group's share of associate's income related to transactions between the Group and associates	466	(34)
Balance at 31 December	**19,393**	**30,060**

(In Thousands of Jordanian Dinars)

11- INVENTORIES, SPARE PARTS AND SUPPLIES

	2017	2016
Finished goods	42,416	54,081
Work in progress (Note 34)	22,398	35,775
Raw materials	16,408	24,424
Inventory held by contractors	8,128	12,534
Spare parts and supplies	95,188	95,789
	184,538	222,603
Provision for slow moving spare parts*	(23,303)	(22,709)
	161,235	**199,894**

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

	2017	2016
Balance at 1 January	22,709	20,664
Provision for the year	594	2,045
Balance at 31 December	**23,303**	**22,709**

12- ACCOUNTS RECEIVABLE

	2017	2016
Trade receivables	66,622	60,129
Due from associated companies (Note 38)*	92,532	81,891
Other	8,869	7,700
	168,023	**149,720**
Provision for doubtful debts	(21,231)	(20,961)
	146,792	**128,759**

* 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 which is classified within non-current assets in the statement of financial position as at 31 December.

(In Thousands of Jordanian Dinars)

The following is the movement for the provision for doubtful debts:

	2017	2016
Balance at 1 January	20,961	20,961
Provision for the year	270	-
Balance at 31 December	**21,231**	**20,961**

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
2017	54,260	-	92,532	146,792
2016	16,461	30,407	81,891	128,759

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

	2017	2016
Payments on letters of credit	12,091	10,872
Advance payments on sales tax	7,514	6,934
Prepaid expenses	5,585	4,987
Accrued interest revenue*	3,592	2,452
Others	351	425
	29,133	**25,670**

* Included in this item an amount of JD 1,313 thousand which represents the net present value of the accrued interest of debit loan related to Jordan Abyad Fertilizers and Chemicals Company, which is classified under non-current assets in the statement of financial position as at 31 December 2017 (2016: JD 975 thousand).

(In Thousands of Jordanian Dinars)

14- CASH AND CASH EQUIVALENTS

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:

	2017	2016
Cash at banks*	5,908	13,682
Cash on hand	60	63
Cash on hand and at banks	**5,968**	**13,745**
Less: Bank overdrafts (Note 21)	(92,136)	(101,512)
Cash and cash equivalents	**(86,168)**	**(87,767)**

* Cash at banks include current accounts in US Dollars bearing annual average interest rate of maximum 1% for the years ended 31 December 2017 and 2016.

Cash at banks include short-term deposits accounts in Jordanian Dinars bearing annual interest rate between 5% and 5.5% for the year ended 31 December 2017 (2016: Between 3% and 3,75%).

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.

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.

(In Thousands of Jordanian Dinars)

16- LOANS

	Currency	2017		2016	
		Due within one year	Long-term	Due within one year	Long-term
International Finance Corporation	USD	11,625	-	11,681	11,625
Arab Bank loan (1)	USD	5,168	47,790	-	40,427
Arab Jordanian Investment Bank	USD	531	1,460	-	2,124
Housing Bank for Trade and Finance loan (1)	USD	7,080	14,160	7,080	21,240
Housing Bank for Trade and finance Loan (2)	USD	826	3,717	-	-
Union Bank Loan	USD	2,832	5,664	2,831	8,496
Arab Banking Corporation revolving loan	USD	7,075	-	7,075	-
Arab Bank revolving loan (2)	USD	7,080	-	7,080	-
Capital Bank	USD	3,894	-	2,961	-
		46,111	**72,791**	**38,708**	**83,912**

International Finance Corporation (IFC) Loan

On 26 March 2010, the Group signed a loan agreement with the International Finance Corporation (IFC) in the amount of USD 110 million, 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 the new rock phosphate terminal in the southern industrial zone in the port of Aqaba on (Building Operating and Transfer) BOT basis. The new terminals total cost was JD 153,144 thousand at an interest rate of six months LIBOR +3.5%, the loan period is nine years including two years grace period that is payable in 14 equal semi-annual installments amounting to JD 5,840 thousand for each installment, the first installment for both loans was paid on 15 June 2012, and the last installment 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 5 January 2016, the first part of the loan agreement with the amount of USD 50 Million was signed between the group and Arab Bank. On 21 July 2016, the second part of the loan agreement with the amount of USD 46 Million was signed between the Group and the Arab Bank to finance 100% of Jordan Phosphate Mining Company's share in Jordan Industrial Ports Company to develop and update the industrial port in Aqaba. The loan holds a LIBOR interest rate of 6 months + 2.75% for the first 7 years of the loan period and LIBOR price of 6 months +2.8% from the 8th year until the end of loan period, the loan has a 15 years period including 2 years grace period. The loan is payable through equal semiannual installments amounted to USD 3.65 Million. The first installment is due on 15th January 2018, and the last installment is payable on 15th July 2030. The first part of the loan was utilized during the first quarter of 2016. Additionally an amount of USD 7.1 Million was utilized from the second part of the loan during the fourth quarter of 2016. An amount of USD 17.7 Million was utilized during 2017 from the second part of the loan.

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.

Arab Jordanian Investment Bank

On 27 December 2016, a loan agreement was signed with Arab Jordanian Investment Bank with an amount of USD 3 Million, having an interest rate of 3 months LIBOR with a minimum annual interest rate of 3% for a period of 4 years that includes a one year grace period. The loan is payable through quarterly installments, that starts after 12 months from the agreement signing date. The first installment was due on 31 January 2017 and the last installment is due on 30 September 2021.

Housing Bank for Trade and Finance Loan (1)

On 22 December 2015, the Group signed a loan agreement with Housing Bank (Bahrain Bransh) with an amount of USD 50 million to finance employees end-of-service expenses bearing an interest rate of 3 months LIBOR + 3% with minimum annual interest rate of 4%. 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 July 2020. The Bank is entitled to claim for guarantees if the average price per phosphate tonne decreased by less than USD 60.

Housing Bank for Trade and Finance Loan (2)

On 6 April 2017, the Group signed a loan agreement with Housing Bank in the amount of USD 7 million bearing a interest rate of 3 months LIBOR+2.75% with a minimum interest rate of 3.5%. The loan period is including a grace period of 6 months. The loan is payable through 12 equal semiannual installments of USD 583 thousand. The first installment was due on 6 October 2017 and the last installment will be due on 6 April 2023.

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 annual interest rate of 3.25%. The loan's period is 6 years including a grace period of 1 year. The loan is payable in 5 annual installments of USD 4 million. The first installment was payable on 6 October 2016 and the last installment will be due 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 rate of one month LIBOR + 1.5%. The loan was fully utilized during 2014 and should be fully paid within a maximum of 13 months from the utilization date.

(In Thousands of Jordanian Dinars)

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 letters of credit at an annual interest rate 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 8 June 2016, the Group signed a revolving loan agreement with Capital Bank to renew and raise the ceiling by USD 30,000 thousand bearing an annual interest of period LIBOR + 2%. On 9 February 2017, the Group has utilized an amount of USD 5,000 thousand with 6% interest rate. The loan is due within a period of maximum one year from withdrawal date. On 14 December 2017, the Group utilized an amount of USD 500 thousand with 3.7% interest rate. The loan is due within one year from the withdraw date.

Loans repayments schedule:

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

Year	Amount in
2018	46,111
2019	16,437
Thereafter	56,354
	118,902

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 Arab Bank stipulates that the Group do not obtain another loan of more than USD 50 Million from other banks without the acceptance of Arab Bank. The agreement also stipulates that JPMC should maintain debt service coverage ratio not less than 1.25 times, a current ratio of not less than 1.2 times and liabilities to net equity ratio not more than 1.5 times, and the Group should not mortgage its share in Industrial Ports Company for any party without taking permission of the Bank, and not to distribute any dividends if there was installments due and the dividends should not exceed 75% of the Company’s capital. The Group did not comply with debt service coverage ratio which is 1.25 times and current assets to current liabilities ratio which is 1.2 times. The Group has received a waiver letter for noncompliance with debt service coverage ratio in 15 March 2018 for a year starting 1 January 2018. Also the group has received a waiver letter for noncompliance with current ratio in 30 April 2017 for one year.

(In Thousands of Jordanian Dinars)

17- COMPENSATION AND END-OF-SERVICEINDEMNITY PROVISIONS

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

	2017				
	Compensation Fund*	Engineers Specialty Allowances**	End of Service Bonus Compensation***	Six months Bonus compensation	Total
Balance at 1 January	183	18	10,822	315	11,338
Provision during the year (company contribution)	65	-	200	83	348
Employee's contribution	37	-	-	-	37
Payments during the year	(7)	-	(25)	(97)	(129)
Transfers	-	-	(9,200)	-	(9,200)
Balance at 31 December	**278**	**18**	**1,797**	**301**	**2,394**

	2016				
	Compensation Fund*	Engineers Specialty Allowances**	End of Service Bonus Compensation***	Six months Bonus compensation	Total
Balance at 1 January	4,233	18	10,625	280	15,156
Provision during the year (company contribution)	24	-	197	56	277
Employee's contribution	6	-	-	-	6
Payments during the year	(4,080)	-	-	(21)	(4,101)
Balance at 31 December	**183**	**18**	**10,822**	**315**	**11,338**

* Starting on 1 January 1981, all employees became entitled to be included in the Compensation Fund (ESCF). The Funds 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's balance as of 31 December 2017 represents the accumulated funds that have vested to some employees; the Company's contributions are recognized as an administrative expense when incurred.

** 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.

The Group transferred a provision surplus of JD 9,200 thousand to the death and compensation Fund as disclosed in note (20).

(In Thousands of Jordanian Dinars)

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

	2017	2016
Interest cost	100	90
Cost of current service	100	107
	200	**197**

18- ACCOUNTS PAYABLE

	2017	2016
Due to associates (Note 38)	45,610	49,270
Due to contractors	20,408	13,817
Due to foreign suppliers	16,326	3,418
Due to local suppliers	5,711	1,620
Electricity company	3,473	5,926
Other	15,013	5,164
	106,541	**79,215**

19- ACCRUED EXPENSES

	2017	2016
Inventory in transit in custody of contractor	8,128	12,534
Mining fees	5,116	8,846
Accrued contractors expense	6,665	6,721
Freight and transportation fees	4,314	4,417
Accrued agriculture service fees	3,967	2,990
Fuel, electricity and water expenses	2,691	1,491
Sales rebates	1,516	1,481
Demurrage and unloading expense	1,313	1,306
Accrued medical insurance	1,312	1,313
Port fees	1,185	1,466
Sales agents' commissions	870	543
Interest expense	371	476
Accrued production bonus	-	40
Accrued rent	139	139
Accrued balances for affiliate companies	-	7,373
Other	2,529	3,289
	40,116	**54,425**

(In Thousands of Jordanian Dinars)

20- OTHER CURRENT LIABILITIES

	2017	2016
Deposits and other provisions	7,924	5,493
Death and compensation fund	5,081	2,982
Contractor retention	2,216	2,217
Cash received under letters of guarantees	2,357	2,357
Advanced collected payments	2,090	10,349
Other	2,994	3,590
	22,662	**26,988**

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

	2017	2016
Balance at 1 January	2,982	1,431
Company's contribution	14,817	15,640
Employees contribution	921	862
Transferred from compensation and end-of-service provision (Note 17)	9,200	-
Transferred from other provisions and adjustment	(124)	-
Paid during the year	(22,715)	(14,951)
Balance at 31 December	**5,081**	**2,982**

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 has no legal obligation to pay in case the Fund was not able to pay its obligations.

(In Thousands of Jordanian Dinars)

21- DUE TO BANKS

This balance represents the utilized amount of overdraft facilities granted by local banks. The utilized balance exceeded the ceiling of JD 34,500 thousand as of 31 December 2017 (2016: JD 37,500 thousand) for the JD accounts, and USD 71,500 thousand as of 31 December 2017 (2016: USD 71,500 thousand) for the USD accounts. The Group agreed with local banks to exceed the ceiling of the overdrafts in US Dollar facility by USD 9,907 thousand guaranteed by the export letters of credit received by the Company. Average interest rates on those overdrafts facilities ranged between 7.25% to 9% in 2017 (2016: between 7.25% and 9%) for the JD accounts, and LIBOR plus 1% to 3.25% for the USD accounts with a maximum of 5.5%.

22- INCOME TAX

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

	2017	2016
Current year income tax	474	4,704
Amount released from deferred tax asset	1,721	1,147
Prior year income tax	139	-
Deferred tax assets	(125)	(594)
	2,209	**5,257**

(A) Income tax provision

Movement on the provision for income tax is as follows:

	2017	2016
Balance at 1 January	520	3,599
Income tax expense for the year	474	4,704
Prior year's income tax	139	-
Prior year provision adjustments	4,027	-
Income tax paid	(3,687)	(7,783)
Balance at 31 December	**1,473**	**520**

(In Thousands of Jordanian Dinars)

(B) Reconciliation of the accounting profit to taxable profit

The details of computed income tax is as follows:

	2017					
	Phosphate	Fertilizer	Indo Jordan*	Nippon Jordan*	Al Ro'ya	Total
(Loss) accounting profit	(14,345)	(21,839)	(11,735)	3,550	(75)	(44,444)
Non-taxable profits	(6,344)	(3,301)	11,735	(3,550)	-	(1,460)
Non-deductible expenses	15,748	602	-	-	2,370	18,720
Taxable income	(4,941)	(24,538)	-	-	2,295	(27,184)
Provision for income tax	-	-	-	-	474	474
Effective income tax rate	-	-	-	-	-	-
Enacted income tax rate	24%	5%	-	-	20%	-

	2016					
	Phosphate	Fertilizer	Indo Jordan*	Nippon Jordan*	Al Ro'ya	Total
Accounting loss	(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%	

* 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:

	2017	2016
Balance at 1 January	6,537	7,090
Additions during the year	125	594
Released during the year	(1,721)	(1,147)
Balance at 31 December	4,941	6,537

The income tax provision for the year ended at 31 December 2017 and 2016 has been calculated in accordance with the Income Tax Law No. (34) of the year 2014 and in accordance with the Aqaba Special Economic Authority Law (32) of the year 2000 for the Fertilizers Unit.

(In Thousands of Jordanian Dinars)

Phosphate Unit

The Company submitted its' tax declarations for the Phosphate Unit for the years 2016, 2015, 2014, 2013 and 2012. The Income and Sales Tax Department has reviewed the records of the Phosphate Unit for the years 2015, 2013 and 2012 and reached to a final settlement up to the year 2013, while no settlement was reached for the years 2015 and 2012 up to the date of the consolidated financial statements.

The income and Sales Tax Department claimed a tax of JD 300 thousand for the year 2012, however, the company filed a lawsuit to reach for a final settlement.

The Income Tax return for the year 2014 was accepted as presented based on the samples system. As for the year 2016, the income and Sales Tax Department did not review the company's records up to the date of the consolidated financial statement.

Fertilizer Unit

The Company submitted its' tax declarations for the Fertilizers Unit for the years 2016, 2015, 2014, 2013. The Company reached a final settlement with the income tax department / Aqaba Special Economic Zone Authority for the fertilizers Unit up to 2012. The income and Sales Tax Department / Aqaba Special Economic Zone Authority has not reviewed the records for the years 2016, 2015, 2014 and 2013 up to the date of the consolidated financial statements.

23- SALES/ COST OF SALES

	Sales	Cost of sales	Gross profit
Phosphate unit	335,507	(226,955)	108,552
Fertilizers unit	101,883	(121,810)	(19,927)
Indo Jordan	70,358	(75,632)	(5,274)
Nippon	71,830	(65,535)	6,295
Trading in raw materials	7,088	(6,167)	921
	586,666	**(496,099)**	**90,567**

	2017	2016
Finished goods as at 1 January	54,081	61,009
Production costs (Note 34)	484,434	465,036
Finished goods as at 31 December	(42,416)	(54,081)
	496,099	**471,964**

Fertilizer Unit's production costs include the amounts of JD 2,125 thousand and JD 2,012 thousand for 2017 and 2016 respectively, which represent mining fees on rock phosphate used in the fertilizer unit production (Note 27).

(In Thousands of Jordanian Dinars)

24- SELLING AND MARKETING EXPENSES

	2017	2016
Sales commissions	2,283	2,347
Export department expenses	1,145	906
Governmental fees on agriculture services	977	891
Packaging materials	765	501
Bank charges on letters of credit	498	726
Income tax on marine freight	432	280
Demurrage and unloading expenses	15	53
Other sales and marketing expenses	2,217	3,671
	8,332	**9,375**

25- ADMINISTRATIVE EXPENSES

	2017	2016
Salaries and wages	9,144	8,058
End-of-service benefits and compensation fund contributions	5,129	3,726
Post-Retirement Health Insurance contributions	2,028	2,251
Legal expenses and lawyer fees	1,901	531
Scientific research and development	992	823
Employer’s Social Security contributions	935	962
Depreciation	608	585
Medical expenses	485	422
Employees’ Health Insurance Fund contributions	424	345
Employees Saving Fund contributions	344	370
Maintenance and administrative expenses	319	292
Fees, taxes and stamps	283	487
Travel and per-diems	218	736
Utilities	207	224
Paid vacations and end-of-service benefits	120	49
Hospitality	151	219
Subscriptions and exhibitions	109	270
Stationery	106	94
Post and telephone	93	163
Rent	76	82
Advertising	43	133
Insurance fees	41	72
Other	1,442	2,769
	25,198	**23,663**

(In Thousands of Jordanian Dinars)

26- RUSSIEFAH MINE EXPENSES

	2017	2016
Scientific research and development	1,179	1,326
Salaries and wages	217	320
Depreciation	113	32
Employer’s Social Security contributions	21	32
Employees Saving Fund contributions	8	12
Employees Health Insurance Fund contributions	16	28
Medical expenses	10	21
Other	96	126
	1,660	**1,897**

27- MINING REVENUS

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

Mining revenus incurred for the years 2017 and 2016 are as follows:

	2017	2016
Mining fees on sold Phosphate	18,266	19,195
Mining fees on Phosphate used by the Fertilizers Unit (Note 23)	2,125	2,012
	20,391	**21,207**

(In Thousands of Jordanian Dinars)

28- OTHER INCOME (LOSS), NET

	2017	2016
Net income (loss) from sales of water and energy	4,335	(1,929)
Early vessels revenue	794	824
Dividends income	112	90
Claim settlement expenses	(3,100)	(10,063)
Settlement of insurance claims	1,520	1,478
Other	5,682	3,437
	9,343	6,163

29- FINANCE COSTS

	2017	2016
Bank interest	5,465	4,956
Interest on loans	4,754	4,216
Present value discount for asset replacement cost	768	782
Present value discount on due from related parties amounts	-	4,727
Other	465	124
	11,452	**14,805**

30- FINANCE INCOME

	2017	2016
Interest income on banks' current accounts and deposits	572	715
Interest on loans receivable	1,134	591
	1,706	**1,306**

(In Thousands of Jordanian Dinars)

31- EARNINGS PER SHARE

	2017	2016
Profit for the year attributable to Company's shareholders (thousand JD's)	(47,532)	(88,821)
Weighted average number of shares during the year (thousand shares)	82,500	82,500
	JD/Fils	**JD/Fils**
Basic earnings per share*	(0/576)	(1/077)

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

32- SEGMENT INFORMATION

The operating segments are organized and managed separately according to the nature of the products and services 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 to local and international markets and to associated companies.

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

Indo-Jordan (Subsidiary) produces phosphoric acid and other chemical by-products and sells them to international markets 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 local and international markets and to associated companies.

(In Thousands of Jordanian Dinars)

	Phosphate unit	Fertilizers unit	Indo-Jordan	Nippon	Other	Trading in Raw Materials	Eliminations	Total
31 December 2017								
Revenues								
External sales	335,507	101,883	70,358	71,830	-	7,088	-	586,666
Inter-segment sales	72,309	39,573	5,731	844	-	-	(118,457)	-
Total Sales	407,816	141,456	76,089	72,674	-	7,088	(118,457)	586,666
Cost of sales	(226,955)	(121,810)	(75,632)	(65,535)	-	(6,167)	-	(496,099)
Gross profit	108,552	(19,927)	(5,274)	6,295	-	921	-	90,567
Segment results								
(Loss) profit before tax, net finance cost and exchange difference	(5,038)	(22,717)	(11,530)	2,985	(75)	921	-	(35,454)
Net finance cost and exchange difference	(9,288)	(62)	(205)	565	-	-	-	(8,990)
(Loss) profit before income tax	(14,326)	(22,779)	(11,735)	3,550	(75)	921	-	(44,444)
(Loss) profit for the year	(15,775)	(23,026)	(11,735)	3,550	(588)	921	-	(46,653)
Group share of loss of associ-ates and joint ventures	(6,093)	-	-	-	-	-	-	(6,093)
Non-controlling interest	-	-	-	879	-	-	-	879
Other segment information								
Capital expenditures	897	6,172	3,561	193	-	-	-	10,823
Depreciation	10,072	10,252	6,233	1,022	108	-	-	27,687

	Phosphate unit	Fertilizers unit	Indo-Jordan	Nippon	Other	Trading in Raw Materials	Eliminations	Total
31 December 2016								
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	131,322	(38,639)	(14,422)	(1,578)	-	1,050	-	77,733
Segment results								
(Loss) profit before tax, net finance cost and exchange difference	(1,092)	(48,437)	(19,011)	(4,713)	(46)	1,050	-	(72,249)
Net finance (costs) 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)
Group share of loss 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

(In Thousands of Jordanian Dinars)

Assets and Liabilities as at 31 December 2017	Phosphate unit	Fertilizers unit	Indo-Jordan	Nippon	Other	Total
Assets	497,324	207,601	75,388	24,228	1,126	805,667
Investment in associates and joint ventures	271,996	-	-	-	-	271,996
Liabilities	348,176	37,409	11,844	744	1,338	399,511

Assets and Liabilities as at 31 December 2016	Phosphate unit	Fertilizers unit	Indo-Jordan	Nippon	Other	Total
Assets	532,011	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

Geographical segments

Following is a summary of sales by geographical areas:

	Phosphate unit	Fertilizers unit	Indo-Jordan	Nippon	Raw Materials	Total
2017						
Asia	239,607	89,136	65,479	46,233	-	440,455
Europe	8,882	6,135	-	19,332	-	34,349
Africa	-	5,987	1,131	6,117	-	13,235
Associated and joint ventures companies in Jordan	87,013	-	-	-	-	87,013
Other	5	625	3,748	148	7,088	11,614
	335,507	**101,883**	**70,358**	**71,830**	**7,088**	**586,666**
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**

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.

(In Thousands of Jordanian Dinars)

33- OTHER PROVISIONS

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

	2017	2016
Employees’ incentives provision*	--	1,203
End-of-service bonus compensation provision (Note 17)	200	197
Bonus compensation – six months for subsidiaries (Note 17)	83	56
	283	**1,456**

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

	2017	2016
Employees’ incentives provision*	193	489
Employees’ grants provision**	551	569
	744	**1,058**

* The employees’ incentives provision for the year 2011 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 and 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 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.

(In Thousands of Jordanian Dinars)

Movement on the employees' bonus provision is as follows:

	2017	2016
Balance at 1 January	489	12
Provision for the year	-	1,203
Paid during the year	(296)	(726)
Balance at 31 December	**193**	**489**

** 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:

	2017	2016
Balance at 1 January	569	585
Paid during the year	(18)	(16)
Balance at 31 December	**551**	**569**

34- PRODUCTION COSTS

	2017	2016
Work in progress beginning balance	35,775	44,455
Add:		
Mining contractors	176,120	171,377
Raw materials	92,071	74,572
Raw materials purchases	6,167	5,690
Salaries and other benefits	82,931	89,399
Utilities	28,977	35,134
Fuel and oil	9,972	12,455
Spare parts and consumables	21,984	26,364
Depreciation	26,769	24,376
Other	26,066	16,989
Less: Work in progress ending balance	(22,398)	(35,775)
	484,434	**465,036**

(In Thousands of Jordanian Dinars)

35- SALARIES AND EMPLOYEES BENEFITS

	2017	2016
Salaries and allowances	70,124	74,661
End-of-service and indemnity Fund	14,882	15,634
Social security	8,545	8,673
Paid end-of-service indemnity	4,978	2,286
Employees families health insurance	3,371	3,356
Employees medical expenses	3,284	3,541
Saving Fund	2,228	2,710
Employees meals subsidy	991	918
Present value of end-of-service bonus compensation	200	197
	108,603	**111,976**

36- NEW PHOSPHATE PORT TERMINAL EXPENSES

	2017	2016
Salaries, wages and other benefits	2,665	2,873
Water and electricity	1,258	1,279
Amortization (Note 6)	6,359	6,359
Property and equipment insurance	500	524
Rent	333	601
Other	290	361
	11,405	**11,997**

37- COMMITMENTS AND CONTINGENCIES

Guarantees and letters of credit

As of 31 December 2017, the outstanding letters of credit and letters of guarantee were JD 33,137 thousand and JD 2,835 thousand respectively (2016: JD 14,995 thousand and JD 2,856 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 2017. On 16 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 and 31 December 2017.

An agreement was signed between Jordan Abyad Fertilizers and Chemicals Company and Jordan Ahil Bank, to reschedule loan installments, the shareholders and the bank agreed to consider the installment that credited to the Jordan Phosphate Mine Company by Jordan Ahil Bank on 16 November 2016 as part of debt that scheduled and due on Jordan Abyad Fertilizers and Chemicals Company.

The Group has guaranteed 50% of a guarantee issued to Aqaba development Company form Jordanian Industrial Ports Company (affiliate Company) as of 31 December 2017 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 570,194.

Litigation

The Group is a defendant in a number of lawsuits and claims in the ordinary course of business of approximately JD 2,244 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.

In August 2017, the Company filed a lawsuit against Manjem for Mining Development in the amount of JD 99,046 thousand as a result of breaching the execution of Phosphate Mining Contract (removal of overburden, Mining and crushing Phosphate A1, A2, A3) in area number (1) which located in Mine number (2) North of Shidya Mine) in addition to compensation of damages as a result of contract breach which is estimated based on technical experience. The Company notified Manjem for Mining Development of the contract termination by the expiry of the specified period of time, the contract was extended for a further period of three months which ended on 1 September 2014. The case is still pending at the civil proceedings Court judge.

Manjem for Mining Development filed a lawsuit against Jordan Phosphate Mines Company in November 2017 in respect of compensation of damages as a result of the contact termination, the penalty is estimated at JD 91,461 thousand which represents 20% of the mining contact amounted to JD 457,306 thousand approximately.

In November 2017, Manjem for Mining Development filed a lawsuit against Jordan Phosphate Mines Company claiming several amounts related to Phosphate Mining Contract (removal of overburden, Mining and crushing Phosphate A1, A2, A3) in area number (1) which is located in Mine number (2) North of Shidya Mine) in an amount of JD 15,533 thousand, the case is still pending at the Court of first instance in Amman.

Manjem filed a lawsuit against Jordan Phosphate Mines Company in December 2017 claiming several amounts related to work performed during the months (May, June, and July) 2017 as per the mining contract signed by Jordan Phosphate Mines Company and Manjem with a total amount of JD 20,814 thousand, that was overdue, the case is still pending at the Court of First Instance in Amman. The Group's management believe that the provision recorded against Manjem claims are sufficient .

There is an arbitration case registered in the International Court of Arbitration, which was formed between Jordan Phosphate Mines Company and AFCON Infrastructure Limited , where AFCON filed its claim on 22 August 2017 which represents the remaining due amounts related to the new Phosphate port construction contract with an amount of JD 79,551 thousand.

On 29 October 2017, Jordan Phosphate Mines Company filed a counter claim for the uncompleted works for the new Phosphate port amounting to JD 16,364 thousand.

There is an arbitration case which was formed between Jordan Phosphate Mines Company and Site Group, where Site Group filed its claim in the amount of JD 1,494 thousand which represents the remaining due amount related to the Wells Project Construction Contract. Jordan Phosphate Mines Company filed a counter- claim for uncompleted works amounted to JD 6,212 thousand.

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.

(In Thousands of Jordanian Dinars)

38- 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 2017 and 2016:

	Related parties			Total	
	Associated Companies and Joint Ventures	Government of Jordan*	Others**	2017	2016
Consolidated statement of financial position items:					
Accounts receivable	92,532	-	6,814	99,346	99,324
Accounts payable	45,610	4,844	5,670	56,124	50,025
Debit loans	16,033	-	-	16,033	6,781
Accrued expenses	-	10,392	-	10,392	20,199
Off consolidated statement of financial position items:					
Guaranteed loans	16,358	-	-	16,358	16,358
Consolidated statement of income items:					
Sales	87,013	-	123,547	210,560	218,462
Purchases	156,283	-	2,298	158,581	159,515
Mining fees	-	20,391	-	20,391	21,207
Port fees	-	5,091	-	5,090	4,074
Other income	21,903	-	149	22,052	19,131
Land lease	-	6,493	-	6,493	4,568

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 97,261 thousand and JD 120,360 thousand for the years ended 31 December 2017 and 2016 respectively.

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

(In Thousands of Jordanian Dinars)

Compensation of the key management personnel was as follows:

	2017	2016
Benefits (Salaries, wages, and other benefits) of senior executive management	787	905
Board of Directors reward	355	504

End-of-service indemnity paid to key management personnel for the year 2017 amounted to JD 673 thousand (2016: JD 546 thousands).

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).

39- 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	
			2017	2016
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	2017	2016
Nippon Jordan Fertilizers Company Limited	7,374	6,495

Profit (loss) attributable to material non-controlling interest	2016	2016
Profit (loss) of Nippon Jordan Fertilizers Company Limited	879	(1,319)
Dividends of Nippon Jordan Fertilizers Company Limited	-	(3,159)

(In Thousands of Jordanian Dinars)

A. Summarized statement of financial position

	Nippon Jordan Fertilizers Company Limited	
	2017	2016
Current assets	18,082	21,123
Non-current assets	7,122	7,951
Current liabilities	(430)	(7,217)
Non-current liabilities	(301)	(315)
Difference between book and market value at acquisition	**107**	**107**
Total equity	**24,580**	**21,649**
Non-controlling interest in equity	**7,374**	**6,495**

B. Summarized statement of profit and loss

	Nippon Jordan Fertilizers Company Limited	
	2017	2016
Sales revenue	72,674	35,870
Cost of sales	(67,049)	(37,745)
Gross profit (loss)	**5,625**	**(1,875)**
Sales and marketing expenses	(1,451)	(909)
Administrative expenses	(1,809)	(1,676)
Operating profit (loss)	**2,365**	**(4,460)**
Interest revenue	536	583
Finance cost	(8)	(7)
Other (expense) revenue	38	(511)
Net income (Loss) for the year	**2,931**	**(4,395)**
Other comprehensive income	-	-
Total comprehensive income	**2,931**	**(4,395)**
Total comprehensive income attributable to non-controlling interest	**879**	**(1,319)**

C. Summarized statement of cash flow

	Nippon Jordan Fertilizers Company Limited	
	2017	2016
Operating activities	(5,723)	(1,031)
Investing activities	448	202
Financing activities	(8)	(8,959)
Net (decrease) increase in cash and cash equivalents	(5,283)	(9,788)

(In Thousands of Jordanian Dinars)

40- 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
	JD ('000)	JD ('000)	JD ('000)	JD ('000)
2017				
Financial assets				
Financial assets at fair value through other comprehensive income	133	-	280	413
Financial assets at fair value through profit and loss	194	-	-	194
2016				
Financial assets				
Financial assets at fair value through other compre-hensive income	174	-	278	452
Financial assets at fair value through profit and loss	182	-	-	182

41- 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).

(In Thousands of Jordanian Dinars)

The following table summarizes 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:

2017	Increase in interest rates	Effect on profit
Currency	Basis points	JD ('000)
JOD	100	(292)
USD	100	(1,616)
Euro	100	-

2016	Increase in interest rates	Effect on profit
Currency	Basis points	JD ('000)
JOD	100	(348)
USD	100	(1,771)
Euro	100	-

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

Share 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.

2017	Change in Index	Effect on Profit	Effect on Equity
Index	%	JD ('000)	JD ('000)
Amman Stock Exchange	5	10	7
2016	Change in Index	Effect on Profit	Effect on Equity
Index	%	JD ('000)	JD ('000)
Amman Stock Exchange	5	9	9

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.

(In Thousands of Jordanian Dinars)

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 60.70% of outstanding accounts receivable at 31 December 2017 (2016: largest 7 customers 68%).

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 2017 and 2016, based on contractual payment dates and current market interest rates.

	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
As of 31 December 2017					
Due to banks	1,958	98,009	-	-	99,967
Accounts payable	106,541	-	-	-	106,541
Term loans	-	47,681	52,737	27,557	127,975
Total	108,499	145,690	52,737	27,557	334,483

	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
As of 31 December 2016					
Due to banks	2,030	107,603	-	-	109,633
Accounts payable	68,802	10,413	-	-	79,215
Term loans	-	40,016	61,127	32,363	133,506
Total	70,832	158,032	61,127	32,363	322,354

Currency risk

Most of the Group's transactions are in Jordanian Dinars and US Dollars. 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.

42- 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 2017 and 31 December 2016.

During its meeting held on 14 April 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, this resulted in an authorized and paid in –capital of JD 82,500 thousand divided into 82,500 thousand shares with a par value of JD 1 each.

Capital comprises paid in capital, statutory reserve, voluntary reserve, special reserve and retained earnings, and is measured at JD 671,044 thousand as at 31 December 2017 (2016: JD 718,576 thousand).

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