JORDAN PHOSPHATE MINES CO. PLC
Amman - The Hashemite Kingdom of Jordan

شركة مناجم الفوسفات الأردنية المساهمة العامة المحدودة
عمان - المملكة الأردنية الهاشمية

Ref : ....
Date : ....

الرقم: د م/ ٨ / ٤٠٠ / ١٣٤
التاريخ: ٢٠١٨/١٠/٣١

* بورصة عمان
* السيد عمر

معالي السيد محمد صالح الحوراني

رئيس مجلس مفوضي هيئة الأوراق المالية

١٤/١١

الموضوع : نتائج أعمال الشركة للفترة المنتهية في ٣٠ ايلول من عام ٢٠١٨

تحية واحتراما،،،

استناداً لأحكام المادة (١٣/ب/١١)من تعليمات ادراج الاوراق المالية في بورصة عمان رقم (٩/أ/٣).

ارجو ان ارفق لعطوفتكم البيانات المالية المرحلية الموحدة والمختصرة لشركة مناجم الفوسفات الاردنية المساهمة العامة المحدودة كما في ٢٠١٨/٩/٣٠ والتي تم مراجعتها من قبل مدققي حسابات الشركة الخارجيين "السادة ارنست ويونغ" .

واقبلوا فائق الاحترام ،،،

الدكتور شفيق الأشقر

الرئيـــس التنفيذي

هيئة الأوراق المالية
الدائرة الإدارية / الديوان
١٤ تشرين الثاني ٢٠١٨
الرقم المتسلسل ....
الجهة المختصة ....

نسخة/عطوفة الرئيس التنفيذي لبورصة عمان

JORDAN PHOSPHATE MINES COMPANY

PUBLIC SHAREHOLDING COMPANY

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2018

EY
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REPORT ON REVIEW OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF JORDAN PHOSPHATE MINES CO. P.L.C
AMMAN - JORDAN

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Jordan Phosphate Mines Company - Public Shareholding Company "the Company" and its subsidiaries ("the Group") as at 30 September 2018, comprising of the interim condensed consolidated statement of financial position as at 30 September 2018 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine months period then ended and explanatory notes. Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard (IAS 34) (Interim Financial Reporting). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

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

Amman – Jordan
30 October 2018

Ernst + Young

JORDAN PHOSPHATE MINES COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2018
(In Thousands of Jordanian Dinars)

	Notes	30 September 2018 (Unaudited)	31 December 2017 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	4	240,335	228,979
Projects in progress	4	3,601	31,480
Investments in associates and joint ventures		270,990	271,996
Intangible assets		150,815	155,586
Deferred tax assets	5	18,278	4,941
Employees' housing loans		5,297	5,520
Financial assets at fair value through other comprehensive income		401	413
Loans receivable		12,861	16,033
Long term accounts receivable		-	5,076
Other current assets		1,313	1,313
Production and development stripping cost		18,351	19,393
		722,242	740,730
Current assets			
Inventories, spare parts and supplies		181,064	161,235
Accounts receivable		122,696	141,716
Other current assets		35,968	27,820
Financial assets at fair value through profit or loss		190	194
Cash on hand and at banks	6	26,681	5,968
		366,599	336,933
TOTAL ASSETS		1,088,841	1,077,663
EQUITY AND LIABILITIES			
Equity			
Paid-in-capital		82,500	82,500
Statutory reserve		75,000	75,000
Voluntary reserve		75,000	75,000
Special reserve		75,000	75,000
Fair value reserve		(278)	(266)
Retained earnings		354,901	363,544
Equity attributable to Company's shareholders		662,123	670,778
Non – controlling interests		6,818	7,374
Total Equity		668,941	678,152
Non-current liabilities			
Long-term loans	10	87,309	72,791
Compensation and end-of-service indemnity provision		2,618	2,394
Assets deferral provision		15,109	14,543
Other current liabilities	2	30,000	-
		135,036	89,728
Current liabilities			
Accounts payable		81,013	106,541
Accrued expenses		43,596	40,116
Other current liabilities		25,289	22,662
Due to banks	6	91,535	92,136
Employees incentives and retirees grants provision		744	744
Current portion of long-term loans	10	35,492	46,111
Income tax provision	5	7,195	1,473
		284,864	309,783
Total Liabilities		419,900	399,511
TOTAL EQUITY AND LIABILITIES		1,088,841	1,077,663

The attached notes from 1 to 10 form part of these interim condensed consolidated financial statements

JORDAN PHOSPHATE MINES COMPANY
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE THREE MONTHS AND NINE MONTHS ENDED 30 SEPTEMBER 2018
(In Thousands of Jordanian Dinars)

	Note	For the three months ended 30 September 2018	For the three months ended 30 September 2017	For the nine months ended 30 September 2018	For the nine months ended 30 September 2017
		Unaudited			
Net sales		197,847	143,333	493,271	437,337
Cost of sales		(144,329)	(121,221)	(376,938)	(367,131)
Gross profit		53,518	22,112	116,333	70,206
Selling and marketing expenses		(2,174)	(1,272)	(6,016)	(5,956)
New phosphate port terminal expenses		(3,311)	(2,752)	(8,800)	(8,592)
Aqaba port fees		(1,123)	(1,273)	(3,437)	(3,797)
Transportation fees		(13,143)	(13,126)	(36,717)	(41,464)
Administrative expenses		(7,396)	(5,549)	(20,593)	(18,379)
Russiefa Mine expenses		(329)	(427)	(1,012)	(1,314)
Mining fees		(4,851)	(4,142)	(13,283)	(13,951)
Other provisions		(57)	(57)	(186)	(222)
Goodwill impairment		-	-	-	(1,000)
Other income, net		6,568	(1,813)	22,225	2,627
Foreign exchange differences		236	164	670	547
Provision for doubtful debts		-	-	-	(270)
Profit (Loss) from operations		27,938	(8,135)	49,184	(21,565)
Finance costs		(4,678)	(3,248)	(12,190)	(8,703)
Finance income		1,379	166	2,631	397
Share of (loss) profit of associates and joint ventures		5,653	(6,229)	1,109	(9,087)
(Loss) Gain from revaluation of financial assets at fair value through profit or loss		(5)	7	(4)	22
Profit (Loss) for the period before income tax		30,287	(17,439)	40,730	(38,936)
Income tax expense	5	(4,259)	1,650	(6,916)	(1,120)
Profit (Loss) for the period		26,028	(15,789)	33,814	(40,056)
Loss attributable to:					
Equity holders of the parent		25,874	(16,026)	33,590	(40,514)
Non–controlling interest		154	237	224	458
Profit (Loss) for the period		26,028	(15,789)	33,814	(40,056)
		JD/Fils	JD/Fils	JD/Fils	JD/Fils
Basic and diluted earnings per share attributable to equity holders of the Parent		0/314	(0/194)	0/407	(0/491)

The attached notes from 1 to 10 form part of these interim condensed consolidated financial statements

JORDAN PHOSPHATE MINES COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS AND NINE MONTHS ENDED 30 SEPTEMBER 2018
(In Thousands of Jordanian Dinars)

	For the three months ended 30 September		For the nine months ended 30 September	
	2018	2017	2018	2017
	Unaudited			
Profit (Loss) for the period	26,028	(15,789)	33,814	(40,056)
Add: Other comprehensive income items 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	(15)	(27)	(12)	(27)
Total comprehensive income for the period	26,013	(15,816)	33,802	(40,083)
Total comprehensive income attributable to:				
Equity holders of the parent	25,859	(16,053)	33,578	(40,541)
Non – controlling interests	154	237	224	458
Total comprehensive income for the period	26,013	(15,816)	33,802	(40,083)

The attached notes from 1 to 10 form part of these interim condensed consolidated financial statements

JORDAN PHOSPHATE MINES COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018
(In Thousands of Jordanian Dinars)

		Reserves				Retained earnings			
	Paid in capital	Statutory	Voluntary	Special	Fair value reserve	Unrealized Gain*	Realized Gain**	Non – controlling interest	Total
For the nine months ended 30 September 2018 -									
At 1 January 2018	82,500	75,000	75,000	75,000	(266)	25,965	337,579	7,374	678,152
Impact of the adaption of IFRS 9 (Note 2)	-	-	-	-	-	-	(42,233)	-	(42,233)
Balance at 1 January 2018 (Adjusted)	82,500	75,000	75,000	75,000	(266)	25,965	295,346	7,374	635,919
Total comprehensive income for the period	-	-	-	-	(12)	(4)	33,594	224	33,802
Dividends payments	-	-	-	-	-	-	-	(780)	(780)
At 30 September 2018 (Unaudited)	82,500	75,000	75,000	75,000	(278)	25,961	328,940	6,818	688,941
For the nine months ended 30 September 2017 -									
At 1 January 2017	82,500	75,000	75,000	75,000	(227)	26,179	384,897	6,495	724,844
Total comprehensive income for the period	-	-	-	-	(27)	-	(40,514)	458	(40,083)
At 30 September 2017 (Unaudited)	82,500	75,000	75,000	75,000	(254)	26,179	344,383	6,953	684,761

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

** Included in retained earnings amounts of JD 11,574 thousand, comprising of JD 11,078 thousand which represents deferred tax assets and JD 278 thousand against the negative balance of fair value reserve for financial assets at fair value through other comprehensive income, and JD 218 thousand against the negative balance of revaluation of financial assets at value Fair value through profit or loss as at 30 September 2018.

The attached notes from 1 to 10 form part of these interim condensed consolidated financial statements

Jordan Phosphate Mines Company
Interim Condensed Consolidated Statement of Cash Flows
For the Nine Months Ended 30 September 2018
(In Thousands of Jordanian Dinars)

	Notes	For the nine months ended 30 September 2018	2017
		Unaudited	
Operating Activities			
Profit (Loss) for the period before income tax		40,730	(38,936)
Adjustments for -			
Depreciation		19,353	21,575
Amortization of new phosphate port terminal		4,769	4,770
Good will impairment		-	1,000
Other non-cash items		34,748	55,753
Working capital adjustments:			
Accounts receivable		1,794	(44,231)
Other current assets		(9,309)	(850)
Employees' housing loans		(170)	386
Inventories, spare parts and supplies		(19,829)	31,103
Production stripping cost		(5,022)	(4,941)
Accounts payable		(25,528)	40,025
Accrued expenses		2,014	(5,077)
Other current liabilities		22,203	(3,422)
Employees' compensation and end-of-service indemnity paid		(26,427)	(15,622)
Mining fees paid		(14,282)	(4,500)
Income tax paid		(1,371)	(3,648)
Withholding tax paid		(154)	(110)
Net cash flows from operating activities		23,519	33,275
Investing Activities			
Property, plant and equipment and payments on projects in progress – net	4	(2,487)	(7,509)
Interest received		2,631	397
Loans receivable		-	(2,716)
Dividends from associate companies		16,330	7,820
Investments in associates and joint ventures		(12,500)	(12,500)
Net cash flows from (in used) investing activities		3,974	(14,508)
Financing Activities			
Proceeds from loans		30,232	19,612
Repayments of loans		(26,333)	(17,121)
Interest paid		(9,288)	(7,837)
Dividends of subsidiaries		(790)	-
Net cash flows used in financing activities		(6,179)	(5,346)
Net increase in cash and cash equivalents		21,314	13,421
Cash and cash equivalents at 1 January		(86,168)	(87,767)
Cash and cash equivalents at 30 September	6	(64,854)	(74,346)

The attached notes from 1 to 10 form part of these interim condensed consolidated financial statements

1. Corporate Information

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. The head office of the Company is located in Amman. 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-Abyad, Al-Hasa, Shidiya and to a lesser extent from Al-Russiefah Mine. In respect of the mining rights granted to the Company, it is subject to annual mining rights fees of JD 500 / squared Kilometer or any part of squared Kilometer per mined area payable to the Natural Resources Authority. The Company produces chemical fertilizers and related by-products through its subsidiaries (Note 3).

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

2. Basis of Preparation and Accounting Polices

The interim condensed consolidated financial statements for the nine months period ended 30 September 2018 have been prepared in accordance with International Accounting Standard 34 (Interim Financial Reporting).

The interim condensed consolidated financial statements do not contain all information and disclosures required for the annual financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group's annual report as of 31 December 2017. In addition, the results for the nine months period ended 30 September 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

Changes in Accounting Policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018:

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group had previously 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 impact of the adoption of IFRS 9 as at 1st January 2018 has been recognised in retained earnings. The standard eliminates the use of the IAS 39 incurred loss impairment model approach, uses the revised hedge accounting framework, and the revised guidance on the classification and measurement requirements.

Impairment

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

For all debt instruments, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The adoption of the ECL requirements of IFRS 9 resulted in increases in impairment allowances of the Group's debt financial assets. The increase in allowance resulted in adjustment to opening Retained earnings.

(In Thousands of Jordanian Dinars)

The effect of (increase/(decrease)) on the statement of the financial position as of 1 January 2018:

	IAS 39	IFRS 9	Change
	Thousand JD	Thousand JD	Thousand JD
Assets			
Loans receivable	16,033	12,765	(3,268)
Deferred tax assets	4,941	18,278	13,337
Long term accounts receivable	5,076	-	(5,076)
Total non-current assets	26,050	31,043	4,993
Accounts receivable	141,716	124,490	(17,226)
Total assets	167,766	155,533	(12,233)
Liabilities			
Other current liabilities (Off balance sheet items – bank guarantees)*	-	30,000	30,000
Total liabilities	-	30,000	30,000
Equity			
Retained earnings	363,544	321,311	(42,233)
Total Equity	678,152	635,919	(42,233)

* During the third quarter, the Group recalculated the expected credit losses in accordance with IFRS 9, resulted in increase in the allowance, therefore resulted in adjustment to opening Retained earnings.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted IFRS 15 using the modified retrospective approach. The effect of adopting IFRS 15 was not material and impacted its accounting policy for revenue recognition as detailed below:

(a) Sale of goods

The Group's contracts with customers for the sale of goods generally include performance obligation(s). The Group has concluded that revenue from sale of equipment/goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment/goods. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition.

Variable consideration

Some contracts for the sale of equipment/goods provide customers with a right of return and volume rebates. Prior to the adoption of IFRS 15, the Group recognised revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and volume rebates. If revenue could not be reliably measured, the Group deferred revenue recognition until the uncertainty was resolved.

Under IFRS 15, rights of return and volume rebates give rise to variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved.

Rights of return

When a contract provides a customer with a right to return the goods within a specified period, the Group previously estimated expected returns using a probability-weighted average amount approach similar to the expected value method under IFRS 15.

Under IFRS 15, the consideration received from the customer is variable because the contract allows the customer to return the products. The Group applies the requirements in IFRS 15 on constraining estimates of variable consideration to determine the amount of variable consideration that can be included in the transaction price.

(b) Rendering of services

Under IFRS 15, the Group concluded that revenue from services will continue to be recognised over time, using an input method to measure progress towards complete satisfaction of the service similar to the previous accounting policy, because the customer simultaneously receives and consumes the benefits provided by the Group. Revenue from the sale of the equipment will continue to be recognised at a point in time, upon delivery of the equipment.

(c) Advances received from customers

Generally, the Group receives short-term advances from its customers. Upon the adoption of IFRS 15, for short-term advances, the Group will not adjust the promised amount of the consideration for the effects of a financing component in contracts, where the Group expects, that the period between the time the customer pays for the good or service and when the Group transfers that promised good or service to the customer will be one year or less.

Prior to the adoption of IFRS 15, based on the existence of credit risk, the Group concluded that it has an exposure to the significant risks and rewards associated with the sale of equipment to its customers, and accounted for the contracts as if it is a principal. Upon adoption of IFRS 15, the Group determined that it does not control the goods before they are transferred to customers, and hence, is an agent in these contracts because it does not have the ability to direct the use of the equipment or obtain benefits from the equipment. In addition, the Group concluded that it transfers control over its services, at a point in time, upon receipt by the customer of the equipment, because this is when the customer benefits from the Group's service.

(d) Other adjustments

In addition to the adjustments described above, upon adoption of IFRS 15, other items of the primary financial statements such as deferred taxes, assets held for sale and liabilities associated with them, profit or loss after tax for the period from discontinued operations, investments in associate and a joint venture, share of profit of an associate and a joint venture, income tax expense, and retained earnings, were adjusted as necessary. Furthermore, exchange differences on translation of foreign operations were also adjusted.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations

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 non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

This Interpretation does not have any impact on the Group's interim condensed consolidated financial statements.

Amendments to IAS 40 Transfers of Investment Property

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.

These amendments do not have any impact on the Group's interim condensed financial statements.

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

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. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. These amendments do not have any impact on the Group's consolidated financial statements.

Amendments to IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which:

(a) The investment entity associate or joint venture is initially recognized.
(b) The associate or joint venture becomes an investment entity.
(c) The investment entity associate or joint venture first becomes a parent.

These amendments do not have any impact on the Group's interim condensed consolidated financial statements.

3. Basis of Consolidation

The consolidated financial statements comprise the financial statements of Jordan Phosphate Mines Company "JPMC" and the following subsidiaries as of 30 September 2018:

- Indo-Jordan Chemicals Company Limited, "Indo-Jordan" (fully owned 100% subsidiary, registered in Jordan in the Free Zone Corporation)
- Ro'ya for Transportation Company (fully owned 100% subsidiary, registered in Jordan)
- Nippon Jordan Fertilizer Company Limited "Nippon" (owned 70% subsidiary, registered in Jordan in the Free Zone Corporation)

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has all of the following:

- 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:

Indian Potash Limited, Kisan International Trading, Governmental Contributions Management Co (Jordan), the Jordanian Social Security Corporation and Government of Kuwait own 27.3%, 9.6%, 25.7%, 16.5 % and 9.3% of the Company's issued shares, respectively.

4. Property, Plant and Equipment and Projects in Progress

During the nine months period ended 30 September 2018, the Group acquired property, plant and equipment and additions on projects in progress with a cost of JD 2,487 thousand (30 September 2017: JD 7,509 thousand).

The estimated cost to complete the projects in progress as of 30 September 2018 is approximately JD 2,000 thousand and is estimated to be completed during 2018.

(In Thousands of Jordanian Dinars)

5. Income Tax

The provision for the periods ended at 30 September 2018 and 2017 has been calculated in accordance with the Income Tax Law No. (34) of 2014 and in accordance with the Aqaba Special Economic Authority Law (32) of 2000 for the Fertilizers Unit.

Movement on provision for income tax is as follows:

	30 September 2018 (Unaudited)	31 December 2017 (Audited)
Balance at 1 January	1,473	520
Income tax expense for the period / year	6,595	474
Prior year's income tax	321	139
Penalties and fees	177	-
Prior year provision adjustments	-	4,027
Income tax paid	(1,371)	(3,687)
At the end of the period / year	7,195	1,473

Movement on deferred tax assets is as follows:

	30 September 2018 (Unaudited)	31 December 2017 (Audited)
At 1 January	4,941	6,537
Opening balance adjustment	13,337	-
Additions during the period / year	-	125
Released during the period / year	-	(1,721)
At the end of the period / year	18,278	4,941

Income tax expense shown in the interim condensed consolidated statement of income compromise of the following:

	For the nine months ended 30 September	
	2018	2017
	(Unaudited)	
Income tax expenses	6,916	564
Amortization of deferred tax assets, net	-	556
	6,916	1,120

(In Thousands of Jordanian Dinars)

Phosphate Unit-

The Company submitted its tax returns for the Phosphate Unit for the years 2012 to 2017. The Income and Sales Tax Department has reviewed the records of the Phosphate Unit for the years 2015, 2013 and 2012. The Company reached a final settlement with the income tax department for the Phosphate Unit for the years 2013 and 2015 while no final settlement was reached for the year 2012 up to the date of the interim condensed consolidated financial statements. The Income and sales tax department claimed an additional tax fees amounted to JD 300 thousands for the year 2012, the Company raised a lawsuit to reach a final settlement.

The income tax return for the year 2014 was accepted by the Income and Sales Tax Department within the selected sampling basis. The Income and sales tax department has not reviewed records for the years 2016 and 2017 up to the date of the interim condensed consolidated financial statements

Fertilizers Unit-

The Company submitted its tax returns for the Fertilizers Unit for the years 2013 to 2017. The Income and Sales Tax Department / Aqaba Special Economic Zone Authority has reviewed the records of the Fertilizers Unit up to year 2013 and final settlement has been reached for the fertilizers unit. The income and sales tax department has not reviewed the records for the year 2017, 2016, 2015, and 2014 up to the date of the interim condensed consolidated financial statements.

* 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%.

6. Cash and Cash Equivalents

	30 September 2018	30 September 2017
	Unaudited	
Cash at banks	26,668	15,882
Cash on hand	13	17
	26,681	15,899
Due to banks*	(91,535)	(90,245)
	(64,854)	(74,346)

* This balance represents the utilized amount of overdraft facilities granted by local banks. The Group agreed with local banks to exceed the ceiling of the overdrafts in US Dollar facility by USD 12,981 thousand guaranteed by the export letters of credit received by the Company. Average interest rates on those overdrafts facilities ranged between 7.5% to 9.125% in 2018 (2017: between 7.25% and 9.25%) for the JD accounts, and LIBOR plus 1% to 3.25% for the USD accounts with a maximum of 5.5%.

7. Segment Information

The operating segments are presented with a basis that the Group's risks and rewards are materially affected by different products for each segment. These segments are organized and managed separately according to the nature of the products and service provided. Each segment represents a separate unit, which is measured according to the reports used by the chief operating decision maker of the Group.

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

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

Indo-Jordan (Subsidiary) produces Phosphoric Acid and other chemicals by-products to be sold to the local and international markets as well as to the associated companies.

Nippon (Subsidiary) produces fertilizers and other chemical by-products to be sold to the local and international markets as well as to the associated companies.

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

(In Thousands of Jordanian Dinars)

Following is a summary of the financial data by business segment:

For the nine-months ended 30 September 2018 (Unaudited)	Phosphate Unit	Fertilizers Unit	Indo-Jordan	Nippon	Trading in Raw Materials	Eliminations	Others	Total
Revenues								
External sales	239,151	130,371	69,084	48,932	5,733	-	-	493,271
Inter-segment sales	60,209	20,752	12,903	-	9,460	(103,324)	-	-
Total Sales	299,360	151,123	81,987	48,932	15,193	(103,324)	-	493,271
Gross profit (loss)	96,494	(2,923)	18,334	3,506	922	-	-	116,333
Segment results -								
Non-recurring income	3,088	8,922	-	-	-	-	-	12,010
Profit before tax	24,174	2,759	11,744	1,130	922	-	1	40,730
Profit (loss) for the period	17,880	2,534	11,744	1,130	922	-	(396)	33,814
Share of profit of associates and joint ventures	1,109	-	-	-	-	-	-	1,109
Non-controlling interests	224	-	-	-	-	-	-	224
Other segment information-								
Capital expenditures	211	1,147	584	545	-	-	-	2,487
Depreciation	6,461	9,857	2,250	778	-	-	7	19,353

For the nine-months ended 30 September 2017 (Unaudited)	Phosphate Unit	Fertilizers Unit	Indo-Jordan	Nippon	Trading in Raw Materials	Eliminations	Others	Total
Revenues								
External sales	257,143	69,997	47,895	56,717	5,585	-	-	437,337
Inter-segment sales	52,618	30,264	3,342	844	-	(87,068)	-	-
Total Sales	309,761	100,261	51,237	57,561	5,585	(87,068)	-	437,337
Gross profit (loss)	84,483	(16,707)	(2,887)	4,530	787	-	-	70,206
Segment results -								
(Loss) profit before tax	(14,583)	(17,711)	(9,462)	2,067	787	-	(34)	(38,936)
(Loss) profit for the period	(15,312)	(17,809)	(9,462)	2,067	787	-	(327)	(40,056)
Share of loss of associates and joint ventures	(9,087)	-	-	-	-	-	-	(9,087)
Non-controlling interest	-	-	-	458	-	-	-	458
Other segment information-								
Capital expenditures	838	4,940	1,584	147	-	-	-	7,509
Depreciation	7,623	7,625	5,458	766	-	-	105	21,575

(In Thousands of Jordanian Dinars)

	Phosphate Unit	Fertilizers Unit	Indo-Jordan	Nippon	Others	Total
Assets and Liabilities as at 30 September 2018 (Unaudited)-						
Assets	474,552	220,192	89,940	31,591	1,576	817,851
Liabilities	367,886	44,453	5,342	932	1,287	419,900
Investments in associates and joint ventures	270,990	-	-	-	-	270,990

Assets and Liabilities as at 31 December 2017 (Audited)	Phosphate Unit	Fertilizers Unit	Indo-Jordan	Nippon	Others	Total
Assets	497,324	207,601	75,388	24,228	1,126	805,667
Liabilities	348,176	37,409	11,844	744	1,338	399,511
Investments in associates and joint ventures	271,996	-	-	-	-	271,966

Geographical segments

The following table presents sales by geographical segments:

For the nine-months ended 30 September 2018 (Unaudited)	Phosphate Unit	Fertilizers Unit	Indo-Jordan	Nippon	Raw Materials	Total
Asia	172,273	125,356	67,871	24,689	-	390,189
Australia	-	-	-	11,309	-	11,309
Europe	857	-	-	6,586	-	7,443
Africa	-	4,715	1,213	6,348	-	12,276
Associates / joint ventures in Jordan	66,016	-	-	-	121	66,137
Others	5	300	-	-	5,612	5,917
	239,151	130,371	69,084	48,932	5,733	493,271
For the nine-months ended 30 September 2017 (Unaudited)						
Asia	174,466	63,636	45,077	31,334	-	314,513
Europe	7,041	-	-	19,332	-	26,373
Africa	-	6,990	55	6,012	-	12,057
Associates / joint ventures in Jordan	75,636	-	-	-	-	75,636
Others	-	371	2,763	39	5,585	8,758
	257,143	69,997	47,895	56,717	5,585	437,337

8. Commitments and Contingences (UNAUDITED)

Guarantees and letter of credit

As at 30 September 2018, the outstanding letters of credit and letters of guarantee amounted to JD 40,863 thousand and JD 3,221 thousand respectively (2017: JD 33,137 thousand and JD 2,835 thousand respectively).

The Group has guaranteed 27,38% (Group's share of investment) of the syndicated loans and credit facilities granted to Jordan Abyad Fertilizers and Chemicals Company and managed by Jordan Ahli Bank, amounting to a total of JD 13,688 thousand as of 30 September 2018. On 16 November 2016, Jordan Ahli Bank debited 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 does not have any accounts at Al-Ahli Bank as of 30 September 2018 and 31 December 2017. An agreement was signed between Jordan Abyad Fertilizers and Chemicals Company and Jordan's Ahli Bank on the schedule of loans granted to them. The agreement was signed between the partners and the bank on 16 November 2016 as a part of the debt that was scheduled and payable from Jordan Abyad Fertilizers and Chemicals Company.

The Group and the other shareholders of the Jordanian Indian Fertilizer Company have each signed a guarantee agreement in 2011 to guarantee loans from IFC and EIB amounting to US 335.5 million. The group's share as at 30 September 2018 was JD 76,148 thousand.

The Group has signed a letter to Indonesian Project–Petro Jordan Abadi Company to guarantee 50% of the value of the loans granted to them to finance the project from Mandiri Bank in Indonesia. The group's share as at 30 September 2018 was JD 37,918 thousand.

Operating Leases

During 2008, the Group renewed the rent agreement with Aqaba Development Company by entering into an operating lease agreement for an area of 3,043 thousand square meters for a period of forty nine years with an annual lease of JD 570 thousands, starting of 2017 the leased area was decreased to become 3,022 square meters with the same terms with an annual lease of JD 567 thousands.

The annual rent fees for the land of the mines is JD 5,899 thousand.

Litigation

The Group is a defendant in a number of lawsuits in the ordinary course of business amounted to JD 2,243 thousand. The management believes that these lawsuits will not result in material obligation on the Group.

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. 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 12,560 thousand. The Group filed a counter-claim that 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.

(In Thousands of Jordanian Dinars)

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

9. Related Parties Transactions

Related parties represent balances with associated companies and joint ventures, major shareholders, directors and key management of the Group and the companies controlled or significantly influenced by those parties.

Investments in associates and joint ventures and the related ownership percentages are as follows:

Company	Ownership %
Manajim for Mining Development Company	46
Arkan for Contracting Construction and Mining Company	46
Jordan Abyad for Fertilizers and Chemicals Company (JAFCCO)	27,38
Jordan India Fertilizer Company (JIFCO)	48
Industrial Ports Company	50
Indonesian Project–Petro Jordan Abadi Company	50
PT Kaltim Jordan Abadi Company	40

The Group entered into transactions with the associates, joint ventures and the Hashemite Kingdome of Jordan government in its normal course of business, pricing policies and terms of these transactions are approved by the Group's management.

(In Thousands of Jordanian Dinars)

Following is a summary of related party transactions during the period:

	Related party			Total	
	Associated Companies and Joint Ventures	Government of Jordan	Others*	30 September 2018	31 December 2017
Consolidated statement of financial position items:				Unaudited	Audited
Accounts receivable	95,369	-	8,832	104,201	99,346
Accounts payable	33,741	-	59	33,800	56,124
Loans receivable	12,861	-	-	12,861	16,033
Accrued expenses	-	10,925	-	10,925	10,392
Off balance sheet Items:					
Guaranteed loans	127,754	-	-	127,754	129,197

	Related party			Total	
	Associated Companies and Joint Ventures	Government of Jordan	Others*	30 September 2018	30 September 2017
				Unaudited	
Consolidated statement of Income items:					
Sales	66,137	-	36,316	102,453	75,636
Purchases	132,082	-	485	132,567	107,938
Mining fees	-	14,968	-	14,968	15,448
Port fees	-	3,437	-	3,437	3,797
Other income	17,891	-	36	17,927	16,006
Land lease	-	4,850	-	4,850	4,446

* Others include balances and transactions with Jordan Phosphate Mines Company partners in associates and joint ventures.

(In Thousands of Jordanian Dinars)

Compensation of the key management personnel (salaries, wages and other benefits) is as follows:

	For the nine months ended 30 September	
	2018	2017
	Unaudited	
Salaries and benefits of key management	470	635
Board of directors remuneration	241	284

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

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

10. Loans

Jordan Phosphate Mining Company signed a USD 25 Million loan agreement with capital bank on 28 February 2018, with a fixed annual interest rate of 6% for a period of 6 years that includes a one-year grace period. The purpose of the loan agreement is to meet the operational obligation. The loan is payable through equal quarter annual installments amounted to USD 1,250 thousands. The first installment is due on 28 February 2019.

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 complied 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.

The loan agreement with Capital bank stipulates that the Group should maintain a current ratio of not less than 1.1 times and liabilities to net equity ratio not more than 1.5 times.