His Majesty
King Abdullah II Ibn Al-Hussein

His Royal Highness Crown
Prince Al-Hussein Bin Abdullah II

ARAB POTASH COMPANY PLC

Fifty - Fourth Annual Report

of the Board of Directors and the Consolidated Financial Statements of the Company for the Year Ended December 31, 2010 presentead at the Ordinary Annual General Assembly Meeting in Amman at 12:00 noon on Wednesday Jumada 16th 1432 H - April 20, 2011 AD

Contents

Board of Directors and Executive Management
Board Committees
Letter from the Chairman
Board of Directors Report

A. The International Potash Market
1. International Scene
2. Global Production
3. Global Demand
4. Potash Price Development
5. Developments in APC's Main Markets
6. Shipping and Logistics
7. International Promotion Activities

B. Company Activities
1. Safety
2. Production
3. Sales and marketing

C. Company Projects
1. Production Expansion Project No. 1
2. New Intake Pumping Station Project at the Dead Sea
3. Installation of the New De-dusting System a the HLP and CCP1
4. The Rehabilitation of Industrial Jetty at Aqaba Project.

D. Administrative Affairs
1. Board of Directors
2. Executive Management
3. Employees, Training and Housing
4. Organizational Chart
5. Information Technology
6. Social Responsibility
7. Governance
8. International Quality Standards (ISO)
9. Environmental Awareness

E. Subsidiaries
1. Jordan Magnesia Company (JORMAG)
2. Arab Fertilizers and Chemicals Industries (KEMAPCO).
3. Jordan Dead Sea Industries Company (JODICO)
4. Numeira Mixed Salts and Mud Company
5. Addresses of Subsidiaries

F. Affiliates
1. Jordan Bromine Company
2. Nippon Jordan Fertilizers Company
3. Jordan Industrial Ports Company
4. Jordan Safi Salt Company (Under Liquidation)

G. Consolidated Financial Statements
1. Capital
2. Property, Plant and Equipment
3. Capital Investment Volume
4. Inventory
5. Investments
6. Loans
7. Sales Revenues
8. Gross Cost
9. Profits
10. Shareholders' Equity
11. External Audit Fees
12. Internal Audit Fees
13. Legal Fees
14. Company's Dependence on Local or Foreign Suppliers.
15. Payments made to Treasury, Ministry of Finance and Other Related Institutions.

H. Financial Indicators

I. Regulatory Affirmation

J. Future Plan

K. Declaration of the Board of Directors

L. Recommendations

Board of Directors and Executive Management

		Committees Membership
Government of the Hashemite Kingdom of Jordan (Ministry of Finance)		
H.E. Dr. Nabih Ahmed Mahmoud Salameh	Chairman	1,2,3,4,6
H.E. Mr. Moh'd Nour Abdul-Majid Moh'd Ali Al-Shreideh	Member	1,2,3,4,5,6
H.E. Mr. Eyad Jamal Ahmed Al-Qudah	Member	1,2,3,4,5
Mr. Mohammad Suleiman Ahmad Al-Sane'	Member since 01/07/2010	2,5
Potash Corporation of Saskatchewan (PCS)		
Eng. Garth William Moore	Member	2,3
Eng. James Francis Dietz	Member until 29/06/2010	1
Mr. George David Delaney	Member since 29/06/2010	1
Mr. Thamer Ahmed Abdul-Majid Obaidat	Member	2,5
Arab Mining Company		
Mr. Mansour Bin Sulaiman Bin Ibrahim Al-Mebrek	Deputy Chairman	
Eng. Adnan Ahmed Rashed Al-Rashdan	Member	
Islamic Development Bank / Jeddah		
Mr. Hisham Ibrahim Rashid Al-Shaar	Member	1
The Government of Iraq		
Eng. Abdul Wadoud Abdul Sattar Mahmoud Al-Dulaimi	Member	
Libyan Arab Foreign Investment Company		
Dr. Abdullah Ashour Abdullah Al-Mansouri	Member since	
Kuwait Investment Authority		
Mr. Abdullah Hasan Mshari Al-Bader	Member	
General Manager		
Eng. William Keith Thornton	General Manager	1,2,3,4
Deputies of the General Manager		
Eng. Gary Wayne Phillips	Deputy General Manager-Technical	
Mrs. Julie Ann Fortunato	Deputy General Manager – Finance	
Eng. Jafar Mohammad Hafez Salem	Deputy General Manager – Marketing	
Mr. Ra'ed Zakaria Farid Daoud	Deputy General Manager – Human Resources	
Auditors		
Ernst & Young	Member of Ernst & Young International	

Board Committees

1. Investments Committee
2. Finance, Administrative and Bonus Committee
3. Board Tenders Committee
4. Dikes Committee
5. Audit Committee
6. Donations Committee

Letter from the Chairman

In The Name of GOD Most Gracious,
Most Merciful
Dear Shareholders,
May peace, grace and GOD's blessings be upon you.

Dear Shareholders,

The Members of the Board, Executive Management and I are pleased to have you at this Ordinary Annual Meeting of the General Assembly for the year 2010 and to present to you the fifty-fourth Annual report on the Company's performance, which includes the Consolidated Financial Statements as at December 31, 2010 as well as a summary of the accomplishments realized during the year.

The year 2010 was distinguished compared to the previous year in terms of production and sales indicators at both, the international and domestic fronts. Globally, potash production increased by 65% and domestically it increased by (73.5%) from 1.12 MMT in 2009 to 1.94 MMT in 2010. APC sales more than doubled, it climbed to (2.08) Million MT compared to (975.2) thousand MT in 2009 or increased by (113.5%), registering a record level since the beginning of the production. Also, consolidated sales reached a record level of JOD (559) M in 2010 compared to JOD (373.7)M in 2009. The rise in food prices and escalating demand for agricultural products contributed significantly to this remarkable increase in demand for fertilizers.

Also, as a result of the rise in revenues, consolidated profits increased from JOD (131.8)M in 2009 to JOD (162.7)M in 2010, which next to 2008, is considered the best year ever throughout the company's history.

Dear Shareholders

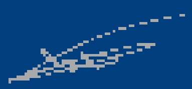
His Majesty King Abdullah II Ibn AlHussein, on October 19, 2010, has honored us by opening the expansion plant which will increase APC's annual capacity to (2.5) MMT. This is needed to meet the growing markets of potash in the external markets especially the markets of India, china, Malaysia and Indonesia where APC has engaged itself in agreements with its partners to supply them with potash which will be used in the agricultural sector and the fertilizer industries. Also, in light of the growing global demand and the new expansion plant, we are looking forward to obtain a better position in the international mining industry.

On the other hand, the completion of the rehabilitation of the Industrial Jetty at Aqaba, the construction of a new dock, and the establishment of modern warehouses equipped with well developed handling equipments which embodies environmental and safety systems, in association with JPMC, will enhance the handling capacity of the Industrial port at Aqaba, increase its efficiency and speed up its shipping operations to reach (8) MMT annually.

As far as the role of APC in the development of the local community, and in accordance with the Royal Vision to enhance the contribution of the private sector to local community development, the company has stepped in swiftly to support the local community, in particular, and other Jordanian communities in general, in various areas related to human well-being (health, education and economic) through the extension of kind and cash donations, as well as, the provision of job opportunities to civil societies and institutions.

To conclude, I would like to extend profound thanks to the shareholders of the company, including the Government of Jordan and neighboring Arab Governments, Potash Corporation of Saskatchewan Inc., Canada, Arab Mining Company, Islamic Development Bank –Jeddah and local, regional and international financing institutions. I would like also to commend and highly appreciate the excellent performance of the Company's employees and their sincere efforts and extensive contribution. Thanks are also extended to our valued customers for their trust in the company and its products.

We pray to the Almighty to give us the power and determination to achieve our targets and contribute more to the progress of our dear country under the strong and wise leadership of His Majesty King Abdullah II Ibn Al-Hussein. May GOD Bless and Keep Him.



Chairman

Dr. Nabih Salameh

Board of Directors Report

The Board of Directors welcomes you to this Ordinary Annual General Meeting and presents to you the Fifty-Fourth Annual Report and the Consolidated Financial Statements for the year ended December 31, 2010 in accordance with the Companies Law, Financial Securities Law and APC by-laws.

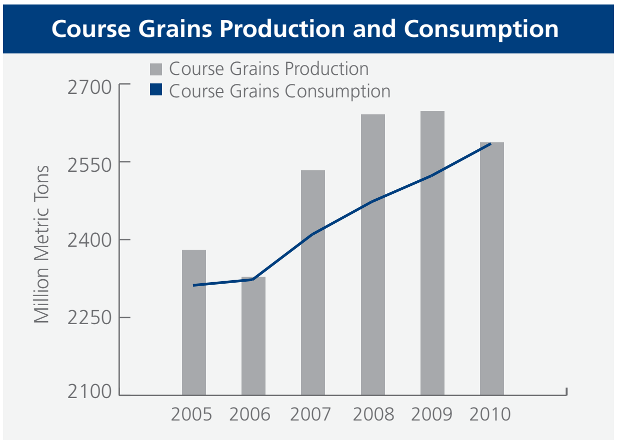
A. The International Potash Market

A. The International Potash Market

1. The International Scene

As world economies started to recover in the beginning of 2010, the agricultural sector witnessed a sharp rebound that came in tandem with the strength in commodities.

The International Fertilizer Association (IFA) estimates that global coarse grains production has fallen by 2.2% in 2010. However, consumption of course grains* was higher than production, and this caused an estimated fall in grain stocks to just below 20%, the lowest level in three years. Prices of food, and commodities strengthened during the year much to the benefit of fertilizers. Fertilizer application rates were low in 2008 and 2009. Moreover, fertilizer inventories were limited. Therefore, by the second quarter of 2010 there was a surge in demand for fertilizer, and shipments increased significantly.



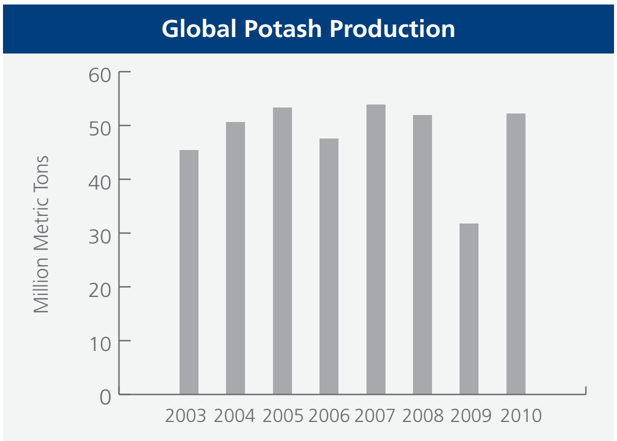
Potash shipments during 2010 are estimated at over 50 million tons, while consumption to be over 51 million tons of Potassium Chloride**.
Therefore, recovery was pronounced in all segments of the industry. Production and Consumption have come back to normal levels after an unusual drop in the previous year.

The recovery was anticipated because of the low levels of fertilizer application and inventory in 2008, and 2009. It was also projected due to the continued growth in world population, and changes in diet. The magnitude and speed of the turnaround was significant, and it indicates a resumption of the long term growth trend line.

There is a necessity for balanced fertilizer application to achieve sustainable growth in food production. Potash is a key ingredient in achieving this balance.

* Coarse grains includes wheat, and milled rice
** Source Fertecon

2. Global Production

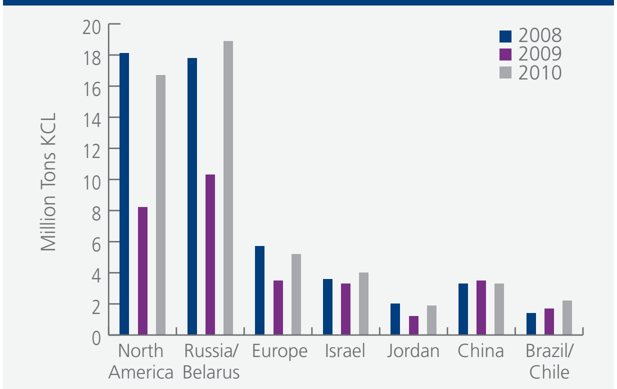


Global potash production is estimated** to have increased by about 65% in 2010 over 2009. The increase came simultaneously with a sharp rebound in demand, and it became more pronounced in the second quarter of the year when it was evident that recovery is swift. The reaction of the industry was timely and the supply pipelines were filled quickly, and efficiently for the most part. There were no major shortages despite the short notice, and the logistic complications. While production recovered in most areas, there were also some capacity expansions in countries like Chile and Jordan.

Potash Production by Country (million tons KCl)

Country	2007	2008	2009	2010
Russia/Belarus	18.8	17.8	10.3	18.9
North America	19.2	18.1	8.2	16.7
Europe	6.1	5.7	3.5	5.2
Israel	3.6	3.6	3.3	4.0
China	3.1	3.3	3.5	3.3
Brazil/Chile	1.3	1.4	1.7	2.2
Jordan	1.8	2.0	1.2	1.9
Total	**53.9**	**51.9**	**31.7**	**52.2**

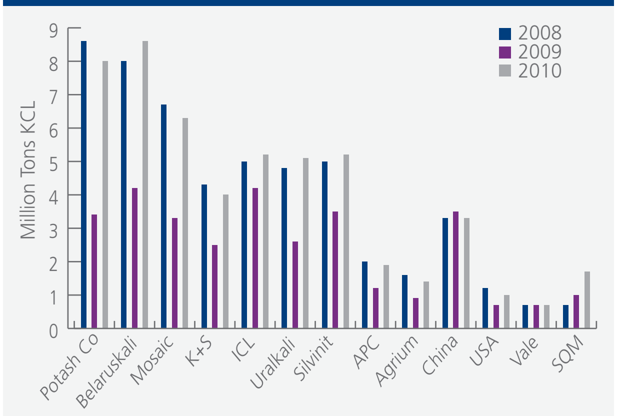
Potash Production by Country



Potash Production By Producer

	2007	2008	2009	2010
Belaruskali	8.2	8.0	4.2	8.6
Potashcorp	9.2	8.6	3.4	8.0
Mosaic	7.0	6.7	3.3	6.3
ICL	5.0	5.0	4.2	5.2
Uralkali	5.1	4.8	2.6	5.1
Silvinit	5.5	5.0	3.5	5.2
K+S	4.7	4.3	2.5	4.0
China	3.1	3.3	3.5	3.3
APC	1.8	2.0	1.1	1.9
SQM	0.7	0.7	1.0	1.5
Agrium	1.7	1.6	0.9	1.4
USA	1.3	1.2	0.7	1.0
Vale	0.6	**0.7**	0.7	0.7
Total	**53.9**	**51.9**	**31.6**	**52.2**

Potash Production by Producer



3. Global Demand

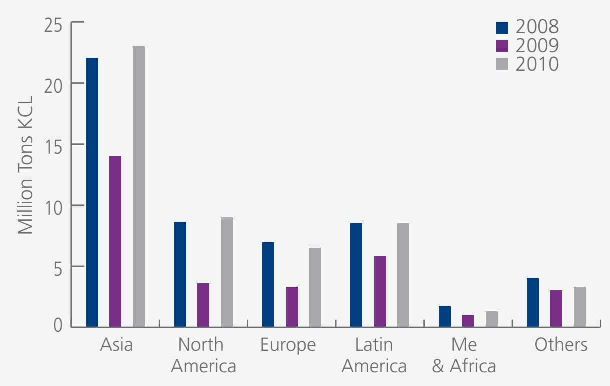
The rebound of potash deliveries in 2010 was remarkable. The recovery was spread over all geographic regions, and brought the 2010 volumes towards normal levels. It is estimated that 2010 volumes exceeded those of the previous year by about 68%. This recovery was sharp and swift. It was only a matter of time before crop production shortages, and low fertilizer application rates raised alarms in the food industry. Indeed, this is what happened when the drought in Russia pushed up grain prices, which in turn fuelled orders for potash. Factors such as low fertilizer inventory, expectations of rising fertilizer prices, and tight fertilizer supply created a very positive environment for the fertilizer industry in general, and the potash industry in particular.

As the year ended, the farming sector in general was doing very well. And moving forward, the expectations are also positive for the industry.

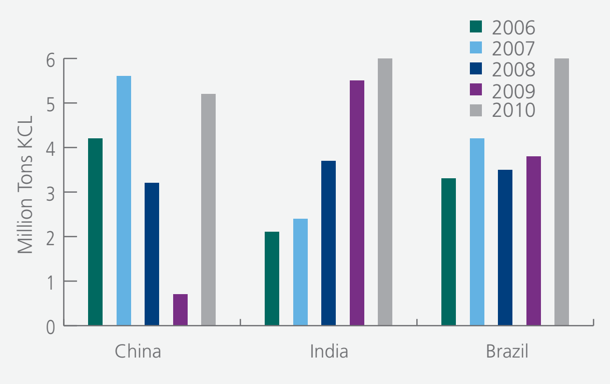
Global KCL Deliveries in Million MT

	2007	2008	2009	2010
Asia	23.3	22.0	14.0	23.0
North America	9.9	8.6	3.6	9.0
Latin America	10.0	8.5	5.8	8.5
Europe	8.3	7.0	3.3	6.5
0thers	3.0	4.0	3.0	3.3
ME & Africa	1.7	1.7	1.0	1.3
Total	**56.2**	**51.8**	**30.7**	**51.6**

Potash Deliveries



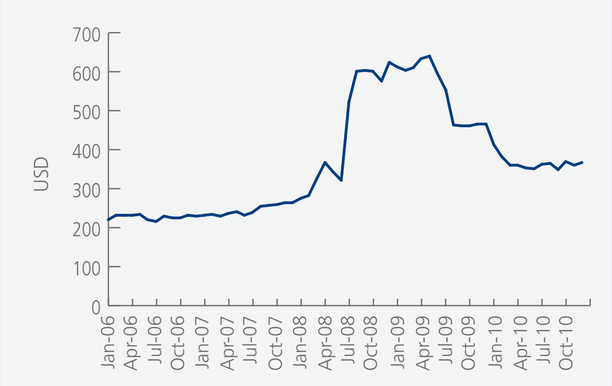
Potash Imports 2006 - 2010



4. Potash Price Developments

Prices in the first half of 2010 were benchmarked against the Chinese contract price of USD 350 CFR. India settled at an only nominally higher level of 370 CFR for one year. However towards the third quarter, spot markets broke away from this frame as demand continued to strengthen, and China utilized all its optional tonnage. Asian levels surpassed the USD 400 CFR point in October, and towards the end of the year a new mark of USD 430 CFR was reached. Brazilian demand in the fourth quarter propelled prices towards USD 450 CFR level for granular MOP.

APC FOB Aqaba Monthly Prices 2006-2010



5. Developments in APC's Main Markets

India

Indian contracts were established relatively early in 2010, and import volumes were at a record level of over six million tons.

The monsoon rains were above average, and the all important farm sector did not suffer from any shortages. The subsidy bill remains an issue of contention in the country and there are reform plans to redesign the mechanics. However it is a sensitive matter, and with food prices on the rise, the timing of any changes in the subsidy levels is a major consideration.
NPK imports during 2010 exceeded 1 million tons, and Potash usage in NPK production was about 1.9 million tons. This sector is expected to expand even further.

China

In 2010 imports rebounded sharply to over 5.3 million ton, including about 1.9 million ton in cross border trading. Fertilizer plants were operating at above 50% capacity for the first time since early 2008, and demand was good across the country. Inventory levels inland and at the ports dropped to levels unheard of in the past few years. Towards the end of the year, port stocks fell below 800 thousand tons.

Recently, China agreed to semi-annual pricing. This is a step in the right direction, necessary to reflect real market prices. Local MOP production suffered in the summer months, but overall production is estimated to have remained at the same level of 2009 or slightly lower.

Malaysia and Indonesia

Importers began 2010 with very low inventories, and strong expectations of higher prices. This encouraged active buying and restocking for the first half of the year. Moreover, the price of Palm oil continued to fuel demand, and the new NPK plants have created increased demand and positive prospects going forward. The agricultural and fertilizer sectors were healthy. The economies of both countries continued to expand, which underlines the need for food security in the case of rice in Indonesia especially. The level of 2010 imports is estimated to have equaled pre financial crisis levels.

Europe

Although the fertilizer industry in Europe is seen on a long term decline, the recovery in potash consumption for 2010 was sharp and in parallel with most other regions. Inventories and pipelines were almost empty at the beginning of the year, and the same factors governing other markets came into play. It is estimated that potash delivery into Europe has not yet reached pre 2009 levels. But, it is worth noting that the fertilizer sector in the continent is still undergoing restructuring.

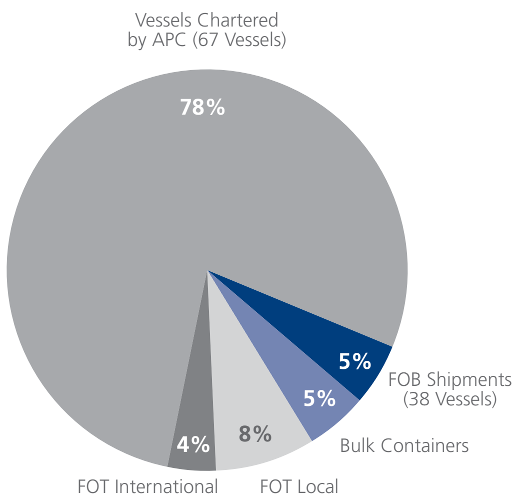
6. Shipping and Logistics

Shipping rates were high for APC in the beginning of 2010, but they continued to decline towards the end due to new ship building operations in the market. Our region was plagued with piracy, and in turn our freight rates were higher than those of other regions. Availability was also limited in the first half, but the situation improved later on. APC benefited from the drop in freights in the last quarter of the year, but not enough to compensate for the first half.

APC continues to study other, longer term shipping arrangements. New contracts are being drafted in attempt to mitigate the freight market fluctuations, and its unstable availabilities.

The bulk containers activity was consolidated during 2010 and the total tonnage shipped by containers surpassed 100,000 MT. This method proves advantageous to some buyers in terms of flexibility, and on time delivery in small lots. It also enabled APC to service remote ports. Shipping by container provides some cost savings, but it requires more effort in terms of service, quality control and documentation.

2010 Shipments by Method



7. International Promotion Activities

APC is an active participant in the International Fertilizer Association (IFA), and it holds the post of the Convener of the Potash Working Group in the Association. It is also an active member of the Arab Fertilizer Association (AFA) and all its committees. Furthermore, APC is represented on the Board of the International Plant Nutrition Institute (IPNI), where it promotes balanced and responsible scientific methodology for fertilizer application.

In India, APC maintained a dynamic presence at industry gatherings and conferences. APC and JPMC hosted a Jordanian reception for IFA conference attendees in New Delhi.

The APC office in Kuala Lumpur Malaysia organized several social and business events for the customers in that region. It also arranged a major event in Hanoi Vietnam for an industry gathering. The value of APC's direct presence in this region has been demonstrated during the year when a number of new customers and distributors were identified in Indonesia.

B. Company Activities

B. Company Activities

Arab Potash Company PLC was incorporated on 7th July 1956. During 1958 the Government of the Hashemite Kingdom of Jordan granted the Company a concession to invest in salts and minerals of the Dead Sea. This concession is for 100 years and expires in 2056 when ownership of plants and buildings shall be transferred to the Government of the Hashemite Kingdom of Jordan without any charge.

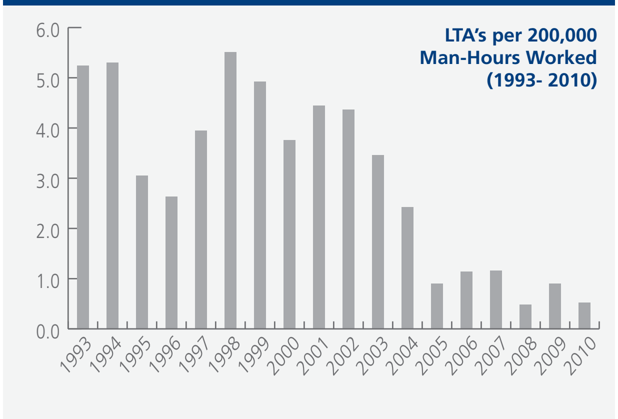
The Company's objective is to extract salts and chemicals from the Dead Sea and establish auxiliary industries from these salts and chemicals. The activities of the Company and its subsidiaries are restricted to production of potash, potassium nitrate and other downstream products selling of the same at world markets.

1. Safety

APC believes that SAFETY is the most important aspect of every job. It is a priority of APC to provide employees with a safe environment in which to work, including the proper personal protective equipment, so they can return home safely to their families every day. Safety awareness and training are ongoing and have resulted in a sustained decrease in accidents. APC is committed to maintaining a safety leadership position in Jordan.

The company's interest in safety is reflected in the index of the time lost due to accidents at work*, this indicator has declined significantly from a frequency rate of five in 1993 to frequency rate of less than one in 2010.

APC Annual Accident Frequency Rate (AFR)



A few of the safety initiatives in 2010 include:

- Updating safety procedures for use of personal protective equipment (PPE), hot work permits, safety work requests, and electrical isolation
- Conducting a training program and holding quarterly safety meetings for 100 contractors working at our sites
- Implementing annual emergency drills in Amman offices, Safi and Aqaba sites in cooperation with local Civil Defense department and radiation drills in cooperation with Jordan Nuclear Commission
- In October 2010 constructing a new Civil Defense building, and providing vehicles, equipment and tools to serve the local community .

2. Production

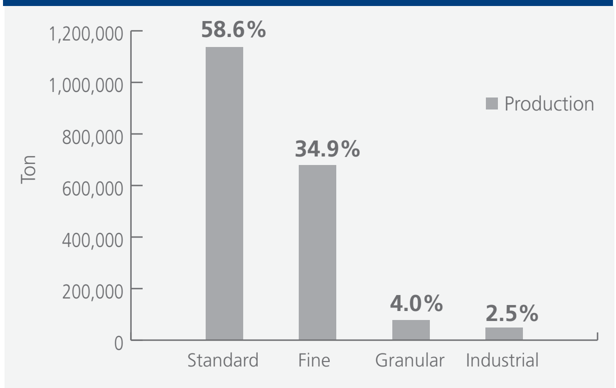
The total production for the year 2010 was 1.9 million ton, which is equal to 114% of the total 1.7 million tons planned. The surplus Production is equal to 242,574 Tons and the annual production for 2010 was above the 2009 production by 822,580 tons.

The following table and chart introduce production types and ratios.

Production by Grade

Grade	2009		2010	
	Tons	%	Tons	%
Standard	738,702	66.0	1,137,575	58.6
Fine	338,247	30.2	678,127	34.9
Granular	17,116	1.5	77,887	4.0
Industrial	25,929	2.3	48,985	2.5
Total	**1,119,994**	**100**	**1,942,574**	**100**

2010 Yearly Production by Grade



* International index is equal to the time lost (the number of injuries at work multiplied by 200 thousand hours of work) divided by the total working hours

Potash is transported to Aqaba warehouse, Kemapco, NJFC, and Bromine by APC fleet, whereas local market quantities were loaded at Safi site. Quantities are shown in the following table and charts.

Potash Transportation by Destination

Destination	Quantity (Ton)	%
Aqaba Warehouse	1,682,200	82.5
Local Markets	219,135	10.7
KEMAPCO	90,262	4.4
Bromine	45,303	2.2
NJFC	1,552	0.1
Total	**2,038,451**	100

3. Sales and Marketing

APC sales in 2010 were a reflection of the Industry recovery in all its dimensions. The volume shipped during the year is record breaking for APC, and growth was experienced in all its markets. Shipments to India were also at record levels, given that deliveries increased by over 33%. A long term, three-year agreement was signed with Zuari Industries covering about 1.2 million tons. Moreover, APC signed its largest contract ever with Indian Potash Limited (IPL) for 600,000 tons.

APC 2010 Sales by Grade in MT

Grade	2009	2010
Standard	749,817	1,150,267
Fine	183,953	816,341
Granular	14,346	68,291
Industrial	27,041	46,807
Total	**975,157**	**2,081,706**

Another highlight of 2010 was the resumption of sales to China, particularly achieving a long term supply agreement covering three years for 1.8 million tons total.

Shipments to Malaysia and Indonesia were back to normal levels, as all APC channels reactivated operations and resumed imports.

Shipments to Europe resumed. But, levels were still relatively low as the customer base continues to shrink in the midst of several supply options available to the continent.

There was some activity in Africa, and APC focused on serving all distributors in the Eastern African region. This continues to be an area of potential growth.

Developments in the local and regional scene were also notable. A major SOP plant started production in Jordan, and it is expected to consume about 50,000 tons of Potash annually. Several smaller scale projects and expansions were launched in Egypt. It is also worth noting that APC supplied some of its subsidiaries and affiliated with larger quantities during 2010 in accordance with standing agreements.

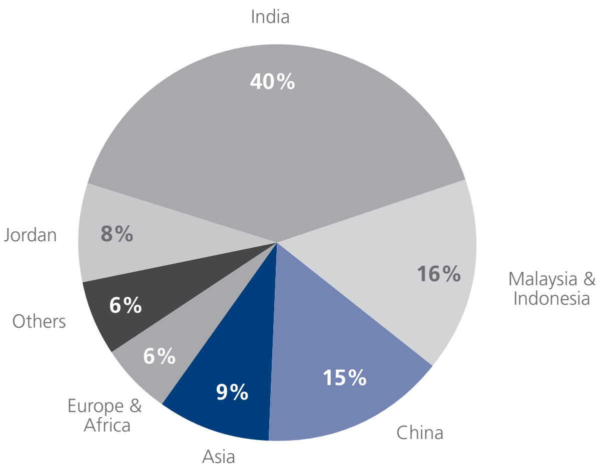
Sales by Country in MT

Country	2009	2010
India	637,358	841,942
China	43,200	313,510
Malaysia	51,295	202,855
Jordan	69,140	166,861
Indonesia	62,454	140,886
Egypt	28,250	55,778
Taiwan	2,275	44,170
Japan	-	43,040
Philippines	7,200	32,801
Others	73,985	239,863
Total	**975,157**	**2,081,706**

APC Sales Distribution by Country 2006-2010 (000 Ton)

Country	2006	2007	2008	2009	2010
India	477	483	809	637	842
Malaysia & Indonesia	358	352	300	114	344
Asia	170	242	148	22	183
China	112	320	203	43	314
Europe & Africa	231	167	130	21	117
Jordan	187	180	194	69	167
Others	101	112	110	69	115
Total	**1,636**	**1,856**	**1,894**	**975**	**2,082**

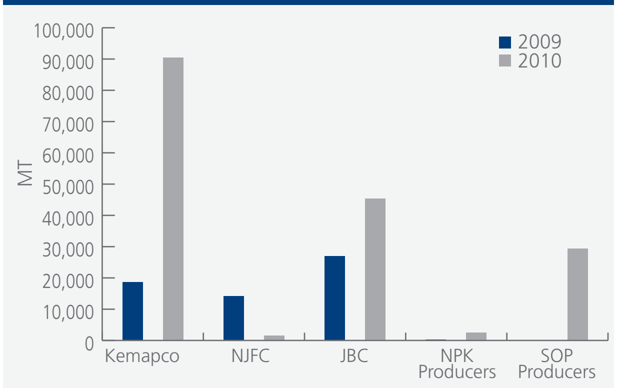
APC 2010 Sales Distribution by Region



Largest APC Customers in 2010

Customer	Country	Quantity (MT)	Percentage of Total
IPL	India	518,580	25%
Sinochem	China	313,510	15%
Zuari	India	291,292	14%
Kemapco	Jordan	90,262	4%
Petrokimia Gresik	Indonesia	78,200	4%
Agrifert	Malaysia	71,746	3%
Behn Meyer	Malaysia	62,650	3%
CCM	Malaysia	50,410	2%
JBC	Jordan	45,303	2%
Union Harvest	Malaysia	36,855	2%

APC Local Sales Distribution



C. Company Projects

C. Company Projects

1. Production Expansion Project No. 1

This project increases annual Potash production capacity by 450 thousand tons from 2.0 million tons per year to 2.45 million tons per year.

This expansion included modification of the solar ponds, construction of a new warehouse at the Safi site, expansion of the Aqaba warehouse and the construction of the new cold crystallization plant (CCP). Construction work has been completed. Commissioning of the new plant is essentially completed. The design capacity for the new CCP is 1300 tons/day, and this rate has been achieved during the commissioning period. Opportunities have been identified for some modifications, which will be carried out during January 2011, and allow production to exceed the design capacity.

2. New Intake Pumping Station project at the Dead Sea

All four pumps were installed and are under commissioning / operation. The total flow pumped to the solar system through end of December 2010 from the new station around 10 million m^3. The performance test for the pumps shall be completed by the end of January 2011.

3. Installation of New De-dusting System at the HLP and CCP1

International manufacturers have been contacted to carry out a site survey for the above plants to select the suitable de dusting system to decrease the emissions to the permitted levels. It's expected to start with the site survey on February 2011. Estimated date of completion December 2011.

4. The Rehabilitation of Industrial Jetty at Aqaba Project.

In order to ensure the continuity of exporting of potash and given the government's policy to relocate the ports of Aqaba to southern shores, APC has signed an MOU with Jordan Phosphate Mines Co. (JPMC), ADC and ASEZA to rehabilitate and expand the current industrial jetty under the title of Jordan Industrial Ports Co. that will cater to the future needs of the company.

This project increases annual Potash production

to 2.45 million tons per year

The total flow pumped to the solar system through end of December 2010 from the new station around

10 million m^3

D. Administrative Affairs

D. Administrative Affairs

1. Board of Directors

Government of the Hashemite Kingdom of Jordan (Ministry of Finance)

Dr. Nabih Ahmed Mahmoud Salameh
Chairman of the Board of Directors since January 2010. Holds Ph.D. in Economics from Cairo University and higher studies in Economics from Harvard University, USA. He worked in several locations, as general manager Jordan Investment Establishment; member in the privatization commission; secretary general for the national population committee.
Date of Birth 07/11/1946.

Mr. Moh'd Nour Abdul-Majid Moh'd Ali Al-Shreideh
Board member since February 2003. Holds M.Sc. degree in Business Administration from the University of Jordan in 1990. Worked in several offices; of which as Secretary at the Prime Ministry, Advisor to the Prime Minister of Jordan and Secretary to the Prime Minister of Jordan. Date of Birth 19/04/1961.

Mr. Eyad Jamal Ahmed Al-Qudah
Board member since February 2003. Holds M.Sc. degree in Business Administration from Sul Ross State University. He currently holds position of the Director General of Free Zones Corporation.
Date of Birth 03/05/1961.

Mr. Mohammad Suleiman Ahmad Al-Sane'
Board Member since July 2010. Holds M.Sc in finance and accounting from the Arab Academy for Banking and Financial Sciences. Currently serves as advisor to the Minister of Finance in 1999.
Date of Birth 15/01/1962.

Potash Corporation of Saskatchewan (PotashCorp)

Eng. Garth William Moore
Board member since October 2003. Holds B.Sc. degree in Mining Engineering from University of Saskatchewan. He heads the Mining Association in Saskatchewan, Canada and Canadian Association for Environmental and Technical Development. He has thirty seven years experience in the Potash industry, twenty seven years thereof with PCS. He is currently the President of PCS Potash. Date of Birth 20/05/1948.

Eng. James Francis Dietz
Board member since October 2003. Holds M.Sc. degree in Chemical Engineering from Ohio State University, USA. He currently holds the position of Executive Vice President & Chief Operation Officer of PCS.
Date of Birth 20/07/1946.

Mr. Thamer Ahmed Abdul-Majid Obaidat
Board member since October 2003. Holds M.Sc. degree in Law from Harvard University, USA in 1988. He is a licensed practitioner at the courts of Jordan and courts of State of New York. Date of Birth 16/11/1965.

Mr. George David Delaney
Member of the Board since June 2010. Mr. Delaney has been President of Sales at Potash Corp. since 2000 and he is responsible for all its sales, transportation, marketing and distribution activities. He also serves on the boards of Phosphate Chemicals Export Association (PhosChem), Canpotex Limited and International Plant Nutrition Institutes. Mr. Delaney is a graduate of Southern Illinois University. Date of Birth 10/01/1961.

Arab Mining Company

Mr. Mansour Bin Sulaiman Bin Ibrahim Al-Mebrek
Board member since 2007. Holds B.Sc. degree in Accounting/King Saud University - Riyad, and Diploma in Finance and Administrative Sciences / Economic Institute - Colorado - USA. Currently, he is Chairman of Arab Company for Agricultural Production and Manufacturing. Date of Birth 23/02/1955.

Mr. Adnan Ahmed Rashed Al-Rashdan
Board member since October 2007. Holds B.Sc. Industrial Engineering double majoring in Computer Sciences from the University of Miami, USA in 1986. He currently holds the position of Information Infra structure Manager at Kuwait Investment Authority. Date of Birth 15/10/1963.

Islamic Development Bank -Jeddah

Mr. Hisham Ibrahim Rashid Al-Sha'ar
Board member since November 1997. Holds Higher studies Diploma & Diploma in Public Administration from University of Washington and B.Sc. degree in Law and Economics from St. Joseph University, Lebanon in 1958. He is currently the Advisor of Lebanese Cabinet, and an Alternate Governor to the Islamic Development Bank, Jeddah.
Date of Birth 10/03/1932.

The Government of Iraq

Eng. Abdul Wadoud Abdul-Sattar Mahmoud Al-Dulaimi
Board member since December 2003. Holds B.Sc. degree in Electrical Engineering from University of Baghdad since 1977. He held the position of Director General of Iraqi Phosphate Public Company and is currently the Chairman of the Board of Directors and General Manager of Diala Company for Electrical Industries. Date of Birth 15/11/1954.

Libyan Arab Foreign Investment Company

Dr. Abdullah Ashour Abdullah Al-Mansouri
Board member since July 2008. Holds Ph.D. in 1987 from Glasgow University, Scotland, U.K and M.Sc. from Western Michigan University, USA in 1982 and B.Sc. degree in Science and Education from Al-Fateh University, Libya. He currently holds the position of General Secretary of Public Congress of Shabiat Nikat Khams. Date of Birth 01/01/1949.

Kuwait Investment Authority

Mr. Abdullah Hasan Mshari Al-Bader
Board member since May 1998. Holds B.Sc. degree in Commerce. He currently holds the position of Chief Internal Auditor at Kuwait Investment Authority. He is a member in several professional societies.
Date of Birth 08/03/1958.

2. Executive Management

Eng. William Keith Thornton
General Manager effective January 2010. Holds a B.Sc. degree in Mechanical Engineering from West Virginia University in U.S.A. He has more than 34 years of experience and has held the position of General Manager for White Springs Phosphate Plant.
Date of Birth 20/01/1953.

Mr. Gary Wayne Phillips
Deputy General Manager - Technical since January 2008. Holds B.Sc. degree in Mining Engineering from University of Saskatchewan, Canada. He has over 29 years of potash mining experience in Saskatchewan Most recent position was General Manager of PCS Cory and Patience Lake Operations.
Date of Birth 09/11/1950.

Mrs. Julie Ann Fortunato
Deputy General Manager - Finance since August 2009. Holds the Certified Public Accountant (Maryland) and Certified Management Accountant designations. Most recent position was Controller, PCS Nitrogen Fertilizer L.P. in Augusta, Georgia U.S.A. She has over 29 years of experience in accounting, procurement and warehouse operations. Date of Birth 16/04/1959.

Eng. Jafar Mohammad Hafez Salem
Deputy General Manager - Marketing since October 2003. Holds B.Sc. degree in Chemical Engineering from Aston University, Birmingham, UK in 1981. Has been working with Arab Potash Company since 1984 at the Marketing Department. He represents the Company at The Arab Fertilizer Association (AFA) and chairs Potash Committee at the International Fertilizers Association (IFA), and a Board Member at the International Plant Nutrition Institute (IPNI). Date of Birth 04/05/1958.

Mr. Ra'ed Zakaria Farid Daoud
Deputy General Manager – Human Resources since July 2009. Holds BA in Business Administration from Muta University in 1984, member of several international HR & Training committees, in addition to several courses in Human Resources, Performance Management Strategic Management, leadership & worked in several Multinational Companies in Jordan & the Gulf Region. The last position held was Chief Human Capital Officer for KGL Holding Company in Kuwait.
Date of Birth 18/09/1960.

The Board of Directors Remunerations for 2010 (JOD)

Details	Nationality	Remuneration	Transportation Allowance	Representation Allowance*
Government of the Hashemite Kingdom of Jordan (Ministry of Finance)		20,000		
Dr. Nabih Ahmed Mahmoud Salameh	Jordanian		18,000	36,000
Mr. Mr. Eyad Jamal Ahmed Al-Qudah	Jordanian		18,000	35,000
Mr. Mohammad Nour Abdul-Majid Mohammad Ali Al-Shreideh	Jordanian		18,000	35,000
Mr. Mohammad Suleiman Ahmad Al-Sane' from 01/07/2010	Jordanian		9,000	-
Potash Corporation of Saskatchewan (PotashCorp)		15,000		
Eng. Garth William Moore	Canadian		18,000	-
Eng. James Francis Dietz till 29/06/2010	American		9,000	-
Mr. George David Delaney from 29/06/2010	American		9,000	-
Mr. Thamer Ahmed Abdul-Majid Obeidat	Jordanian		18,000	15,750
Arab Mining Company		10,000		
Mr. Mansour Bin Sulaiman Bin Ibrahim Al-Mebrek	Saudi		18,000	-
Mr. Adnan Ahmed Rashed Al-Rashdan	Kuwaiti		18,000	-
Islamic Development Bank / Jeddah		5,000		
Mr. Hisham Ibrahim Rashid Al-Sha'ar	lebanese		18,000	-
The Government of Iraq		5,000		
Eng. Abdulwadod Abdul-Sattar Mahmoud Al-Dulaimi	Iraqi		18,000	-
Libyan Arab Foreign Investment Company		5,000		
Dr. Abdulla Ashour Abdulla El-Mansouri	Libyan		18,000	-
Kuwait Investment Authority		5,000		
Mr. Abdullah Hasan Mshari Al-Bader	Kuwaiti		18,000	11,250
Total		**65,000**	**225,000**	**133,000**
Travel Expenses		**346,154**		

* Representation on boards of APC Associates and Affiliates.

Amounts paid to the Chairman and Executive Management in 2010 (JOD)

Name	Nationality	Position	Salaries
Dr. Nabih Ahmed Mahmoud Salameh	Jordanian	Chairman of the Board	150,938
Eng. Michael Terence Hogan	Canadian	General Manager till 14/1/2010	4,016
Eng. William Keith Thornton	American	General Manager From 15/1/2010	98,522
Eng. Gary Wayne Phillips	Canadian	Deputy General Manager - Technical	77,990
Mrs. Julie-Ann Fortunato	American	Deputy General Manager - Finance	77,990
Eng. Jafar Mohammad Hafez Salem	Jordanian	Deputy General Manager - Marketing	77,990
Mr. Ra’ed Zakaria Farid Daoud	Jordanian	Deputy General Manager - Human Resources	87,688
Total			**575,134**
Travel Expenses			**217,123**
Committees Representation			**3,600**
Housing to Executive Management			**125,406**

3. Employees, Training and Housing

The Company follows a policy of equal opportunity employment and the employee turnover rate is (1.2%).

The total number of Employees was (1923) in addition to (398) daily workers. The Company provides its staff members with appropriate training programs both internally and externally. The total number of participants in such courses were (1774) employees during 2010.

the employee turnover rate is (1.2%)

"The Company provides its staff members with appropriate training programs both internally and externally."

Distribution of Manpower according to the Work Location

Location	APC	JORMAG	KEMAPCO	JODICO	NUMEIRA	Total	%
Plants-Safi Site	1,692	6	-	-	47	1,745	79
Aqaba Site	81	-	203	-	-	284	13
Head Office – Amman	150	3	7	1	11	172	8
Total	**1,923**	**9**	**210**	**1**	**58**	**2,201**	**100**

Distribution of Manpower According to Their Qualifications

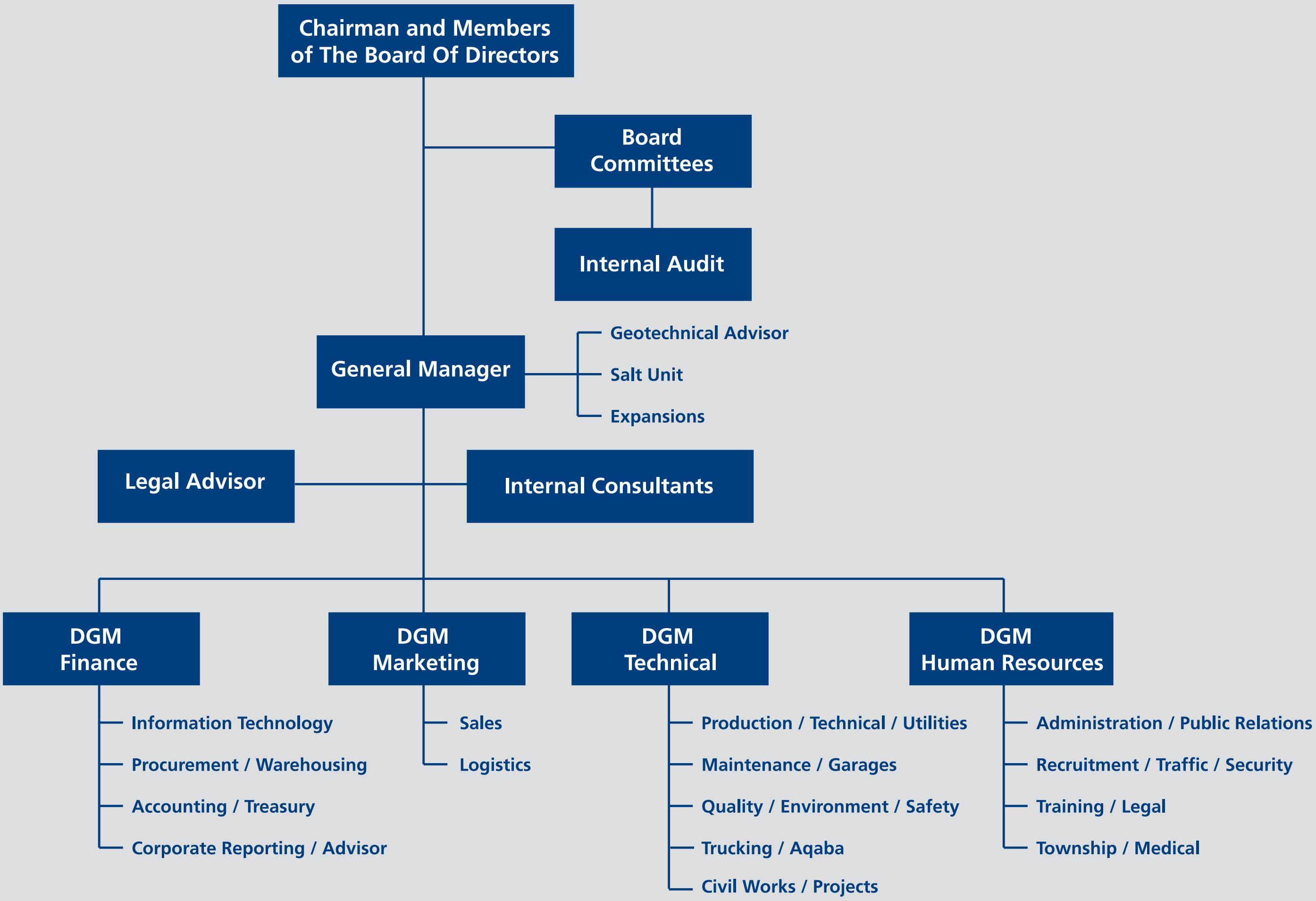
Company	Doctorate	Master	High Diploma	Bachelor	Diploma	High School or Below	Total
Arab Potash Company PLC (APC)	9	38	6	337	354	1,179	1,923
Jordan Magnesia Company (JORMAG)	-	-	-	5	3	1	9
Arab Fertilizers and Chemicals Industries (KEMAPCO)	-	2	-	63	49	96	210
Jordan Dead Sea Industries Company (JODICO)	-	-	-	1	-	-	1
Numeira Mixed Salts and Mud Company	-	-	-	7	9	42	58
Grand Total	**9**	**40**	**6**	**413**	**415**	**1,318**	**2,201**
%	**0.4**	**1.8**	**0.3**	**18.8**	**18.9**	**59.9**	**100**

Training Activities and Programs During 2010

Activity	No. of Subjects	No. of Participants	No. of Activities
Employees Internal Training	26	1,199	87
Inside Jordan	53	132	53
Outside Jordan	63	13	10
local Community Training	43	409	53
Other Duties	7	21	583
Total	**139**	**1,774**	**786**

The Company continues to grant housing loans to its employees. The number of employees who have benefited from such loans totaled 1,357. The total granted loans increased by around JOD 3.9 million to reach JOD 37.2 million at the end of the year 2010. At the same time, the Company provides accommodation to its employees directly. About (1056) of the Company staff, in addition to their families, reside at the Company's housing facilities.

4. Organizational Structure



5. Information Technology

During 2010 Information Technology made improvements that increased system capabilities and performance to meet the increase in demand on IT services.

These improvements included increased efficiency through a server consolidation project which reduced server deployment time by 80 percent. In addition, wireless network coverage was made available in the new cold crystallization plant to support Data, Audio and Video networks and help in providing secure access to IT service and new systems. The IT department also completed the Disaster Recovery project to ensure data availability and continuity in case of a catastrophic event.

In 2011 APC will continue its investment in the IT and will deploy new technologies and solution that will help in increasing productivity and refine everyday tasks and duties such as:

- Document Management and Work Flow system.
- Launch upgrade project for the existing ERP system
- Centralized IP Camera security surveillance for the Plant
- Expand wireless capabilities to reduce cabling costs

6. Social Responsibility

Support to the Local Community

Poverty and unemployment in Jordan captured extensive circulation among Jordanians for at least three decades now. Poverty is much higher in the southern governorates. Ghor AlSafi area, the location of the Potash Factory, is one of the prominent poverty pockets in the Kingdom.

The main factors that contribute to high poverty rates include ,high population growth rate, unemployment, low economic participation ratio and dependence on agricultural activities as a main source of income.

The government's efforts to reduce poverty focus on,creation of job opportunities especially in the economic sectors where wages are substantially rewarding, investment in infrastructure such as education and health and increase economic participation ratios through micro-projects initiatives, especially by women.

Along those lines, the Arab Potash Company contributes to the development of the local community directly by employing local people as much as possible, and by directing purchases of domestic supplies from local suppliers (as they are available). In particular all unskilled and the majority of semi-skilled labor are chosen from the local community.

As far as infrastructure is concerned, APC contributes to the maintenance and refurbishment of the schools and the medical facilities (hospital and clinics) in the area of Ghor AlSafi, in addition to the establishment and continuous maintenance of the town mosque, the athletic club and the multi purpose hall which accommodates public meetings, conferences, weddings, etc.…

Also, in-order to attain the objectives of poverty reduction, creation of job opportunities and extension of outreach activities, APC co-sponsors the activities that are undertaken in the said area by domestic institutions, such as the local Municipalities, the Jordanian Hashemite Fund for Human Development, the River Jordan Foundation, Dar Al-Aman, Save the Children, Mutah University, Jordan Media Institution and the various local NGO's and athletic clubs. The activities of those institutions focus on awareness campaigns related to family planning and empowerment of women, as well as the creation of micro projects especially by women. Mutah University is engaged in establishing a model farm to undertake agricultural research with the objective of improving the productivity of local farmers and to disseminate improved farming techniques in the areas adjacent to the location of the Potash Factory. The Company, also, presents fifty three scholarships to its employees to sponsor the education of their children annually.

Last but not least, the Company, during the holy month of Ramadan, distributed goodwill packages to poor families, widows, handicapped and orphans.

The company is fully aware of the characteristics of the area and will continue to create jobs for the local people, to provide support to the organizations and events that are important to the local community, to encourage its employees to engage in voluntary activities and to interact with the local community representatives to identify opportunities for active involvement.

Donations during the Year 2010

Name Of Organizations	Amount In JOD
Safi Civil Defense (Bldg, Fire Trucks, 2 Ambulances)	1,060,000
Safi Social Club Building	350,000
Iraq Town Meeting Hall In Karak	250,000
Governmental & Voluntary Social Work Institutions	525,000
Environment Protection (Marine & In Land)	285,000
Youth Centers & Cultural Forums & Labour Activities	215,000
Charity Organizations	282,000
Mosques And Churches	55,000
Muncipalities	72,000
Combating Poverty Pockets Program	200,000
Governamental Educational Institutions And Scientific Research	170,000
Sports And Social Clubs	100,000
Scholarships	436,000
Total 2010	**4,000,000**

7. Governance

The governance guide was prepared in view of the development of the national economy at all levels, and in line with the Jordan Securities Commission (JSC)'s efforts to develop the national capital market and its regulatory and organizational framework. It contains rules of corporate governance for shareholding companies listed on Amman Stock Exchange (ASE) for the purpose of establishing a clear framework that regulates their relations and management and defines their rights, duties and responsibilities in order to realize their objectives and safeguard the rights of all stakeholders. These rules are based principally on a number of legislations, mainly the Securities Law and related regulations, the Companies Law, and the international principles established by the Organization of Economic Cooperation and Development (OECD).

On July 31, 2008 the Jordan Securities Commission ("JSC") published a Corporate Governance Code that became effective for public Shareholding Companies on January 1, 2009.

The company adheres and complies with the guidelines as set forth in the governance manual, and the following is a summary of the extent of compliance with these guidelines:

1- Board of Directors:

a- Duties and Responsibilities of the Board of Director.

b- The Board of Directors Committees.

C- Board of Directors Meetings:

The Board of Directors held 6 meetings during 2010.

The company is in compliance with all items in the governance guidelines related to the Board of Directors.

2- General Assembly Meetings:

The Company is in full compliance with the guidelines related to General Assembly Meetings.

3- Shareholder's Rights:

a- General Rules

b- Rights within the jurisdictions of the General Assembly:

The company is in compliance with all of these guidelines.

4- Disclosures and Transparency:

a- Audit Committee:

b- Audit Committee Responsibilities.

c- Powers of the Audit Committee Responsibilities.

d- External Auditor.

The Company is in compliance with all the guidelines related to the Audit Committee and External auditor.

Guideline #6:

- No member of the Board of Directors nor any Member of the Senior Executive Management or any of their Relatives holds ownership in the Company or its subsidiaries.

- Hereunder is the required disclosure related to the exception to this Guideline.

- (1050) shares owned as follows: Dr. Nabih Ahmed Mahmoud Salameh Chairman of the Board (50) and his wife, Mrs. Najwa Yousef Mahmoud Al-Ansari (50) and their sons, Ahmad (50) and Hamza (50) and Mohammad (50) and Mrs. Lubna Marawan Abdel Fattah Abu Zahra wife of Engineer Jafar Mohamad Hafez Salem, Deputy General Manager - Marketing (800) shares.

8. International Quality Standards (ISO)

The Quality, Environment and Safety Department engaged in the following activities in 2010:

1. Maintaining validation of the compliance certificate with international standard ISO-9001:2008 for implementing quality management system (QMS) to ensure high quality of potash products to meet customers' expectations. The QES Department has also renewed the Jordan Quality Mark for three more years until March 16, 2013 to ensure high quality of both fertilizer and industrial potash products.

2. Maintaining compliance certificate with standard ISO-9001:2008 regarding QMS applied for assuring quality of medical services and emergency cases provided by the APC hospital and clinics. Hence, through effective compliance with quality objectives, the Medical Services Department succeeded in the long term in reducing the cost of drugs issued for chronic diseases by around 43,000 JOD yearly by limiting their issuance exclusively to the pharmacies of the APC hospital and Plants clinic.

3. Maintaining validation of current certificate of APC Technical Laboratories accreditation by applying QMS according to international standard ISO-17025:2005 from Jordan Institution of Standards and Metrology to ensure high quality of testing results (KCl, NaCl, $MgCl_2$, $CACl_2$ and H_2O).

4. Participation in weekly meetings with Production, Technical and Maintenance to address customer complaints, nonconformity and potential problems.

5. Issuing daily reports on the quality of end products received from plants, materials from the Aqaba site as well as products loaded on ships.

6. Extending the application of quality assurance practices to the improvement of outsourced processes for bagging and loading end products in containers, and ensuring full compliance by contractors with APC customer requirements received from Marketing.

7. Establish three applications for the purpose of managing continuous improvement and reporting daily chemical analysis of end products from Lab to control rooms.

9. Environmental Awareness

Arab Potash Company's commitment to the environment is expressed at every level. APC is committed to sustainable development so that future generations can continue to enjoy nature's riches. APC activities in the Dead Sea and Aqaba Zone are carefully planned so as to minimize damage to the environment. This responsible attitude pertains not only to preservation of the local ecology, but also to maintenance of the magnificent panoramas of the region. APC is proud to meet high international standards of environmental responsibility and to have been certified as meeting ISO 14001 standards.

For APC, environmental responsibility doesn't end with us. We are reaching into our schools and our communities to lead and inspire sustainable initiatives. It's about building real-world environmental solutions that serve our communities and building the passion, motivation and extending our efforts further than we can alone. For example, in our local schools, we are creating hands-on environmental learning for young people. Through them, we will build commitment to environmental sustainability now and in the future.
The "Clean Up the World" at Aqaba is just one way we show our commitment to the environment which is considered one of the main pillars for the Jordanian economy and tourism.

E. Subsidiaries

1. Jordan Magnesia Company (JORMAG)

The Company was established for the purpose of production of Magnesium Oxide (DBM) used in the fire bricks industry, Magnesium Hydroxide and Magnesium Oxide (CCM), with a share capital of JOD 30 million. APC owns 55.3 percent of the Company's share capital. The Company's provision for losses as at 31 December 2010 was JOD 60.9 million. The company has not been in operation since 2005. The number of employees is 9.

2. Arab Fertilizers and Chemicals Industries (KEMAPCO)

The Company was established for the purpose of producing NOP and DCP, with a share capital of JOD 29 million. The company is owned by APC in full, and the number of employees at the Company is 210.

3. Jordan Dead Sea Industries Company (JODICO)

The Company is a private limited liability company with a share capital of JOD 100 thousand owned in total by APC. There is no organizational structure and no employees except a general manager position held by Arab Potash General Manager.

4. Numeira Mixed Salts and Mud Company

The Company was established for the purpose of purchasing and packaging and extraction of mud from the Dead Sea for the cosmetic industry. The Company capital is JOD 800 thousand fully owned by APC. The number of employees is 58.

5. Addresses of Subsidiaries

Company	Address
Numeira Mixed Salts and Mud Company	P.O.Box 941681, Amman 11118
Arab Fertilizers and Chemicals Industries	P.O.Box 2564, Aqaba 77110
Jordan Magnesia Company	P.O.Box 941701, Amman 11194

F. Affiliates

1.Jordan Bromine Company

The Company was established for the purpose of producing bromine and associated derivatives. Its production is marketed through Albemarle Corporation, USA, based on a marketing agreement with them. The share capital is JOD 30 million and JOD 24.7 million as a premium issue equally between the two shareholders. APC owns 50 percent of the Company's share capital.

2.Nippon-Jordan Fertilizers Company

The Company was established in 1999 to produce NPK and phosphate ammonium fertilizer and to market the production in the Japanese Market. Arab Potash Company and Jordan Phosphate Mines Company share in the Company's capital being 20% each, and four Japanese companies; namely Zen-oh, Mitsubishi Corporation, Mitsubishi Chemicals and Asahi Industries jointly hold 60% of the Company's capital of JOD 16.7 million.

3.Jordan Industrial Ports Company

The Company was established on 17/5/2009 for the purpose of refurbishing the existing jetty and constructing a new deep water jetty at the Aqaba Industrial Terminal. JIPC is a joint venture between APC and Jordan Phosphate Mines Company as equal shareholders with authorized capital of the Company being JOD 1,000,000. The Development and Operation Agreement is valid for a period of 30 years and is currently under review by both shareholders. The Board of Directors assigned a Steering Committee to run the activities of the company until the signing of the Development and Operation Agreement during the first half of 2011.

4. Jordan Safi Salt Company (under liquidation)

The Liquidation Committee appointed by the Company's General Assembly has not finalized liquidation procedures as of December 31, 2010.

G. Consolidated Financial Statements

G. Consolidated Financial Statements

1. Capital

Arab Potash Company's paid-in capital is JOD 83,317,500/share distributed as follows:

Shareholders	Number of Shares	%
Potash Corporation of Saskatchewan (PotashCorp)	23,294,614	27.96
Government of the Hashemite Kingdom of Jordan (Ministry of Finance)	22,397,781	26.88
Arab Mining Company	16,600,392	19.92
Islamic Development Bank/Jeddah	4,300,000	5.16
Social Security Corporation	4,195,875	5.04
Iraqi Government	3,920,707	4.71
Libyan Arab Company For Foreign Investments	3,386,250	4.06
Kuwait Investment Authority	3,286,095	3.95
Private Sector	1,412,193	1.69
Other Governments	523,593	0.63
Total	**83,317,500**	**100.00**

2. Property, Plant and Equipment

The cost of property, plant and equipment amounted to JOD 883.2 million compared with JOD 631.4 million as at end of 2009; i.e., with an increase of 40% from the previous year. Net value of the said assets, after deduction of consolidated accumulated depreciation, is JOD 409.7 million compared with JOD 193.2 million as at the end of 2009; i.e., with an increase of 120% from the previous year. The new additions to property, plant and equipment during the year have exceeded the depreciation provisions. Assets were increased due to commissioning of the new expansions plants.

3. Capital Investment Volume

The capital investment volume as at end of 2010 was JOD 883.2 million.

4. Inventory

Potash inventory amounted to JOD 11.9 million, (106.7) thousands tons in 2010 compared to JOD 37.7 million, (270.2) thousands tons as at the end of 2009. As for spare parts and supplies inventory, the same amounted to JOD 38.7 million for 2010 compared to JOD 49.0 million at the end of 2009. This inventory has been subjected to close control and follow up, for the purpose of reaching optimum stock level in line with customer demand.

5. Investments

The Company's investments in affiliates and other companies increased from JOD 45.9 million in 2009 to JOD 52.8 million in 2010; i.e., with an increase of 15% due to accounting of Company's share of income from affiliated companies as per International Financial Reporting Standards.

6. Loans

The balance of consolidated long term loans decreased in 2010 to JOD 31.7 million from JOD 43.3 million as at the end of 2009.

7. Sales Revenues

Total consolidated sales revenue for 2010 was JOD 559.0 million compared to 373.7 million in 2009, increase of 50%. Sales revenues of Potash and Carnalite in 2010 amounted to JOD 507.0 million, 91% of the total sales revenues. The balance of JOD 52.0 million, is primarily attributed to Kemapco.

8. Gross Cost

Details	2010	2009	%
Consolidated Gross Cost	413.1	261.0	58.3
Consolidated Cost of Goods Sold	298.8	159.4	87.5
Selling and Distribution Expenses	15.5	10.5	47.6
Royalty	39.8	34.1	16.7
General and Administrative Expenses	21.0	19.5	7.7

9. Profits

The Company realized a consolidated net income of JOD 192.8 million before income tax. After deduction of income tax the Net Income becomes JOD 162.7 million compared to JOD 131.8 million for the year 2009.

Profits available for appropriation totaled JOD 194.5 million distributed as follows:

Details	Amount in Million (JOD)
Jordanian University's Fees (1%)	1.676
Board of Directors Remuneration	0.065
Provision for Income Tax	30.124
Retained Earnings	162.650
Total	**194.515**

10. Shareholders' Equity

The Shareholders' Equity at the end of the year 2010 amounted JOD 819.9 million;with an increase of 14.6% from the year 2009. The book value of the Company's shares amounted to JOD 9.841 as at the end of 2010.

11. External Audit Fees

External Audit Fees for 2010 amounted to JOD 75.4 thousand for Arab Potash Company, JOD 3.0 thousand for Numeira Mixed Salts and Mud Company, and JOD 20.0 thousand for Arab Fertilizers and Chemicals Industries 'KEMAPCO'.

12. Internal Audit Fees

The Internal Audit Fees for Arab Potash Company for 2010 were JOD 89.0 thousand, and JOD 14.0 thousand for Arab Fertilizers and Chemicals Industries 'KEMAPCO'.

13. Legal Fees

The Legal Fees for Arab Potash Company for 2010 were JOD 106.5 thousand, JOD 1.2 thousand for Numeira Mixed Salts and Mud Company, and JOD 9.0 thousand for Arab Fertilizers and Chemicals Industries 'KEMAPCO'.

14. Company's Dependence on Local or Foreign Suppliers.

The Company does not depend on any one local or foreign supplier in excess of 5% of its total purchases, with the exception of Jordan Petroleum Refinery Company and National Electric Power Company. Payments to Jordanian beneficiaries were 263.7 Million JOD 66% of total payments.

15. Payments made to Treasury, Ministry of Finance and other Institutes.

The total amounts that were paid to the Treasury through the Finance Ministry and related institutions (105.0) JOD million in 2010 compared to (91.7) JOD million in 2009.

H. Financial Indicators

H. Financial Indicators

The following table summarizes the major indicators for the past five years, noting that all figures (except for the financial ratios and per share data) are in million JOD:

Details	2010	2009	2008	2007	2006
Potash Production (Million Tons)	1.943	1.120	2.005	1.797	1.699
Potash Sales (Million Tons)	2.082	975.0	1.894	1.857	1.636
Consolidated Sales Revenue	559.0	373.7	667.6	291.4	207.3
Potash Sales Revenue	529.0	352.5	604.9	253.2	206.7
Gross Profit	260.2	214.2	449.8	137.1	87.1
Profit from Operations	183.9	150.2	359.3	103.4	63.1
Financing Charges	1.9	3.1	3.6	4.2	2.3
Other Revenues	15.6	19.0	25.1	76.9	16.4
Extraordinary losses	--	--	--	--	20.3
Net Profit (Loss) After Tax	162.7	131.8	311.4	150.2	39.1
Net Fixed Assets	409.7	193.2	106.4	109.4	98.4
Long Term Loans and Other Long Term Obligations	44.4	55.6	63.1	72.6	55.5
Shareholders' Equity	819.9	715.5	642.0	389.0	267.7
Debt: Equity Ratio	3.9%	6.1%	8.6%	14.5%	15.4%
Return On Assets	16.1%	15.0%	44.0%	45.7%	14.9%
Return On Shareholders' Equity	19.8%	19.4%	60.4%	31.8%	9.6%
Times Interest Earned	12.6	3.7	3.6	10.0	3.9
Current Ratio	2.8	2.7	2.8	3.1	3.2
Closing Share Price / JOD	43.50	36.21	35.15	34.89	11.0
Profit Dividends	--	58.322	58.322	58.322	29.161
Dividends Percentage	--	70%	70%	70%	35%
Earnings Per Share / JOD	1.952	1.581	3.737	1.803	0.470
Market Price / Earnings Ratio	22.3	22.9	9.4	19.4	23.4
Royalty Paid JOD / Ton	19.11	34.95	35.78	7.51	7.55

I. Regulatory Affirmation

On May 11, 2010 the Minister of Finance and the APC Chairman of the Board signed an amendment to the Concession Agreement to adjust the annual rent of the concession lands as of 12 June 2008 from JD 200,000 to JD 1,500,000 annually. There were no other new regulations issued by the Government of Jordan or other international regulatory bodies that have a monetary effect on the Company's work, its products or ability to compete.

J. Future Plan

The APC strategic plan is designed to optimize potash production in balance with global demand. We believe the long term fundamentals of our business are solid and we are preparing to meet the rising demand for potash. APC is evaluating certain projects that will boost the production and the logistic operations of APC. These projects are beneficial to APC and the national economy.

First: Production Debottlenecking

The company is undertaking engineering and financial studies to find economic ways to debottleneck the production process and increase the capability of the Hot Leach Plant.

Second: APC Truck Route

Due to the relocation of the main port activities in Aqaba, the current truck route will not be available for use by Arab Potash trucks after June 2013.
APC is exploring appropriate alternatives.

K. Declaration of the Board of Directors

The Board of Directors of the Arab Potash Company hereby declares that, according to their information and views, there are no substantial matters which may affect the Company as a going concern during 2010.

The Company's Board of Directors hereby declares its responsibility for the preparation of the financial statements and an effective control system in the Company.

Chairman of the Board
Dr. Nabih Ahmed Mahmoud Salameh

Deputy Chairman
Mansour Bin Sulaiman Bin Ibrahim Al-Mebrek

Board Member
Abdullah Hasan Mshari Al-Bader

Board Member
Hisham Ibrahim Rashid Al-Sha'ar

Board Member
Mohammad Nour Abdul-Majid Mohammad Ali Al-Shreideh

Board Member
Eyad Jamal Ahmed Al-Qudah

Board Member
Eng. Adnan Ahmed Rashed Rashdan

Board Member
Eng. Garth William Moore

Board Member
Thamer Ahmed Obaidat

Board Member
Eng. Abdel Wadod Abdel Sattar Mahmoud Al-Dulaimi

Board Member
Dr. Abdullah Ashour Abdullah Al-Mansouri

Board Member
George David Delaney

Board Member
Mohammad Suleiman Al-Sane'

The Chairman of the Board declares, along with the General Manager, and the Deputy General Manager – Finance that all the data and statements in the Annual Report 2010 are correct, accurate and complete.

Chairman of the Board
Dr. Nabih Ahmed Mahmoud Salameh

General Manager
Eng. William Keith Thornton

DGM-Finance
Julie Ann Fortunato

L. Recommendations

The Board appreciates the General Assembly's ratification of the following:

1. The Minutes of the previous General Assembly Meeting.

2. The Board of Directors Report regarding the company's business for the year 2010 and its future plan.

3. The independent Auditor's Report to include the Consolidated Income Statement and Other Consolidated Financial Statements.

4. The Consolidated Statement of Financial Position, the Consolidated Income Statement and Other Consolidated Financial Statements.

5. The rate of dividends distribution.

6. Electing the independent Auditor for the fiscal year ending December 31, 2011 and determining their fees.

7. Any other matters.

To conclude, the Board of Directors extends thanks to the Government of the Hashemite Kingdom of Jordan, the neighboring Arab Governments shareholders, Islamic Development Bank - Jeddah and Potash Corporation of Saskatchewan Inc., for their support and assistance.

The Board also extends thanks to all Arab and International financing institutions and organizations which contributed in financing the Company's projects. We especially thank the Company's clients for their trust in our product and services and we commend the efforts exerted by Company employees at their different locations.

" We especially thank the Company's clients for their trust in our product and services and we commend the efforts exerted by Company employees at their different locations. "

Arab Potash Company
A Public Shareholding Company

Consolidated Financial Statements
31 December 2010

ERNST & YOUNG

Ernst & Young Jordan
P.O.Box 1140
Amman 11118
Jordan

Tel : 00 962 6580 0777/00 962 6552 6111
Fax: 00 962 6553 8300
www.ey.com/me

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF ARAB POTASH COMPANY
AMMAN – JORDAN

We have audited the accompanying financial statements of **ARAB POTASH COMPANY** (a public shareholding company) and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2010 and the consolidated income statement, consolidated statement of comprehensive income consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly in all material respects, the financial position of the Group as of 31 December 2010 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Amman – Jordan
20 March 2011

Ernst + Young

ARAB POTASH COMPANY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	Notes	2010	2009
		JD "000"	JD "000"
Assets			
Non-current assets			
Property, plant and equipment	3	409,719	193,183
Projects in progress	4	62,009	250,919
Strategic spare parts	5	20,842	27,775
Investments in associates	6	52,775	45,884
Available-for-sale financial assets	7	1,103	1,062
Deferred tax assets	17	2,102	2,102
Employees' housing loans		18,921	17,218
		567,471	**538,143**
Current assets			
Employees' housing loans		1,858	1,606
Accounts receivable	8	134,958	109,467
Inventories	9	11,878	37,637
Spare parts and supplies	5	17,868	21,205
Other assets	10	39,146	46,086
Cash and short-term deposits	11	234,860	131,555
		440,568	**347,556**
Total Assets		**1,008,039**	**885,699**
Equity and Liabilities			
Equity attributable to equity holders of the parent			
Issued capital		83,318	83,318
Statutory reserve	12	50,464	50,464
Voluntary reserve	12	80,699	80,699
Cumulative changes in fair value	7	446	375
Retained earnings		604,956	500,629
Total equity		**819,883**	**715,485**
Non-current liabilities			
Long term loans	13	20,112	32,215
Contingent liability reserve	23	5,521	3,460
Other non-current liabilities	24	12,634	12,216
		38,267	**47,891**
Current liabilities			
Current portion of long term loans	13	11,625	11,134
Trade payables and accruals		42,902	32,121
Income tax payable	17	28,599	23,154
Other liabilities	14	66,763	55,914
		149,889	**122,323**
Total liabilities		**188,156**	**170,214**
Total Equity and Liabilities		**1,008,039**	**885,699**

The attached notes 1 to 32 form an integral part of these consolidated financial statements

ARAB POTASH COMPANY
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	2010	2009
		JD "000"	JD "000"
Sales	15,16	559,034	373,656
Cost of sales		(298,792)	(159,419)
Gross profit	**15**	**260,242**	**214,237**
Selling and distribution expenses	21	(15,504)	(10,476)
Administrative expenses	18	(21,036)	(19,466)
Royalty to the Government of Jordan	1	(39,774)	(34,087)
Operating profit		**183,928**	**150,208**
Finance revenue		6,939	10,096
Finance costs		(1,930)	(3,121)
Other income	19	2,496	1,128
Other expenses	20	(4,898)	(9,044)
Net foreign currency exchange differences		(397)	184
Profit before gain from associates and tax		**186,138**	**149,451**
Share of profit of associates	22	6,635	7,652
Loss for Jordan Magnesia company		(684)	(862)
Revaluation of Islamic Development Bank loan for Jordan Magnesia Company		685	40
Profit before tax		**192,774**	**156,281**
Income tax expense	17	(30,124)	(24,515)
Profit for the year		**162,650**	**131,766**
Earnings per share			
Basic and diluted, earnings per share	25	JD 1.952	JD 1.581

The attached notes 1 to 32 form an integral part of these consolidated financial statements

ARAB POTASH COMPANY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010

	2010	2009
	JD "000"	JD "000"
Profit for the year	**162,650**	**131,766**
Other Comprehensive income		
Net gain on available for sale investments	71	91
Total comprehensive income for the year	**162,721**	**131,857**

ARAB POTASH COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010

	Issued Capital	Statutory Reserve	Voluntary Reserve	Cumulative Change in Fair Value	Retained Earnings	Total
	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"
Balance at 1 January 2010	**83,318**	**50,464**	**80,699**	**375**	**500,629**	**715,485**
Profit for the year	-	-	-	-	162,650	162,650
Other comprehensive income	-	-	-	71	-	71
Total comprehensive income	-	-	-	71	162,650	162,721
Dividends paid (Note 12)	-	-	-	-	(58,323)	(58,323)
Balance at 31 December 2010	**83,318**	**50,464**	**80,699**	**446**	**604,956**	**819,883**
Balance at 1 January 2009	**83,318**	**50,464**	**80,699**	**284**	**427,186**	**641,951**
Profit for the year	-	-	-	-	131,766	131,766
Other comprehensive income	-	-	-	91	-	91
Total comprehensive income				91	131,766	131,857
Dividends paid (Note 12)	-	-	-	-	(58,323)	(58,323)
Balance at 31 December 2009	**83,318**	**50,464**	**80,699**	**375**	**500,629**	**715,485**

The attached notes 1 to 32 form an integral part of these consolidated financial statements

ARAB POTASH COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010	2009
		JD "000"	JD "000"
Operating Activities			
Profit for the year before tax		192,774	156,281
Adjustments			
Depreciation		42,240	29,309
Finance revenue		(6,939)	(10,096)
Finance cost		1,930	3,121
Share of profit from associates		(6,635)	(7,652)
Revaluation of Islamic Development loan		(685)	(40)
Loss for Jordan Magnesia Company		684	862
Provision for slow moving spare parts		4,500	-
Employee's compensation legal cases provision		10,176	1,264
Compensation and death provision		477	1,035
End of service indemnity provision		1,227	1,621
		239,749	**175,705**
Working capital changes:			
(Increase) Decrease in trade receivables		(25,491)	113,506
Decrease (Increase) in inventories		25,759	(10,447)
Decrease (Increase) in spare parts		5,771	(1,200)
Decrease in other assets		6,940	12,167
Increase in trade payables		475	1,356
Decrease in other liabilities		(1,553)	(37,599)
Income tax paid	17	(24,679)	(46,946)
Net cash flows from operating activities		**226,971**	**206,542**
Investing Activities			
Purchase of property, plant and equipment		(3,936)	(30,703)
Payments on projects in progress		(53,049)	(171,866)
Dividends received from associates		200	4,288
Interest and commission received		6,939	10,096
Investment in associate		-	(250)
Net Employees' housing loans		(1,955)	(1,416)
Net cash flows used in investing activities		**(51,801)**	**(189,851)**
Financing Activities			
Repayment of loans		(11,612)	(11,050)
Interest and commission paid		(1,930)	(3,121)
Dividends paid		(58,323)	(58,323)
Net cash flows used in financing activities		**(71,865)**	**(72,494)**
Net increase (decrease) in cash and cash equivalents		**103,305**	**(55,803)**
Cash and cash equivalents at 1 January		131,555	187,358
Cash and cash equivalents at 31 December		**234,860**	**131,555**

The attached notes 1 to 32 form an integral part of these consolidated financial statements

ARAB POTASH COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2010

1. General

The Arab Potash Company "APC", "the Company", a public shareholding company, was founded and registered on July 7, 1956 in Amman - Jordan. During 1958, the Company was granted a concession from the Government of Jordan to exploit the minerals and salts of the Dead Sea brine. The concession expires after 100 years from the grant date, after which, the Company's factories and installations become the property of the Government of Jordan. The concession agreement was amended during 2003 in accordance with the Temporary Law Number (55) of 2003, whereby amendments included the annual rent fees for lands within the concession area, the concession area borders and the exclusive rights given to the Company. On 11 May 2010 the Government of Jordan and APC agreed to amend the lease fee of the concession land in Ghour Al Safi site to JD 1,500,000 million per annum; and the lease fee shall be increased annually in accordance with the Consumer Price Index. Under the terms of the concession, the Government of Jordan is entitled to a royalty of JD 8 for each ton of potassium chloride, ("Potash") exported by the Company. On 12 February 2008 the Council of Ministers resolved to increase the royalty fees to JD 15 for each ton exported, effective 17 March 2008. And on 5 August 2008 the Council of Ministers resolved to increase the royalty fees to JD 125 for each ton exported, effective 16 September 2008 with maximum royalty payable is limited to 25% of the Company's net profit after tax for the year.

The authorized and paid in capital is 83,318,500 shares with a nominal value of JD 1 per share. The Company issued Depository Receipts (GDRs) which are listed on the London Stock Exchange. Each GDR represents one ordinary share with a nominal value of JD 1 per share.

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

The consolidated financial statements were authorized for issue by the board of directors on March 7, 2011. These consolidated financial statements require the approval of the shareholders of the company.

2.1 Basis of preparation of the consolidation financial statements

The consolidated financial statements have been prepared on a historical cost basis, except for available-for-sale investments that have been measured at their fair value. The consolidated financial statements are presented in Jordanian Dinars and all values are rounded to the nearest thousand (JD "000"), except when otherwise indicated.

The consolidated financial statements of the Company and all its subsidiaries ("the Group") have been prepared in accordance with International Financial Reporting Standards.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries ("the Group"), as at 31 December 2010. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases.

All intra-company balances, income and expenses and unrealized gains or losses resulting from intra-company transactions are eliminated in full.

The following subsidiaries have been consolidated:

	Paid in capital	Percentage of Ownership
	(Thousands of shares)	%
Jordan Magnesia Company	30,000	55.3
Arab Fertilizers and Chemicals Industries (KEMAPCO)	29,000	100
Numeira Mixed Salts and Mud Company	800	100
Jordan Dead Sea Industries (JODICO)	100	100

2.3 Changes In Accounting Policies And Disclosures

The accounting policies adopted are consistent with those of the previous financial year except as follows:

During the year, the Company has adopted the following new and amended IFRS and IFRIC interpretations as of 1 January 2010:

IFRS 2 Share-based Payment (Revised)

The IASB issued an amendment to IFRS 2 that clarified the scope and the accounting for group cash-settled share-based payment transactions. The Group adopted this amendment as of 1 January 2010. It did not have an impact on the financial position or performance of the Group.

IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)

IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after becoming effective. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs and future reported results.

IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3 (Revised) and IAS 27 (Amended) affect acquisitions or loss of control of subsidiaries and transactions with non-controlling interests after 1 January 2010.

It did not have an impact on the financial position or performance of the Group.

IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items

The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations. The Group has concluded that the amendment will have no impact on the financial position or performance of the Group, as the Group has not entered into any such hedges.

IFRIC 17 Distributions of Non-cash Assets to Owners

This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The interpretation has no effect on either, the financial position or performance of the Group.

2.4 Use of Estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, provision , impairment on investments and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

2.5 Summary of significant accounting policies

Cash and Cash Equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

Trade and Other Receivables

Trade receivables, which generally have 30-90 day terms, are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Inventories and Spare Parts

Finished goods are valued at the lower of moving average cost or net realisable value. Cost includes all direct production costs plus a share of the indirect overheads. Work in progress for Potash is not recognised, since the production cycle spanning the pumping of carnellite, the essential raw material, to the refineries is less than one day.

Spare parts and materials are valued at the lower of the moving average cost or market value after provision for slow moving items. Strategic spare parts are expected to be used after more than one year. Since the technology used in producing Potash is unique to the Dead Sea location and is not commonly used by other producers in other locations, the Company's policy is to maintain sufficient spare parts to maintain its plants.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the consolidated income statement.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to income in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalised as an additional cost of property, plant and equipment.

Depreciation is computed on a straight-line basis at the following annual rates:

Buildings	2%-10%
Dikes	6%-10%
Machinery and equipment	10%-12%
Vehicles	20%
Furniture's and fixture	10%
Computers	20%
Tools	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.

Projects in progress

Projects in progress are stated at cost, and include the cost of construction, equipment and other direct costs. Construction in progress is not depreciated until such time as the relevant assets are completed and ready to be put into operational use

Investments in Associates

The Group's investments in its associates (generally investments of 20% to 50% in a company's equity) are accounted for using the equity method of accounting. An associate is an entity in which the Group has significant.

Under the equity method, the investment in the associate is carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate.

The share of profit of associates is shown on the face of the consolidated income statement. This is the profit attributable to equity holders of the associates and therefore, is profit after tax and non-controlling interest in the subsidiaries of the associates.

Available-for-sale Investments

All purchases and sales of investments are recognised on the trade date.

Investments are initially measured at cost, which is the fair value of the consideration given for them, including transaction costs.

Available-for-sale investments are subsequently carried at fair value without any deduction for transaction costs by reference to their quoted market price at the statement of financial position date. Investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured by alternative valuation methods are measured at cost.

Gains or losses on measurement to fair value of available-for-sale investments are recognised directly in the fair value reserve in shareholders equity, until the investment is sold or otherwise disposed of, or until it is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in net profit or loss for the period.

Impairment of financial assets

The Group assesses whether there are indicators of impairment for all non-financial assets at each reporting date.

An assessment is made at each statement of financial position date to determine whether there is objective evidence that a specific financial asset or group of financial assets is impaired. If such evidence exists, any impairment loss is recognized in the income statement.

No impairment was identified by the Group's management during 2009 and 2010.

Impairment is determined as follows:

- For assets carried at amortized cost, impairment is based on estimated cash flows discounted at the original effective interest rate.

- For assets carried at fair value, impairment is the difference between cost and fair value.

- For assets carried at cost, impairment is based on the present value of future cash flows discounted at the current market rate of return from a similar financial asset.

Impairment in value is recognized in the income statement. If, in subsequent period, the amount of the impairment loss decreases, the carrying value of the asset is increased to its recoverable amount. The amount of the reversal is recognized in the income statement except for equity instruments classified as available for sale investments.

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

Term loans

All term loans are initially recognized at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and bonds are subsequently measured at amortized cost using the effective interest rate method.

Gains and losses are recognized in the consolidated income statement when liabilities are derecognized as well as through the amortization proceeds

Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group and the revenue can be reliably measured.

Revenue from sales of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be reliably measured.

Revenue from interest is recognised as the interest accrues to the net carrying amount of the financial asset, using effective interest method.

Revenue from dividends is recognised when the shareholders' right to receive the payment is established.

Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated to Jordanian Dinars using the prevailing exchange rates at year end. Foreign currency transactions during the year are recorded using exchange rates that were in effect at the dates of the transactions. Foreign exchange gains or losses are reflected in the consolidated statement of income.

Income tax

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

- Current income tax is calculated based on the tax rates and laws that are applicable at the statement of financial position date.

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

- Deferred income taxation is provided using the liability method on all temporary differences at the statement of financial position 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 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.

Fair value

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the statement of financial position date. If quoted market prices are not available, reference can also be made to broker or dealer price quotations.
For financial instruments where there is not an active market, the fair value is determined by using valuation techniques. Such techniques include using recent arm's length transactions, reference to the current market value of another instrument which is substantially the same and/or discounted cash flow analysis. For discounted cash flow techniques, estimated future cash flows are based on management's best estimates and the discount rate used is a market related rate for a similar instrument.

If the fair value can not be measured reliably, these financial instruments are measured at cost, being the fair value of the consideration paid for the acquisition of the investment or the amount received on issuing the financial liability. All transaction costs directly attributable to the acquisition are also included in the cost of the investment.

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

3. Property, plant and equipment

	Land	Buildings	Dikes	Machinery and Equipment	Vehicles	Furniture and fixure	Computers	Total
	JD"000"	JD"000"	JD"000"	JD"000"	JD"000"	JD"000"	JD"000"	JD"000"
2010								
Cost:								
At 1 January 2010	2,943	60,519	171,522	346,933	34,683	6,278	8,551	631,429
Additions	65	27,264	3,207	226,791	738	279	423	258,767
Disposals	-	(449)	-	(5,921)	(507)	(43)	(95)	(7,015)
At 31 December 2010	**3,008**	**87,334**	**174,729**	**567,803**	**34,914**	**6,514**	**8,879**	**883,181**
Depreciation and Impairment								
At 1 January 2010	-	43,816	116,178	245,999	21,699	4,547	6,007	438,246
Depreciation charge for the year	-	2,516	11,327	23,794	3,519	378	706	42,240
Disposals	-	(449)	-	(5,930)	(507)	(43)	(95)	(7,024)
At 31 December 2010	**-**	**45,883**	**127,505**	**263,863**	**24,711**	**4,882**	**6,618**	**473,462**
Net Book Value: At 31 December 2010	**3,008**	**41,451**	**47,224**	**303,940**	**10,203**	**1,632**	**2,261**	**409,719**
2009								
Cost:								
At 1 January 2009	2,943	51,832	148,205	270,166	30,751	5,687	8,088	517,672
Additions	-	8,986	23,317	76,951	6,256	676	463	116,649
Disposals	-	(299)	-	(184)	(2,324)	(85)	-	(2,892)
At 31 December 2009	**2,943**	**60,519**	**171,522**	**346,933**	**34,683**	**6,278**	**8,551**	**631,429**
Depreciation and Impairment								
At 1 January 2009	-	43,171	106,293	232,126	20,227	4,199	5,263	411,279
Depreciation charge for the year	-	709	9,885	14,044	3,502	425	744	29,309
Disposals	-	(64)	-	(171)	(2,030)	(77)	-	(2,342)
At 31 December 2009	**-**	**43,816**	**116,178**	**245,999**	**21,699**	**4,547**	**6,007**	**438,246**
Net Book Value: At 31 December 2009	**2,943**	**16,703**	**55,344**	**100,934**	**12,984**	**1,731**	**2,544**	**193,183**

4. Projects in progress

	At 1 January 2010	Additions	Transfers	At 31 December 2010
	JD "000"	JD "000"	JD "000"	JD "000"
Production expansion *	140,983	26,630	(167,613)	-
Other projects**	109,936	39,291	(87,218)	62,009
	250,919	**65,921**	**(254,831)**	**62,009**

	At 1 January 2009	Additions	Transfers	At 31 December 2009
	JD "000"	JD "000"	JD "000"	JD "000"
Production expansion *	156,398	65,974	(81,389)	140,983
Other projects**	8,601	105,892	(4,557)	109,936
	164,999	**171,866**	**(85,946)**	**250,919**

* The purpose of this project is to increase the potash production capacity to 2.45 million tons per year by making modifications to the solar ponds system and construction of another processing plant. The work on this project started during 2004 and completed during 2010, the actual cost to complete the project was approximately JD 249.00 Million.

** Other Projects comprise mainly the cost of the new intake pumping station. The work on this project started during 2008 and the company has capitalized approximately JD 55.17 Million during 2010 and it is expected to be completed during the first half of 2011; the total estimated cost of this project is approximately JD 110.34 Million.

5. Spare Parts and Strategic Supplies

	2010	2009
	JD "000"	JD "000"
Plant spare parts	39,276	40,872
Fuel store	2,492	2,079
Other	2,898	7,485
	44,666	**50,436**

Spare parts are classified as follows:

	2010	2009
	JD "000"	JD "000"
Total strategic spare parts	26,798	29,231
Provision for slow-moving spare parts *	(5,956)	(1,456)
Strategic spare parts	20,842	27,775
Spare parts and supplies expected to be consumed within a year	17,868	21,205

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

	2010	2009
	JD "000"	JD "000"
At 1 January	1,456	1,456
Provided during the year	4,500	-
At 31 December	5,956	1,456

6. Investments in associates

This item represents the Group's investments in the share capital of the following companies, using the equity method of accounting:

	Number of shares	Percentage of ownership	2010	2009
		%	JD "000"	JD "000"
Jordan Bromine Company (JBC)*	15,000,000	50	46,017	38,472
Nippon Jordan Fertilizer Company (NJFC)	3,345,600	20	6,223	6,922
Jordan Investment and South				
Development Company (JISDC)	833,000	45.45	249	130
Jordan Industrial Port (JIP)	250,000	50	208	250
Jordan International Chartering				
Company (JICC)	12,000	20	78	110
			52,775	**45,884**

* The Group's share in Jordan Bromine profit is 30% till 2012 and 40% starting from 2013 and 50% in losses, liabilities and interest expense as stated in the share agreement signed with Albemarle Holding Company.

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

	JBC		NJFC		JISDC		JIP		JICC	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"
Share of the associate's Statement of financial position:										
Current assets	35,178	21,831	4,492	4,869	69	65	80	147	101	124
Non-current assets	38,674	63,537	2,475	3,033	302	390	326	285	2	2
Current liabilities	(12,452)	(14,575)	(744)	(979)	(120)	(122)	(198)	(196)	(25)	(16)
Non-current liabilities	(11,560)	(10,978)	-	-	(2)	(12)	-	-	-	-
Net assets	**49,840**	**59,815**	**6,223**	**6,923**	**249**	**321**	**208**	**237**	**78**	**110**
Share of the associate's revenue and profit:										
Revenue	52,852	20,765	3,805	10,282	95	80	-	-	82	67
Profit (loss)	**7,090**	**5,984**	**(500)**	**1,672**	**119**	**(13)**	**(42)**	**-**	**(32)**	**9**

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

7. Available-For-Sale Financial Assets

	2010	2009
	JD "000"	JD "000"
Quoted shares	1,027	981
Unquoted shares*	76	81
	1,103	**1,062**

Movement in the cumulative change in fair value was as follows:

	2010	2009
	JD "000"	JD "000"
At 1 January	375	284
Net Unrealized Gain	71	91
At 31 December	**446**	**375**

* Market values are not obtainable for available for sale investments (Unquoted) and there is no other way for valuating these investments. The Group's management is not aware of any indications of impairment on these investments.

8. Accounts receivable

	2010	2009
	JD "000"	JD "000"
Trade receivables	127,278	100,296
Due from associates	2,476	3,445
Advances to contractors	5,163	4,715
Others	89	1,557
	135,006	**110,013**
Less: Allowance for doubtful accounts	48	546
	134,958	**109,467**

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

	2010	2009
	JD "000"	JD "000"
At 1 January	546	184
Charge for the year	-	362
Recovery of bad debt expense	(498)	-
At 31 December	**48**	**546**

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

	Total	Neither past due nor impaired	Past due but not impaired		
			1 - 30 days	30 - 90 days	91 - 120 day
	JD"000"	JD"000"	JD"000"	JD"000"	JD"000"
2010	127,230	109,819	13,624	3,564	223
2009	99,750	97,107	1,340	1,156	147

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. The majority of Group's sales are made through letters of credit.

9. Inventories

	2010	2009
	JD "000"	JD "000"
Finished potash	11,364	35,264
Finished NOP and DCP	240	1,326
Raw materials	232	91
Others	42	956
	11,878	**37,637**

10. Other assets

	2010	2009
	JD "000"	JD "000"
Prepayments	3,507	2,211
Payments on letters of credit	7,687	7,508
Due from Sales Tax Department	26,682	32,082
Others	1,270	4,285
	39,146	**46,086**

11. Cash and short-term deposits

	2010	2009
	JD "000"	JD "000"
Cash on hand	35	32
Cash at banks	91,129	21,755
Short term deposits *	143,696	109,768
	234,860	**131,555**

* This item consists of the following:

- Deposits in Jordanian Dinars at local banks bearing average annual interest rate of 5.1% (2009: 6.25%).

12. Reserves

Statutory reserve

The accumulated amounts in this account of JD 50,464,000 represent 10% of the Company's net income before income tax according to the Companies Law. The Company has the option to cease such appropriations when the balance of this reserve reaches 25 % of the Company's authorised capital. The Company decided in 2005 to cease appropriations to the statutory reserve. The statutory reserve is not available for distribution to equity holders.

Voluntary reserve

The accumulated amounts in this account of JD 80,699,000 represent cumulative appropriations not exceeding 20% of net income before income tax. This reserve is available for distribution to equity holders.

Dividends

The Group's general assembly approved on its ordinary meeting held during 2010 to distribute JD 58,323,000 which represents JD 0.70 per share compared to JD 58,323,000 in 2009.

13. Long term Loans

	2010		2009	
	Short term	Long term	Short term	Long term
	JD "000"	JD "000"	JD "000"	JD "000"
Islamic Development Bank - Jeddah	6,895	10,701	6,677	18,073
European Investment Bank	4,730	9,411	4,457	14,142
	11,625	**20,112**	**11,134**	**32,215**

• Islamic Development Bank - Jeddah

Jordan Dead Sea Industries Company (JODICO) signed an agreement on 28 September 1997 with Islamic Bank for Development - Jeddah, according to which the bank assigned JODICO to buy machinery and equipment on behalf of Jordan Magnesia Company for an amount not exceeding US $ 28,035,000 and to lease it to JODICO for 9 years after a preparation period of 3 years for an annual fee of 7.5%. The ownership of the machinery will be transferred to JODICO at the end of the agreement period. This agreement is guaranteed by Arab Potash Company. The loan agreement was modified on 29 August 2002 for Jordan Magnesia Company to become the borrower instead of JODICO. The loan is repayable over 18 equal semi annual instalments amounting SDR 2,047,000 each, the first of which was due on 1 July 2004 and the last instalment will be due on 1 January 2013.

Arab Fertilizers and Chemicals Industries (KEMAPCO) signed an agreement on March 11, 2001 with Islamic Development Bank - Jeddah, in which the bank assigned the Company the right to buy the components of the Nitric Acid Plant for an amount not exceeding US $ 27,000,000 and to lease it to the Company for a period of 10 years, after a gestation period of 2 years for an annual fee of 5.5%. The ownership of the machinery will be transferred to the Company at the end of the lease period. During 2009 Kemira GrowHow guarantee was cancelled and replaced by Arab Potash Company guarantee for the whole loan amount.

• European Investment Bank

The Company was granted a loan amounting to US $ 47,486,000 to finance its operations. The loan is repayable over 22 semi annual instalments, the first of which was due on 10 October 2002 and the last instalment will be due on 10 April 2013. The loan is guaranteed by the Government of Jordan and bears interest at 6.18% per annum and a guarantee fee at 1% per annum.

On September 22, 1999, Arab Fertilizers and Chemicals Industries (KEMAPCO) was granted a loan amounting to Euro 30,000,000 to be used in financing the Company's project. The loan is repayable over 22 semi annual instalments, the first instalments was due on March 20, 2004 and the last instalment will be due on September 20, 2014 and is guaranteed by Arab Potash Company. The loan is available for drawing in up to three tranches, first tranche for Euro 15,000,000 second tranche for USD 5,000,000 and third tranche for USD 9,283,000 which were all drawn as of December 31, 2007. The loan bears annual interest at 5.02% for the first tranche, 5.99% for the second tranche and 5.32% for the third tranche; the first tranche was settled by Kemira Agro Company during 2007.

• The aggregate amounts of annual principal maturities of long term obligations are as follows:

	31 December
	JD "000"
2012	10,705
2013	8,451
2014	956
	20,112

14. Other liabilities

	2010	2009
	JD "000"	JD "000"
Royalty to the Government of Jordan	39,774	34,087
Employee's compensation legal cases provisions	9,647	1,264
Contractors retentions	5,791	6,830
Accrued interest and expenses	4,294	4,024
Jordanian universities fees	1,676	1,677
Scientific research fees *	-	1,677
Educational, Technical, Vocational and Training fund fees *	-	1,398
Other	5,581	4,957
	66,763	**55,914**

* No Provision for the Scientific research fees and Educational, Technical, Vocational and Training fund fees was calculated for the year 2010 in accordance with the income tax law No. 69 which was issued during 2010 and effective January 1, 2010, which cancels the aforementioned fees effective January 1,2010.

15. Segment Information

The Group is comprised of the following operating segments:

- Producing potash and salt through Arab Potash Company.
- Producing potassium nitrate and di calcium phosphate through Arab Fertilizers and Chemical Industries (KEMAPCO)
- Producing mixed salts and mud through Numeira Company.

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

	December 31, 2010				December 31, 2009			
	Arab Potash Co.	KEMAPCO	Numeira Co.	Total	Arab Potash Co.	KEMAPCO	Numeira Co.	Total
	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"
Sales to external customers	**507,099**	**51,273**	**662**	**559,034**	**345,283**	**27,759**	**614**	**373,656**
Inter-company sales	21,878	-	764	22,642	7,170	-	-	7,170
Total sales	**528,977**	**51,273**	**1,426**	**581,676**	**352,453**	**27,759**	**614**	**380,826**
Cost of Sales								
Segment gross profit (Loss)	254,003	6,308	(69)	260,242	216,884	(2,574)	(73)	214,237
Share of profit of associates	6,635	-	-	6,635	7,652	-	-	7,652
Investments in associates	52,775	-	-	52,775	45,884	-	-	45,884
Capital expenditure:								
PP&E and projects in progress	69,871	1,252	186	71,309	116,894	337	480	117,711
Depreciation	39,473	2,718	49	42,240	28,402	870	37	29,309
Total assets	**943,631**	**63,289**	**1,119**	**1,008,039**	**829,948**	**54,966**	**785**	**885,699**
Total liabilities	**164,860**	**22,893**	**403**	**188,156**	**149,903**	**20,139**	**172**	**170,214**

16. Sales by Geographical location

Following is a summary of sales by company and customer's geographical location for the year ended 31 December 2010 and 2009:

	December 31,2010				December 31,2009			
	Arab Potash Co.	KEMAPCO	Numeira Co.	Total	Arab Potash Co.	KEMAPCO	Numeira Co.	Total
	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"	JD "000"
China & India	287,775	2,148	2	289,925	231,110	1,263	-	232,373
Far East	132,082	3,132	1	135,215	51,646	1,266	-	52,912
Middle East	36,045	9,187	655	45,887	42,271	5,613	594	48,478
Africa	30,387	4,555	-	34,942	16,455	1,990	-	18,445
Europe	20,593	25,675	4	46,272	3,801	15,271	20	19,092
America & Australia	217	6,576	-	6,793	-	2,356	-	2,356
Total	**507,099**	**51,273**	**662**	**559,034**	**345,283**	**27,759**	**614**	**373,656**

17. Income tax

	2010	2009
	JD "000"	JD "000"
Consolidated income statement -		
Current year income tax	30,112	24,515
Prior year income tax – subsidiary	12	-
	30,124	**24,515**

(A) Income tax payable

Movement in the provision for income tax during the year was as follows:

	2010	2009
	JD "000"	JD "000"
Balance At 1 January	23,154	45,585
Income tax expense for the year	30,124	24,515
Less:		
Income tax paid	(24,679)	(46,946)
Balance At 31 December	**28,599**	**23,154**

(B) Income tax Expense

The principal differences between the effective tax rate and the statutory rate of 14% (2009: 15%) are as follows:

	2010	2009
	JD "000"	JD "000"
Computed tax at statutory rates	27,000	23,443
Tax effect of subsidiaries (profit) loss not subject to income tax	(453)	630
Tax effect of gain on investment in associates	(697)	(1,147)
Tax effect of expenses not allowable for tax purposes	4,822	2,369
Tax effect of provision and expenses allowable for tax relief	(560)	(780)
Subsidiary prior year income tax	12	-
	30,124	**24,515**
Effective income tax rate	15.6%	15.7%
Statutory income tax rate	14%	15%

	2010	2009
	JD "000"	JD "000"
Deferred tax assets-		
At 1 January	2,102	2,102
At 31 December	**2,102**	**2,102**

The provision for income tax for the periods ended 31 December 2010 and 2009 has been calculated in accordance with the temporary Income Tax Law number (28) for 2009 and Income Tax Law number (57) of 1985 and its subsequent amendments, respectively.

The Income Tax Department reviewed the Company's records for 2004 and 2005 and estimated an amount of JD 6,589,000 in excess for the aforementioned years. This issue has not been resolved and the Company has appealed the decision of the Income Tax Department before the concerned court.

The Income Tax Department Re-opened the Arab Potash Company's records for 2007 regarding the acquisition of Arab Fertilizers and Chemicals Industries (KEMAPCO) and issued a claim against the Company by JD 2,215,625. Arab Potash Company has filed a lawsuit with the court of first instance to prevent the claim issued by the Income and Sales Tax Department for the aforementioned amount. The issue has not been resolved as at the date of the consolidated financial statements.

The Income Tax Department rejected The Company's right for the tax discount which relates to 2008 income tax by an amount of JD 146,280. The issue has not been resolved as at the date of the consolidated financial statements.

The Income Tax Department has reviewed the Company's records for the years 2006, 2008 and 2009 and has issued the final tax clearance for these years.

18. Administrative expenses

	2010	2009
	JD "000"	JD "000"
Salaries, wages and other benefits	3,784	3,077
Professional and consulting fees	1,865	2,442
Litigation compensations	10,176	6,844
Travel expenses	253	213
Depreciation	1,017	958
Board of Directors' remuneration	65	65
Maintenance and repairs	161	221
Electricity	132	109
Fuel	86	77
Post and telephone	299	371
Stationery and printing	79	48
Hospitality	261	119
Advertising	191	333
Dike 19 expenses	377	377
License and other fees	185	644
Others	2,105	3,568
	21,036	**19,466**

19. Other income

	2010	2009
	JD "000"	JD "000"
Dividend income	45	16
Scrap sales	750	185
Others, net	1,701	927
	2,496	**1,128**

20. Other expenses

	2010	2009
	JD "000"	JD "000"
Donations	2,460	1,513
Jordanian Universities fees	1,676	1,677
Scientific research fees	-	1,677
Educational, Technical, Vocational and Training fund fees	-	1,398
Others	762	2,779
	4,898	**9,044**

21. Selling and distribution expenses

	2010	2009
	JD "000"	JD "000"
Marketing		
Salaries, wages and other benefits	761	541
Sales commission	5,284	2,553
Depreciation	51	35
Travel expenses	110	146
Advertising expenses	62	80
Sample testing	84	88
Post and telephone	38	26
Others	623	866
	7,013	**4,335**
Shipping terminal - Aqaba		
Port handling fees	4,299	3,461
Salaries, wages and other benefits	2,131	1,497
Depreciation	1,124	279
Electricity	332	246
Maintenance	154	138
Fuel	13	17
Insurance	107	61
Rent	248	312
Others	83	130
	8,491	**6,141**
	15,504	**10,476**

22. Share of profit of associates

This item represents gain (loss) from investments in associates as follows:

	2010	2009
	JD "000"	JD "000"
Jordan Bromine Company (JBC)	7,090	5,984
Nippon Jordan Fertilizer Company (NJF)	(500)	1,672
Jordan Investment and South Development Company (JISDC)	119	(13)
Jordan Industrial Port (JIP)	(42)	-
Jordan International Chartering (JICC)	(32)	9
	6,635	**7,652**

23. Jordan Magnesia Company

Jordan Magnesia Company (JORMAG) was engaged in ICC Arbitration proceedings with the contractor concerning the plant of JORMAG. The contractor filed claims with total amount of US $ 102,000,000, while JORMAG's counterclaims exceeded the contractor's claims. In March 2007, the contractor reinitiated negotiations with JORMAG, and the two parties reached a settlement agreement which was signed in April 2007. According to the settlement agreement, the contractor paid JORMAG in May 2007 an amount of US $ 41,000,000 (JD 29,069,000) as a final settlement.

The amount of JD 5,521,000 (2009: 3,460,000) in the consolidated statement of financial position represents the extra amount committed by Arab Potash Company and not included in the liabilities of JORMAG.

24. Other non-current liabilities

	2010	2009
	JD "000"	JD "000"
Company and employees share in compensation and death fund	7,850	7,373
End of service indemnity provision	4,784	3,557
Other provision	-	1,286
	12,634	**12,216**

25. Earnings per share

	2010	2009
	JD "000"	JD "000"
Profit for the year	162,650	131,766
Weighted average number of shares (In thousands of shares)	83,318	83,318
Basic and diluted, earnings per share	**1.952**	**1.581**

26. Related party transactions

Include transactions with related parties associate companies and the Government of the Hashemite Kingdome of Jordan where the Group has several transactions with related parties, the following is the major of these transactions.

The concession to exploit the Dead Sea brine was granted by the Government of Jordan. In return, the Company pays to the government an annual royalty, which is computed as explained in Note 1. The concession agreement was amended during 2010 in accordance with the Temporary Law Number (55) of 2003 whereby amendments included the annual rent fees for lands within the concession area to become JD 1,500,000 annually, respectively effective June 2008.

As outlined in Note (13), the Government of Jordan (principal shareholder) has guaranteed certain loans granted to the Company.

On 9 September 2003, the Company signed an agreement with the Ministry of Water and Irrigation whereby the water usage has been determined in terms of water sources, quantities and prices.

As outlined in Note (13), the Company guaranteed Jordan Dead Sea Industries Company obligations to Islamic Development Bank - Jeddah which resulted from the agreement to purchase and lease Jordan Magnesia Company machinery and equipment for an amount of US $ 28,035,000. The loan agreement was modified on 29 August 2002 for Jordan Magnesia Company to become the borrower instead of Jordan Dead Sea Industries Company. The company has also to ensure syndicated loan granted by local banks at USD 30,000,000 for the Jordan Magnesia Company.

On 7 July 1992, the Company and Jordan Phosphate Mines Company signed a supply agreement with Nippon Jordan Fertilizer Company ("NJFC"). Under this agreement, the Company undertook to supply NJFC with all of its Potash requirements, and NJFC, undertook to purchase all of its Potash requirements from the Company. The price of Potash will be based on pricing formulas contained in the agreement, whereby the resulting price will be substantially similar to the international market price of Potash. The Company's potash sales to NJFC during 2010 and 2009 were JD 379,000 and JD 6,154,000 respectively, and accounts receivable as of December 31 , 2010 the amount of zero (JD, 2009: 1,369,000).

During 1998, the Company signed an agreement with Albemarle Holding Company (AH) and Jordan Dead Sea Industries Company ("JODICO") to establish Jordan Bromine Company ("JBC"). Under this agreement, the Company granted JBC the right to construct and operate an integrated manufacturing facility to produce, sell and market bromine and bromine derivatives within the Company's concession area for at least 7 years, after which JBC has the right of first refusal on any new projects for production of bromine in Jordan. The Company undertook to provide JBC with potassium chloride in accordance with price formulas specified in the agreement once the construction of the chlorine factory is completed. During 2000, the Company acquired JODICO's share in JBC. The Company's potash sales to JBC during 2010 and 2009 were JD 16,670,000 and JD 8,168,000 respectively and accounts receivable as of December 31 , 2010 the amount of 2,476,000 (2009: JD 2,075,000).

The Company guaranteed 50% of the loans obtained by Jordan Bromine Company from the European Investment Bank and the Islamic Development Bank – Jeddah for Euro 50,000,000 and US $ 29,000,000 respectively to Jordan Bromine Company.

Compensation of the key management personnel was as follows:

	2010	2009
	JD "000"	JD "000"
Benefits (Salaries, wages, and bonus) of Senior Executive management	1,846	1,599

27. Contingencies and Commitments

As of 31 December 2010, the Group had the following contingencies and commitments:

- Letters of credit and collection bills amounting to JD 12,714 thousand.(2009 : JD 38,193 thousand)
- The Group has committed and contracted for capital expenditure amounting to JD 98,917 thousand.(2009 : JD 90,665 thousand)
- The Group has committed but not contracted for capital expenditure amounting to JD 57,195 thousand.(2009 : JD 18,550 thousand)
- The Group was named as plaintiff in the following lawsuits:

1. Dike No. 19 cases

a- APC raised an arbitration case against ATA, the contractor of Dike19 claiming JD37,477,000. An arbitration agreement was signed between the parties on 10 April 2001. The Arbitration Committee issued a majority ruling on 30 September 2003 where it has rejected APC's claim and awarded ATA Company a sum of JD 5,907,000 for the counter claim it had filed against APC before the same arbitration panel. APC appealed the Arbitration Committee ruling on 29 October 2003. The Court of Appeal accepted APC's appeal whereby the Arbitration decision and the Arbitration Clause in the Contract was cancelled. ATA took the case to the Cassation Court, and the Cassation Court issued its decision upholding the Court of Appeal decision. APC has filed a lawsuit accordingly. During 2008 APC filed a lawsuit against ATA Company in the Jordanian courts claiming ATA Company for the damages sustained from Dike 19 collapse. The lawsuit is under process as of the date of the consolidated financial statements.

b- ICSID case submitted by ATA against the Jordan Government
ATA registered an arbitration case in the International Center for the Settlement of Investment Disputes (ICSID) in Washington DC against the Jordan Government claiming that the Jordan courts (Appeal and Cassation) were biased against ATA after they annulled the majority arbitration decision and extinguished the arbitration clause in the contract. By doing so ATA claims that the Jordan Government violated the Turkey – Jordan Bilateral Treaty by failing to protect ATA investment. The hearings were held as scheduled during the first week of October 2009. The Dikes Committee suggested to ATA to transfer the dispute with them over the failure of Dike 19 from the Courts to Arbitration in accordance with the contract. On November 10, 2009, ATA refused the suggestion. As scheduled on December 3rd 2010, both parties submitted their answers to the Tribunal post hearings questions.

The final award was rendered on May 18, 2010 dismissing all of ATA claims except restoring its right to go to arbitration in accordance with the agreement signed between APC & ATA on May 2, 1998.

2. Lawsuit raised against Middle East Insurance Company, the insurer of Dikes 19 and 20 during construction (issuance of CAR insurance Policy), whereby APC is claiming JD 27,518,000. On May 31st 2009, the Court of First Instance rejected MEIC request to invite Gibb as a joint respondent in this case and decided to proceed with the original case. However, on June 15th 2009 the MEIC appealed the case. On November 1st 2009, the Court of Appeal rejected the Court of First Instance decision and accepted the MEIC appeal to invite Gibb as a joint respondent in this case. On December 22nd 2009, APC sent the case to the Court of Cassation. The lawsuit is under process as of the date of the consolidated financial statements.

3. Dike No.18 case

Lawsuit against ATA Company, the contractor of Dike 18. ATA filed for the dismissal of the case on the grounds that there is an arbitration clause in the Construction Contract. The First Instance Court accepted ATA's request. APC appealed the ruling for which a refusal decision was issued on 14 July 2004. APC took the case to the Cassation Court and the said court upheld the Court of Appeal decision. It was agreed between the parties to form an arbitration panel in which each of the parties has nominated an arbitrator and agreed on a third arbitrator who has accepted the mission. The first arbitration panel hearing was held on 4 July 2009. On September 30, 2009, the Company presented its initial claim to the Arbitration panel to quantify the damages caused to Dike 18 and the claim exceeded JD 24.9 million. The Respondent (ATA) submitted their Statement of Defence and Motion to Dismiss on 2nd January 2010 as scheduled. The Company prepared their reply on both and submitted to the Tribunal as scheduled on February 15th 2010.

On May 30, 2010, APC and ATA exchanged the witness statements for their facts and expert witnesses both were given until July 25, 2010 to comment on the other parties witness statements.

4. There are a number of individual claims filed against APC by a number of employees relating to medical insurance claims. The outcome of these claims is estimated to reach JD 9,647,000.

5. A dispute exists between the Arab Fertilizers and Chemicals Industries (KEMAPCO) and Haymour Cousins Contracting Company, the contractor who executed work related to construction of a pipe-line. According to the Company, the pipe-line was delivered with incorrect specifications and was rejected during the testing phase. The Company installed another pipe-line at an approximate cost of JD 602,000 and incurred additional costs of JD 450,000. The Company has retained amounts due to the contractor amounting to JD 592,000 and holds a performance contractual retention amounting to JD 463,000. Furthermore, the Company is entitled to liquidated damages in the amount of JD 695,000. The outcome of this case is not known as of the approval date of the consolidated financial statements

6. A dispute between Albemarle Holding Company (AH) and Arab Potash Company (APC) on the method of computing the shares of profit and loss in Jordan Bromine Company was resolved on 31 March 2010 .APC agreed to revised the method of computing the shares of profit and loss and this resulted in redistribution of dividends from APC to Albemarle of JD 10,715,092 As of 31 December 2010,the amount of redistribution remaining is 456,414 to be settled from the next declared dividend of JBC.

According to the Group's management, there is no need to provide for any additional amounts regarding the above lawsuits.

28. Risk management

Interest rate risk

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

The following table demonstrates the sensitivity of the consolidated income statement to reasonably possible changes in interest rates, with all other variables held constant.

The sensitivity of the income statement is the effect of the assumed changes in interest rates on the Group's profit for one year, based on the floating rate financial assets and financial liabilities held at 31 December 2010.

There is no other impact on the Group's equity.

	Increase in basis points	Effect on profit for the year	Decrease in basis points	Effect on profit for the year
2010		JD "000"		JD "000"
JD	50	840	(50)	(840)
USD	50	-	(50)	-
EURO	50	6	(50)	(6)

	Increase in basis points	Effect on profit for the year	Decrease in basis points	Effect on profit for the year
2009		JD "000"		JD "000"
JD	50	630	(50)	(630)
USD	50	(85)	(50)	85
EURO	50	34	(50)	(34)

Credit risk

The Group uses letters of credit and credit insurance to ensure that sales are made to customers with appropriate credit history and do not exceed acceptable credit exposure limits.

The Group sells its products to limited numbers of customers and fertilizing companies. Its 5 largest customers account for 80.5 % of outstanding accounts receivable at 31 December 2010 (2009: 85%).

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

Liquidity risk

The Group's policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of committed credit facilities to meet its commitments.

The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 December 2010, based on contractual payment dates and current market interest rates.

Year ended 31 December 2010	Less than 3 months	3 to 12 months	1 to 5 years	Total
	JD "000"	JD "000"	JD "000"	JD "000"
Trade payables and Accruals	42,902	-	-	42,902
Royalty to the Government of Jordan	-	39,774	-	39,774
Term loans	2,064	10,258	21,318	33,640
Total	**44,966**	**50,032**	**21,318**	**116,316**

Year ended 31 December 2009	Less than 3 months	3 to 12 months	1 to 5 years	Total
	JD "000"	JD "000"	JD "000"	JD "000"
Trade payables and Accruals	32,121	-	-	32,121
Royalty to the Government of Jordan	-	34,087	-	34,087
Term loans	2,656	11,319	36,344	50,319
Total	**34,777**	**45,406**	**36,344**	**116,527**

Currency risk

Most of the Group's revenues are in US Dollars and most of its operating expenses are in Jordanian Dinars.

The Jordanian Dinar exchange rate is fixed against the US Dollar (US $ 1.41 for 1 JD).

The table below indicates the Group's foreign currency exposure at 31 December, as a result of its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the JD currency rate against the Euro and SDR, with all other variables held constant, on the income statement (due to the fair value of currency sensitive monetary assets and liabilities).

	Increase in Exchange rate	Effect on profit before tax	decrease in Exchange rate	Effect on profit before tax
	%	JD "000"	JD "000"	JD "000"
2010				
EURO	10	94	(10)	(94)
Special Drawing Right (SDR)	5	(37)	(5)	37

	Increase in Exchange rate	Effect on profit before tax	decrease in Exchange Rate	Effect on profit before tax
	%	JD "000"	JD "000"	JD "000"
2009				
EURO	10	3,340	(10)	(3,340)
Special Drawing Right (SDR)	5	(750)	(5)	750

29. Fair values of financial instruments

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash and bank balances, receivables, available for sale investment and other current assets. Financial liabilities consist of bank overdrafts, term loans, payables and other current liabilities.

The fair values of financial instruments are not materially different from their carrying values.

30. 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 2010 and 31 December 2009. Capital comprises share capital, reserves and retained earnings, and is measured at JD 819,883 thousand as at 31 December 2010 (2009: JD 715,485 thousand).

31. Comparative Figures

The Group management had reclassified some of 2009 figures to match 2010 presentation; the reclassification did not affect the financial position of the company nor the Company's performance.

32. Standards and Interpretations Issued But Not Yet Effective

Standard issued but not yet effective up to the date of the issuance of the Group's consolidated financial statement are listed below

IAS 24 Related Party Disclosures (Amendment)

The amended standard is effective for annual periods beginning on or after 1 January 2011. It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities. The Group does not expect any impact on its financial position or performance. Early adoption is permitted for either the partial exemption for government-related entities or for the entire standard.

IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (Amendment)

The amendment to IAS 32 is effective for annual periods beginning on or after 1 February 2010 and amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. This amendment will have no impact on the Group after initial application.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The completion of this project is expected in early 2011. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

IFRIC 14 Prepayments of a minimum funding requirement (Amendment)

The amendment to IFRIC 14 is effective for annual periods beginning on or after 1 January 2011 with retrospective application. The amendment provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The amendment is deemed to have no impact on the financial statements of the Group.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognized immediately in profit or loss. The adoption of this interpretation will have no effect on the financial statements of the Group.