



الشركة الوطنية لصناعات الألمنيوم المساهمة العامة المحدودة  
NATIONAL ALUMINIUM INDUSTRIAL CO.

Date: 28/10/2018

Ref: 293/2018

To: Amman Stock Exchange

**Subject: Quarterly Report as of 30/09/2018**

Attached the Quarterly Report of (National Aluminum Industrial Co) as of 30/09/2018

Kindly accept our highly appreciation and respect

National Aluminum Industrial Company

General Manager

Hasan Al-Haj Hasan



|                           |                 |
|---------------------------|-----------------|
| بورصة عمان                |                 |
| الدائرة الإدارية والمالية |                 |
| السيد / وان               |                 |
| ٢٩ تموز ٢٠١٨              |                 |
| 4872                      | الرقم التسلسلي: |
| 41091                     | رقم الملف:      |
| 2018/614                  | الجهة المختصة:  |





الشركة الوطنية لصناعات الألمنيوم المساهمة العامة المحدودة  
**NATIONAL ALUMINIUM INDUSTRIAL CO.**

Date: 28/10/2018

Ref: 290/2018

To: Amman Stock Exchange

**Subject: Quarterly Report as of 30/09/2018 ON (CD)**

Attached (CD) the Quarterly Report of (National Aluminum Industrial Co) as of 30/09/2018

Kindly accept our highly appreciation and respect

National Aluminum Industrial Company

**General Manager**

**Hasan Al-Haj Hasan**



**National Aluminum Industries Company**  
**Public Shareholding Company**  
**Condensed Interim Consolidated Financial Statements (Unaudited)**  
**30 September 2018**

**National Aluminum Industries Company  
Public Shareholding Company**

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**Report on Review of Condensed Interim Consolidated Financial Statements**

**To The Board of Directors  
National Aluminum Industries Company  
Public Shareholding Company  
Amman - Jordan**

**Introduction**

We have reviewed the accompanying condensed interim consolidated financial statements of **National Aluminum Industries Company PLC**, comprising the interim consolidated statement of financial position as at 30 September 2018 and the related interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the nine months period then ended and the notes about the condensed interim consolidated financial statements. Management is responsible for the preparation and presentation of this condensed interim consolidated financial statements in accordance with International Accounting Standard number (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim consolidated financial statements based on our review.

**Scope of Review**

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

**Basis for Qualified Conclusion**

During the years (2011 to 30 September 2018) the company has decreased the depreciation rate of its property plant and equipment's to the half, this resulted a decrease of depreciation expenses by an amount of JOD (1,9) million, and increase of retained earnings by the same amount.

**Qualified Conclusion**

Based on our review, with the exception of matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements as at 30 September 2018 are not prepared, in all material respects, in accordance with International Accounting Standard number (34) "Interim Financial Reporting".

**Emphasis of Matters**

The General Assembly of the subsidiary Company National Aluminum for Painting has resolved in it's extraordinary meeting held during 2012, to optionally liquidate the company, the liquidation procedures weren't completed up to the date of issuing this condensed interim consolidated financial statements.

16 October 2018  
Amman - Jordan



**Arab Professionals**  
**Fahed Hammoudeh**  
License No. (822)

National Aluminum Industries Company  
Public Shareholding Company  
Interim Consolidated Statement of Financial position  
(In Jordanian Dinar)

|                                     | 30 September<br>2018<br>(Unaudited) | 31 December<br>2017<br>(Audited) |
|-------------------------------------|-------------------------------------|----------------------------------|
| <b>Assets</b>                       |                                     |                                  |
| <b>Non - current assets</b>         |                                     |                                  |
| Property, plant and equipment       | 5,332,290                           | 5,192,001                        |
| Investment in associate             | 21,000                              | 21,000                           |
| <b>Total non - current assets</b>   | <u>5,353,290</u>                    | <u>5,213,001</u>                 |
| <b>Current assets</b>               |                                     |                                  |
| Inventories                         | 4,935,066                           | 5,069,434                        |
| Spare parts                         | 535,086                             | 574,064                          |
| Other receivables                   | 178,412                             | 196,690                          |
| Accounts receivable                 | 1,373,831                           | 1,661,924                        |
| Checks under collection             | 2,828,900                           | 2,593,830                        |
| Cash and cash equivalents           | 4,017                               | 305,463                          |
| <b>Total current assets</b>         | <u>9,855,312</u>                    | <u>10,401,405</u>                |
| <b>Total assets</b>                 | <u>15,208,602</u>                   | <u>15,614,406</u>                |
| <b>Equity and liabilities</b>       |                                     |                                  |
| <b>Equity</b>                       |                                     |                                  |
| Paid-in capital                     | 9,000,000                           | 9,000,000                        |
| Statutory reserve                   | 1,527,007                           | 1,527,007                        |
| Voluntary reserve                   | 350,564                             | 350,564                          |
| Retained earnings                   | 196,058                             | 177,600                          |
| <b>Total equity</b>                 | <u>11,073,629</u>                   | <u>11,055,171</u>                |
| <b>Liabilities</b>                  |                                     |                                  |
| Bank facilities                     | 2,634,681                           | 2,662,603                        |
| Accounts payable                    | 552,732                             | 746,894                          |
| Other liabilities                   | 947,560                             | 1,149,738                        |
| <b>Total liabilities</b>            | <u>4,134,973</u>                    | <u>4,559,235</u>                 |
| <b>Total equity and liabilities</b> | <u>15,208,602</u>                   | <u>15,614,406</u>                |

"The accompanying notes from (1) to (3) are an integral part of these condensed interim consolidated financial statements and read with review report"

**National Aluminum Industries Company**  
**Public Shareholding Company**  
**Interim Consolidated Statement of Comprehensive Income (Unaudited)**

(In Jordanian Dinar)

|   | For the three months ended |                      | For the nine months ended |                      |
|---|----------------------------|----------------------|---------------------------|----------------------|
|   | 30 September<br>2018       | 30 September<br>2017 | 30 September<br>2018      | 30 September<br>2017 |
| Net sales                                 | 2,606,811                  | 2,302,995            | 6,379,943                 | 6,255,619            |
| Cost of sales                             | ( 2,404,070)               | ( 2,195,405)         | ( 5,907,003)              | ( 5,867,682)         |
| Gross profit                              | 202,741                    | 107,590              | 472,940                   | 387,937              |
| Administrative expenses                   | ( 86,944)                  | ( 74,200)            | ( 298,287)                | ( 298,636)           |
| Financing expenses                        | ( 58,259)                  | ( 25,907)            | ( 153,478)                | ( 73,248)            |
| Net of other revenues and expenses        | 305                        | 300                  | 305                       | 5,174                |
| Profit before income tax for the period   | 57,843                     | 7,783                | 21,480                    | 21,227               |
| Income tax for the period                 | ( 3,022)                   | ( 1,077)             | ( 3,022)                  | ( 2,903)             |
| Total comprehensive income for the period | 54,821                     | 6,706                | 18,458                    | 18,324               |
|   |                            |                      |                           |                      |
| Basic and diluted earnings per share      | 0,006                      | 0,001                | 0,002                     | 0,002                |

"The accompanying notes from (1) to (3) are an integral part of these condensed interim consolidated financial statements and read with review report"

**National Aluminum Industries Company**  
**Public Shareholding Company**  
**Interim Consolidated Statement of Changes in Equity (Unaudited)**

(In Jordanian Dinar)

|   | <u>Paid - in<br/>capital</u> | <u>Reserves</u><br><u>Statutory</u> | <u>Voluntary</u> | <u>Retained<br/>earnings</u> | <u>Total</u>      |
|---|------------------------------|-------------------------------------|------------------|------------------------------|-------------------|
| Balance at 1 January 2018                 | 9,000,000                    | 1,527,007                           | 350,564          | 177,600                      | 11,055,171        |
| Total comprehensive income for the period | -                            | -                                   | -                | 18,458                       | 18,458            |
| Balance at 30 September 2018              | <u>9,000,000</u>             | <u>1,527,007</u>                    | <u>350,564</u>   | <u>196,058</u>               | <u>11,073,629</u> |
| Balance at 1 January 2017                 | 9,000,000                    | 1,505,761                           | 350,564          | 465,608                      | 11,321,933        |
| Total comprehensive income for the period | -                            | -                                   | -                | 18,324                       | 18,324            |
| Paid dividends                            | -                            | -                                   | -                | ( 450,000)                   | ( 450,000)        |
| Balance at 30 September 2017              | <u>9,000,000</u>             | <u>1,505,761</u>                    | <u>350,564</u>   | <u>33,932</u>                | <u>10,890,257</u> |

"The accompanying notes from (1) to (3) are an integral part of these condensed interim consolidated financial statements and read with review report"



**National Aluminum Industries Company**  
**Public Shareholding Company**  
**Interim Consolidated Statement of Cash Flows (Unaudited)**

(In Jordanian Dinar)

|   | 30 September<br>2018 | 30 September<br>2017 |
|---|----------------------|----------------------|
| <b>Operating activities</b>                               |                      |                      |
| Profit for the period                                     | 18,458               | 18,324               |
| Depreciation  | 211,138              | 208,584              |
| <b>Changes in working capital</b>                         |                      |                      |
| Checks under collection                                   | ( 235,070)           | ( 325,051)           |
| Accounts receivable                                       | 288,093              | ( 48,152)            |
| Inventory   | 134,368              | 321,642              |
| Spare parts   | 38,978               | 32,037               |
| Other receivables   | 18,278               | ( 541,388)           |
| Accounts payable  | ( 194,162)           | 506,941              |
| Other liabilities   | ( 202,178)           | 234,693              |
| <b>Net cash flows from operating activities</b>           | <u>77,903</u>        | <u>407,630</u>       |
| <b>Investing activities</b>                               |                      |                      |
| Property, plant and equipment                             | ( 351,427)           | ( 518,490)           |
| <b>Financing activities</b>                               |                      |                      |
| Bank facilities   | ( 27,922)            | 469,367              |
| Paid dividends  | -                    | ( 450,000)           |
| <b>Net cash flows (used in) from financing activities</b> | <u>( 27,922)</u>     | <u>19,367</u>        |
| <b>Net change in cash and cash equivalents</b>            | ( 301,446)           | ( 91,493)            |
| Cash and cash equivalents, beginning of year              | 305,463              | 152,902              |
| <b>Cash and cash equivalents, end of period</b>           | <u>4,017</u>         | <u>61,409</u>        |

"The accompanying notes from (1) to (3) are an integral part of these condensed interim consolidated financial statements and read with review report"

**National Aluminum Industries Company**  
**Public Shareholding Company**  
**Notes to the Condensed interim Consolidated Financial Statements (Unaudited)**  
**30 September 2018**  
**(In Jordanian Dinar)**

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**1 . General**

National Aluminum Industries Company was established on 22 August 1994 as a Public Shareholding Company and registered at the Ministry of Trade and Industry under number (253). The Company head office is in the Hashemite Kingdom of Jordan. The Company's main objective is manufacturing and forming Aluminum.

The shares of the company are listed in Amman stock Exchange.

The accompanying condensed interim consolidated financial statements have been approved for issue by the Company's Board of Directors in their meeting held on 16 October 2018.

**2 . Summary of Significant Accounting Policies**

**Basis of Preparation**

The condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Standard (34) "Interim Financial Reporting". They do not include all of the information required in annual consolidated financial statements in accordance with IFRSs, and should be read in conjunction with the consolidated financial statements of the Company for the year ended 31 December 2018.

The condensed interim consolidated financial statements have been prepared on a historical cost basis.

The condensed interim consolidated financial statements are presented in Jordanian Dinar which is the functional currency of the Company.

**Basis of Consolidation**

The condensed interim consolidated financial statements comprise of the financial statements of the Company and its subsidiary where the Company has the power to govern the financial and operating policies of the subsidiary so as to obtain benefits from their activities. The condensed interim financial statements of the subsidiary are prepared for the same reporting year as the Company using consistent accounting policies. All balances, transactions, income, and expenses between the Company and its subsidiary are eliminated.

Subsidiary 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.

The results of operations of the subsidiary are consolidated in the interim consolidated statement of income from the acquisition date which is the date on which control over subsidiary is transferred to the Company. The results of operation of the disposed subsidiary are consolidated in the interim consolidated statement of income to the disposal date which is the date on which the Company loses control over the subsidiaries.

The following is the information of the subsidiary that has been consolidated:

| Company  | Legal status      | Capital | Ownership | Registration country |
|--|-------------------|---------|-----------|----------------------|
| National Aluminum for painting (under liquidation) | Limited liability | 250,000 | 100%      | Jordan               |

#### Changes in Accounting Policies

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

#### IFRS 9 Financial Instruments

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

The Company had previously implemented the first phase of IFRS 9 as issued during 2009. The date of initial implementation of the first phase of IFRS 9 was 1 January 2011.

The standard eliminates the use of the IAS 39 incurred loss impairment model approach, uses the revised hedge accounting framework, and the revised guidance on the classification and measurement requirements.

#### Impairment of financial assets

The Company has changed the loan loss impairment method by replacing IAS 39's incurred loss approach with an expected credit loss approach as described by the provisions of IFRS 9.

The expected credit loss allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

The 12 months' expected credit loss is the portion of lifetime expected credit loss that represent the expected credit loss that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company groups its assets that are subject to impairment test into Stage 1, Stage 2, and Stage 3 as described below:

**Stage 1:** Includes financial instruments that have not deteriorated significantly in credit quality since initial recognition or that has low credit risk at the reporting date. At this stage, a 12-months expected credit losses are recognized and interest revenue is calculated on the gross carrying amount of the asset.

**Stage 2:** Includes financial instruments that have deteriorated significantly in credit quality since initial recognition but that do not have objective evidence of a credit loss event. At this stage, a lifetime expected credit losses are recognized interest revenue is still calculated on the asset's gross carrying amount.

**Stage 3:** Includes financial instruments that have objective evidence of impairment at the reporting date. At this stage, a lifetime expected credit losses are recognized interest revenue is calculated on the net carrying amount (i.e. reduced for expected credit losses).

#### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenues arising from contracts with customers, unless those contracts are in the scope of other standards.

The core principle of IFRS 15 is that the Company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5 - step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

The standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The effect of adopting IFRS 15 did not have a material impact on the Company's condensed interim consolidated financial statements.

The Company's policy for revenue recognition changed as detailed below:

##### **(a) Sale of goods**

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

##### **Variable consideration**

Some contracts for the sale of goods provide customers with a right of return and volume rebates.

Prior to the adoption of IFRS 15, the Company recognised revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and volume rebates. If revenue could not be reliably measured, the Company deferred revenue recognition until the uncertainty was resolved.

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

##### **(b) Rendering of services**

Under IFRS 15, the Company concluded that revenue from services will continue to be recognised over time, using an input method to measure progress towards complete satisfaction of the service similar to the previous accounting policy, because the customer simultaneously receives and consumes the benefits provided by the Company.

##### **(c) Advances received from customers**

Upon the adoption of IFRS 15, for short-term advances, the Company used the practical expedient. As such, the Company will not adjust the promised amount of the consideration for the effects of a financing component in contracts, where the Company expects, at contract inception, that the period between the time the customer pays for the good or service and when the Company transfers that promised good or service to the customer will be one year or less. If the period between the time the customer pays for the goods or service and when the Company transfers that promised good or service to the customer is more than one year, the Company shall adjust the promised amount of consideration for the effects of the time value of money.

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

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction, the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met.

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

#### Use of Estimates

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

Management believes that the estimates are reasonable and are as follows:

- Management reviews periodically the tangible assets in order to assess the depreciation for the year based on the useful life and future economic benefits. Any impairment is taken to the interim consolidated statement of profit or loss.
- Inventories are held at the lower of cost or net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.
- The measurement of impairment losses under IFRS 9 requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. Elements of the expected credit loss model that are considered accounting judgments and estimates include Probability of default (PD), Loss given default (LGD) and Exposure at default (EAD).

### 3 . Income Tax

- The Company settled its tax liabilities with the Income Tax Department up to 2015.
- The income tax returns for the years 2016 and 2017 have been filed with the Income Tax Department, but the Department has not reviewed the Company's records till the date of this report.
- The income tax provision for the nine month period ended 30 September 2018 was calculated in accordance with the Income Tax Law.