

الشركة الوطنية لصناعة الصلب م.ع.م
NATIONAL STEEL INDUSTRY CO. LTD.



Date: 26/10/2017

م.ع.م

م.ع.م

Ref: m/6 - 292/2017

To: Jordan Securities Commission
Amman Stock Exchange

م.ع.م

م.ع.م

Subject: Quarterly Report as of 30/9/2017

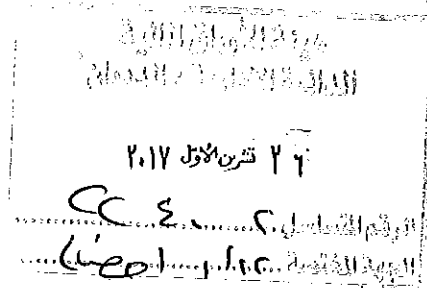
م.ع.م

Attached the Quarterly Report of National Steel Industry Co. LTD. as of 30/9/2017

Kindly accept our highly appreciation and respect

General Manager

م.ع.م
الشركة الوطنية لصناعة الصلب
(مسجلة تجارياً في الأردن)



National Steel Industry
Public Shareholding Company
Amman- The Hashemite Kingdom Of Jordan
Condensed Interim Financial Statements
as at September 30, 2017
(Unaudited)

National Steel Industry
Public Shareholding Company

Index

	Page
Independent Auditor's Report on condensed interim financial statements	
Condensed Interim statement of financial position as at September 30, 2017	1
Condensed Interim statement of comprehensive income for the period ended September 30, 2017	2
Condensed Interim statement of changes in equity for the period ended September 30, 2017	3
Condensed Interim statement of cash flows for the period ended September 30, 2017	4
Notes to the condensed interim financial statements	5-10

Auditors Report on Condensed Interim Financial Statements

To Chairman and Board of Directors
National Steel Industry Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

We have audited the condensed interim financial statements of National Steel Industry Company (Public Shareholding Company), which comprise the condensed interim statement of financial position as at September 30, 2017, and the condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the period then ended, and notes to condensed interim financial statements, including summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to form an opinion about these condensed interim financial statements based on our review.

We conducted our audit in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less 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.

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

Audit Bureau

Ibrahim Salim Yassin
(License # 255)

Amman - October 18, 2017

National Steel Industry
Public Shareholding Company
Condensed Interim Statement Of Financial Position as at September 30, 2017

	notes	30-September-2017	31-December-2016
		JD	JD
ASSETS			
Non Current Assets			
Subsidiaries under liquidation		-	1
Property, plant and equipment	5	5,412,919	5,340,226
Work under progress		27,705	-
Financial assets at fair value	6	283,651	283,651
Deferred tax assets	7	443,890	443,890
Total Non Current Assets		6,168,165	6,067,768
Current Assets			
Inventory	8	4,472,898	4,888,736
Trade receivables	9	189,214	122,413
Other debt balances	10	693,756	297,349
Cash on hand and at banks	11	578,513	105,275
Total Current Assets		5,934,381	5,413,773
Total Assets		12,102,546	11,481,541
EQUITY AND LIABILITIES	JD	JD	JD
Equity			
Capital	12	2,941,768	2,941,768
Issuance premium	12	(123,278)	(123,278)
Statutory reserve		647,361	647,361
Retained earnings (losses)		845,590	112,051
Total Equity		4,311,441	3,577,902
Liabilities			
Non Current Liabilities			
Long term loan	13	754,614	877,901
Current Liabilities			
Due to related parties	14	2,898,666	3,509,586
Trade payables		960,601	293,157
Other credit balances	15	2,797,436	2,682,896
Non realized revenue	13	166,724	256,498
Loans - current portion	13	213,064	283,601
Total Non Current Liabilities		7,036,491	7,025,738
Total Liabilities		7,791,105	7,903,639
Total Equity And Liabilities		12,102,546	11,481,541

Accompanying notes are integral of these condensed interim financial statements

National Steel Industry
Public Shareholding Company
Condensed interim statement of Comprehensive income for The nine months ended
September 30, 2017

	notes	30-September-2017	30-September-2016
		JD	JD
Net sales		14,852,925	9,153,141
Cost of sales		(13,906,611)	(8,108,921)
Gross profit		946,314	1,044,220
Administrative expenses	16	(214,619)	(220,509)
Depreciation		(6,275)	(19,760)
Other revenue		8,120	10,343
Profit (loss) for the period		733,540	814,294
Other comprehensive income			
Change in Fair Value of Financial Assets		—	—
Total comprehensive profit (loss) for the period		733,540	814,294
		JD / Share	JD / Share
Earnings per share (JD / Share)		0.249	0.277

- Accompanying notes are an integral part of these condensed interim financial statements-

**National Steel Industry
Public Shareholding Company**
Condensed Interim Statement Of Changes Of Equity for The nine months ended September 30, 2017

Year 2017	Paid up capital	Issuance premium	Statutory reserve	Changes in fair value of financial assets	Retained earnings (losses)	Total	Non controlling Interest	Total equity
Balance as at January 1 st 2017	2,941,768	(123,278)	647,361	-	112,050	3,577,901	-	3,577,901
Comprehensive income for The Period	-	-	-	-	733,540	733,540	-	733,540
Balance as at September 30 st 2017	2,941,768	(123,278)	647,361	-	845,590	4,311,441	-	4,311,441
Year 2016								
Balance as at January 1 st 2016	2,941,768	(154,097)	558,680	(131,272)	(430,653)	2,784,426	23,798	2,808,224
Comprehensive income for The Period	-	-	-	-	814,294	814,294	-	814,294
Changes in fair value	-	-	-	131,272	(131,272)	-	(23,798)	(23,798)
Balance as at September 30 st 2016	2,941,768	(154,097)	558,680	-	252,369	3,598,720	-	3,598,720

**National Steel Industry
Public Shareholding Company**

Condensed Interim Statement Of Cash Fow for The nine months ended Septemper 30, 2017

	30-September-2017	30-September-2016
	JD	JD
Operational Activities		
Profit (Loss) for the period	733,540	814,294
Depreciation	86,588	93,344
Change in Working Capital		
Inventory	415,838	(2,759,655)
Trade receivables	(66,801)	(26,102)
Other debt balances	(396,407)	422,838
Trade payables	667,444	2,852
Other credit balances	114,540	345,692
Sale of financial assets	-	18,647
Net cash flow from operational activities	1,554,742	(1,088,090)
Investment Activity		
Purchase of plant, property and equipment	(159,282)	(2,615,187)
Work under progress	(27,705)	2,135,447
Subsidiaries under liquidation	1	-
Net cash flow from investment activities	(186,986)	(479,740)
Finance Activities		
CreditBank	-	(265)
Non controlling interest	-	(23,798)
Loans	(123,287)	-
Loans - current portion	(70,537)	-
Non realized revenue	(89,774)	-
Due to related parties	(610,920)	1,622,241
Net cash flow from finance activities	(894,518)	1,598,178
Net changes in cash and Cash equivalents	473,238	30,348
Cash and cash equivalents at Jan.1	105,275	11,532
Cash and cash equivalents at Septemper 30	578,513	41,880

Accompanying notes are integral of these condensed interim financial statements

National Steel Industry Public Shareholding Company

(1) General

National Steel Industry Public Shareholding Company "the Company" was established in January 1st 1979 as a public shareholding company and registered at the Ministry of Trade and Industry under registration number (125). The company's authorized capital is JD 3,000,000 paid up capital is JD 2,941,768 less issuance premium balance of JD 123,097

Many changes on capital incurred since incorporating the company till December 31, 2013 the capital reached JD 1,171,281. On March 4, 2014 the board of commissioners of Jordan Securities Commission agreed additional capital of JD 1,000,000 of a non public offering allocated to Nasri Mufleh and Partners Commercial Company.

On April 29, 2014 the general assembly agreed to capitalize part of shareholders credit balances of JD 616,390 related to DR.Ghassan Mufleh and Nasri Mufleh and Partners Commercial Company. The company finalized the legal requirements with Ministry of Industry and Trade and added to the capital shares of 770,487 with issuance value of JD 0.8.

On August 10, 2015 Jordan Securities Commission agreed to increase capital to JD 2,941,768.

Principal activities of the company are production of steel bars and pipes by melting and extruding and to import requirement to facilitate its activities.

The company head office and production facilities are located in Zarqa - Hashemite kingdom of Jordan.

The condensed interim financial statements have been approved by the Board of Directors .

(2) Summary of Accounting Policies

2.1 Basis of Preparation

The condensed interim financial statements for National Steel Industry Public Shareholding Company have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" (IAS 34), as issued by the International Accounting Standards Board (IASB). These condensed interim financial statements do not include all of the information and disclosures required for full annual financial statements and should be read in conjunction with the company's audited financial statements for the year ended 31 December 2016. The results of operations for the interim period reported are not necessarily indicative of results expected for the year.

The condensed interim financial statements are prepared under the historical cost convention.

The condensed interim financial statements are presented in Jordanian Dinars which represent the functional currency of the company.

2.2 Changes in accounting policies and disclosures

The accounting policies used in the preparation of the condensed interim financial statements are consistent with those disclosed in the company's financial statements for the year ended 31 December 2016, no other not yet effective standards that may have material impact on the company's condensed interim financial statements.

(3) Financial risk management

3-1 Financial risk elements

The company is exposed to various financial risks through its' business cycle. Overall risk management program is intended to reduce the probable negative impacts on financial results to the minimum.

a. Market risk

Most of the company transactions are in Jordanian Dinars and the US Dollars. The exchange rate between the two currencies is fixed, so the impact of currency risk is not material to the consolidated financial statements.

b. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The company do not foresee any major losses resulting from other parties failing to commit to their obligation.

3-2 Fair value

Financial instruments comprise of financial assets and financial liabilities. Financial assets consist of cash on hand and at banks, accounts receivable and other debt balances. Financial liabilities consist of accounts payable, loans and other credit balances.

The fair value of financial instruments are not materially different from their carrying values at year end.

(4) Judgments, estimates and assumptions

The company maintains a continuous evaluation process of the accounting estimates based on previous experience and other factors including anticipating of future events assumed to be reasonable based on current circumstances.

Accounting estimates are rarely equals related actual results. Such judgments, estimates and assumptions that may result in major risk and requires material adjustments on book values of assets and liabilities during a fiscal year are as follows:

a. Allowance for doubtful debts

The company provides for the decrease in trade receivables value as per the accounting policies. Realized values from trade receivables are compared to recorded values of these receivables in order to determine the provision amount. These calculations require judgmental efforts.

b. Income tax

The company is subject to income tax which requires major judgments to determine tax provision. The company identifies income tax liability based on wither tax assessment process will produce extra taxes. If the final assessment differs from identified liability, then variance will affect current year income tax at the time those variances arise.

(5) Property, Plant and Equipment

Type	Cost	Date Purchased	Accumulated Deprecation 1/1	Deprecation for the period	Accumulated Deprecation 30/9	Net Book Value
	JD		JD	JD	JD	JD
Land	1,409,835	Old	-	-	-	1,409,835
Building	647,603	Old + New	51,529	9,713	61,242	586,361
Machinery & Equipment	3,860,302	Old + New	387,829	71,004	458,833	3,401,469
Vehicles	17,698	Old	9,654	2,655	12,309	5,389
Furniture & Fixture	24,172	Old + New	11,092	3,216	14,308	9,864
Total	5,959,611		460,104	86,588	546,692	5,412,919

(6) Financial assets at fair value

	30-September-2017 No. Of shares	31-December-2016 No. Of shares	30-September-2017 JD	31-December-2016 JD
Non Listed Prices (Privet Co)				
Jordan Iron & Steel Co.LTD	163,859	163,859	283,651	283,651
Total			283,651	283,651

(7) Deferred Tax Assets

Accumulated losses for year 2005 to 2011 have been accepted by the department of Tax and accordingly deferred taxes are capitalized for an amount of JD 568,043 the management of the company anticipates amortizing such assets in the future when realizing profits for the company. For the year 2016 the company realized a profit with a tax of JD 124,153 this amount has been deducted from the deferred balance from year 2015 to become JD 443,890 as at December 31 2016

(8) Inventory	30-September-2017	31-December-2016
	JD	JD
Finished Goods	2,144,205	2,622,632
Scrap and Scale	40,122	53,327
Spare parts and tools	333,055	289,791
Raw Material	1,921,477	1,889,088
Production support materials	34,039	33,898
Total	4,472,898	4,888,736

(9) Trade receivables	30-September-2017	31-December-2016
	JD	JD
Accounts receivables	590,626	523,825
Allowance for doubtful debts	(401,412)	(401,412)
Total	189,214	122,413

(10) Other debt balances	30-September-2017	31-December-2016
	JD	JD
Advance payments against raw material	591,804	164,635
Refundable deposits	29,375	29,376
Prepaid expenses	36,268	43,080
Credits	-	30,962
Others	36,309	29,296
Total	693,756	297,349

(11) Cash on hand and at banks	30-September-2017	31-December-2016
	JD	JD
Cash and Cheks on hand	323,924	72,342
Cash at banks	254,589	32,933
	578,513	105,275

(12) Company Capital	30-September-2017	31-December-2016
	JD	JD
Authorized capital	3,000,000	3,000,000
Paid Capital	2,941,768	2,941,768
Issuance premium	(123,278)	(123,278)

(13) Jordan Enterprise Development Corporation	30-September-2017	31-December-2016
	JD	JD
Long term loan	754,614	877,901
Loans – current portion	213,064	283,601
Non realized revenue	166,724	256,498
Total	1,134,402	1,418,000

The Loan Of JEDCO has been reclassified by Amortized Cost , Since there is no Interst on the JEDCO Loan; as mentioned above (paid portion 2017; 283,598JD)

The next Current portion date:

2018/01/31; 2018/05/31; 2018/09/30 amount of each 94533

(14) Due to related parties	30-September-2017	31-December-2016
	JD	JD
Nasri Mufleh and Partners Commercial Company	2,898,666	3,509,586
Total	2,898,666	3,509,586

(15) Other credit balances	30-September-2017	31-December-2016
	JD	JD
Shareholders deposits	79,897	79,897
Sales Tax deposits	265,906	50,052
Deferred checks	1,630,213	1,767,514
Collected performance bond	269,296	269,296
Accrued expenses	414,125	508,298
Others	137,999	7,839
Total	2,797,436	2,682,896

(16) Administrative expenses	30-September-2017	30-September-2016
	JD	JD
Salaries and wages	129,089	125,305
Social security	11,105	9,418
Guards	18,433	16,328
Compensation allowance	2,377	3,576
Stationery	2,176	2,340
Buffet Expenses	2,663	3,124
Cleaning Expenses	281	848
Administrative Electricity	2,250	2,000
Transportation	5,353	19,864
Subscriptions and governmental fees	13,668	13,551
Administrative Consumable	371	-
Phone Expenses And Internet	1,502	1,946
Administrative Maintenance	665	1,123
Printing and Advertising	1,161	1,176
Bank charges	279	608
Miscellaneous Expenses	108	1,698
Customs Clearance	243	-
Medical Expenses	30	-
Insurance And Treatment of Administrators	1,721	855
Professional fees	3,250	10,053
Insurance	3,200	3,384
General Assembly Expenses	694	839
Compensation for Board Members2016	14,000	-
Travel Expenses	-	2,223
Public safety	-	250
Total	214,619	220,509