

National Aluminum Industries Company
Public Shareholding Company
Condensed Interim Financial Statements (Unaudited)
31 March 2021

**National Aluminum Industries Company
Public Shareholding Company**

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Report on review of condensed interim financial statements

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

Introduction

We have reviewed the accompanying condensed interim financial statements of **National Aluminum Industries Company PLC**, comprising the interim statement of financial position as at 31 March 2021 and the related interim statement of comprehensive income, interim statement of changes in equity and interim statement of cash flows for the three months period then ended and the notes about condensed interim financial statements. Management is responsible for the preparation and presentation of this condensed interim financial statements in accordance with International Accounting Standard number (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim 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 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 of Qualified Conclusion

During the period from (2011 to March 2021) the Company has decreased the depreciation rates of its property plant and equipment's to the half due to the decrease of production capacity, this resulted in unrecorded impairment loss in the property plant and equipment's which it's carrying value is JOD (4,904,638) as at 31 March 2021.

Qualified Conclusion

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

27 April 2021
Amman - Jordan



Arab Professionals
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License No. (481)

National Aluminum Industries Company
Public Shareholding Company
Interim Statement of Financial Position as at 31 March 2021

(In Jordanian Dinar)

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Assets		
Non - current assets		
Property, plant and equipment	4,904,638	4,952,683
Checks under collection - long term	48,521	193,930
Right of use assets	47,086	52,444
Investment in associate	21,000	21,000
Total non - current assets	<u>5,021,245</u>	<u>5,220,057</u>
Current assets		
Spare parts	614,441	494,653
Other receivables	85,918	350,064
Inventories	3,762,301	4,160,367
Accounts receivable	1,645,422	934,786
Checks under collection - short term	1,315,950	1,273,809
Cash and cash equivalents	249,104	306,856
Total current assets	<u>7,673,136</u>	<u>7,520,535</u>
Total assets	<u>12,694,381</u>	<u>12,740,592</u>
Equity and liabilities		
Equity		
Paid-in capital	9,000,000	9,000,000
Statutory reserve	1,533,685	1,533,685
Voluntary reserve	350,564	350,564
Accumulated losses	(300,029)	(438,624)
Net equity	<u>10,584,220</u>	<u>10,445,625</u>
Liabilities		
Non - current liabilities		
Lease obligation - long term	25,356	23,516
Current liabilities		
Credit facilities	526,290	491,991
Lease obligation - short term	23,157	23,923
Accounts payable	546,722	827,542
Other liabilities	988,636	927,995
Total current liabilities	<u>2,084,805</u>	<u>2,271,451</u>
Total liabilities	<u>2,110,161</u>	<u>2,294,967</u>
Total equity and liabilities	<u>12,694,381</u>	<u>12,740,592</u>

“The accompanying notes from (1) to (4) are an integral part of these condensed interim financial statements and read with review report”

National Aluminum Industries Company
Public Shareholding Company
Interim Statement of Comprehensive Income
For the Three Months Ended at 31 March 2021

(In Jordanian Dinar)

	31 March 2021 <u>(Unaudited)</u>	31 March 2020 <u>(Unaudited)</u>
Net sales	2,693,680	870,598
Cost of sales	<u>(2,439,333)</u>	<u>(1,011,019)</u>
Gross profit (loss)	254,347	(140,421)
Administrative expenses	(79,048)	(94,028)
Financing expenses	<u>(6,281)</u>	<u>(18,127)</u>
Profit (Loss) for the period before income tax	169,018	(252,576)
Income and National Contribution tax for the period	<u>(30,423)</u>	<u>-</u>
Total comprehensive income (loss) for the period	<u>138,595</u>	<u>(252,576)</u>
Basic and diluted earnings (losses) per share	<u>0.015</u>	<u>(0.0280)</u>

“The accompanying notes from (1) to (4) are an integral part of these condensed interim financial statements and read with review report”

National Aluminum Industries Company
Public Shareholding Company
Interim Statement of Changes in Equity
For the Three Months Ended at 31 March 2021 (Unaudited)

(In Jordanian Dinar)

	Paid - in capital	Statutory	Voluntary	Accumulated losses	Total
Balance at 1 January 2021	9,000,000	1,533,685	350,564	(438,624)	10,445,625
Total comprehensive income for the period	-	-	-	138,595	138,595
Balance at 31 March 2021	<u>9,000,000</u>	<u>1,533,685</u>	<u>350,564</u>	<u>(300,029)</u>	<u>10,584,220</u>
Balance at 1 January 2020	9,000,000	1,532,461	350,564	(445,263)	10,437,762
Total comprehensive loss for the period	-	-	-	(252,576)	(252,576)
Balance at 31 March 2020	<u>9,000,000</u>	<u>1,532,461</u>	<u>350,564</u>	<u>(697,839)</u>	<u>10,185,186</u>

“The accompanying notes from (1) to (4) are an integral part of these condensed interim financial statements and read with review report”

National Aluminum Industries Company
Public Shareholding Company
Interim Statement of Cash Flows
For the Three Months Ended at 31 March 2021

(In Jordanian Dinar)

	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Operating activities		
Profit (loss) for the period	138,595	(252,576)
Depreciation	70,059	68,091
Right of use assets depreciation	5,358	5,417
Lease obligation interest	1,074	1,558
Changes in operating activities		
Checks under collection	103,268	296,332
Accounts receivable	(710,636)	54,764
Inventory	398,066	(251,263)
Spare parts	(119,788)	25,834
Other receivables	264,146	(35,452)
Accounts payable	(280,820)	(86,835)
Other liabilities	60,641	78,224
Net cash flows used in operating activities	(70,037)	(95,906)
Investing activities		
Property, plant and equipment	(22,014)	(3,449)
Financing activities		
Bank facilities	34,299	259,885
Net changes in cash and cash equivalents	(57,752)	160,530
Cash and cash equivalents, beginning of year	306,856	1,826
Cash and cash equivalents, end of period	249,104	162,356

“The accompanying notes from (1) to (4) are an integral part of these condensed interim financial statements and read with review report”

National Aluminum Industries Company
Public Shareholding Company
Notes to the Condensed Interim Financial Statements (Unaudited)
31 March 2021

(In Jordanian Dinar)

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 financial statements have been approved for issue by the Company's Board of Directors in their meeting held on 27 April 2021.

2 . Summary of Significant Accounting Policies

Basis of Preparation

The condensed interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards number (34) "Interim Financial Reporting". They don't include all of the information required in annual financial statements in accordance with IFRS and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2020.

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

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

The accounting policies are consistent with those used in the previous period, except for the adoption of new and amended standards effective as at the beginning of the year.

Use of Estimates

The preparation of the condensed interim 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 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 has settled its tax liabilities with the Income Tax Department up to the year ended 2018.
- The Income tax returns for the years 2019 and 2020 has 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 and National Contribution tax provision for the three months period ending at 31 March 2021 were calculated in accordance with the Income Tax Law.

4 . Law suits

The Company is contingently liable against several law suits amounted to JOD (139,514). Management and legal counsel believe that no provision is required against law suits as the Company has a good chance of winning these cases.