National Aluminum Industries Company

Public Shareholding Company

Financial Statements

31 December 2020

National Aluminum Industries Company
Public Shareholding Company

Arab Professionals
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INDEPENDENT AUDITOR'S REPORT

To The Shareholders of
National Aluminum Industries Company
Amman - Jordan

Qualified Opinion

We have audited the financial statements of **National Aluminum Industries Company PLC**, which comprise the statement of financial position as at 31 December 2020, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effect of the matters described in the basis for qualified opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis of Qualified Opinion

During the period from (2011 to 2020) the Company has decreased the deprecation 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 (4,952,683) as at 31 December 2020.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Hashemite Kingdom of Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

(1) Provision for Expected Credit Loss

Included in the accompanying financial statements at the end of the year 2020 financial assets totaling JOD (1,522,389), as the provision for expected credit loss of these financial assets are dependent on the management's estimates of different variables, the adequacy of the provision is considered a key audit matter. The audit procedures performed by us to address this key audit matter included inquiring from management about the methodology used in calculating the provision and assessing the reasonableness of estimates and assumptions used by the management in calculating the provision amount. We have also inquired about the management's collection procedures and the amounts collected post year end.

(2) Cost of Finished Goods and Work in Process

Included in the accompanying Financial Statements at the end of the year 2020 finished goods and work in process totaling JOD (2,438,267) As determining the cost of these goods involve the calculation of an overhead application rate based on the plant normal capacity, we considered determining the cost of finished goods and work in process a key audit matter. The audit procedures performed by us to address this key audit matter included assessing the appropriateness of the underlying data used by management in determining the overhead application rate. We have also inspected sales invoices to assess whether inventory is being sold at a higher value than its cost by comparing sales price to values at which it is held in the Company's inventory records.

Other Information
Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.
Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Company maintains proper accounting records and the accompanying financial statements are in agreement therewith and with the financial data presented in the Board of Directors' report, and we recommend the General Assembly to approve it, taking into consideration what is stated in the basis of qualified opinion paragraph.

23 February 2021
Amman - Jordan

Arab Professionals
Public Accountants

Arab Professionals
Fahed Hammoudeh
License No. (822)

National Aluminum Industries Company
Public Shareholding Company
Statement of Financial Position
As at 31 December 2020

(In Jordanian Dinar)

	Notes	2020	2019
Assets			
Non - current assets			
Property, plant and equipment	3	4,952,683	5,081,491
Checks under collection – long term		193,930	111,254
Right of use assets	4	52,444	74,230
Investment in associate		21,000	21,000
Total non - current assets		5,220,057	5,287,975
Current assets			
Spare parts		494,653	541,456
Other receivables	5	350,064	18,965
Inventories	6	4,160,367	3,884,928
Accounts receivable	7	934,786	969,153
Checks under collection – short term		1,273,809	1,944,820
Cash and cash equivalents	8	306,856	1,826
Total current assets		7,520,535	7,361,148
Total assets		**12,740,592**	**12,649,123**
Equity and liabilities			
Equity	9		
Paid-in capital		9,000,000	9,000,000
Statutory reserve		1,533,685	1,532,461
Voluntary reserve		350,564	350,564
Accumulated losses		(438,624)	(445,263)
Net equity		10,445,625	10,437,762
Liabilities			
Non – current liabilities			
Lease obligation – long term	4	23,516	44,992
Current liabilities			
Credit facilities	10	491,991	861,255
Lease obligation – short term	4	23,923	23,109
Accounts payable		827,542	477,792
Other liabilities	11	927,995	804,213
Total current liabilities		2,271,451	2,166,369
Total liabilities		2,294,967	2,211,361
Total equity and liabilities		**12,740,592**	**12,649,123**

"The attached notes from (1) to (22) are an integral part of these financial statements"

National Aluminum Industries Company
Public Shareholding Company
Statement of Comprehensive Income
For the Year Ended 31 December 2020

(In Jordanian Dinar)

	Notes	2020	2019
Net sales	12	5,644,740	4,826,354
Cost of sales		(5,209,236)	(4,923,448)
Gross profit (loss)		**435,504**	**(97,094)**
Administrative expenses	13	(375,676)	(395,866)
Financing expenses		(47,593)	(154,545)
Profit (loss) for the year before income tax		**12,235**	**(647,505)**
Prior years income tax		(2,293)	(16,628)
Income tax	18	(1,957)	-
National Contribution tax	18	(122)	-
Total comprehensive income (loss) for the year		**7,863**	**(664,133)**
Basic and diluted earnings (loss) per share	14	**0.001**	**(0.074)**

"The attached notes from (1) to (22) are an integral part of these financial statements"

National Aluminum Industries Company
Public Shareholding Company
Statement of Changes in Equity
For the Year Ended 31 December 2020

(In Jordanian Dinar)

	Paid - In Capital	Reserves		Accumulated losses	Total
		Statutory	Voluntary		
Balance at 1 January 2020	9,000,000	1,532,461	350,564	(445,263)	**10,437,762**
Total comprehensive income for the year	-	-	-	7,863	**7,863**
Statutory reserve	-	1,224	-	(1,224)	**-**
Balance at 31 December 2020	**9,000,000**	**1,533,685**	**350,564**	**(438,624)**	**10,445,625**
Balance at 1 January 2019	9,000,000	1,532,461	350,564	218,870	**11,101,895**
Total comprehensive loss for the year	-	-	-	(664,133)	**(664,133)**
Balance at 31 December 2019	**9,000,000**	**1,532,461**	**350,564**	**(445,263)**	**10,437,762**

"The attached notes from (1) to (22) are an integral part of these financial statements"

National Aluminum Industries Company
Public Shareholding Company
Statement of Cash Flows
For the Year Ended 31 December 2020

(In Jordanian Dinar)

	2020	2019
Operating activities		
Profit (loss) before income tax	12,235	(647,505)
Depreciation	277,195	277,816
Right of use assets depreciation	21,786	21,668
Lease obligation interest	5,088	6,842
Changes in operating activities		
Inventories	(275,439)	476,104
Spare parts	46,803	83,166
Other receivables	(331,099)	25,163
Accounts receivable	34,367	562,874
Checks under collection	588,335	703,022
Accounts payable	349,750	(82,975)
Other liabilities	121,703	(109,856)
Income tax paid	(2,293)	(24,448)
Net cash flows from operating activities	848,431	1,291,871
Investing activities		
Property, plant and equipment	(148,387)	(64,665)
Financing activities		
Credit facilities	(369,264)	(1,374,925)
Lease obligation payment	(25,750)	(25,750)
Net cash flows used in financing activities	(395,014)	(1,400,675)
Net changes in cash and cash equivalents	305,030	(173,469)
Cash and cash equivalents, beginning of year	1,826	175,295
Cash and cash equivalents, end of year	**306,856**	**1,826**

"The attached notes from (1) to (22) are an integral part of these financial statements"

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 financial statements were authorized for issue by the Company's Board of Directors in their meeting held on 23 February 2021. and it is subject to the General Assembly approval.

2 . Summary of significant accounting policies

Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards.

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

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

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

Adoption of new and revised IFRS standards

The following standard have been published that are mandatory for accounting periods after 31 December 2020. Management anticipates that the adoption of new and revised Standard will have no material impact on the financial statements of the Company.

Standard No.	Title of Standard	Effective Date
IFRS 17	Insurance Contracts	1 January 2023

Use of estimates

The preparation of the 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 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).

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 statement of profit or loss.

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 fixed assets 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 capitalized as an additional cost of property, plant and equipment.

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

Buildings	3%
Machinery	4 - 8%
Tools	12 - 20%
Others	12 - 20%

When the expected recoverable amount of any property and equipment is less than its net book value, the net book value is reduced to the expected recoverable amount, and the impairment loss is booked in the statement of profit or loss.

The useful life and depreciation method are reviewed periodically to ensure that the method and period of deprecation are consistent with the expected pattern of economic benefits from items of property plant and equipment.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the weighted average method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production overhead.

Raw materials are stated at lower of cost or net realizable value. Cost is determined by the weighted average method.

Spare part are stated at the lower of cost or net realizable value. Cost is determined by the first in first out method.

Investment in associates

Investments in associates are accounted for using the equity method.

The carrying amount of the investment in associates is increased or decreased to recognize the company's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the company.

Unrealized gains and losses on transactions between the company and it's associates are eliminated to the extent of the company's interest in those entities.

Where unrealized losses are eliminated; the underlying assets are also tested for impairment.

Right-of-use assets

The Company recognizes right-of-use at the commencement date of the lease (i.e., the date the underlying assets is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets include the amount of lease liabilities recognized, initial direct costs incurred, and lease payment made at or before the commencement date less any lease incentives received. Unless the company is reasonably certain to obtain ownership of the leased assets at the end of the lease term, the recognized right-of-use assets are depreciated on a straight – line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease obligation

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payment to be made over the lease term. The lease payment include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the company and payments of penalties for terminating a lease, if the lease term reflects of the company exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Trade receivables

Trade Receivables are carried at original invoice amount less an estimate made for expected credit loss based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

Cash and cash equivalents

Cash and cash equivalents are carried in the financial statements at cost. For the purposes of the statement of cash flow, cash and cash equivalents comprise of cash on hand, deposits held at call with banks, other short - term highly liquid investments.

Accounts payable and accruals

Accounts payable and accrued payments are recognized upon receiving goods or performance of services.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the financial statements when there is a legally enforceable right to offset the recognized amounts and the company intends to either settle them on a net basis, or to realize the asset and settle the liability simultaneously.

Provisions
A provision is recognized when, and only when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

Borrowing costs
Borrowing costs generally are expenses as incurred.

Revenue recognition

Revenues from sale of goods are recognized when control transferred to the buyer, while revenues from rendering services are recognized over time and according to percentage of completion. In all cases, it is necessary that the amount of revenue can be measured reliably.

Other revenues are recognized on the accrual basis.

Foreign currency
Assets and liabilities denominated in foreign currencies are translated to Jordanian Dinar 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 statement of profit or loss.

Income taxes
Income tax expenses are accounted for on the basis of taxable income. Taxable income differs from income declared in the financial statements because the latter includes non-taxable revenues or disallowed taxable expenses in the current year but deductible in subsequent years, accumulated losses acceptable by the tax law, and items not accepted for tax purposes or subject to tax.
Taxes are calculated on the basis of the tax rates according to the prevailing laws, regulations, and instructions of the countries where the Company operates.

3 . Property, plant and equipment

	Lands	Buildings	Machinery	Tools	Others *	Total
Cost						
Balance at 1/1/2020	810,271	2,298,265	7,455,588	3,162,339	536,385	**14,262,848**
Additions	-	-	-	117,429	30,958	**148,387**
Balance at 31/12/2020	810,271	2,298,265	7,455,588	3,279,768	567,343	**14,411,235**
Accumulated depreciation						
Balance at 1/1/2020	-	1,040,017	5,146,087	2,527,638	467,615	**9,181,357**
Depreciation	-	34,199	149,529	86,587	6,880	**277,195**
Balance at 31/12/2020	-	1,074,216	5,295,616	2,614,225	474,495	**9,458,552**
Net book value at 31/12/2020	810,271	1,224,049	2,159,972	665,543	92,848	**4,952,683**
Cost						
Balance at 1/1/2019	810,271	2,296,819	7,434,306	3,120,402	536,385	**14,198,183**
Additions	-	1,446	21,282	41,937	-	**64,665**
Balance at 31/12/2019	810,271	2,298,265	7,455,588	3,162,339	536,385	**14,262,848**
Accumulated depreciation						
Balance at 1/1/2019	-	1,005,923	4,997,364	2,439,687	460,567	**8,903,541**
Depreciation	-	34,094	148,723	87,951	7,048	**277,816**
Balance at 31/12/2019	-	1,040,017	5,146,087	2,527,638	467,615	**9,181,357**
Net book value at 31/12/2019	**810,271**	**1,258,248**	**2,309,501**	**634,701**	**68,770**	**5,081,491**

* There is a mortgage on a bus owned by the Company amounted to JOD (28,486).

4 . Leased assets

The Movement on the right of use assets and lease obligation are as follows:

	Right of use assets	Lease obligation
Balance as at 1/1/2020	**74,230**	**68,101**
Interest during the year	-	5,088
Payment during the year	-	(25,750)
Depreciation during the year	(21,786)	-
Balance as at 31/12/2020	**52,444**	**47,439**

Short term balance	23,923
Long term balance	23,516
	47,439

5 . Other receivables

	2020	2019
Letters of credit	338,478	1,328
Refundable deposits	56,293	56,293
Other withholdings	32,353	40,023
Prepaid expenses	1,619	-
Provision against refundable deposits and other withholdings	(78,679)	(78,679)
	350,064	**18,965**

6 . Inventories

	2020	2019
Raw materials	1,722,100	985,037
Work in process	566,374	286,803
Finished goods	1,871,893	2,613,088
	4,160,367	**3,884,928**

7 . Accounts receivable

	2020	2019
Accounts receivable	1,522,389	1,592,892
Provision for expected credit loss	(587,603)	(623,739)
	934,786	**969,153**

The movement on the provision for expected credit loss was as follow:

	2020	2019
Balance at beginning of the year	623,739	623,739
Write - off receivables	(36,136)	-
	587,603	**623,739**

The following table shows the aging of the receivables not included in the provision:

	2020	2019
Receivables past due for less than one year	845,900	913,621
Receivables past due for more than one year	88,886	55,532
	934,786	**969,153**

Management believes that all the receivables not included in the provision are collectable.

8 . Cash and cash equivalents

	2020	2019
Cash and checks on hand	1,000	1,000
Current bank Accounts	305,856	826
	306,856	**1,826**

9 . Equity

Paid-in capital

The Company's authorized, subscribed and paid up capital is JOD (9) Million divided equally into (9) Million shares with par value of JOD (1) for each share as at 31 December 2020 and 2019.

Statutory reserve

The accumulated amounts in this account represent 10% of the Company’s net income before income tax of this and previous years according to the Companies Law. The statutory reserve is not available for distribution to shareholders.

Voluntary reserve

The accumulated amounts in this account represent 20% of the Company’s net income before income tax according to the Companies Law. The voluntary reserve is available for distribution to shareholders

10 . Credit facilities

Credit Type	Currency	Interest rate	Maturity date	Equivalent in JOD Facility Limit	Equivalent in JOD Balance
Revolving Loan	USD	4.25%	2021	2,836,000	**491,991**

11 . Other liabilities

	2020	2019
Provision against governmental fees	379,657	379,657
Sales Tax withholdings	197,531	73,051
Shareholders' withholdings	157,573	159,403
Withholdings and accrued expenses	105,399	67,205
Other withholdings	53,987	40,718
Provision for end of services indemnity	31,769	84,179
Income tax provision (Note 18)	2,079	-
	927,995	**804,213**

12 . Segment reporting

All firm sales are a result of selling aluminum in all shapes and forms, the following is the geographic distribution of the sales:

	2020	2019
Local sales	5,607,354	4,826,354
Export sales	37,386	-
	5,644,740	**4,826,354**

13 . Administrative expenses

	2020	2019
Wages, salaries and other benefits	199,098	212,695
Social security	17,016	19,257
Professional fees	58,665	65,063
Right of use assets depreciation (Note 4)	21,786	21,668
Lease obligation interest (Note 4)	5,088	6,842
Fees and subscriptions	11,383	11,980
Vehicles expenses	6,996	10,113
Telephone and post	6,888	5,805
Maintenance	5,574	5,502
Hospitality and cleaning	4,467	3,965
End of services indemnity	3,375	6,244
Utilities	3,255	4,087
Travel and transportation	3,147	4,538
Stationary and printings	2,793	1,854
Governmental fees	612	1,242
Miscellaneous	25,533	15,011
	375,676	**395,866**

14 . Basic and diluted earnings (loss) per share

	2020	2019
Profit (loss) for the year	7,863	(664,133)
Weighted average number of shares	9,000,000	9,000,000
	0.001	**(0.074)**

15 . Contingent liabilities

	2020	2019
Bank guarantees	57,400	57,400
Letters of credit	115,134	-

16 . Law suits

The Company is contingently liable against several law suits amounted to JOD (30,971). Management and legal counsel believe that no provision is required against law suits as the Company has a good chance of winning these cases.

17 . Executive management salaries and remunerations

The remuneration of executive management during the years 2020 and 2019 amounted to JOD (52,290).

18 . Income tax

The movement on provision for the income tax during the year is as follows:

	2020	2019
Balance at beginning of the year	-	7,820
Previous years income tax	2,293	16,628
Income tax expense for the year	2,079	-
Income tax paid	(2,293)	(24,448)
Balance at end of the year (Note 11)	**2,079**	**-**

The following is the reconciliation between declared income and taxable income:

	2020	2019
Declared income (loss)	12,235	(647,505)
Nontaxable revenues	-	-
Non tax acceptable expenses	-	-
Taxable income (loss)	**12,235**	**(647,505)**
Income tax rate	16%	16%
Effective tax rate	17%	-

- The Company has settled its tax liabilities with the Income Tax Department up to the year ended 2018.
- The Income tax return for the year 2019 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 year 2020 were calculated in accordance with the Income Tax Law.

19 . Fair value of financial instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets of the Company include cash and cash equivalents, checks under collection, and receivables. Financial liabilities of the Company include credit facilities , accounts payable, and lease obligation.

The fair values of the financial assets and liabilities are not materially different from their carrying values as most of these items are either short-term in nature or re-priced frequently.

20 . Financial risk management

Credit risk

Credit risks are those risks resulting from the default of counterparties to the financial instrument to repay their commitment to the Company. The Company limits its credit risk by only dealing with reputable banks and by setting credit limits for individual customers and monitoring outstanding receivables. The maximum exposure to credit risk is represented by the carrying value of each financial asset.

The Company’s most significant customer balance is JOD (218,204) of the accounts receivable at 31 December 2020 (2019: JOD 251,953).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its net financial obligation. In this respect, the Company's management diversified its funding sources, and managed assets and liabilities taking into consideration liquidity and keeping adequate balances of cash, and cash equivalents.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date.

2020	Less than one year	More than one year	Total
Lease obligation	23,923	23,516	**47,439**
Credit facilities	491,991	-	**491,991**
Accounts payable	827,542	-	**827,542**
Other liabilities	927,995	-	**927,995**
	2,271,451	**23,516**	**2,294,967**

2019	Less than one year	More than one year	Total
Lease obligation	23,109	44,992	**68,101**
Credit facilities	861,255	-	**861,255**
Accounts payable	477,792	-	**477,792**
Other liabilities	804,213	-	**804,213**
	2,166,369	**44,992**	**2,211,361**

Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the Company's income or the value of its holdings of financial instruments. As most of the Company's financial instruments have fixed interest rate and carried at amortized cost, the sensitivity of the Company's results or equity to movements in interest rates is not considered significant.

Currency risk

The management considers that the Company is not exposed to significant currency risk. The majority of their transactions and balances are in either Jordanian Dinar or US Dollar. As the Jordanian Dinar is pegged to the US Dollar, balances in US Dollar are not considered to represent significant currency risk and the Company's results or equity to movements in exchange rates is not considered significant.

21 . Capital management

The Board of Directors manages its capital structure with the objective of safeguarding the entity's ability to continue as a going concern and providing an adequate return to shareholders by keeping a balance between total debt and total equity. The table below shows the debt to equity ratio:

	2020	2019
Total debt	491,991	861,255
Total equity	10,445,625	10,437,762
Debt to equity ratio	**5%**	**8%**

22 . The Impact of the New Corona Pandemic (Covid-19)

The outbreak of the new Corona virus (Covid-19) at the beginning of 2020 caused a global economic crisis and disrupted many companies and economic activities, which would negatively affect the financial position of the Company, the results of its operations and its cash flows.