

# **National Aluminum Industries Company**

**Public Shareholding Company**

**Financial Statements**

**31 December 2021**

**National Aluminum Industries Company  
Public Shareholding Company**

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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 2021, 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 2021, 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 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 (4,877,248) as at 31 December 2021.

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 2021 financial assets totaling JOD (3,412,976), 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 2021 finished goods and work in process totaling JOD (2,601,264) 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.

17 February 2022  
Amman - Jordan



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

**National Aluminum Industries Company**  
**Public Shareholding Company**  
**Statement of Financial Position**  
**As at 31 December 2021**

(In Jordanian Dinar)

	Notes	2021	2020
<b>Assets</b>			
<b>Non - current assets</b>			
Property, plant and equipment	3	4,877,248	4,952,683
Checks under collection - long term		97,352	193,930
Right of use assets	4	8,833	52,444
Investment in associate		21,000	21,000
Investment properties		81,927	-
<b>Total non - current assets</b>		<u>5,086,360</u>	<u>5,220,057</u>
<b>Current assets</b>			
Spare parts		570,662	494,653
Other receivables	5	750,566	350,064
Inventories	6	5,113,431	4,160,367
Accounts receivable	7	940,959	934,786
Checks under collection - short term		1,787,062	1,273,809
Cash and cash equivalents	8	234,174	306,856
<b>Total current assets</b>		<u>9,396,854</u>	<u>7,520,535</u>
<b>Total assets</b>		<u><b>14,483,214</b></u>	<u><b>12,740,592</b></u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
	9		
Paid-in capital		9,000,000	9,000,000
Statutory reserve		1,641,069	1,533,685
Voluntary reserve		350,564	350,564
Retained earnings (losses)		334,544	(438,624)
<b>Total equity</b>		<u>11,326,177</u>	<u>10,445,625</u>
<b>Liabilities</b>			
<b>Non - current liabilities</b>			
Lease obligation - long term		-	23,516
<b>Current liabilities</b>			
Credit facilities	10	1,061,992	491,991
Lease obligation - short term	4	7,463	23,923
Accounts payable		874,267	827,542
Other liabilities	11	1,213,315	927,995
<b>Total current liabilities</b>		<u>3,157,037</u>	<u>2,271,451</u>
<b>Total liabilities</b>		<u>3,157,037</u>	<u>2,294,967</u>
<b>Total equity and liabilities</b>		<u><b>14,483,214</b></u>	<u><b>12,740,592</b></u>

“The attached notes from (1) to (21) 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 2021**

(In Jordanian Dinar)

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
Net sales	12	12,071,301	5,644,740
Cost of sales		<u>(10,633,936)</u>	<u>(5,209,236)</u>
<b>Gross profit</b>		<b>1,437,365</b>	<b>435,504</b>
Administrative expenses	13	(348,911)	(375,676)
Financing expenses		(18,739)	(47,593)
Other income		<u>4,129</u>	<u>-</u>
<b>Profit for the year before income tax</b>		<b>1,073,844</b>	<b>12,235</b>
Prior years income tax	18	-	(2,293)
Income tax for the year	18	(182,554)	(1,957)
National Contribution tax for the year	18	<u>(10,738)</u>	<u>(122)</u>
<b>Total comprehensive income for the year</b>		<b><u>880,552</u></b>	<b><u>7,863</u></b>
<b>Basic and diluted earnings per share</b>	14	<b><u>0.098</u></b>	<b><u>0.001</u></b>

“The attached notes from (1) to (21) 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 2021**

(In Jordanian Dinar)

	Paid - In Capital	Reserves		Retained earnings (losses)	Total
		Statutory	Voluntary		
<b>Balance at 1 January 2021</b>	<b>9,000,000</b>	<b>1,533,685</b>	<b>350,564</b>	<b>(438,624)</b>	<b>10,445,625</b>
Total comprehensive income for the year	-	-	-	880,552	880,552
Statutory reserve	-	107,384	-	(107,384)	-
<b>Balance at 31 December 2021</b>	<b>9,000,000</b>	<b>1,641,069</b>	<b>350,564</b>	<b>334,544</b>	<b>11,326,177</b>
<b>Balance at 1 January 2020</b>	<b>9,000,000</b>	<b>1,532,461</b>	<b>350,564</b>	<b>(445,263)</b>	<b>10,437,762</b>
Total comprehensive income for the year	-	-	-	7,863	7,863
Statutory reserve	-	1,224	-	(1,224)	-
<b>Balance at 31 December 2020</b>	<b>9,000,000</b>	<b>1,533,685</b>	<b>350,564</b>	<b>(438,624)</b>	<b>10,445,625</b>

“The attached notes from (1) to (21) 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 2021**

(In Jordanian Dinar)

	2021	2020
<b>Operating activities</b>		
Profit for the year before income tax	1,073,844	12,235
Depreciation	282,917	277,195
Right of use assets depreciation	12,651	21,786
Lease obligation interest	2,204	5,088
Right of use assets modifications	(3,470)	-
<b>Changes in operating activities</b>		
Inventories	(953,064)	(275,439)
Spare parts	(76,009)	46,803
Other receivables	(400,502)	(331,099)
Accounts receivable	(88,100)	34,367
Checks under collection	(416,675)	588,335
Accounts payable	46,725	349,750
Other liabilities	92,028	121,703
Income tax paid	-	(2,293)
<b>Net cash flows (used in) from operating activities</b>	<b>(427,451)</b>	<b>848,431</b>
<b>Investing activities</b>		
Property, plant and equipment	(207,482)	(148,387)
<b>Financing activities</b>		
Credit facilities	570,001	(369,264)
Lease obligation paid	(7,750)	(25,750)
<b>Net changes from (used in) financing activities</b>	<b>562,251</b>	<b>(395,014)</b>
<b>Net changes in cash and cash equivalents</b>	(72,682)	305,030
Cash and cash equivalents, beginning of year	306,856	1,826
<b>Cash and cash equivalents, end of year</b>	<b>234,174</b>	<b>306,856</b>

“The attached notes from (1) to (21) are an integral part of these financial statements”

**National Aluminum Industries Company**  
**Public Shareholding Company**  
**Notes to the Financial Statements**  
**31 December 2021**

**(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 financial statements were authorized for issue by the Company's Board of Directors in their meeting held on 17 February 2022 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 IFRS standard**

The following standard has been published that are mandatory for accounting periods after 31 December 2021. Management anticipates that the adoption of new Standard will have no material impact on the financial statements of the Company.

<b>Standard No.</b>	<b>Title of Standard</b>	<b>Effective Date</b>
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.
- 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).
- 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.

### **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	2 - 6%
Machinery	3%
Tools	2 - 12%
Others	5 - 12%

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 depreciation 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 is 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 its 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.

#### **Investment properties**

Property held to earn rentals or for capital appreciation purposes as well as those held for undetermined future use are classified as investment property. Investment property is measured at cost less any accumulated depreciation and any accumulated impairment losses. The cost of constructed property includes the cost of material and any other costs directly attributed to bringing the property to a working condition for its intended use. Borrowing costs that are directly attributed to acquisition and construction of a property are included in the cost of that property.

#### **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 re-measurement 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.

### **Borrowing costs**

Borrowing costs generally are expenses as incurred.

### **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.

### **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.



National Aluminum Industries Company PLC  
Notes to the Financial Statements (Continued)  
31 December 2021

3 . Property, plant and equipment

	<u>Lands</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Tools</u>	<u>Others</u>	<u>Total</u>
<b>Cost</b>						
Balance at 1/1/2021	810,271	2,298,265	7,455,588	3,279,768	567,343	<b>14,411,235</b>
Additions	-	-	-	202,870	4,612	<b>207,482</b>
Balance at 31/12/2021	<u>810,271</u>	<u>2,298,265</u>	<u>7,455,588</u>	<u>3,482,638</u>	<u>571,955</u>	<b>14,618,717</b>
<b>Accumulated depreciation</b>						
Balance at 1/1/2021	-	1,074,216	5,295,616	2,614,225	474,495	<b>9,458,552</b>
Adjustments	-	(65,750)	1,714	63,130	906	-
Depreciation	-	34,105	149,121	90,604	9,087	<b>282,917</b>
Balance at 31/12/2021	<u>-</u>	<u>1,042,571</u>	<u>5,446,451</u>	<u>2,767,959</u>	<u>484,488</u>	<b>9,741,469</b>
<b>Net book value at 31/12/2021</b>	<b>810,271</b>	<b>1,255,694</b>	<b>2,009,137</b>	<b>714,679</b>	<b>87,467</b>	<b>4,877,248</b>
<b>Cost</b>						
Balance at 1/1/2020	810,271	2,298,265	7,455,588	3,162,339	536,385	<b>14,262,848</b>
Additions	-	-	-	117,429	30,958	<b>148,387</b>
Balance at 31/12/2020	<u>810,271</u>	<u>2,298,265</u>	<u>7,455,588</u>	<u>3,279,768</u>	<u>567,343</u>	<b>14,411,235</b>
<b>Accumulated depreciation</b>						
Balance at 1/1/2020	-	1,040,017	5,146,087	2,527,638	467,615	<b>9,181,357</b>
Depreciation	-	34,199	149,529	86,587	6,880	<b>277,195</b>
Balance at 31/12/2020	<u>-</u>	<u>1,074,216</u>	<u>5,295,616</u>	<u>2,614,225</u>	<u>474,495</u>	<b>9,458,552</b>
<b>Net book value at 31/12/2020</b>	<b>810,271</b>	<b>1,224,049</b>	<b>2,159,972</b>	<b>665,543</b>	<b>92,848</b>	<b>4,952,683</b>

4 . Leased assets

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

	<u>Right of use assets</u>	<u>Lease obligation</u>
Balance as at 1/1/2021	52,444	47,439
Interest during the year (Note 13)	-	2,204
Payment during the year	-	(7,750)
Disposals	(30,960)	(34,430)
Depreciation during the year (Note 13)	<u>(12,651)</u>	<u>-</u>
<b>Balance as at 31/12/2021</b>	<b>8,833</b>	<b>7,463</b>
Short term balance		7,463
Long term balance		<u>-</u>
		<b>7,463</b>

**National Aluminum Industries Company PLC**  
**Notes to the Financial Statements (Continued)**  
**31 December 2021**

**5 . Other receivables**

	<u>2021</u>	<u>2020</u>
Other withholdings	82,162	81,912
Provision against refundable deposits and other withholdings	<u>(78,679)</u>	<u>(78,679)</u>
	3,483	3,233
Letters of credit	744,797	338,478
Prepaid expenses	1,619	1,619
Refundable deposits	450	2,170
Other withholdings	<u>217</u>	<u>4,564</u>
	<b><u>750,566</u></b>	<b><u>350,064</u></b>

**6 . Inventories**

	<u>2021</u>	<u>2020</u>
Raw materials	2,512,167	1,722,100
Work in process	580,137	566,374
Finished goods	<u>2,021,127</u>	<u>1,871,893</u>
	<b><u>5,113,431</u></b>	<b><u>4,160,367</u></b>

**7 . Accounts receivable**

	<u>2021</u>	<u>2020</u>
Accounts receivable	1,528,562	1,522,389
Provision for expected credit loss	<u>(587,603)</u>	<u>(587,603)</u>
	<b><u>940,959</u></b>	<b><u>934,786</u></b>

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

	<u>2021</u>	<u>2020</u>
Balance at beginning of the year	587,603	623,739
Write - off receivables	<u>-</u>	<u>(36,136)</u>
	<b><u>587,603</u></b>	<b><u>587,603</u></b>

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

	<u>2021</u>	<u>2020</u>
Receivables past due for less than one year	940,959	845,900
Receivables past due for more than one year	<u>-</u>	<u>88,886</u>
	<b><u>940,959</u></b>	<b><u>934,786</u></b>

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

8 . Cash and cash equivalents

	2021	2020
Cash and checks on hand	19,840	1,000
Current bank Accounts	214,334	305,856
	<u>234,174</u>	<u>306,856</u>

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 2021 and 2020.

**Statutory reserve**

The accumulated amounts in this account represent 10% of the Company's net income before income tax. 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

**Proposed dividends**

The board of directors will propose to the general assembly in its meeting which will be held in 2022 to distribute 5% cash dividends to the shareholders.

10 . Credit facilities

Credit Type	Currency	Interest rate	Maturity date	Equivalent in JOD	
				Facility Limit	Balance
Revolving Loan	USD	4.25%	2022	1,065,000	<u>1,061,992</u>

11 . Other liabilities

	2021	2020
Provision against governmental fees	379,657	379,657
Sales Tax withholdings	259,477	197,531
Shareholders' withholdings	141,257	157,573
Withholdings and accrued expenses	167,832	105,399
Other withholdings	27,850	53,987
Provision for end of services indemnity	41,871	31,769
Income tax provision (Note 18)	195,371	2,079
	<u>1,213,315</u>	<u>927,995</u>

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**12 . Segment reporting**

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

	2021	2020
Local sales	10,006,075	5,607,354
Export sales	2,065,226	37,386
	<b>12,071,301</b>	<b>5,644,740</b>

**13 . Administrative expenses**

	2021	2020
Salaries and other benefits	180,490	205,098
Social security	22,582	17,016
Professional fees	27,316	58,665
Board of directors transportations	27,000	-
Compensation for work injury	19,880	-
Right of use assets depreciation (Note 4)	12,651	21,786
Fees and subscriptions	11,039	11,383
End of services indemnity	10,102	3,375
Telephone and post	6,341	6,888
Travel and transportation	3,993	3,147
Maintenance	3,700	5,574
Governmental fees	3,167	612
Vehicles maintenance expenses	2,560	6,996
Lease obligation interest (Note 4)	2,204	5,088
Utilities	1,383	3,255
Hospitality and cleaning	1,275	4,467
Stationary and printings	981	2,793
Miscellaneous	12,247	19,533
	<b>348,911</b>	<b>375,676</b>

**14 . Basic and diluted earnings per share**

	2021	2020
Profit for the year	1,073,844	7,863
Weighted average number of shares	9,000,000	9,000,000
	<b>0.119</b>	<b>0.001</b>

**15 . Contingent liabilities**

	2021	2020
Bank guarantees	72,400	57,400
Letters of credit	-	115,134

**16 . Law suits**

The Company is contingently liable against law suits amounted to JOD (8,283). Management and legal counsel believe that no provision is required against these 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 2021 and 2020 amounted to JOD (75,000), (52,290).

**18 . Income tax**

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

	2021	2020
Balance at beginning of the year	2,079	-
Previous years income tax	-	2,293
Income and National Contribution tax expenses for the year	193,292	2,079
Income tax paid	-	(2,293)
<b>Balance at end of the year (Note 11)</b>	<b>195,371</b>	<b>2,079</b>

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

	2021	2020
Declared income	1,073,844	12,235
Nontaxable revenues	-	-
Non tax acceptable expenses	-	-
<b>Taxable income</b>	<b>1,073,844</b>	<b>12,235</b>

Income tax rate (Including national contribution tax)	17%	16%
Effective tax rate (Including national contribution tax)	18%	17%

- The Company has settled its tax liabilities with the Income Tax Department up to the year ended 2018 except for 2017.
- The Income tax return for the year 2017 has been filed and reviewed with the income tax department, but no decision issued by the department.
- 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 year 2021 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.

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 largest customer balance is JOD (233,407) of the accounts receivable at 31 December 2021 (2020: JOD 218,204).



### 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.

2021	Less than one year	More than one year	Total
Lease obligation	7,463	-	7,463
Credit facilities	1,061,992	-	1,061,992
Accounts payable	874,267	-	874,267
Other liabilities	1,213,315	-	1,213,315
	<u>3,157,037</u>	<u>-</u>	<u>3,157,037</u>
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
	<u>2,271,451</u>	<u>23,516</u>	<u>2,294,967</u>

### 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 the Company's 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:

	2021	2020
Total debt	1,061,992	491,991
Total equity	11,326,177	10,445,625
<b>Debt to equity ratio</b>	<u>9.37%</u>	<u>4.71%</u>