



Ref: 240/2017

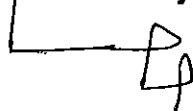
۱- در مورد عید الله
در مورد عید الله

۲- در مورد عید الله



Kindly accept our highly appreciation and respect

Hasan Subhi Haj-Hasan






Registration Number
 92028



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

Date: 26/07/2017

Ref: 235/2017

To: Jordan Securities Commission,,,

Subject: Semi-Annual Report as of 30/06/2017

Attached the company's semi-Annual Report of Company
(National Aluminium Industrial CO.)

Kindly accept our highly appreciation and respect

General Manager

Hasan Subhi Haj-Hasan



National Aluminum Industries Company
Public Shareholding Company

Condensed Interim Consolidated Financial Statements (Not Audited)
30 June 2017

Arab Professionals
(Member firm within of Grant Thornton International Ltd)

National Aluminum Industries Company
Public Shareholding Company

Contents

	<u>Page</u>
- Report on review of condensed interim consolidated financial statements	2
- Interim consolidated statement of financial position as at 30 June 2017	3
- Interim consolidated statement of comprehensive income for the six months ended at 30 June 2017	4
- Interim consolidated statement of changes in equity for the six months ended at 30 June 2017	5
- Interim consolidated statement of cash flows for the six months ended at 30 June 2017	6
- Notes to the condensed interim consolidated financial statements	7- 11

Report on Review of Condensed Interim Consolidated Financial Statements

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

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of **National Aluminum Industries Company PLC**, comprising the interim consolidated statement of financial position as at 30 June 2017 and the related interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the six-months period then ended and the notes about condensed interim consolidated financial statements. Management is responsible for the preparation and presentation of this condensed interim consolidated financial statements in accordance with International Accounting Standard number (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim consolidated financial statements based on our review.

Scope of Review

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

Basis for Qualified Conclusion

- During the years (2011 to 30 June 2017) the company has decreased the depreciation rate of its property plant and equipment's to the half, this resulted in a decrease of depreciation expenses by an amount of JOD (1.44) million, and increase of retained earnings by the same amount.
- There is a dispute between the company and one of its suppliers as a result of an electronic fraud with the approximate amount of JOD (450,000), we couldn't determine the amount of loss that could be incurred as result of this dispute until the issuance date of the accompanying condensed interim consolidated financial statements.

Conclusion

Based on our review, with the exception of matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statement as at 30 June 2017 is not prepared, in all material respects, in accordance with International Accounting Standard number (34) "Interim Financial Reporting".

Emphasis of Matters

The General Assembly of the two subsidiaries (National Aluminum for Forming and National Aluminum for Painting) has resolved in its extraordinary meeting held during 2012, to optionally liquidate those companies, the liquidation procedures weren't completed up to the date of issuing this condensed interim consolidated financial statements.

22 July 2017

Amman – Jordan

Arab Professionals

Fahed Hammoudeh

(License No. 822)



Arab Professionals
Grant Thornton

National Aluminum Industries Company
Public Shareholding Company
Interim Consolidated Statement of Financial Position as at 30 June 2017

(In Jordanian Dinar)

	30 June 2017	31 December 2016
Assets		
Non - current assets		
Property, plant and equipment	5,208,645	4,924,969
Investment in associate	21,000	21,000
Total non - current assets	<u>5,229,645</u>	<u>4,945,969</u>
Current assets		
Inventory	4,069,180	4,780,531
Spare parts	556,287	630,513
Other receivables	596,420	44,677
Accounts receivable	1,580,666	1,423,955
Checks under collection	1,922,616	2,207,293
Cash and cash equivalents	242,319	152,902
Total current assets	<u>8,967,488</u>	<u>9,239,871</u>
Total assets	<u>14,197,133</u>	<u>14,185,840</u>
Equity and liabilities		
Equity		
Paid-in capital	9,000,000	9,000,000
Statutory reserve	1,505,761	1,505,761
Voluntary reserve	350,564	350,564
Retained earnings	27,226	465,608
Total equity	<u>10,883,551</u>	<u>11,321,933</u>
Liabilities		
Bank facilities	1,456,341	1,799,494
Accounts payable	842,352	376,174
Other liabilities	1,014,889	688,239
Total liabilities	<u>3,313,582</u>	<u>2,863,907</u>
Total equity and liabilities	<u>14,197,133</u>	<u>14,185,840</u>

"The accompanying notes from (1) to (5) are an integral part of these condensed interim consolidated financial statements and read with review report"

National Aluminum Industries Company
Public Shareholding Company
Interim Consolidated Statement of Comprehensive Income
For the six months ended at 30 June 2017

(In Jordanian Dinar)

	For the three months ended		For the six months ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
Net sales	1,968,230	2,059,261	3,952,624	4,178,293
Cost of sales	(1,850,215)	(1,598,421)	(3,672,277)	(3,567,431)
Gross profit	118,015	460,840	280,347	610,862
Administrative expenses	(143,573)	(96,049)	(224,436)	(176,405)
Financing expenses	(25,558)	(34,638)	(47,341)	(60,898)
Other revenues	4,874	-	4,874	-
(Loss) profit before income tax for the period	(46,242)	330,153	13,444	373,559
Income tax for the period	-	(46,904)	(1,826)	(49,271)
Total comprehensive (loss) income for the period	(46,242)	283,249	11,618	324,288
Basic and diluted (loss) earnings per share	(0.005)	0.031	0.001	0.036

"The accompanying notes from (1) to (5) are an integral part of these condensed interim consolidated financial statements and read with review report"

National Aluminum Industries Company
Public Shareholding Company
Interim Consolidated Statement of Changes in Equity
For the six months ended at 30 June 2017

(In Jordanian Dinar)

	Paid - in capital	Reserves Statutory	Voluntary	Retained earnings	Total
Balance at 1 January 2017	9,000,000	1,505,761	350,564	465,608	11,321,933
Total comprehensive income for the period	-	-	-	11,618	11,618
Paid dividends	-	-	-	(450,000)	(450,000)
Balance at 30 June 2017	<u>9,000,000</u>	<u>1,505,761</u>	<u>350,564</u>	<u>27,226</u>	<u>10,883,551</u>
Balance at 1 January 2016	9,000,000	1,459,486	258,015	245,837	10,963,338
Total comprehensive income for the period	-	-	-	324,288	324,288
Balance at 30 June 2016	<u>9,000,000</u>	<u>1,459,486</u>	<u>258,015</u>	<u>570,125</u>	<u>11,287,626</u>

"The accompanying notes from (1) to (5) are an integral part of these condensed interim consolidated financial statements and read with review report"

National Aluminum Industries Company
Public Shareholding Company
Interim Consolidated Statement of Cash Flows
For the six months ended at 30 June 2017

(In Jordanian Dinar)

	30 June 2017	30 June 2016
Operating activities		
Profit for the period	11,618	324,288
Depreciation	139,692	316,115
Changes in working capital		
Checks under collection	284,677	(44,922)
Accounts receivable	(156,711)	3,183
Inventory	711,351	(1,014,052)
Spare parts	74,226	(27,320)
Other current assets	(551,743)	(28,353)
Accounts payable	466,178	(124,206)
Other liabilities	326,650	(72,563)
Net cash flows from (used in) operating activities	<u>1,305,938</u>	<u>(667,830)</u>
Investing activities		
Property, plant and equipment	<u>(423,368)</u>	<u>(37,792)</u>
Financing activities		
Bank facilities	(343,153)	343,471
Paid dividends	(450,000)	-
Net cash flows (used in) from financing activities	<u>(793,153)</u>	<u>343,471</u>
Net change in cash and cash equivalents	89,417	(362,151)
Cash and cash equivalents, beginning of year	<u>152,902</u>	<u>384,787</u>
Cash and cash equivalents, end of period	<u><u>242,319</u></u>	<u><u>22,636</u></u>

"The accompanying notes from (1) to (5) are an integral part of these condensed interim consolidated financial statements and read with review report"

National Aluminum Industries Company
Public Shareholding Company
Notes to the Condensed interim Consolidated Financial Statements
30 June 2017
(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 consolidated financial statements have been approved for issue by the Company's Board of Directors in their meeting held on 22 July 2017.

2. Summary of Significant Accounting Policies

Basis of Preparation

The condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Standard number (34) "Interim Financial Reporting". They do not include all of the information required in annual consolidated financial statements in accordance with IFRSs, and should be read in conjunction with the consolidated financial statements of the Company for the year ended 31 December 2017.

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

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

The accounting policies are consistent with those used in the previous period.

Basis of Consolidation

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

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases.

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

The following is the information of the subsidiaries that have been consolidated:

Company	Legal status	Capital	Ownership	Registration country
National Aluminum for forming (under liquidation)	Limited liability	300,000	100%	Jordan
National Aluminum for painting (under liquidation)	Limited liability	250,000	100%	Jordan

Use of Estimates

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

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

- Management reviews periodically the tangible assets in order to assess the depreciation for the year based on the useful life and future economic benefits. Any impairment is taken to the interim consolidated statement of comprehensive income.
- An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.
- 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 interim consolidated statement of comprehensive income.

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 interim consolidated statement of comprehensive income for the period.

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 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.

Trade Receivables

Trade Receivables are carried at original invoice amount less an estimate made for doubtful receivables 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 condensed interim consolidated financial statements at cost. For the purposes of the interim consolidated statement of cash flow, cash and cash equivalents comprise 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 condensed interim consolidated 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 interim consolidated statement of financial position date and adjusted to reflect the current best estimate.

Borrowing costs

Borrowing costs generally are expensed as incurred.

Revenue Recognition

Sales revenues are recognized upon the transfer of the risk of title to the buyer given that the revenues are dependably measurable.

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 interim consolidated statement of comprehensive income.

Income Taxes

Income tax expenses are accounted for on the basis of taxable income. Taxable income differs from income declared in the condensed interim consolidated 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. Income Tax

- The Company settled its tax liabilities with the Income Tax Department up to 2014.
- The income tax returns for the years 2015 and 2016 have been filed with the Income Tax Department, but the Department has not reviewed the Company's records till the date of this report.
- The income tax provision for the six-month period ended 30 June 2017 was calculated in accordance with the Income Tax Law.

4. 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 accounts receivable. Financial liabilities of the Company include bank facilities and accounts payable.

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 (212,700) of the accounts receivable at 30 June 2017 (2016: JOD 286,656).

Fair Value

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.

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 interim consolidated statement of financial position to the contractual maturity date.

30 June 2017	Less than one year	More than one year	Total
Bank facilities	1,456,341	-	1,456,341
Accounts payable	842,352	-	842,352
Other liabilities	1,014,889	-	1,014,889
	<u>3,313,582</u>	<u>-</u>	<u>3,313,582</u>
31 December 2016	Less than one year	More than one year	Total
Bank facilities	1,799,494	-	1,799,494
Accounts payable	376,174	-	376,174
Other liabilities	688,239	-	688,239
	<u>2,863,907</u>	<u>-</u>	<u>2,863,907</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.

5. 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 shareholders equity and total debt.

	30 June 2017	31 December 2016
Total debt	1,456,341	1,799,494
Total equity	10,883,551	11,321,933
Debt to equity ratio	<u>13%</u>	<u>16%</u>