الشركة الوطنية لصناعات الالمنيوم المساهمة العامة المحدودة

NATIONAL ALUMINIUM INDUSTRIAL CO.

Date: 27/07/2017

Ref: 246/2017

هيئة الأوراق المالية
الدائرة الادارية / الديوان
٣١ تموز ٢٠١٧
الرقم المتسلسل ...
الجهة المختصة ...

To: Jordan Securities Commission

Subject: Quarterly Report as of 31/03/2017 ON (CD)

Attached (CD) the Quarterly Report of (National Aluminum Industrial Co) as of 31/03/2017

Kindly accept our highly appreciation and respect

National Aluminum Industrial company

General Manager

Hasan Al-Haj Hasan

الشركة الوطنية لصناعات الألمنيوم م.ع
نالكو
عمان - الأردن
NALCO
Amman - Jordan
National Aluminium Industrial Co.

الادارة : شارع الملكة نور - مجمع زينة التجاري - مقابل الادارة العامة للبنك الاهلي - تلفاكس ٤ / ٢ / ٥٦٥٢٩٧١ (٦-٠٠٩٦٢)
ص.ب ٩٤١٢٠٣ الشميساني - عمان ١١١٩٤ الاردن / المصنع : طريق المطار - هاتف ٤٤٦٠٥٧٠ - فاكس ٤٤٦٠٥٦٦
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GLOBAL CERTIFICATION LTD
Registration Number 92028

الشركة الوطنية لصناعات الالمنيوم المساهمة العامة المحدودة

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National Aluminum Industries Company
Public Shareholding Company

Condensed Interim Consolidated Financial Statements (Not Audited)
31 March 2017

Arab Professionals
(Member Firm within Grant Thornton International Ltd.)

National Aluminum Industries Company
Public Shareholding Company

Contents

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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 31 March 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 three-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 of Qualified Conclusion
During the years (2011 to 2015) the company has decreased the deprecation rate of its property plant and equipment to the half, this resulted in a decrease of depreciation expenses by an amount of JOD (1.3) million, and increase of retained earnings by the same amount.

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 31 March 2017 is not prepared, in all material respects, in accordance with International Accounting Standard number (34) "Interim Financial Reporting".

24 April 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 31 March 2017

(In Jordanian Dinar)

	31 March 2017	31 December 2016
Assets		
Non - current assets		
Property, plant and equipment	4,816,848	4,924,969
Investment in associate	21,000	21,000
Total non - current assets	4,837,848	4,945,969
Current assets		
Inventory	4,695,526	4,780,531
Spare parts	598,096	630,513
Other receivables	194,816	44,677
Accounts receivables	1,381,050	1,423,955
Checks under collection	1,895,499	2,207,293
Cash and cash equivalents	279,622	152,902
Total current assets	9,044,609	9,239,871
Total assets	**13,882,457**	**14,185,840**
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	520,144	465,608
Total equity	11,376,469	11,321,933
Liabilities		
Bank facilities	1,292,747	1,799,494
Accounts payable	793,298	376,174
Other liabilities	419,943	688,239
Total liabilities	2,505,988	2,863,907
Total equity and liabilities	**13,882,457**	**14,185,840**

"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 Three Months Ended at 31 March 2017

(In Jordanian Dinar)

	31 March 2017	31 March 2016
Net sales	1,984,394	2,119,032
Cost of sales	(1,822,062)	(1,969,010)
Gross profit	**162,332**	**150,022**
Administrative expenses	(80,863)	(80,356)
Financing expenses	(21,783)	(26,260)
Profit before income tax	**59,686**	**43,406**
Income tax	(5,150)	(2,367)
Total comprehensive income for the period	**54,536**	**41,039**
Basic and diluted earnings per share	**0.006**	**0.005**

"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 Three Months Ended at 31 March 2017

(In Jordanian Dinar)

	Paid - in capital	Reserves		Retained earnings	Total
		Statutory	Voluntary		
Balance at 1 January 2017	9,000,000	1,505,761	350,564	465,608	11,321,933
Total comprehensive income for the period	-	-	-	54,536	54,536
Balance at 31 March 2017	9,000,000	1,505,761	350,564	520,144	11,376,469
Balance at 1 January 2016	9,000,000	1,459,486	258,015	245,837	10,963,338
Total comprehensive income for the period	-	-	-	41,039	41,039
Balance at 31 March 2016	9,000,000	1,459,486	258,015	286,876	11,004,377

"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 Three Months Ended at 31 March 2017

(In Jordanian Dinar)

	31 March 2017	31 March 2016
Operating activities		
Profit for the period	54,536	41,039
Depreciation	141,451	81,508
Changes in operating activities		
Checks under collection	311,794	56,487
Account receivables	42,905	95,812
Inventory	85,005	(459,258)
Spare parts	32,417	154,491
Other receivable	(150,139)	(34,945)
Accounts payable	417,124	(2,738)
Other liabilities	(268,296)	(90,180)
Net cash flows from (used in) operating activities	666,797	(157,784)
Investing activities		
Property, plant and equipment	(33,330)	(18,940)
Financing activities		
Bank facilities	(506,747)	251,284
Net change in cash and cash equivalents	126,720	74,560
Cash and cash equivalents, beginning of year	152,902	384,787
Cash and cash equivalents, end of period	279,622	459,347

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

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 24 April 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 has 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 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.

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 three month period ended 31 March 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 receivables. Financial liabilities of the Company include bank facilities and accounts payable.

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.

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 (229,674) of the accounts receivable at 31 March 2017 (2016: JOD 286,656).

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.

31 March 2017	Less Than One Year	More Than One Year	Total
Bank facilities	1,292,747	-	1,292,747
Accounts payable	793,298	-	793,298
Other liabilities	419,943	-	419,943
	2,505,988	-	2,505,988

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
	2,863,907	-	2,863,907

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	1,292,747	1,799,494
Total equity	11,376,469	11,321,933
Debt to equity ratio	**11%**	**16%**