



الشركة العربية لصناعة الألمنيوم م.ع.م (آرال)

Arab Aluminium Industry Co. Ltd. (ARAL)



Date:- 29/04/2019

التاريخ: 2019/04/29

To: Jordan Securities Commission
Amman Stock Exchange

السادة
م.ع.م
السادة
السادة

السادة هيئة الأوراق المالية
السادة بورصة عمان

Subject: : Quarterly Report of for the fiscal year
ended 31/03/2019

الموضوع: التقرير ربع السنوي كما هي في 2019/03/31

Attached the Quarterly Report of Arab
Aluminium Industrial Company LTD – ARAL, as
of 31/03/2019.

مرفق طيه نسخة من البيانات المالية ربع السنوية
للشركة العربية لصناعة الألمنيوم المساهمة العامة
المحدودة – آرال كما هي في 2019/03/31

وتفضلوا بقبول فائق الاحترام...

Kindly accept our high appreciation and respect

الشركة العربية لصناعة الألمنيوم المساهمة العامة
المحدودة - آرال

Arab Aluminium Industrial Company LTD –
ARAL

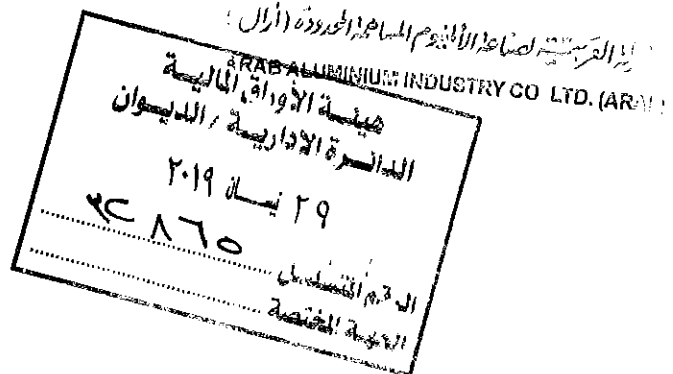
General Manager

Eng. Osama Hussien Aggad

المدير العام

المهندس أسامة حسين العقاد

ARAB ALUMINIUM INDUSTRIAL COMPANY LTD. (ARAL)



Page 1 of 1

Tel : (Auto) 00 962 - 6 - 53 43 96 5

Fax : 00962 - 6 - 53 47 14 5

3042 Amman -11180 - Jordan

E-mail: aral@aral.jo

Website: www. aralaluminum.com

اتف : 00962-6-5343965 (قفز آلي)

كس: 00962-6-5347145

ب.ب. 35042 - عمان 11180 الأردن



ARAB ALUMINUM INDUSTRY (ARAL)
PUBLIC SHAREHOLDING COMPANY
CONDENSED INTERIM FINANCIAL STATEMENTS
31 MARCH 2019

**ARAB ALUMINUM INDUSTRY (ARAL)
PUBLIC SHAREHOLDING COMPANY
CONTENTS**

	Page
Review report on interim financial statement	3
Condensed interim statement of financial position	4
Condensed interim statement of comprehensive income	5
Condensed interim statement of changes in equity	6
Condensed interim statement of cash flows	7
Notes to the condensed interim financial statement	8-10

RSM Jordan

Amman 69 Queen Rania St.
P.O.BOX 963699
Amman 11196 JordanT +962 6 5673001
F +962 6 5677706

www.rsm.jo

REVIEW REPORT ON INTERIM FINANCIAL STATEMENT**TO THE CHAIRMAN AND MEMBERS OF THE BOARD OF DIRECTORS
ARAB ALUMINUM INDUSTRY (ARAL)
PUBLIC SHAREHOLDING COMPANY
AMMAN - JORDAN**

We have reviewed the accompanying condensed interim statement of financial position of Arab Aluminum Industry Company (ARAL) as at 31 March 2019, and the related condensed interim statements of comprehensive income, changes in equity and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this condensed interim financial statement in accordance with International Accounting Standard IAS (34) relating to Interim Financial Reporting. Our responsibility is to express a conclusion on this condensed interim financial statement based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagement 2410 "Review of Interim Financial Statement Performed by the Independent Auditor of the Entity". A review of interim financial information 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed Interim financial information is not prepared, in all material respects, accordance with International Accounting Standard (34) relating to interim financial reporting.

Amman – Jordan
28 April 2019**THE POWER OF BEING UNDERSTOOD**
AUDIT | TAX | CONSULTING

ARAB ALUMINUM INDUSTRY (ARAL)
PUBLIC SHAREHOLDING COMPANY
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
31 MARCH 2019 (Unaudited)

	31 MARCH 2019 JD	31 December 2018 JD
Assets		
Current Assets		Audited
Cash and cash equivalents	75 339	26 365
Checks under collection	2 350 206	2 685 438
Accounts receivable	1 568 862	1 671 256
Inventory	5 215 309	5 183 445
Other debit balances	203 220	168 069
Total Current Assets	9 412 936	9 734 573
Non - Current Assets		
Financial assets at fair value through other comprehensive Income	353 671	347 654
Investment properties	66 000	66 000
Investment in associates	39 166	39 166
Property, plant and equipment	4 913 380	5 059 665
Projects under construction	194 847	192 088
Total Non - Current Assets	5 567 064	5 704 573
Total Assets	14 980 000	15 439 146
Liabilities and Equity		
Liabilities		
Current Liabilities		
Bank overdraft	717 124	385 307
Loan	836 319	1 362 582
Accounts payable	1 020 904	1 028 777
Other credit balances	1 112 881	1 270 582
Total Current Liabilities	3 687 228	4 047 248
Equity		
Shareholders' Equity		
Share capital	6 750 000	6 750 000
Share premium	345 000	345 000
Statutory reserve	3 439 046	3 439 046
Voluntary reserve	1 019 360	1 019 360
Fair value reserve	(314 123)	(320 140)
Retained earnings	53 489	158 632
Total Equity	11 292 772	11 391 898
Total Liabilities and Equity	14 980 000	15 439 146

The accompanying notes are an integral part of these condensed interim financial statements

**ARAB ALUMINUM INDUSTRY (ARAL)
PUBLIC SHAREHOLDING COMPANY
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
31 MARCH 2019**

	31 MARCH 2019 JD	31 MARCH 2018 JD
Sales	1 960 022	2 201 844
Cost of sales	<u>(1 822 397)</u>	<u>(1 859 355)</u>
Gross profit	137 625	342 489
Selling and distribution expenses	(35 999)	(34 169)
Administrative expenses	(193 288)	(208 111)
Other revenues	1 519	539
Provision for doubtful accounts	<u>(15 000)</u>	<u>(15 000)</u>
(Loss) Profit for the period before Income tax	(105 143)	85 748
Income tax	<u>-</u>	<u>(13 417)</u>
(Loss) Profit for the period	<u>(105 143)</u>	<u>72 331</u>
Other comprehensive income items:		
Change in fair value of financial assets	6 017	56 807
Total comprehensive (loss) income for the period	<u>(99 126)</u>	<u>129 138</u>
Basic and diluted (loss) profit per share for the period	<u>JD (0.016)</u>	<u>JD 0.011</u>

The accompanying notes are an integral part of these condensed interim financial statements

**ARAB ALUMINUM INDUSTRY (ARAL)
PUBLIC SHAREHOLDING COMPANY
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
31 MARCH 2019**

	Share capital JD	Share premium JD	Statutory Reserve JD	Voluntary Reserve JD	Fair value reserve JD	Retained Earnings JD	Total JD
31 December 2017	6 750 000	345 000	3 439 046	1 019 360	(314 429)	1 145 786	12 384 763
Total comprehensive income for the period	-	-	-	-	56 807	72 331	129 138
31 MARCH 2018	6 750 000	345 000	3 439 046	1 019 360	(257 622)	1 218 117	12 513 901
31 December 2018	6 750 000	345 000	3 439 046	1 019 360	(320 140)	158 632	11 391 898
Total comprehensive loss for the period	-	-	-	-	6 017	(105 143)	(99 126)
31 MARCH 2019	6 750 000	345 000	3 439 046	1 019 360	(314 123)	53 489	11 292 772

The accompanying notes are part of these condensed interim financial statements

ARAB ALUMINUM INDUSTRY (ARAL)
PUBLIC SHAREHOLDING COMPANY
CONDENSED INTERIM STATEMENT OF CASH FLOWS
31 MARCH 2019

	31 MARCH 2019 JD	31 MARCH 2018 JD
Operating Activities		
(Loss) Profit for the period before income tax	(105 143)	85 748
Adjustments for:		
Provision for doubtful accounts	15 000	15 000
Depreciations	203 614	207 382
Changes In Assets and Liabilities		
Checks under collection	335 232	132 049
Accounts receivable	87 394	738 853
Inventory	(31 864)	(836 290)
Other debit balances	(35 151)	(184 480)
Accounts payable	(7 873)	89 520
Other credit balances	(157 701)	(71 467)
Provision for income tax	-	(86 816)
Net Cash from Operating Activities	303 508	89 499
Investing activities		
Purchases of property, plant and equipment	(57 329)	(42 373)
Projects under construction	(2 759)	(23 537)
Net Cash Used In Investing Activities	(60 088)	(65 910)
Financing Activities		
Bank overdraft	331 817	(23 665)
Loan	(526 263)	398 810
Net Cash (Used In) from Financing Activities	(194 446)	375 145
Net Change In cash and cash equivalents	48 974	398 734
Cash and cash equivalents – beginning of the period	26 365	63 746
Cash and Cash Equivalents – ending of the period	75 339	462 480

The accompanying notes are part of these condensed interim financial statements

1) General

The Company was registered at the Ministry of Industry and Trade as a Jordanian public shareholding limited company under No. (100) on 6 March, 1976. The company's share capital is JD 6,000,000. The general assembly decided, in its extraordinary meeting held on 10 May 1998, to increase paid-up capital to JD/share 6 750 000 with share premium to JD/share 0.75.

The company's main activities are manufactured aluminum, extrusion, cutting and pulling profiles, and manufacture raw materials for aluminum.

The accompanying condensed interim financial statement was approved by Audit Committee of the Board of Directors in its meeting held on 28 April 2019.

2) Basis of Preparation

The accompanying condensed interim financial statements have been prepared in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting".

The accompanying condensed interim financial information do not include all the information and disclosures required for the annual financial statements, which are prepared in accordance with the International Financial Reporting Standards and must be read with the financial statements of the Company as at 31 December 2018. In addition, the results of the Company's operations for the three months ended 31 MARCH 2019 do not necessarily represent indications of the expected results for the year ending 31 December 2019, and do not contain the appropriation of the profit of the current period, which is usually performed at year end.

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

The accounting policies followed in these condensed interim financial statements are the same as those adopted for the year ended December 31, 2018 except for the following changes:

Amendments with no material effect on the financial statements of the company:

Amendment to IFRS 3 "Business Combinations" (Effective from January 1, 2020)

These amendments clarify the definition of business as the International Accounting Standards Board published the conceptual Financial Reporting Framework. This includes revised definitions of assets and liabilities as well as new guidance on measurement, derecognition, presentation and disclosure.

In addition to the amended conceptual framework, the IASB issued amendments to the guidelines on the conceptual framework in the IFRS Standards, which contain amendments to IFRS 2, 3, 6 and 14 and IAS 1, 34, 37 and 38 and IFRIC 12, Interpretation 19, Interpretation 20 and 22 and Interpretation of the Standing Committee for the Interpretation of Standards No. 32 in order to update those statements with regard to references and quotations from the framework or to refer to a reference to Different from the conceptual framework.

IFRS 17 "Insurance Contracts" (Effective from January 1, 2022)

It provides a more consistent measurement and presentation approach to all insurance contracts. These requirements are aimed at achieving a consistent, Principled accounting objective for insurance contracts. IFRS 17 replaces IFRS 4 Insurance Contracts.

IFRS 17 requires measurement of insurance liabilities at the present value of the liability.

Amendments to IFRS 10 Financial Statements and IAS 28 "Investment in Associates and Joint Ventures (2011)" (Effective date deferred indefinitely. Adoption is still permitted)

Management expects to apply these new standards, interpretations and amendments to the financial statements of the Company when they are applicable and the adoption of these new standards, interpretations and amendments may have no material impact on the financial statements of the Company in the initial period of application except for the effect of the adoption of IFRS 16, Shown below:

Effect on the Accounting Treatment in the lessee's Records Operating Leases

Under IAS 16, the accounting treatment of leases previously classified as operating leases in accordance with IAS 17, which were classified as items outside the statement of financial position, has been changed.

In the initial application of IFRS 16 (except as referred to below), the Company will undertake the following for all leases:

- A. Recognition of "right to use" assets and lease commitments in the statement of financial position. These assets are initially measured on the basis of the present value of future cash flows paid.
- B. Recognition of the depreciation of "right to use" assets and interest on lease on lease commitments in the statement of income.
- C. Separating the total amount of cash paid into a principal portion (shown under financing activities) and interest (presented under operating activities) in the statement of cash flows.

For short-term leases (12 months or less) and low-value asset leases (such as personal computers and office furniture), the Company will choose to recognize lease expenses on a straight-line basis as permitted by the IFRS 16 is immaterial and will not be reflected in the financial statements of the Company, as all leases are short term and are automatically renewed on an annual basis.

The company's management believes that the effect of applying IFRS 16 is immaterial and will not be reversed on the Company's financial statements. All lease contracts are short term and are automatically renewed on an annual basis.

Recognition of lease obligation incentives previously recognized in respect of operating leases will be derecognized, and the amount will be calculated in the measurements of the leasehold assets and liabilities.

Under IAS 17, all lease payments relating to operating leases are recognized as part of the cash flows from operating activities. The effect of the changes under IFRS 16 will be to reduce cash generated from operating activities and increase the net cash used in financing activities with the same amount.

Finance Leases

The principal differences between IFRS 16 and IAS 17 in respect of previously existing advances under a finance lease are the measurement of residual value guarantees provided by the lessee to the lessor. IFRS 16 requires recognition as part of its lease obligation only the amount expected to be paid under the residual value guarantee, rather than the maximum secured amount as required by IAS 17. Upon initial request, the Company will state the equipment previously included in property, plant, and equipment under "right to use" assets and lease commitments, previously stated under borrowings, under a separate line item of the lease liabilities.

Based Company's no finance leases as at December 31, 2018.

Effect on the Accounting Treatment in the Lessor's Records

Under IFRS 16, the lessor continues to classify leases as either financial leases or operating leases and account for these two types of leases differently. However, IFRS 16 has changed and expanded the scope of disclosures required, in particular on how the lessor manages the risks arising from its remaining share in the leased assets.

Under IAS 16, for the purposes of the intermediate lessor, the principal lease and sub-lease are considered as separate contracts.

The intermediate lessor should classify the sub-lease as operating or financial lease by reference to the original "right to use" arising from the principal lease (not by reference to the underlying asset as in the case of IAS 17).

Because of this change, the company will classify some of its sub-lease agreements as financial leases. As required by IFRS 9, an allowance for credit losses recognized in the financial lease receivables will be recognized, and the leased assets and receivables from the finance lease will be derecognized. This change in accounting will result in a change in the timing of recognition of the related revenue.

3) Comparative figures

Some of the comparative figures for the year 2018 have been reclassified to correspond with the period ended 31 March 2019 presentation and it did not result in any change to the last year's operating results.