



الشركة العربية لصناعة الألمنيوم م.ع.م (أرال)  
Arab Aluminum Industry Co. Ltd. (ARAL)



Date:- 27/10/2020

التاريخ: 2020/10/27

To: Jordan Securities Commission  
Amman Stock Exchange

السادة هيئة الأوراق المالية  
السادة بورصة عمان

Subject: : Quarterly Report of for the fiscal year  
ended 30/09/2020

الموضوع: التقرير ربع السنوي كما هي في 2020/09/30

Attached the Quarterly Report of Arab  
Aluminum Industrial Company LTD – ARAL, as  
of 30/09/2020.

مرفق طيه نسخة من البيانات المالية ربع السنوية  
للشركة العربية لصناعة الألمنيوم المساهمة العامة  
المحدودة – ارال كما هي في 2020/09/30

وتفضلوا بقبول فائق الاحترام...

Kindly accept our high appreciation and respect

الشركة العربية لصناعة الألمنيوم المساهمة العامة

Arab Aluminum Industrial Company LTD –

المحدودة - ارال

ARAL

Acting General Manager

Eng. Ramzi Abu Srour

القائم باعمال المدير العام

المهندس رمزي أبو سرور

*Ramzi*



*Ramzi*  
ARAB ALUMINUM INDUSTRY CO. LTD. (ARAL)

ARAB ALUMINUM INDUSTRY CO. LTD. (ARAL)



**ARAB ALUMINUM INDUSTRY (ARAL)**  
**PUBLIC SHAREHOLDING COMPANY**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2020 (Unaudited)**

**ARAB ALUMINUM INDUSTRY (ARAL)  
PUBLIC SHAREHOLDING COMPANY  
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## **REVIEW REPORT ON CONDENSED INTERIM FINANCIAL STATEMENTS**

**TO THE CHAIRMAN AND MEMBERS OF THE BOARD OF DIRECTORS  
ARAB ALUMINUM INDUSTRY (ARAL)  
PUBLIC SHAREHOLDING COMPANY  
AMMAN - JORDAN**

### **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Arab Aluminum Industry (ARAL) (A Public Shareholding Company) as at 30 September 2020, and the related condensed interim statement 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. Board of directors is responsible for the preparation and fair presentation of this condensed interim financial information 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 information based on our review.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagement (2410) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed 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, in accordance with International Accounting Standard (34) relating to Interim Financial Reporting.

**Amman – Jordan  
27 October 2020**



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**ARAB ALUMINUM INDUSTRY (ARAL)  
PUBLIC SHAREHOLDING COMPANY  
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
30 SEPTEMBER 2020 (Unaudited)**

	<b>30 September 2020 JD</b>	<b>31 December 2019 JD</b>
<b>Assets</b>		
<b>Current Assets</b>		<b>Audited</b>
Cash and cash equivalents	1 082 114	194 356
Checks under collection	1 848 826	2 621 258
Accounts receivable	1 606 878	1 220 041
Inventory	2 820 977	4 590 843
Other debit balances	168 411	182 400
<b>Total Current Assets</b>	<b>7 527 206</b>	<b>8 808 898</b>
<b>Non - Current Assets</b>		
Financial assets at fair value through other comprehensive Income	210 866	282 924
Investment properties	242 647	66 000
Investment in associates	39 538	39 538
Property, plant and equipment	4 564 720	4 753 916
Projects under construction	182 333	169 428
<b>Total Non - Current Assets</b>	<b>5 240 104</b>	<b>5 311 806</b>
<b>Total Assets</b>	<b>12 767 310</b>	<b>14 120 704</b>
<b>Liabilities and Equity</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Bank overdraft	25 699	179 770
Loan	-	430 839
Accounts payable	508 415	886 106
Other credit balances	1 129 482	1 222 352
<b>Total Current Liabilities</b>	<b>1 663 596</b>	<b>2 719 067</b>
<b>Equity</b>		
<b>Shareholders' Equity</b>		
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	(384 342)	(334 847)
(Accumulated losses) Retained earnings	(65 350)	183 078
<b>Total Equity</b>	<b>11 103 714</b>	<b>11 401 637</b>
<b>Total Liabilities and Equity</b>	<b>12 767 310</b>	<b>14 120 704</b>

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**  
**30 SEPTEMBER 2020 (Unaudited)**

	For the three-months period ended		For the nine-months period ended	
	30 September 2020 JD	30 September 2019 JD	30 September 2020 JD	30 September 2019 JD
Net sales	3 348 174	2 468 744	6 307 707	7 120 406
Cost of sales	(2 984 827)	(2 223 001)	(5 682 844)	(6 513 012)
<b>Gross profit</b>	<b>363 347</b>	<b>245 743</b>	<b>624 863</b>	<b>607 394</b>
Unexploited energy costs	-	-	(337 818)	-
Selling and distribution expenses	(40 347)	(36 000)	(99 146)	(104 589)
Administrative expenses	(154 929)	(223 185)	(358 222)	(572 693)
Financing expenses	(858)	(19 525)	(19 583)	(58 491)
Provision for expected credit losses	(15 000)	(15 000)	(45 000)	(45 000)
Other revenues	2 100	4 643	4 541	32 635
<b>Loss for the period before income tax</b>	<b>154 313</b>	<b>(43 324)</b>	<b>(230 365)</b>	<b>(140 744)</b>
Income tax	-	-	-	-
<b>Loss for the period</b>	<b>154 313</b>	<b>(43 324)</b>	<b>(230 365)</b>	<b>(140 744)</b>
<b>Other comprehensive income items:</b>				
Change in fair value of financial assets	388	(12 289)	(67 558)	(1 840)
<b>Total comprehensive Loss for the period</b>	<b>154 701</b>	<b>(55 613)</b>	<b>(297 923)</b>	<b>(142 584)</b>
<b>Basic and diluted Loss per share</b>	<b>0.022 JD</b>	<b>(0.006) JD</b>	<b>(0.034) JD</b>	<b>(0.021) JD</b>

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  
30 SEPTEMBER 2020 (Unaudited)**

	Share capital JD	Share premium JD	Statutory Reserve JD	Voluntary Reserve JD	Fair value reserve JD	Retained Earnings JD	Total JD
<b>31 DECEMBER 2018</b>	6 750 000	345 000	3 439 046	1 019 360	(320 140)	158 632	11 391 898
Loss for the period	-	-	-	-	-	(140 744)	(140 744)
Change in fair value	-	-	-	-	(1 840)	-	(1 840)
<b>30 SEPTEMBER 2019</b>	<b>6 750 000</b>	<b>345 000</b>	<b>3 439 046</b>	<b>1 019 360</b>	<b>(321 980)</b>	<b>17 888</b>	<b>11 249 314</b>
<b>31 DECEMBER 2019</b>	6 750 000	345 000	3 439 046	1 019 360	(334 847)	183 078	11 401 637
Loss for the period	-	-	-	-	-	(230 365)	(230 365)
Transfers	-	-	-	-	18 063	(18 063)	-
Change in fair value	-	-	-	-	(67 558)	-	(67 558)
<b>30 SEPTEMBER 2020</b>	<b>6 750 000</b>	<b>345 000</b>	<b>3 439 046</b>	<b>1 019 360</b>	<b>(384 342)</b>	<b>(65 350)</b>	<b>11 103 714</b>

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

**ARAB ALUMINUM INDUSTRY (ARAL)  
PUBLIC SHAREHOLDING COMPANY  
CONDENSED INTERIM STATEMENT OF CASH FLOWS  
30 SEPTEMBER 2020 (Unaudited)**

	<b>30 September 2020 JD</b>	<b>30 September 2019 JD</b>
<b>Operating Activities</b>		
(Loss) Profit for the period before income tax	(230 365)	(140 744)
<b>Adjustments for:</b>		
Depreciation	318 807	477 942
Financing expenses	19 583	-
Expected credit loss expenses	45 000	-
<b>Changes in Assets and Liabilities</b>		
Checks under collection	772 432	499 027
Accounts receivable	(431 837)	(110 285)
Inventory	1 769 866	145 345
Other debit balances	13 989	(53 174)
Accounts payable	(377 691)	(510 988)
Other credit balances	(92 870)	(120 179)
<b>Net Cash from Operating Activities</b>	<b>1 806 914</b>	<b>186 944</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(129 611)	(228 089)
Financial assets at fair value through other comprehensive Income	4 500	5 538
Investment properties	(176 647)	-
Projects under construction	(12 905)	68 173
<b>Net Cash Used in Investing Activities</b>	<b>(314 663)</b>	<b>(154 378)</b>
<b>Financing Activities</b>		
Bank overdraft	(154 071)	278 188
Loan	(430 839)	(295 507)
Investment in associates	-	(10 000)
Paid financing expenses	(19 583)	-
<b>Net Cash Used in Financing Activities</b>	<b>(604 493)</b>	<b>(27 319)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>887 758</b>	<b>5 247</b>
Cash and cash equivalents – beginning of the period	194 356	26 365
<b>Cash and Cash Equivalents – ending of the period</b>	<b>1 082 114</b>	<b>31 612</b>

The accompanying notes are an integral 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 27 October 2020.

**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 2019. In addition, the results of the Company's operations for the nine months ended 30 September 2020 do not necessarily represent indications of the expected results for the year ending 31 December 2020.

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

**Changes in accounting policies**

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2019 except for the adoption of new standards effective as of January 1, 2020 shown below:

**Amendments to IFRS 3: Definition of a Business**

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. Consequently, the Group does not have to revisit such transactions that occurred in prior periods. Earlier application is permitted and must be disclosed.

The Group was not be affected by these amendments.

the effect of the adoption of IFRS 16, Shown below:

**Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7**

Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7 includes a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. As a result of interest rate benchmark reform, there may be uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument during the period before the replacement of an existing interest rate benchmark with an alternative risk-free interest rate (an RFR). This may lead to uncertainty whether a forecast transaction is highly probable and whether prospectively the hedging relationship is expected to be highly effective.

The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative risk-free interest rate (an "RFR"). The effective date of the amendments is for annual periods beginning on or after 1 January 2020, with early application permitted. The requirements must be applied retrospectively. However, any hedge relationships that have previously been de-designated cannot be reinstated upon application, nor can any hedge relationships be designated with the benefit of hindsight.

With phase one completed, the IASB is now shifting its focus to consider those issues that could affect financial reporting when an existing interest rate benchmark is replaced with an RFR. This is referred to as phase two of the IASB's project.

The company was not be affected by these amendments.

#### **Accounting estimates**

Preparation of the financial statements and the application of the accounting policies requires the management to perform assessments and assumptions that affect the amounts of financial assets, financial liabilities, and fair value reserve and to disclose contingent liabilities. Moreover, these assessments and assumptions affect revenues, expenses, provisions, and changes in the fair value shown in the statement of other comprehensive income and owners' equity. In particular, this requires the company's management to issue significant judgments and assumptions to assess future cash flow amounts and their timing. Moreover, the said assessments are necessarily based on assumptions and factors with varying degrees of consideration and uncertainty. In addition, actual results may differ from assessments due to the changes resulting from the conditions and circumstances of those assessments in the future.

The accounting policies estimates in the preparation of the condensed interim financial information are consistent with those adopted for the year ended 31 December 2018

#### **3) Comparative figures**

Some of the comparative figures for the year 2019 have been reclassified to correspond with the period ended 30 September 2020 presentation and it did not result in any change to the last year's operating results