بسم الله الرحمن الرحيم

الشركة العربية لصناعة الألمنيوم م٠ع٠م (آرال)
ARAB ALUMINIUM INDUSTRY CO.LTD.(ARAL)

ISO 9001:2000 SGS SYSTEM CERTIFICATION

Ref. :
Date:

الرقم : 57/8/13
التاريخ : 2018/3/19

السادة هيئة الأوراق المالية المحترمين
ص.ب.(8802) عمان- 11121 -الأردن

الموضوع :- البيانات المالية السنوية كما في 2017/12/31

تحية طيبة وبعد ،،،

نرفق لكم البيانات المالية المدققه كمافي 2017/12/31 ، وكذلك نسخة من التقرير السنوي الثاني والأربعين للشركة العربية لصناعة الألمنيوم المساهمة العامة "آرال " .

شاكرين لكم حسن تعاونكم ،،،

وتفضلوا بقبول فائق الاحترام ،،،

المدير العام

المهندس أسامة حسين العقاد

الشركة العربية لصناعة الألمنيوم المساهمة المحدودة (آرال)
ARAB ALUMINIUM INDUSTRY CO LTD. (ARAL)

هيئة الأوراق المالية
الدائرة الإدارية / الديوان
٢٩ آذار ٢٠١٨
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ARAB ALUMINUM INDUSTRY (ARAL)
PUBLIC SHAREHOLDING COMPANY
FINANCIAL STATEMENTS
31 DECEMBER 2017

ARAB ALUMINUM INDUSTRY (ARAL)
PUBLIC SHAREHOLDING COMPANY
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Independent Auditors' Report

TO THE SHAREHOLDERS
ARAB ALUMINUM INDUSTRY COMPANY (ARAL)
PUBLIC SHAREHOLDING COMPANY
AMMAN, JORDAN

Opinion

We have audited the financial statements of Arab Aluminum Industry Company(ARAL), which comprise the statement of financial position as at 31 December 2017, the statements of profit or loss and comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. 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 other ethical requirements in Jordan that are relevant to our audit of the Company financial statements, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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:

Provision for Accounts Receivable

The provision for accounts receivable is considered a key audit matter for our audit. It requires the Company's management to use assumptions to assess the collectability of accounts receivable based on the customers' financial conditions and related credit risks. The balance of net accounts receivable amounted to JD 1 958 802 as of December31, 2017. This requires making assumptions and using estimates to take the provision for the impairment in those receivables.

Scope of Audit to Address Risks

The followed audit procedures Included understanding accounts receivable and testing the adopted internal control system in following up on and monitoring credit risks. The procedures also included reviewing the internal control procedures relating to calculating the impairment provision for accounts receivable. As such, we have studied and understood the Company's adopted policy for calculating the provision, evaluated the factors affecting the calculation, as well as discussed, those factors with Executive Management. We also selected a sample of those receivables after taking into consideration the risks related to payment and guarantees. In addition, we discussed with management some receivables with regard to the customer's expected cash flows and the adequacy of guarantees. Furthermore, we recalculated the provisions to be taken and reviewed the aging of receivables and related disclosure

Valuation of inventories
The evaluation of inventories to net realizable value is considered a key audit matter for our audit. It requires the Company's management to use assumptions to assess the comparing the recoverable amount of the inventories with the book value. The Company has large values of inventories which increases the risk of having impairment of these amounts the balance of inventories amounted to JD 4 506 692 as of December31, 2017. This requires making assumptions and using estimates to take the provision for the impairment in those inventories.

Scope of Audit to Address Risks
The followed audit procedures Included understanding inventories and testing evaluation of inventories to net realizable value. As such, we have studied and understood the Company's adopted policy for pricing the inventories Comparison with historical cost.

Other Information
Management is responsible for the other information. The other information comprises of the information stated in the Annual Report and does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we will 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 when it becomes available to us 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the 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 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.

Those charged with governance are responsible for overseeing the Company financial reporting process.

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 International Standards on Auditing will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if they, individually or in the aggregate, 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 International Standards on Auditing, 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 risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 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 evidenced obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit and we remain solely responsible for our audit opinion.

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 material 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 year and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude 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, duly organized and in line with the accompanying financial statements, and we recommend that they be approved by the General Assembly shareholders.

Amman – Jordan
13 February 2018

المجموعة المهنية العربية · محاسبون قانونيون
RSM
RSM Jordan · Certified Public Accountants

ARAB ALUMINUM INDUSTRY (ARAL)
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2017

	Note	2017 JD	2016 JD
Assets			
Current Assets			
Cash and cash equivalents	3	63 746	495 508
Checks under collection		2 632 371	3 442 612
Accounts receivable, net	4	1 958 802	1 897 967
Inventory	5	4 506 692	3 771 578
Other debit balances	6	137 145	178 155
Total Current Assets		**9 298 756**	**9 785 820**
Non - Current Assets			
Financial assets at fair value through other comprehensive Income	7	353 365	379 211
Investment properties	8	66 000	66 000
Investment in associates	9	39 556	40 479
Property, plant and equipment	10	5 521 762	5 527 245
Projects under construction	11	84 344	80 334
Total Non - Current Assets		**6 065 027**	**6 093 269**
Total Assets		**15 363 783**	**15 879 089**
Liabilities and Equity			
Liabilities			
Current Liabilities			
Bank overdraft		376 777	507
Loan	12	345 575	775 617
Accounts payable		1 083 282	958 362
Other credit balances	13	1 069 022	1 152 331
Provision for income tax	20	104 364	84 371
Notes payable	14	-	578 778
Total Current Liabilities		**2 979 020**	**3 549 966**
Equity			
Shareholders' Equity	15		
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		(314 429)	(288 941)
Retained earnings		1 145 786	1 064 658
Total Equity		**12 384 763**	**12 329 123**
Total Liabilities and Equity		**15 363 783**	**15 879 089**

The accompanying notes from 1 to 29 are part of these financial statements and should read with them

General Manager **Finance Manager** **Company Seal**

ARAB ALUMINUM INDUSTRY (ARAL)
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF COMPREHENSIVE INCOME
31 DECEMBER 2017

	Note	2017 JD	2016 JD
Sales	16	12 567 387	11 911 406
Cost of sales		(10 913 677)	(10 342 081)
Gross profit		**1 653 710**	**1 569 325**
Selling and distribution expenses	17	(171 394)	(206 900)
Administrative expenses	18	(716 748)	(697 782)
Financing expenses		(48 650)	(51 727)
Provision for doubtful accounts	4	(60 000)	(65 773)
Provision of spare parts		(15 000)	-
Board of director's remuneration		(30 000)	(30 000)
Other revenues	19	40 625	55 357
Company's share of associates	9	(923)	86
Profit before income tax		**651 620**	**572 586**
income tax	20	(97 992)	(82 446)
Profit for the year		**553 628**	**490 140**
Change in fair value of financial assets		(25 488)	(14 112)
Profit and Comprehensive Income for the year		**528 140**	**476 028**
Basic and diluted share of the profit for the year		**0.08 JD**	**0.07 JD**

The accompanying notes from 1 to 29 are part of these financial statements and should read with them

General Manager **Finance Manager** **Company Seal**

ARAB ALUMINUM INDUSTRY (ARAL)
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CHANGES IN EQUITY
31 DECEMBER 2017

	Share Capital JD	Share premium JD	Statutory Reserve JD	Voluntary Reserve JD	Fair value reserve JD	Retained Earnings JD	Total JD
31 December 2015	**6 750 000**	**345 000**	**3 439 046**	**1 019 360**	**(274 829)**	**979 518**	**12 258 095**
Dividends	-	-	-	-	-	(405 000)	(405 000)
Total comprehensive income for the year	-	-	-	-	(14 112)	490 140	476 028
31 December 2016	**6 750 000**	**345 000**	**3 439 046**	**1 019 360**	**(288 941)**	**1 064 658**	**12 329 123**
Dividends	-	-	-	-	-	(472 500)	(472 500)
Total comprehensive income for the year	-	-	-	-	(25 488)	553 628	528 140
31 December 2017	**6 750 000**	**345 000**	**3 439 046**	**1 019 360**	**(314 429)**	**1 145 786**	**12 384 763**

The accompanying notes from 1 to 29 are part of these financial statements and should read with them

General Manager **Finance Manager** **Company Seal**

ARAB ALUMINUM INDUSTRY (ARAL)
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CASH FLOWS
31 DECEMBER 2017

	Note	2017 JD	2016 JD
Operating Activities			
Profit before provisions		681 620	602 586
Adjustments for:			
Depreciation	10	817 327	780 480
Interest revenue	19	(1 255)	(567)
Financing expenses		48 650	51 727
Gain from sale of property, plant and equipment	19	(1 299)	-
Provision for doubtful accounts	4	60 000	65 773
Provision for spare parts		15 000	-
Company's Share of associates	9	923	(86)
Changes in Assets and Liabilities			
Checks under collection		810 241	(439 001)
Accounts receivable		(120 835)	(159 910)
Inventory		(750 114)	586 060
Other debit balances		41 010	90 504
Accounts payable		124 920	(215 018)
Other credit balances		(112 951)	(102 896)
Provision for income tax	20	(77 999)	(76 965)
Net Cash from Operating Activities		**1 535 238**	**1 182 687**
Investing Activities			
Proceeds from interest revenue		1 255	567
Purchase of property, plant and equipment	10	(768 587)	(429 813)
Sale of property, plant and equipment		1 300	-
Investment properties		-	359 551
Projects under construction	11	(47 268)	(47 110)
Net Cash Used in Investing Activities		**(813 300)**	**(116 805)**
Financing Activities			
Bank overdraft		376 270	507
Loan		(430 042)	167 034
Notes payable		(578 778)	(389 548)
Dividends paid	15	(472 500)	(405 000)
Paid Financing expenses		(48 650)	(51 727)
Net Cash Used in Financing Activities		**(1 153 700)**	**(678 734)**
Net Change in Cash and Cash Equivalents		**(431 762)**	**387 148**
Cash and cash equivalents at January, 1	3	495 508	108 360
Cash and Cash Equivalents at December, 31	3	**63 746**	**495 508**

The accompanying notes from 1 to 29 are part of these financial statements and should read with them

General Manager **Finance Manager** **Company Seal**

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 consolidated financial statement was approved by the Board of Directors in its meeting on 13 February 2018.

2) Basis of Preparation

The accompanying financial statements of the company have been prepared in Accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and their related interpretations issued by IASB.

The financial information's are prepared in accordance with the historical cost principle, except for certain financial assets and financial liabilities which are stated at fair value as of the date of the financial information.

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

The accounting policies adopted in the preparation of the financial information are consistent with those adopted for the year ended 31 December 2016 except for the effect of the adoption new standards and interpretations as Note (28A).

Segment reporting

Business segments represent distinguishable components of the Company that are engaged in providing products or services which are subject to risks and rewards that are different from those of other segments and are measured based on the reports sent to the chief operating decision maker.
Geographical segments are associated to products and services provided within a particular economic environment, which are subject to risks and rewards that are different from those of other economic environments.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on, and balances at banks and deposits at banks maturing within three months, less bank overdrafts and restricted balances.

Account Receivables

Accounts receivable are stated at net realizable value after deducting a provision for doubtful debts.
A provision for doubtful debts is booked when there is objective evidence that the company will not be able to recover whole or part of the due amounts at the end of the year. when the company collects previously written-off debts, it recognizes the collected amounts in other revenues in the consolidated statement of income and comprehensive Income. Furthermore, revenue and commission from doubtful debts are suspended and recognized as revenue upon collection.
Moreover, debts are written-off when they become uncollectible or are derecognized

Inventory

Inventories are stated at the lower of cost or net realizable value.
The costs incurred for each item of goods are calculated as follows:
Raw materials and spare parts cost is determined by using the weighted average cost.
Finished goods, raw material cost and other indirect expense based on the manufacturing stage (production) by using the first-in-first-out (FIFO) method
Net realizable value is based on estimated selling price less any further costs expected to be incurred on completion.

Finance Manager **Company Seal**

Financial assets at fair value through other comprehensive Income

- These financial assets represent the investments in equity instruments held for the long term.
- These financial assets are recognized at fair value plus transaction costs at purchase date and are subsequently measured at fair value in the statement of other comprehensive income and within owner's equity including the changes in fair value resulting from translation of non-monetary assets stated in foreign currency. Gain or loss from the sale of these investments or part of them should be recognized in the statement of other comprehensive income and within owner's equity and the balance of the revaluation reserve for these assets should be transferred directly to the retained earnings not to the comprehensive income statement.
- No impairment testing is required for these assets.
- Dividends are recorded in the comprehensive income statement

Recognition of financial assets date

Purchases and sales of financial assets are recognized on the trading date (which is the date on which the Company commits itself to purchase or sell the asset).

Impairment in Financial Assets

The Company reviews the value of financial assets on the date of the statement of financial Position in order to determine if there are any indications of impairment in their value individually or in the form of a portfolio, in case such indications exist the recoverable value is estimated so as to determine the impairment loss.
Impairment is determined as follows:

- The impairment in the financial assets recorded at amortized cost is determined on the basis of the present value of the expected cash flows discounted at the original interest rate.
- The impairment in the financial assets at cost is determined by the difference between book value and the present value of the expected future cash flows discounted in effective market price on any other similar financial assets.
- Impairment is recorded in the statement of other comprehensive income as does any surplus that occurs in subsequent years that is due to a previous impairment of the financial assets in the statement of other comprehensive income.

Fair value

Fair value represents the closing market price (Assets Purchasing / Liabilities Selling) of financial assets
And derivatives on the date of the financial statements.

In case declared market, prices do not exist active trading of some financial assets and derivatives is not available or the market is inactive fair value is estimated by one of several methods including the following:

- Comparison with the fair value of another financial asset with similar terms and conditions.
- Analysis of the present value of expected future cash flows for similar instruments.
- Adoption of the option pricing models.
- Evaluation of long-term assets and liabilities that bear no interest through discounting cash flows and amortizing premium / discount using the effective interest rate method within interest revenue / expense in the comprehensive income statement.

The valuation methods aim to provide a fair value reflecting the market's expectations taking into consideration the market expected risks and expected benefits when the value of the financial assets. When the financial assets fair value can't be reliably measured, they are stated at cost less any impairment.

Finance Manager Company Seal

Investment properties
Investment properties are stated at cost net of accumulated depreciation and any impairment in their value and are disclosed their fair value. Furthermore, Any Impairment In their value is taken to the statement of Income and other comprehensive Income, while operating revenues and expenses relating to this investment are recognized in the statement of Income and other comprehensive Income.
If the fair value of the Investments for which an Impairment provision has been taken in the previous periods increases, the previously recorded are recovered impairment losses at no more than their cost.

Investment in Associate
Associate is those in which the Company exerts significant influence over the financial and operating policy decisions, and in which the Company holds between 20% and 50% of the voting rights.

Investment in associated Company is accounted for according to the equity method.

Transactions and balances between the Company up and the associate is eliminated to the extent of the Company's ownership in the associate.

Property, Plant and Equipment
Property and equipment are stated at cost net of accumulated depreciation and any impairment loss in
Its value, Moreover Property and Equipment (except for land) are depreciated according to the straight- line method over the estimated useful lives when ready for use of these assets using the following annual rates.

	%
Building	2
Machinery and equipment	5
Furniture and fixture	20 - 10
Vehicles	15

- When the carrying amount of property and equipment exceeds their recoverable value, assets are written down and impairment loss is recorded in the consolidated statement of income.
- The useful lives of property and equipment are reviewed at the end of each year, in case the expected useful life is different from what was determined before the change in estimate is recorded in the following years being a change in estimates.
- Property and equipment are derecognized when disposed or when there is no expected future benefit from their use.

Projects under construction
Projects under construction are stated at cost, which represents cost of constructions, equipment and direct costs. Projects in progress are not depreciated until they become ready for use where it is transferred to property and equipment or investment properties.

Accounts Payable and Accruals
Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Offsetting
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position 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
Provisions are recognized when the Company has an obligation as of the date of the financial statements as a result of past events, the obligation is likely to be settled, and a reliable estimate can be made of the amount of the obligation.

Provision for employees' end-of-service indemnity
The required provision for end-of-service indemnity for the year is recorded in the statement
of comprehensive income while payments to departing employees are deducted from the provision amount, Indemnities paid in excess of the provision is taken to the statement of comprehensive income upon payment while the required provision for end-of-service indemnities for the year is recorded in the statement of comprehensive income.

Finance Manager **Company Seal**

Revenue recognition and expenses realization

Sales are recognized upon delivery of products and customer acceptance, if any, or on the performance of services. Sales are shown net of sales taxes and discounts, and after eliminating sales within the Company.
Other income is realized and recognized on the accrual basis.
Dividends are recognized when the shareholders' right to receive payment is established.
Expenses are recognized on an accrual basis.

Income Tax

Income tax expenses represent current and deferred taxes for the year.
Income tax expense is measured based on taxable income. Taxable income differs from income reported in the financial statements, as the latter includes non-taxable revenue, tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses approved by tax authorities and items not accepted for tax purposes or subject to tax.
Taxes are calculated based on the enacted tax rates according to the prevailing laws, regulations and instructions of The Hashemite Kingdom of Jordan.
Deferred taxes are Taxes expected to be incurred or recovered as a result of temporary timing differences between the value of the assets and liabilities in the financial statements and their respective tax basis. Deferred taxes are calculated based on the liability method, and according to the rates expected to be enacted when it is anticipated that the liability will be settled or when tax assets are recognized
Income tax expenses represent current and deferred taxes for the year.
Income tax expense is measured based on taxable income. Taxable income differs from income reported in the financial statements, as the latter includes non-taxable revenue, tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses approved by tax authorities and items not accepted for tax purposes or subject to tax.

Foreign Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in ‘Jordanian Dinar’, which is the Company’s functional and presentation currency.
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured

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.

Finance Manager **Company Seal**

3) Cash and cash equivalents

	2017 JD	2016 JD
Cash on hand	7 789	9 327
Current accounts at banks	55 957	486 181
	63 746	**495 508**

4) Accounts receivables

	2017 JD	2016 JD
Trade receivable	3 695 845	3 575 010
Less: Provision for doubtful accounts	(1 737 043)	(1 043 677)
	1 958 802	**1 897 967**

The movement of the provision for doubtful accounts was as follow:

	2017 JD	2016 JD
Balance at beginning of the year	1 677 043	1 611 270
Provision for the year	60 000	65 773
Balance at ending of the year	**1 737 043**	**1 677 043**

5) Inventory

	2017 JD	2016 JD
Finished goods	2 069 853	1 561 309
Raw material	1 688 520	1 466 811
Spare parts	748 319	743 458
	4 506 692	**3 771 578**

6) Other debit balances

	2017 JD	2016 JD
Refundable deposits	52 358	52 358
Prepaid expenses	33 305	32 425
Letters of credit	31 027	70 386
Guarantees deposits	18 111	18 111
Custom claims	2 344	2 336
Income tax deposits	-	2 539
	137 145	**178 155**

7) Financial assets at fair value through other comprehensive income

	2017 JD	2016 JD
Quoted financial assets	**353 365**	**379 211**

8) Investment Properties

The fair value of the investment properties has been assessed by real state evaluator equivalents amount of JD 119 874.

Finance Manager **Company Seal**

9) Investment in Associates

A. Jordanian Aluminum Marketing Company

The following table illustrates the movement on the investments in associates:

	2017 JD	2016 JD
Balance at beginning of the year	40 479	40 393
Share of associates	(923)	86
Balance at ending of the year	**39 556**	**40 479**

The Company's share of associates' assets and liabilities:

	2017 JD	2016 JD
Total Assets	254 025	255 972
Total Liabilities	(155 133)	(154 773)
Net Assets	**98 892**	**101 199**
Net (Loss) profit as at December 31	**(2 307)**	**216**

The Company's share represents 40% of Jordanian Aluminum Marketing Company assets and liabilities of was calculated according to the latest audited financial statements as of 31 December 2017.

B. AL Rawabi for Aluminum and Iron

The company's share which (50%) of AL Rawabi for Aluminum and Iron capital, in addition to written off the investment as a result of accumulated losses as well as the company's share in its obligations, as the company is under liquidation.

10) Property, plant and equipment, net

	Lands JD	Machinery and equipment JD	Buildings JD	Vehicles JD	Furniture JD	Total JD
Cost						
31 December 2016	197 771	17 728 404	4 391 719	764 608	259 439	23 341 941
Additions	-	706 179	-	58 784	3 624	768 587
transfers	-	43 258	-	-	-	43 258
Disposals	-	-	-	(14 500)	-	(14 500)
31 December 2017	**197 771**	**18 477 841**	**4 391 719**	**808 892**	**263 063**	**24 139 286**
Accumulated depreciation						
31 December 2016	-	14 222 760	2 790 244	552 923	248 769	17 814 696
Depreciation	-	681 292	57 344	77 234	1 457	817 327
Disposals	-	-	-	(14 499)	-	(14 499)
31 December 2017	**-**	**14 904 052**	**2 847 588**	**615 658**	**250 226**	**18 617 524**
Book value						
31 December 2016	197 771	3 505 644	1 601 475	211 685	10 670	5 527 245
31 December 2017	**197 771**	**3 573 789**	**1 544 131**	**193 234**	**12 837**	**5 521 762**

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11) Projects under construction

	2017 JD	2016 JD
Balance at beginning of the year	80 334	33 224
Additions	47 268	47 110
Transferred to Property, plant and equipment	(43 258)	-
Balance at ending of the year	**84 344**	**80 334**

12) Loans

	2017 JD	2016 JD
Revolving loan	**345 575**	**775 617**

During 2015, The Company was granted a loan by Arab Bank with an amount of USD 2 000 000 from Arab Bank bearing Libor interest rate plus a margin of 2.25% per annum and a minimum of 3.5% per annum without commission, the loan is used for import transfers, The last installment due on 22 February 2018.

13) Other credit balances

	2017 JD	2016 JD
Shareholders deposits	842 505	828 205
Sales tax deposit	154 783	182 934
Accrued expenses	28 672	67 599
Social security payable	26 314	24 332
Provision for contingent liabilities	7 908	7 908
Other deposits	4 417	6 629
Stamps deposits	3 331	3 331
Income tax deposits	1 092	1 393
Board of director's remuneration	-	30 000
	1 069 022	**1 152 331**

14) Notes payable

	2017 JD	2016 JD
Arab Bank notes payable	**-**	**578 778**

During 2015, the Company signed common financing agreement limit in the sales terms, and credits in a maximum of 180 days, with an amount of JD 2 000 000, Libor interest rate of 2.5%, and a minimum of 3% per annum with 1.5% commission for 90 days credits.

During 2015, the Company signed common financing agreement limit in the sales terms, and credits in a maximum of 180 days, with an amount of USD 1 000 000 from Arab Bank bearing an interest rate of 7.75%.

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15) Equity

Capital

The authorized and share capital of the Company is JD 6 750 000 divided into 6 750 000 shares at JD 1 per share.

Share premium

This amount 750 000 JD represents the difference between the par value of the shares issued and their issue price at the date of issuance.

The Company's General Assembly in its ordinary meeting held on 3 June 2009 approved to distribute 6% of capital, equivalent to JD 405 000, as cash dividends to become JD 345 000.

Statutory reserve

Statutory reserve is allocated according to the Jordanian Companies Law by deducting 10% of the annual net profit until the reserve equals 25% of the Company's subscribed capital However, the Company may, with the approval of the General Assembly, continue to deduct this annual ratio until this reserve equals the subscribed capital of the Company in full. Such reserve is not available for dividends distribution. The General Authority may, after depletion the other reserves, decide at an extraordinary meeting to resolve the accumulated losses from the amounts collected in the Statutory reserve account, provided that they are rebuilt in accordance with the provisions of the Law.

Voluntary reserve

This account represents cumulative appropriations not exceeding %20 of the annual profit before taxation per year. This reserve is available for distribution to shareholders.

Retained earnings

The Board of Directors recommended to distribute 7% of capital, equivalent to JD 472 500, as cash, and this is depending on the General Assembly of Shareholders approval. The Ordinary General Assembly, held on 30 April 2017, decided to distribute 7% of the capital in cash to the shareholders, equivalent to JD 472 500.

16) Sales

Most of the Company's sales are Aluminum products; the table below illustrates the geographical sectors:

	2017 JD	2016 JD
Local sales	11 984 704	11 025 863
Export sales	582 683	885 543
	12 567 387	**11 911 406**

17) Selling and Distribution Expenses

	2017 JD	2016 JD
Salaries and related benefits	129 228	150 997
Vehicles	20 695	18 663
Health insurance & treatments	8 593	11 005
Sales discount	5 168	13 316
Advertising	4 960	2 906
Other	1 411	3 869
Transportation	699	1 789
Hospitality	640	106
Maintenance	-	1 976
Travel	-	1 930
Stationary	-	343
	171 394	**206 900**

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18) Administrative expenses

	2017 JD	2016 JD
Salaries and related benefits	492 366	470 291
Board of director's transportation allowances	35 096	30 816
Vehicles	28 097	13 063
Health insurance & treatments	26 579	25 900
Security	24 300	24 330
Maintenance	14 752	10 963
Lawyer fees	13 513	1 240
Computer	12 408	9 298
Government fees	11 588	11 759
Donations	9 970	6 800
Professional fees	8 033	7 500
Other	7 966	22 595
Cleaning	7 963	7 329
Depreciation	7 409	9 950
Hospitality	5 659	4 100
Shareholders meeting	4 647	3 276
Stationary	3 159	2 973
Telephone & postage	1 723	5 873
Advertising	1 275	352
Legal expenses	245	29 374
	716 748	**697 782**

19) Other revenues

	2017 JD	2016 JD
Trading in shares revenue	31 359	9 611
Others	6 712	11 490
Gain from Sale of property, plant and equipment	1 299	-
Interest revenue	1 255	567
Gain from sale an investments property	-	33 689
	40 625	**55 357**

20) Income tax

An income tax provision for the year 2017 has been calculated in accordance with the income tax law no. (34) For the year 2014 and subsequent amendments.

The tax returns for the years 2016, and 2015 have been submitted, however, the returns have not been reviewed by the Income and Sales Tax Department until the date of these financial statements.

The Income and Sales Tax Department accepted the tax returns for the years 2014, and 2013 according to the sampling system.

The Company has reached to a final settlement with the Income and Sales Tax Department up to the end of the year 2012.

The Company reached a final settlement with the Income Tax Department up to the year 2012.

The movement of the income tax provision was as follow:

	2017 JD	2016 JD
Balance at beginning of the year	84 371	78 890
Paid income tax	(77 999)	(76 965)
Income tax expense	97 992	82 446
Balance at ending of the year	**104 364**	**84 371**

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Accounting profit Settlement with Income tax profit was as follow:

	2017	2016
	JD	JD
Accounting profit	651 620	572 499
Non-tax-deductible expense	60 760	39 179
Export exemption	(12 437)	(22 778)
Taxable profit	**699 943**	**588 900**
Tax rate 14%		
Accrued income tax	**97 992**	**82 446**

21) Risk management

Interest Risk
Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Moreover, the Company manages interest rate risks through applying the sensitivity analysis of interest rate instruments in a manner that does not negatively affect net interest income. The Company also manages its Interest rate risk regularly by evaluating the different alternatives such as funding and renewing current positions and alternative funding.

Currency Risk
That most dealings of the company are in Jordanian dinars, Euro and the US dollar. That the exchange rate of dinars at a fixed price with the US dollar (1/41 dollars for each dinars), and therefore, the impact of currency risks is not essential to the financial statements

Credit Risk
Credit risk relates to the other party's inability to meet its contractual obligations leading to the incurrence of losses by the Company. Moreover, the Company adopts a policy of dealing with creditworthy parties in order to mitigate the financial losses arising from the Company's default on its liabilities.
The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2017	2016
	JD	JD
Cash at bank	55 957	486 181
Checks under collection	2 632 371	3 442 612
Accounts receivable	1 958 802	1 897 967
Other debit balances	103 840	145 730
	4 750 970	**5 972 490**

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Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company reputation.

The following are the contracted maturities of financial liabilities:

	During a year JD	Total JD
2016		
Bank overdraft	507	507
Loan	775 617	775 617
Accounts payable	958 362	958 362
Other credit balances	1 152 331	1 152 331
Income tax provision	84 371	84 371
Note payable	578 778	578 778
	3 549 966	**3 549 966**
2017		
Bank overdraft		
Loan	376 777	376 777
Accounts payable	345 575	345 575
Accounts payable	1 083 282	1 083 282
Other credit balances	1 069 022	1 069 022
Income tax provision	104 364	104 364
	2 979 020	**2 979 020**

22) Fair Value Levels

The Company use the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1

Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2

Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3

Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2017	Level 1 JD	Level 2 JD	Level 3 JD	Total JD
Financial assets at fair value	**353 365**	**-**	**-**	**353365**
2016				
Financial assets at fair value	**379 211**	**-**	**-**	**379 211**

23) Fair value of financial instruments

Financial instruments comprise of financial assets and financial liabilities

Financial assets consist of cash on hand and banks, checks under collection, receivables, and some other debit balances, Financial liabilities consist of banks overdraft, loan, notes payables, account payable, and Provision for income tax, and some other credit balances.

The fair values of financial instruments are not materially different from their carrying values.

Finance Manager **Company Seal**

24) Transaction with Related Parties

Compensation of key management personnel of the company is as follows:

	2017	2016
	JD	JD
Salaries and other benefits	**307 370**	**312 319**

25) Segmental Information

A - Segmental information for the basic sectors:
Segmental information for the basic sectors:

For management purposes, the Company is organized into three major business segments:

Aluminum products

Information on Geographical Distribution
This note represents the geographical distribution of the Company's operations. Moreover, the Company conducts its operations mainly in the Kingdom, representing local operations.

B. Information on Geographical Distribution:
This note represents the geographical distribution of the Company operations. Moreover, the company conducts its operations mainly in the Kingdom, representing local operations.

26) Contingent Liabilities

	2017	2016
	JD	JD
Letters of guarantee, and Letters of credit	138 416	1 163 349
legal claims	295 685	295 685
	434 101	**1 459 034**

27) **Capital Management**
The primary objective of the Company's capital management is to ensure that it maintains capital ratios in order to support its business and maximize shareholder value.
The Company manages its capital structure and makes adjustments to it in light of changes in business conditions.

No changes were made in the objectives, policies or processes during the years ended 31 December 2017 and 2016.

Capital comprises of paid-in capital, share premium, statutory reserve, voluntary reserve, change in fair value reserve, and retained earnings and is measured at JD 12 384 763 as at 31 December 2017 (2016: JD 12 329 123).

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28) Adoption of New and Revised International Financial Reporting Standards (IFRSs)

A. New standards, interpretations and amendments adopted by the Company

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2016 except for the followings:

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

Limited amendments which require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). However, the adoption of these amendments has no impact on the Company's financial statements.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for un-recognised Losses

Limited amendments to clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference and some other limited amendments, the adoption of these amendments have no impact on the Company's financial statements.

B. New and revised IFRSs in issue but not yet effective and not early adopted

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. The Bank has implemented the first phase of IFRS 9 as issued during 2009. The date of initial implementation of the first phase of IFRS 9 was 1 January 2011.

The new version of IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required; however, the entities are exempted from restating their comparative information.

The Bank plans to adopt the new standard on the required effective date and will not restate comparative information. During 2017, the Bank has performed a detailed impact assessment of IFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Bank in 2018 when the Bank adopts IFRS 9. The Bank expects based on preliminary figures an increase in the loss allowance for an amount of USD 90 million resulting in an equal negative impact on equity, as well as it might affect the deferred taxes. In addition, the Bank will implement changes in classification of certain financial instruments.

Classification and measurement

The Bank does not expect a significant impact on its balance sheet or equity on applying the new classification and measurement category of IFRS 9. It expects to continue being measured at amortised cost and to use the new category starting from 1 January 2018 for classifying part of the debt securities portfolio to be measured at fair value through OCI.

Credit facilities are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Bank analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

Impairment

The new impairment guidance sets out an expected credit loss (ECL) model applicable to all debt instrument financial assets classified as amortized cost or FVTOCI. In addition, the ECL model applies to loan commitments and financial guarantees that are not measured at FVTPL

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For impaired financial instruments:
Financial instruments are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or a portfolio of loans. The ECL model requires that lifetime ECL be recognized for impaired financial instruments, which is similar to the current requirements under IAS 39 for impaired financial instruments.

For the business and government portfolios, the individually assessed allowances for impaired instruments recognized under IAS 39 will generally be replaced by stage 3 allowances under IFRS 9, while the collective allowances for non-impaired financial instruments will generally be replaced by either stage 1 or stage 2 allowances under IFRS 9. For the retail portfolios, the portion of the collective allowances that relate to impaired financial instruments under IAS 39 will generally be replaced by stage 3 allowances, while the non-impaired portion of the collective allowances will generally be replaced by either stage 1 or stage 2 allowances under IFRS 9.

Key Drivers of Expected Credit Loss
The following concepts are subject to a high level of judgment, will have a significant impact on the level of ECL allowances and will be the cause of increased volatility of allowances:

- Determining when a SICR of a financial asset has occurred,
- Measuring both 12-month and lifetime credit losses,
- Incorporating forward-looking information using multiple probability-weighted scenarios.
- Collateral and quality.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers; and SIC-31 Revenue-Barter Transactions Involving Advertising Services

The standard is effective for annual periods beginning on or after 1 January 2018, and early adoption is permitted

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture
The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

The standard is effective for annual periods beginning on or after 1 January 2019, and early adoption is permitted

IFRS 2 Classification and Measurement of Share-based Payment Transactions - Amendments to IFRS 2
The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

Entities may apply the amendments prospectively and are effective for annual periods beginning on or after 1 January 2018, with early application permitted.

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IFRS 16 Leases
During January 2016, the IASB issued IFRS 16 "Leases" which sets out the principles for the recognition, measurement, presentation and disclosure of leases.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 introduced a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted.

IFRS 17 Insurance Contracts
IFRS 17 provides a comprehensive model for insurance contracts covering the recognition and measurement and presentation and disclosure of insurance contracts and replaces IFRS 4 -Insurance Contracts. The standard applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The standard general model is supplemented by the variable fee approach and the premium allocation approach.

The new standard will be effective for annual periods beginning on or after 1 January 2021. Early application is permitted.

Transfers of Investment Property (Amendments to IAS 40)
The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Entities should apply the amendments prospectively and effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed.

Entities should apply the amendments prospectively and effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed.

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
In September 2016, the IASB issued amendments to IFRS 4 to address issues arising from the different effective dates of IFRS 9 and the upcoming new insurance contracts standard (IFRS 17). The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, a temporary exemption from implementing IFRS 9 to annual periods beginning before 1 January 2021 at latest and an overlay approach that allows an entity applying IFRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied IAS 39 to these designated financial assets.

The amendment is effective for annual periods beginning on or after 1 January 2018, and early adoption is permitted

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration
The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. Entities may apply the amendments on a fully retrospective or prospective basis.

The new interpretation will be effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed.

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IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments.

The interpretation is effective for annual reporting periods beginning on or after 1January 2019, but certain transition reliefs are available.

Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Company's financial statements for the annual period beginning 1 January 2018 and that IFRS 16 will be adopted in the Company's financial statements for the annual period beginning 1 January 2019.

The application of IFRS 16 may have significant impact on amounts reported and disclosures made in the Company's financial statements in respect of its leases.

29) Comparative Figures

Some of the comparative figures for the year 2016 have been reclassified to correspond with the period ended 31 December 2017 presentation and it did not result in any change to the last year's operating results.

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