

الشركة الوطنية لصناعة الصلب م.ع.م
NATIONAL STEEL INDUSTRY CO. LTD.



٢٠١٨-١٢٣

Date : 29/4/2018

٢٠١٨-١٢٤ Ref: m/6

To: Jordan Securities Commission
Amman Stock Exchange

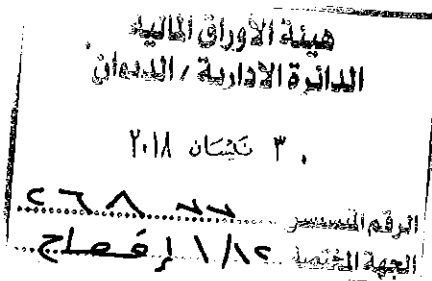
Subject: Quarterly Report as of 31/3/2018

Attached the Quarterly Report of National Steel Industry Co. LTD. as of 31/3/2018

Kindly accept our highly appreciation and respect

BOARD OF DIRECTOR

National Steel Industry
Co.Ltd.



هاتف: ٢٨٠٢ ٣٦٥ (٥) (٩٦٢)، فاكس: ٣٩٠٣ ٣٦٥ (٥) (٩٦٢)، ص.ب. ٢٠٥٩، الزرقاء ١٣١١٠ الأردن

Tel: (962) (5) 365 2802 , Fax: (962) (5) 365 3903, P.O.Box 2059 , AlZarqa 13110 Jordan
nationalsteel1979@gmail.com

National Steel Industry

Public Shareholding Company

Ammann – The Hashemite Kingdom of Jordan

Condensed Interim Financial Statements
as at March 31, 2018
(Unaudited)

**National Steel Industry
Public Shareholding Company**

Index

	Page
Auditor's Report on the condensed interim financial statements	
Condensed Interim statement of financial position as at March 31, 2018	1
Condensed Interim statement of comprehensive income for the period ended March 31,2018	2
Condensed Interim statement of changes in equity for the period ended March 31,2018	3
Condensed Interim statement of cash flows for the period ended March 31,2018	4
Notes to the condensed interim financial statements	5 – 11

Auditors Report on Condensed Interim Financial Statements

To Chairman and Board of Directors
National Steel Industry Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

We have audited the condensed interim financial statements of National Steel Industry Company (Public Shareholding Company), which comprise the condensed interim statement of financial position as at March 31, 2018, and the condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the period then ended, and notes to condensed interim financial statements, including summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to form an opinion about these condensed interim financial statements based on our review.

We conducted our audit in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information 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 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.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements is not prepared in all material respects in accordance with the requirements of IAS 34.

Audit Bureau

Ibrahim Salim Yassin
(License # 255)

Amman – April 29, 2018

**National Steel Industry
Public Shareholding Company**

Condensed Interim statement of financial position as at March 31, 2018

	Notes	March 31, 2018 JD	December 31, 2017 JD
ASSETS			
Non Current Assets			
Property, plant and equipment	5	5,622,541	5,661,350
Work under progress	6	61,242	51,433
Financial assets at fair value	7	266,651	266,651
Deferred tax assets		356,544	356,544
		<u>6,306,978</u>	<u>6,335,978</u>
Current Assets			
Inventory	8	3,395,966	3,104,500
Trade receivables	9	187,666	149,710
Other debt balances	10	875,090	748,716
Cash on hand and at banks	11	1,028,291	142,992
		<u>5,487,013</u>	<u>4,145,918</u>
TOTAL ASSETS		<u>11,793,991</u>	<u>10,481,896</u>
EQUITY AND LIABILITIES			
Equity			
Capital	12	2,941,768	2,941,768
Issuance premium		(92,459)	(92,459)
Statutory reserve		709,888	709,888
Retained earnings (losses)		784,338	587,254
Change in Fair Value in Financial Assets		(17,000)	(17,000)
Total Equity		<u>4,326,535</u>	<u>4,129,451</u>
Liabilities			
Non Current Liabilities			
Long term loan	14	<u>850,802</u>	<u>850,802</u>
Current Liabilities			
Due to related parties	13	3,444,766	3,091,600
Trade payables		692,548	300,590
Other credit balances		2,290,276	1,825,854
Loans – current portion		189,064	283,599
Total CurrentLiabilities		<u>6,616,654</u>	<u>5,501,643</u>
Total Liabilities		<u>7,467,456</u>	<u>6,352,445</u>
TOTAL EQUITY AND LIABILITIES		<u>11,793,991</u>	<u>10,481,896</u>

- Accompanying notes are an integral part of these condensed interim financial statements-

**National Steel Industry
Public Shareholding Company**

**Condensed interim statement of comprehensive income for the three months ended
March 31, 2018**

	Notes	March 31, 2018	March 31, 2017
		JD	JD
Net sales		8,774,860	4,382,713
Cost of sales		(8,502,708)	(4,187,613)
Gross profit		272,152	195,100
Administrative expenses	18	(75,858)	(72,298)
Depreciation		(2,259)	(2,038)
Other revenue		3,049	2,796
Profit (loss) for the period		197,084	123,560
Income Tax		-	-
Profit (loss) for the period		197,084	123,560
Other comprehensive income			
Change in Fair Value of Financial Assets		-	-
Total comprehensive profit (loss) for the period		197,084	123,560
Earnings per share (JD / Share)		0.067	0.042

- Accompanying notes are an integral part of these condensed interim financial statements-

**National Steel Industry
Public Shareholding Company**

Condensed interim statement of changes in equity for the three months ended March 31, 2018

	Paid up capital	Issuance premium	Statutory reserve	Changes in fair value of financial assets	Retained earnings (losses)	Total equity
Year 2018:	JD	JD	JD	JD	JD	JD
Balance as at January 1st 2018	2,941,768	(92,459)	709,888	(17,000)	587,254	4,129,451
Comprehensive income	-	-	-	-	197,084	197,084
Balance as at March 31st 2018	<u>2,941,768</u>	<u>(92,459)</u>	<u>709,888</u>	<u>(17,000)</u>	<u>784,338</u>	<u>4,326,535</u>
Year 2017:						
Balance as at January 1st 2017	2,941,768	(123,278)	647,361	-	112,051	3,577,902
Comprehensive income	-	-	-	-	123,560	123,560
Balance as at March 31st 2017	<u>2,941,768</u>	<u>(123,278)</u>	<u>647,361</u>	<u>-</u>	<u>235,611</u>	<u>3,701,462</u>

- Accompanying notes are an integral part of these condensed interim financial statements-

**National Steel Industry
Public Shareholding Company**

Condensed interim statement of cash flows for the three months ended March 31, 2018

	March 31, 2017	March 31, 2017
	JD	JD
Operational Activities		
Profit (Loss) for the period	197,084	123,560
Depreciation	45,232	34,936
Change in Working Capital		
Inventory	(291,466)	242,627
Trade receivables	(37,956)	(130,726)
Other debt balances	(126,374)	(80,273)
Trade payables	391,958	(87,083)
Other credit balances	464,422	(1,057,230)
Net cash flow from operational activities	<u>642,900</u>	<u>(954,189)</u>
Investment Activity		
Purchase of plant, property and equipment	(6,423)	(50,539)
Work under progress	(9,809)	(16,000)
Subsidiaries under liquidation	-	1
Net cash flow from investment activities	<u>(16,232)</u>	<u>(66,538)</u>
Finance Activities		
Loans	(94,535)	(94,533)
Due to related parties	353,166	1,121,113
Non controlling interest	-	-
Net cash flow from finance activities	<u>258,631</u>	<u>1,026,580</u>
Net changes in cash and equivalents	885,299	5,853
Cash and cash equivalents at Jan.1	142,992	105,275
Cash and cash equivalents at March 31	<u><u>1,028,291</u></u>	<u><u>111,128</u></u>

- Accompanying notes are an integral part of these condensed interim financial statements-

**National Steel Industry
Public Shareholding Company**

**Notes to the condensed interim financial statements
March 31, 2018**

(1) General

National Steel Industry Public Shareholding Company "the Company" was established in January 1st 1979 as a public shareholding company and registered at the Ministry of Trade and Industry under registration number (125). The company's authorized capital is JD 3,000,000, paid up capital is JD 2,941,768 less issuance premium balance of JD 123,097

Many changes on capital incurred since incorporating the company till December 31, 2013 the capital reached JD 1,171,281. On March 4, 2014 the board of commissioners of Jordan Securities Commission agreed additional capital of JD 1,000,000 of a non public offering allocated to Nasri Mufleh and Partners Commercial Company.

On April 29, 2014 the general assembly agreed to capitalize part of shareholders credit balances of JD 616,390 related to DR.Ghassan Mufleh and Nasri Mufleh and Partners Commercial Company. The company finalized the legal requirements with Ministry of Industry and Trade and added to the capital shares of 770,487 with issuance value of JD 0.8.

On August 10, 2015 Jordan Securities Commission agreed to increase capital to JD 2,941,768.

Principal activities of the company are production of steel bars and pipes by melting and extruding and to import requirement to facilitate its activities.

The company head office and production facilities are located in Zarqa – Hashemite kingdom of Jordan.

The condensed interim financial statements have been approved by the Board of Directors .

(2) Summary of Accounting Policies

2.1 Basis of Preparation

The condensed interim financial statements for National Steel Industry Public Shareholding Company have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" (IAS 34), as issued by the International Accounting Standards Board (IASB). These condensed interim financial statements do not include all of the information and disclosures required for full annual financial statements and should be read in conjunction with the company's audited financial statements for the year ended 31 December 2017. The results of operations for the interim period reported are not necessarily indicative of results expected for the year.

The condensed interim financial statements are prepared under the historical cost convention.

The condensed interim financial statements are presented in Jordanian Dinars which represent the functional currency of the company.

2.2 Changes in accounting policies and disclosures

The accounting policies used in the preparation of the condensed interim financial statements are consistent with those disclosed in the company's financial statements for the year ended 31 December 2017, no other not yet effective standards that may have material impact on the company's condensed interim financial statements.

**National Steel Industry
Public Shareholding Company**

**Notes to the condensed interim financial statements
March 31, 2018**

(3) Financial risk management

3-1 Financial risk elements

The company is exposed to various financial risks through its' business cycle. Overall risk management program is intended to reduce the probable negative impacts on financial results to the minimum.

a. Market risk

Most of the company transactions are in Jordanian Dinars and the US Dollars. The exchange rate between the two currencies is fixed, so the impact of currency risk is not material to the consolidated financial statements.

b. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The company do not foresee any major losses resulting from other parties failing to commit to their obligation.

3-2 Fair value

Financial instruments comprise of financial assets and financial liabilities. Financial assets consist of cash on hand and at banks, accounts receivable and other debt balances. Financial liabilities consist of accounts payable, loans and other credit balances.

The fair value of financial instruments are not materially different from their carrying values at year end.

(4) Judgments, estimates and assumptions

The company maintains a continuous evaluation process of the accounting estimates based on previous experience and other factors including anticipating of future events assumed to be reasonable based on current circumstances.

Accounting estimates are rarely equals related actual results. Such judgments, estimates and assumptions that may result in major risk and requires material adjustments on book values of assets and liabilities during a fiscal year are as follows:

a. Allowance for doubtful debts

The company provides for the decrease in trade receivables value as per the accounting policies. Realized values from trade receivables are compared to recorded values of these receivables in order to determine the provision amount. These calculations require judgmental efforts.

b. Income tax

The company is subject to income tax which requires major judgments to determine tax provision. The company identifies income tax liability based on wither tax assessment process will produce extra taxes. If the final assessment differs from identified liability, then variance will affect current year income tax at the time those variances arise.

**National Steel Industry
Public Shareholding Company**

**Notes to the condensed interim financial statements
March 31, 2018**

(5)Property ,plant and Equipment

	Land	Building	Machinery&Equipment	Vehicles	Furniture&Fixture	Total
Cost	JD	JD	JD	JD	JD	JD
Balance at 1 Jan,2018	1,409,835	662,513	3,937,981	17,698	23,094	6,051,12
Adjustment	-	(14,795)	14,061	-	734	-
Additions	-	-	6,423	-	-	6,423
Exlusions	-	-	-	-	-	-
Balance at 31 Mars,2018	1,409,835	647,718	3,958,465	17,698	23,828	6,057,54
Accumulated Depre- ciation						
Balance at 1 Jan,2018	-	78,509	280,621	13,894	16,747	389,771
Adjustment	-	(14,029)	15,985	(700)	(1,256)	-
Additions	-	3,238	39,942	885	1,167	45,232
Exlusions	-	-	-	-	-	-
Balance at 31 Mars,2018	-	67,718	336,548	14,079	16,658	435,003
Net BookValue at 31 Mars,2018	1,409,835	580,000	3,621,917	3,619	7,170	5,622,54
Net BookValue at 31 Mars,2017	1,409,835	592,426	3,338,556	7,159	7,853	5,355,82

(6) Work in Progress

	Mars,2018	Dec,2017
	JD	JD
Expenses ForUpgarding Transformers	20,133	20,133
Al-Motamayzoon Company's Contarcting	18,500	13,500
Expanding Line Production Materials (Extra Stands)	17,800	17,800
Athers Work in Progress	4,809	-
Balance – ending of the year	61,242	51,433

**National Steel Industry
Public Shareholding Company**

**Notes to the condensed interim financial statements
March 31, 2018**

(7) Financial Assets at fair Value

	March 31,2018	December 31,2017	March 31,2018	December 31,2017
	No. of shares	No. of shares	JD	JD
Non listed prices				
Jordan Iron & Steel Co. LTD	163,859	163,859	266,651	266,651
Total			<u>266,651</u>	<u>266,651</u>

(8) Inventory

	Mars,2018	Dec,2017
	JD	JD
Finished Goods	2,376,926	1,977,236
Raw Material	500,587	684,268
Scrap and Scale	88,653	55,472
Production support materials	34,011	22,662
Spare parts and tools	395,789	364,862
	<u>3,395,966</u>	<u>3,104,500</u>

(9) Trade receivables

	Mars,2018	Dec,2017
	JD	JD
Accounts receivables	601,078	563,122
Allowance for doubtful debts	(413,412)	(413,412)
	<u>187,666</u>	<u>149,710</u>

**National Steel Industry
Public Shareholding Company**

**Notes to the condensed interim financial statements
March 31, 2018**

(10)Other Debt Balances

	Mars,2018	Dec,2017
	JD	JD
Advance payments against raw material	723,167	489,873
Prepaid expenses	16,366	7,692
Refundable deposits	31,375	31,375
Sales Tax deposits	-	119,483
Credits and Policies	15,080	42,033
Others	89,102	58,260
	875,090	748,716

(11)Cash on hand and at banks

	Mars,2018	Dec,2017
	JD	JD
Cash and Cheks on hand	555,479	65,997
Cash at banks	472,812	76,995
	1,028,291	142,992

(12)Shareholdersequity

Paid up capital

The company's authorized capital is JD 3,000,000, paid up capital is JD 2,941,768 less issuance premium balance of JD 123,097

Many changes on capital incurred since incorporating the company till December 31,2013 the capital reached JD 1,171,281. On March 4, 2014 the board of commissioners of Jordan Securities Commission agreed additional capital of JD 1,000,000 of a non public offering allocated to Nasri Mufleh and Partners Commercial Company.

On April 29,2014 the general assembly agreed to capitalize part of shareholders credit balances of JD 616,390 related to DR.Ghassan Mufleh and Nasri Mufleh and Partners Commercial Company. The company finalized the legal requirements with Ministry of Industry and Trade and added to the capital shares of 770,487 with issuance value of JD 0.8.

On August 10,2015 Jordan Securities Commission agreed to increase capital to JD 2,941,768 .

**National Steel Industry
Public Shareholding Company**

**Notes to the condensed interim financial statements
March 31, 2018**

(13) Other credit balances

	Mars,2018	Dec,2017
	JD	JD
Deferred Checks	288,251	498,660
Shareholders Deposits	75,394	79,387
Collected performance bond	269,296	269,296
Other Accrued expenses	37,090	20,105
Senior Management Salaries	468,796	499,520
Social Security Institution	6,120	5,560
General Sales Tax Department	737,005	-
Jordan Electricity Company	130,090	175,092
Long Term Murabaha	226,161	226,161
Short Term Murabaha	52,073	52,073
	2,290,276	1,825,854

(14) Due to Related Parties

Related parties include major shareholders, board members, and top executives of the company and its' associated that have material influence, directly or indirectly.

Related parties:

	Mars,2018	Dec,2017
	JD	JD
a. Amounts due to related parties		
Nasri Mufleh and Partners Commercial Company	3,444,766	3,091,600
	3,444,766	3,091,600

(15) Contingent Liability

There is no contingent liability at the date of financial statements

(16) Law suit

The company has raised a compensation case with the International Tribunal of 500 thousand JD against the Indian company executing the modernization and development of the factory for violating the terms of the contract.

(17) Tax station

The years 2012, 2013 and 2014 were accepted by tax department.

The year 2015, the Income Tax Department reviewed the tax declaration submitted by the company without any obligations on the company. The year 2016 and 2017, the company submitted the tax declaration on time.

**National Steel Industry
Public Shareholding Company**

**Notes to the condensed interim financial statements
March 31, 2018**

(18) Administrative expenses

	<u>Mars,2018</u>	<u>Mars,2017</u>
	JD	JD
Salaries and wages	44,612	42,665
Social security	2,876	3,735
Subscriptions and governmental fees	2,430	6,855
Guards	5,596	6,527
Electricity	750	750
Transportation	5,000	4,630
Professional fees	1,200	500
Insurance	1,343	1,038
Hospitality and cleaning	1,094	868
PTT	487	411
Stationary and printing	1,020	480
Maintenance	459	109
Others	680	536
Rewards	1,143	1,469
Bank charges	253	210
Printing and Advertising	375	860
Medical Expenses	862	655
Travel expenses	5,678	-
Total	<u>75,858</u>	<u>72,298</u>