

# Notes

*(forming part of the condensed interim financial information)*

## 1 Nature of operations

The Company is engaged in the manufacture and sale of aluminium products.

## 2 General information and statement of compliance with IFRSs

National Aluminium Products Company SAOG (“the Company”) is an Omani joint stock company registered under the Commercial Companies Law of the Sultanate of Oman and is listed on the Muscat Securities Market. The registered business address of the Company is PO Box 15, Postal code 124, Sultanate of Oman.

The condensed interim financial information has been prepared in accordance with International Accounting Standard (IAS) 34 “Interim Financial Reporting”

The condensed interim financial information does not contain all information and disclosures required for full financial statements prepared in accordance with the International Financial Reporting Standards (“IFRSs”).

## 3 Change in accounting policies

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended 31 December 2019.

### 3.1 Standards, amendments and interpretations effective in 2020 and relevant for the Company’s operations:

The Company has adopted all of the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for periods beginning on 1 January 2020.

### 3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Company. Information on those expected to be relevant to the Company’s financial statements is provided below.

#### Other

The Company does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Company. These standards are listed as follows:

- IFRS 17 Insurance Contracts.
- Definition of a Business (Amendments to IFRS 3).
- Definition of Material (Amendments to IAS 1 and IAS 8); and
- Conceptual Framework for Financial Reporting.

## 4 Summary of accounting policies

### 4.1 Overall considerations

The same accounting policies, presentation and methods of computation are followed in this condensed interim financial information as were applied in the preparation of the Company’s financial statements for the year ended 31 December 2019, except for certain new and revised standards and interpretations that became effective in the current period.

### 4.2 Presentation of financial statements

The separate financial statements are presented in accordance with IAS 1 *Presentation of Financial Statements*.

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### 4 Summary of accounting policies (Continued)

#### 4.3 Estimates and judgements

The preparation of the condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

##### *Measurement of the expected credit loss allowance*

The Management reviews the debtors ageing on a periodic basis. In case of difficult and unsecured debtors whose outstanding is in excess of the credit period allowed, regular follow up is made to collect the same. Where necessary, legal options are also considered. The Management estimates the allowance for credit losses based on percentages applied on the overall age analysis and including a review of case to case debtors.

### 5 Property, plant and equipment

	Buildings RO	Plant, machinery dies and die tools RO	Extrusion and anodizing plant RO	Office and other equipment RO	Furniture and fixtures RO	Motor vehicles RO	Computer equipment RO	Capital work in progress RO	Total RO
<b>Cost</b>									
At 1 January 2020	5,040,165	20,199,824	4,998,777	555,390	207,980	126,276	443,804	170,945	31,743,161
Additions	-	371,623	-	-	149	-	1,007	97,167	469,946
Disposals	-	(147,149)	-	-	-	-	-	-	(147,149)
<b>At 30 June 2020</b>	<b>5,040,165</b>	<b>20,424,298</b>	<b>4,998,777</b>	<b>555,390</b>	<b>208,129</b>	<b>126,276</b>	<b>444,811</b>	<b>268,112</b>	<b>32,065,958</b>
<b>Depreciation</b>									
At 1 January 2020	2,570,524	11,914,938	4,998,777	545,775	198,876	90,425	400,369	-	20,719,684
Charge for the period	72,001	559,636	-	2,880	3,261	5,435	9,015	-	652,228
Disposals and write offs	-	(147,149)	-	-	-	-	-	-	(147,149)
<b>At 30 June 2020</b>	<b>2,642,525</b>	<b>12,327,425</b>	<b>4,998,777</b>	<b>548,655</b>	<b>202,137</b>	<b>95,860</b>	<b>409,384</b>	<b>-</b>	<b>21,224,763</b>
<b>Net book value:</b>									
<b>At 30 June 2020</b>	<b>2,397,640</b>	<b>8,096,873</b>	<b>-</b>	<b>6,735</b>	<b>5,992</b>	<b>30,416</b>	<b>35,427</b>	<b>268,112</b>	<b>10,841,195</b>

For the year ended 2019 the carrying amounts can be presented as follows:

	Buildings RO	Plant, machinery dies and die tools RO	Extrusion and anodizing plant RO	Office and other equipment RO	Furniture and fixtures RO	Motor vehicles RO	Computer equipment RO	Capital work in progress RO	Total RO
<b>Cost</b>									
At 1 January 2019	5,037,165	19,943,361	4,998,777	551,264	207,744	126,276	433,729	-	31,298,316
Additions	3,000	1,252,941	-	4,126	236	-	10,075	170,945	1,441,323
Disposals	-	(996,478)	-	-	-	-	-	-	(996,478)
<b>At 31 December 2019</b>	<b>5,040,165</b>	<b>20,199,824</b>	<b>4,998,777</b>	<b>555,390</b>	<b>207,980</b>	<b>126,276</b>	<b>443,804</b>	<b>170,945</b>	<b>31,743,161</b>
<b>Depreciation</b>									
At 1 January 2019	2,421,488	11,844,165	4,998,777	533,302	187,805	76,366	381,907	-	20,443,810
Charge for the year	149,036	1,067,251	-	12,473	11,071	14,059	18,462	-	1,272,352
Disposals and write offs	-	(996,478)	-	-	-	-	-	-	(996,478)
<b>At 31 December 2019</b>	<b>2,570,524</b>	<b>11,914,938</b>	<b>4,998,777</b>	<b>545,775</b>	<b>198,876</b>	<b>90,425</b>	<b>400,369</b>	<b>-</b>	<b>20,719,684</b>
<b>Net book value:</b>									
<b>At 31 December 2019</b>	<b>2,469,641</b>	<b>8,284,886</b>	<b>-</b>	<b>9,615</b>	<b>9,104</b>	<b>35,851</b>	<b>43,435</b>	<b>170,945</b>	<b>11,023,477</b>

## Notes

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### 6 Right-of-use asset and lease liabilities

As per IFRS 16, interest rate implicit in the lease should be used to discount present value of lease payments. In absence of implicit rate, the Company's incremental borrowing rate is used.

Movement in right-of-use asset:

	Unaudited period ended 30 June 2020 RO	Audited Year ended 31 December 2019 RO
As on 1 January 2020	282,154	298,805
Depreciation during the period/year	<b>(8,326)</b>	(16,651)
As at 30 June 2020	<b>273,828</b>	282,154

Lease liabilities are presented in the statement of financial position as follows:

	Unaudited period ended 30 June 2020 RO	Audited Year ended 31 December 2019 RO
Current	13,088	12,491
Non-current	<b>315,572</b>	322,068
	<b>328,660</b>	334,559

	Within one year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years	Total
<b>Minimum lease payments due</b>							
<b>30 June 2020</b>							
Lease payments	<b>32,564</b>	32,564	32,564	32,564	32,564	386,350	549,170
Finance charges	<b>(19,476)</b>	(18,691)	(17,860)	(16,978)	(16,043)	(131,462)	(220,510)
<b>Net present values</b>	<b>13,088</b>	<b>13,874</b>	<b>14,705</b>	<b>15,586</b>	<b>16,522</b>	<b>254,888</b>	<b>328,660</b>

### 7 Investment property

Investment property, being land, is stated at its fair value and it is located at Al-Rusail Phase 2, In Al Seeb, Plot No.299 covering an area of 3600 square meters. The fair value has been estimated by the Management based on an independent valuation undertaken by a professional valuer in February 2020.

	Unaudited period ended 30 June 2020 RO	Audited Year ended 31 December 2019 RO
At the beginning of the Period year	500,000	380,000
Revaluation during the period/year	-	120,000
At the end of the period/year	<b>500,000</b>	500,000

The fair value measurement for the investment property is measured on a recurring basis and fall within level 2 of the fair value hierarchy as below.

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

## Notes

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### 8 Inventories

	Unaudited period ended 30 June 2020 RO	Audited Year ended 31 December 2019 RO
Raw materials	854,525	1,401,775
Spares and tools	891,250	884,156
Finished goods	1,023,661	862,935
Work in progress	367,541	425,074
Consumables	746,278	602,965
Scrap	74,912	662,219
	<b>3,682,233</b>	4,839,124
Less: Provision for slow moving inventories	<b>(275,934)</b>	(257,038)
	<b>3,682,233</b>	4,582,086

### 9 Trade and other receivables

	Unaudited Period ended 30 June 2020 RO	Audited Year ended 31 December 2019 RO
Trade receivables	17,130,247	18,871,537
Less: allowance for credit losses	<b>(727,267)</b>	(647,076)
	<b>16,402,980</b>	18,224,461
Advances and deposits	107,301	537,265
Prepayments and other receivables	287,089	270,072
	<b>16,797,370</b>	19,031,798

### 10 Cash and bank

	Unaudited Period ended 30 June 2020 RO	Audited Year ended 31 December 2019 RO
Cash at bank	318,343	437,383
Cash on hand	1,004	1,052
	<b>319,347</b>	438,435

### 11 Share capital

The Company's authorized, issued and paid up capital comprises of 33,571,450 shares with a nominal value of RO 0.1 each (2019 – 33,571,450).

Shareholders of the Company who own 10% or more of the Company's share and the number of shares they hold are as follows:

Names of shareholders	Unaudited Period ended 30 June 2020		Audited Year ended 31 December 2019	
	No. of shares	%	No. of shares	%
Global Financial Investment Holding Co SAOG	6,913,933	20.59	6,913,933	20.59
Omani & Emirates Investment Holding Company SAOG	4,462,500	13.29	4,462,500	13.29
Ministry of Defence Pension Fund	3,357,000	10.00	3,357,000	10.00
	<b>14,733,433</b>	<b>43.88</b>	14,733,433	43.88

## Notes

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### 12 Legal reserve

As required by the Commercial Companies Law of the Sultanate of Oman, 2019, 10% of the annual profit is to be transferred to a legal reserve, until the amount of the legal reserve reaches one third of the capital. No transfer has been made in the current period as the reserve has reached the statutory minimum of one third of the capital. The reserve is not available for distribution.

### 13 Borrowings

	Unaudited Period ended 30 June 2020 RO	Audited Year ended 31 December 2019 RO
Term loan 1	294,933	594,933
Term loan 2	155,138	155,138
Non-current portion	450,071	750,071
Current portion of term loan 1	1,175,000	1,150,000
Current portion of term loan 2	300,000	400,000
Loan against trust receipts	8,268,300	14,368,153
Short term loans	7,734,000	7,378,500
Bank overdraft	388,733	490,725
Current portion	17,866,033	23,787,378

### 14 Employees end of service benefits

	Unaudited Period ended 30 June 2020 RO	Audited Year ended 31 December 2019 RO
At the beginning of the period/ year	342,622	300,541
Expense for the period / Year	21,096	62,494
Settled during the period / Year	(16,907)	(20,413)
At the end of the period/year	346,811	342,622

### 15 Trade and other payables

	Unaudited Period ended 30 June 2020 RO	Audited Year ended 31 December 2019 RO
Trade payable	5,588,737	2,064,074
Accruals	1,359,499	971,076
Other payables	280,557	365,891
	7,228,793	3,401,041

## Notes

(forming part of the condensed interim financial information)

### 16 Cost of sale

	Unaudited period ended 30 June 2020 RO	Unaudited period ended 30 June 2019 RO
Raw materials and other materials consumed	12,478,998	17,890,821
Salaries and employee related costs [note 20]	981,857	1,213,221
Depreciation	659,092	610,488
Other factory expenses	435,843	483,809
Provision for slow and non - moving inventories	18,286	25,290
	<b>14,574,076</b>	<b>20,223,629</b>

### 17 Other income

	Unaudited period ended 30 June 2020 RO	Unaudited period ended 30 June 2019 RO
Foreign exchange gain	4,517	3,896
Insurance Claim received	4,281	-
Miscellaneous	70,142	20,058
Dies Related Income	46,774	65,761
Gain on disposal of property, plant and equipment	4,470	-
Gain/(Loss) on change in FV of derivative financial Instrument	-	127,923
(Loss)/Gain on change in FV of derivative financial item	-	(127,923)
	<b>130,184</b>	<b>89,715</b>

### 18 General and administrative expenses

	Unaudited period Ended 30 June 2020 RO	Unaudited period ended 30 June 2019 RO
Salaries and employee related costs [note 20]	310,829	338,273
Repairs and maintenance	53,737	69,250
Directors' meeting attendance fees	32,000	16,750
Legal and professional fees	25,272	16,995
Printing and stationery	3,900	13,836
Communication	9,971	10,578
Insurance	5,997	5,479
Depreciation	1,462	1,867
Other administrative expenses	39,006	45,311
	<b>482,174</b>	<b>518,339</b>

## Notes

(forming part of the condensed interim financial information)

### 19 Selling and distribution expenses

	Unaudited period ended 30 June 2020 RO	Unaudited period ended 30 June 2019 RO
Freight outward charges	290,504	388,448
Salaries and employee related costs [note 20]	100,179	96,224
Commission	122,413	55,989
Advertisement and sales promotion	18,797	17,375
Royalty expenses	-	29,376
Other expenses	54,313	88,442
	<b>586,206</b>	<b>675,854</b>

### 20 Salaries and employee related cost

	Unaudited period ended 30 June 2020 RO	Unaudited period Ended 30 June 2019 RO
Salaries and wages	1,327,581	1,569,452
Contributions to defined retirement plan for Omani employees	44,188	42,705
Cost of End of service benefits for expatriate employees	21,096	35,561
	<b>1,392,865</b>	<b>1,647,718</b>

### 21 Net financial costs

	Unaudited period ended 30 June 2020 RO	Unaudited period ended 30 June 2019 RO
Interest expenses	637,760	679,752
Bank Charges	60,475	39,215
Interest Income	(20)	(335)
	<b>698,215</b>	<b>718,632</b>

### 22 Related party transaction

a) The Company enters into transactions in the ordinary course of business with key management personnel, Directors, significant shareholders (holding of 10% or more interest in the Company) and entities in which they have an interest. These transactions are entered into on terms and conditions approved by the Management and Board of Directors and subject to shareholders' approval at the Annual General Meeting.

b) The key management personnel compensation for the period comprises:

	Unaudited period ended 30 June 2020 RO	Unaudited period ended 30 June 2019 RO
Short term employment benefits	135,510	147,551
End of service benefits	8,109	8,494
Directors' meeting attendance fees	32,000	16,750
	<b>175,619</b>	<b>172,795</b>

## Notes

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### 23 Earnings per share

The earnings per share is calculated by dividing the profit/loss for the period by the weighted average number of shares during the period. For the purpose of computation of the weighted average number of shares outstanding during the period.

	Unaudited Period ended 30 June	Unaudited Period ended 30 June
	2020	2019
	RO	RO
(Loss)/Profit for the period	(891,373)	25,167
Weighted average number of ordinary shares outstanding during the period	33,571,450	33,571,450
Basic (loss) / earnings per share	(0.053)	0.001

### 23.1 Net assets per share

Net assets per share is calculated by dividing the equity attributable to the shareholders of the Company at the reporting date by the number of shares outstanding as follows:

	Unaudited Period ended 30 June	Audited Year ended 31 December
	2020	2019
	RO	RO
Net assets (RO)	6,367,049	7,258,422
Weighted average number of ordinary shares outstanding during the period/year	33,571,450	33,571,450
Net assets per share (RO)	0.190	0.216

### 24 Contingencies and commitments

	Unaudited period ended 30 June	Unaudited period ended 30 June
	2020	2019
	RO	RO
Letter of credit and guarantee	22,250	14,521

### 25 Operating segments

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. For management purpose, the Company is organised into seven operating divisions. These divisions are the basis on which the Company reports its segment information:

	2020		2019	
	30 June		30 June	
	Sales RO	Accounts receivable RO	Sales RO	Accounts receivable RO
Local (Oman)	3,425,324	5,061,873	6,841,818	6,190,799
Other GCC Countries	11,312,623	11,693,463	14,214,033	12,780,853
Europe	146,091	26,845	143,402	98,936
Others	357,966	348,066	940,553	151,466
	15,242,004	17,130,247	22,139,806	19,222,054



## Notes

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### **26 Comparatives**

Previous period figures have been regrouped or reclassified, wherever necessary, so that they conform to those of the current period.