# Travertine Company

**Public Shareholding Company**

**Financial Statements**

**31 December 2020**

**Travertine Company**
**Public Shareholding Company**

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# INDEPENDENT AUDITORS' REPORT

**To The Shareholders of**
**Travertine Company**
**Public Shareholding Company**
**Al Balqa - Jordan**

**Qualified Opinion**
We have audited the financial statements of **Travertine Company PLC**, which comprise the statement of financial position as at 31 December 2020, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effect of the matters described in the basis for qualified opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

**Basis for Qualified Opinion**

- During the years 2017 and 2018 the Company did not depreciate some of its plant and equipment related to the production factory, this resulted in a decrease in depreciation expenses by amount of JOD (369,597), and increase in equity by the same amount.
- We were unable to validate the balance of several receivables accounts amounting to JOD (310,257) as at 31 December 2020, as we could not acquire confirmations from these receivables or perform any alternative procedures.
- The accompanying financial statements includes unrecorded expected credit losses amounting to JOD (321,616) as at 31 December 2020.

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 ethical requirements that are relevant to our audit of the financial statements in the Hashemite Kingdom of Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

**Material Uncertainty Related to Going Concern**
The accompanying financial statements have been prepared on a going concern basis, and as indicated in the statement of financial position, the Company's accumulated losses represent 69% of its share capital, and the Company suffers from financial difficulties due to liquidity problems and a major decline in sales. This situation indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern, and its continuity depends on its ability to implement the management's plan disclosed in note No. (28).

**Emphasis of Matter**
The General Assembly of the Company decided in its extra ordinary meeting held on 8 August 2018, the merger of Travertine Company PLC with International Silica Industries Company PLC. The main Company is Travertine Company PLC, and International Silica Industries Company is the merged Company. The merger was not completed until the date of this financial statements.

**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. We have determined that the matters described below are the key audit matters to be communicated in our report:

**(1) Provision for Expected Credit Loss**

Included in the accompanying financial statements at the end of the year 2020 financial assets totaling JOD (477,292), as the provision for expected credit loss of these financial assets are dependent on the management's estimates of different variables, the adequacy of the provision is considered a key audit matter. The audit procedures performed by us to address this key audit matter included inquiring from management about the methodology used in calculating the provision and assessing the reasonableness of estimates and assumptions used by the management in calculating the provision amount. We have also inquired about the management's collection procedures and the amounts collected post year end.

**(2) Cost of Finished Goods and Work in Process**

Included in the accompanying financial statements at the end of the year 2020 finished goods and work in process totaling JOD (1,142,632) as determining the cost of these goods involve the calculation of an overhead application rate based on the plant normal capacity, we considered determining the cost of finished goods and work in process a key audit matter. The audit procedures performed by us to address this key audit matter included assessing the appropriateness of the underlying data used by management in determining the overhead application rate. We have also inspected sales invoices to assess whether inventory is being sold at a higher value than its cost by comparing sales price to values at which it is held in the Company's inventory records.

**Other Information**

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do 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 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of 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's 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.

**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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they 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 ISAs, 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 risks, 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, 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's 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 evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's 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.

- 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 significant 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 period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes 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 and the accompanying financial statements are in agreement therewith and with the financial data presented in the Board of Directors' report, and we recommend the General Assembly to approve it, taking into consideration what is stated in the basis of our qualified opinion paragraphs.

Arab Professionals Public Accountants

25 April 2021
Amman - Jordan

**Arab Professionals**
**Amin Samara**
**License No. (481)**

**Travertine Company**
**Public Shareholding Company**
**Statement of financial position**
**As at 31 December 2020**

**(In Jordanian Dinar)**

| | Notes | 2020 | 2019 |
|---|---|---|---|
| **Assets** | | | |
| **Non - current assets** | | | |
| Property, plant and equipment | 3 | 1,143,589 | 1,324,993 |
| Right of use assets | 5 | 68,736 | 75,912 |
| Financial assets measured at fair value through other comprehensive income | 4 | 26,916 | 26,916 |
| **Total non - current assets** | | 1,239,241 | 1,427,821 |
| **Current assets** | | | |
| Inventories | 6 | 1,142,632 | 1,386,844 |
| Spare parts | | 134,457 | 139,645 |
| Accounts receivable | 7 | 312,668 | 359,823 |
| Amounts due from related parties | 8 | 62,567 | 64,427 |
| Other receivables | 9 | 55,047 | 68,612 |
| Cash and cash equivalents | 10 | 6,585 | 12,619 |
| **Total current assets** | | 1,713,956 | 2,031,970 |
| **Total assets** | | **2,953,197** | **3,459,791** |
| **Equity and liabilities** | | | |
| **Equity** | 11 | | |
| Paid-in capital | | 4,600,000 | 4,600,000 |
| Statutory reserve | | 181,803 | 181,803 |
| Accumulated changes in fair value of financial assets | | (286,590) | (286,590) |
| Accumulated losses | | (3,155,625) | (2,493,540) |
| **Net equity** | | 1,339,588 | 2,001,673 |
| **Liabilities** | | | |
| **Non - current liabilities** | | | |
| Credit facilities - long term | 12 | 431,525 | - |
| Lease obligation - long term | 5 | 60,653 | 65,160 |
| Deferred checks - long term | | 69,123 | - |
| Amounts due to related parties | 8 | 200,324 | 183,324 |
| **Total Non - current liabilities** | | 761,625 | 248,484 |
| **Current liabilities** | | | |
| Credit facilities - short term | 12 | 20,000 | 423,625 |
| Lease obligation - short term | 5 | 7,386 | 7,078 |
| Deferred checks - short term | | 39,504 | 57,494 |
| Accounts payable | | 427,429 | 371,558 |
| Other liabilities | 13 | 357,665 | 349,879 |
| **Total current liabilities** | | 851,984 | 1,209,634 |
| **Total liabilities** | | 1,613,609 | 1,458,118 |
| **Total equity and liabilities** | | **2,953,197** | **3,459,791** |

"The attached notes from (1) to (29) are an integral part of these financial statements"

**Travertine Company**
**Public Shareholding Company**
**Statement of profit or loss**
**For the Year Ended 31 December 2020**

**(In Jordanian Dinar)**

| | Notes | 2020 | 2019 |
|---|---|---|---|
| Net sales | 23 | 290,086 | 589,738 |
| Cost of sales | 14 | (719,895) | (1,108,253) |
| **Gross loss** | | **(429,809)** | **(518,515)** |
| Selling and distribution expenses | 18 | (30,263) | (52,859) |
| Administrative expenses | 19 | (162,343) | (217,568) |
| Financing expenses | | (48,015) | (56,693) |
| Provision for expected credit loss | **7** | - | (9,480) |
| Other revenues | | 8,345 | 16,908 |
| **Loss for the year** | | **(662,085)** | **(838,207)** |
| | | | |
| **Basic and diluted losses per share** | 20 | **(0.143)** | **(0.182)** |

"The attached notes from (1) to (29) are an integral part of these financial statements"

**Travertine Company**
**Public Shareholding Company**
**Statement of comprehensive income**
**For the Year Ended 31 December 2020**

**(In Jordanian Dinar)**

| | 2020 | 2019 |
|---|---|---|
| Loss for the year | (662,085) | (838,207) |
| **Other comprehensive income** | | |
| Changes in fair value of financial assets through other comprehensive income | - | - |
| **Total comprehensive loss for the year** | **(662,085)** | **(838,207)** |

"The attached notes from (1) to (29) are an integral part of these financial statements"

**Travertine Company**
**Public Shareholding Company**
**Statement of changes in equity**
**For the Year Ended 31 December 2020**

**(In Jordanian Dinar)**

| | Paid - In capital | Statutory reserve | Accumulated changes in fair value of financial assets | Accumulated losses | Total |
|---|---|---|---|---|---|
| **Balance at 1 January 2020** | **4,600,000** | **181,803** | **(286,590)** | **(2,493,540)** | **2,001,673** |
| Total comprehensive loss for the year | - | - | - | (662,085) | **(662,085)** |
| **Balance at 31 December 2020** | **4,600,000** | **181,803** | **(286,590)** | **(3,155,625)** | **1,339,588** |
| | | | | | |
| **Balance at 1 January 2019** | **4,600,000** | **181,803** | **(286,590)** | **(1,655,333)** | **2,839,880** |
| Total comprehensive loss for the year | - | - | - | (838,207) | **(838,207)** |
| **Balance at 31 December 2019** | **4,600,000** | **181,803** | **(286,590)** | **(2,493,540)** | **2,001,673** |

"The attached notes from (1) to (29) are an integral part of these financial statements"

**Travertine Company**
**Public Shareholding Company**
**Statement of cash flows**
**For the Year Ended 31 December 2020**

**(In Jordanian Dinar)**

| | 2020 | 2019 |
|---|---|---|
| **Operating Activities** | | |
| Loss for the year | (662,085) | (838,207) |
| Depreciation | 181,404 | 197,745 |
| Right of use assets depreciation | 7,176 | 7,136 |
| Lease obligation interest | 7,801 | 8,190 |
| Provision for expected credit loss | - | 9,480 |
| Gain from property, plant and equipment disposals | - | (16,908) |
| **Changes In Operating Activities** | | |
| Checks under collection | - | 6,695 |
| Accounts receivable | 47,155 | 132,916 |
| Inventories | 244,212 | 292,961 |
| Spare parts | 5,188 | 13,602 |
| Other receivables | 13,565 | 9,678 |
| Deferred checks | 51,133 | (1,390) |
| Accounts payable | 55,871 | (12,554) |
| Other liabilities | 7,786 | 217,666 |
| Amounts due from /to related parties | 18,860 | 185,556 |
| **Net cash flows (used in) from operating activities** | (21,934) | 212,566 |
| **Investing Activities** | | |
| Property, plant and equipment | - | 19,728 |
| **Financing Activities** | | |
| Credit facilities | 27,900 | (224,496) |
| Lease obligation payments | (12,000) | (12,000) |
| **Net cash flows from (used in) financing activities** | 15,900 | (236,496) |
| **Net changes in cash and cash equivalents** | (6,034) | (4,202) |
| Cash and cash equivalents, beginning of year | 12,619 | 16,821 |
| **Cash and cash equivalents, end of year** | **6,585** | **12,619** |

"The attached notes from (1) to (29) are an integral part of these financial statements"

## 1 . General

**Travertine Company PLC.** Was established on 1 June 1999 as a Public Shareholding Company and registered at the Ministry of Trade and Industry under number (338). The Company head office is in the Hashemite Kingdom of Jordan. The Company's main objective is mining and extracting travertine rocks to produce all related products.

The shares of the company are listed in Amman stock Exchange.

The accompanying financial statements were authorized for issue by the Company's Board of Directors in their meeting held on 25 April 2021 and it is subject to the General Assembly approval.

## 2 . Summary of significant accounting policies

### Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards.

The financial statements have been prepared on a historical cost basis, except for financial assets at fair value.

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

The accounting policies are consistent with those used in the previous year, except for the adoption of new and amended standards effective as at the beginning of the year.

### Adoption of new and revised IFRS standard

The following standard have been published that are mandatory for accounting periods after 31 December 2020. Management anticipates that the adoption of new and revised Standard will have no material impact on the financial statements of the Company.

| Standard No. | Title of Standard | Effective Date |
|---|---|---|
| IFRS 17 | Insurance Contracts | 1 January 2023 |

**Use of estimates**

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions and in particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

Management believes that the estimates are reasonable and are as follows:

- Management reviews periodically the tangible assets in order to assess the depreciation for the year based on the useful life and future economic benefits. Any impairment is taken to the statement of profit or loss.
- Because of the nature of this industry, management is using its judgment for identifying some of the travertine rock quantities.
- Inventories are held at the lower of cost or net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.
- The measurement of impairment losses under IFRS 9 requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. Elements of the expected credit loss model that are considered accounting judgments and estimates include Probability of default (PD), Loss given default (LGD) and Exposure at default (EAD).

**Property, plant and equipment**

Property plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of profit or loss.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to income in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property, plant and equipment.

Depreciation is computed on a straight-line basis at annual depreciation rates:

| | |
|---|---|
| Buildings and hangers | 2 - 10% |
| Machines and equipment | 5 - 50% |
| Vehicles and forklifts | 11 - 21% |
| Appliances, furniture and others | 9 - 25% |

The useful life and depreciation method are reviewed periodically to ensure that the method and period of deprecation are consistent with the expected pattern of economic benefits from items of property plant and equipment.

When the expected recoverable amount of any property and equipment is less than its net book value, the net book value is reduced to the expected recoverable amount, and the impairment loss is recorded in the statement of profit or loss.

**Financial assets measured at fair value through other comprehensive income**

These financial assets represent investments in equity instruments held for the purpose of generating gain on a long term and not for trading purpose.
Financial assets at fair value through other comprehensive income initially stated at fair value plus transaction costs at purchase date.

Subsequently, they are measured at fair value with gains or losses arising from changes in fair value recognized 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 at foreign currency. In case those assets – or part of them- were sold, the resultant gain or loss is recorded in the statement of comprehensive income within owners' equity and the reserve for the sold assets is directly transferred to the retained earnings and not through the statement of profit or loss.

Dividends are recorded in the statement of profit or loss on a separate line item.

**Fair value**

For fair value of investments, which are traded in organized financial markets, is determined by reference to the quoted market bid price at the close of the business on the statement of financial position date. For investments which are listed in inactive stock markets, traded in small quantities or have no current prices, the fair value is measured using the current value of cash flows or any other method adopted. If there is no reliable method for the measurement of these investments, then they are stated at cost less any impairment in their value.

**Trading and settlement date accounting**

Purchases and sales of financial assets are recognized on the trade date, i.e. the date on which the Company commits its self to purchase or sell the asset.

**Right-of-use assets**

The Company recognises right-of-use at the commencement date of the lease (i.e., the date the underlying assets is available for use). Right -of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.
The cost of right-of-use assets include the amount of lease liabilities recognised, initial direct costs incurred, and lease payment made at or before the commencement date less any lease incentives received. Unless the company is reasonably certain to obtain ownership of the leased assets at the end of the lease term, the recognized right -of-use assets are depreciated on a straight – line basis over the shorter of its estimated useful life and the lease term. Right -of-use assets are subject to impairment.

**Lease obligation**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payment to be made over the lease term. The lease payment include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the company and payments of penalties for terminating a lease, if the lease term reflects of the company exercising the option to terminate.
The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.
In calculating the present value of lease payments, the company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

**Short-term-leases and leases of low-value assets**
The company applies the short-term lease recognition exemption to some of its short-term leases (I.e., those leases that have a lease terms of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**Inventories, spare part and raw materials**
Inventories are stated at the lower of cost or net realizable value. Cost is determined by the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads, cost is determined by the weighted average method.

Spare parts are stated at the lower of cost or net realizable value. Cost is determined by the weighted average method.

Travertine blocks are stated at the total direct mining cost or net selling price, which is lessor, cost is determined by the weighted average method.

**Trade receivables**
Trade Receivables are carried at original invoice amount less an estimate made for expected credit loss based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

**Cash and cash equivalents**
Cash and cash equivalents are carried in the financial statement at cost. For the purposes of the statement of cash flow, cash and cash equivalents comprise of cash on hand, deposits held at call with banks, other short - term highly liquid investments.

**Accounts payable and accruals**
Accounts payable and accrued payments are recognized upon receiving goods or performance of services.

**Offsetting**
Financial assets and financial liabilities are offset and the net amount reported in the financial statement 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**
A provision is recognized when, and only when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

**Revenue recognition**
Revenues from sale of goods are recognized when control transferred to the buyer, while revenues from rendering services are recognized over time and according to percentage of completion. In all cases, it is necessary that the amount of revenue can be measured reliably.

Dividends revenue is recognized when its declared by the general assembly of the investee company.

Other revenues are recognized on the accrual basis.

**Foreign currency**
Assets and liabilities denominated in foreign currencies are translated to Jordanian Dinar using the prevailing exchange rates at year end. Foreign currency transactions during the year are recorded using exchange rates that were in effect at the dates of the transactions. Foreign exchange gains or losses are reflected in the statement of profit or loss.

**Income taxes**
Income tax expenses are accounted for on the basis of taxable income. Taxable income differs from income declared in the financial statements because the latter includes non-taxable revenues or disallowed taxable expenses in the current year but deductible in subsequent years, accumulated losses acceptable by the tax law, and items not accepted for tax purposes or subject to tax.
Taxes are calculated on the basis of the tax rates according to the prevailing laws, regulations, and instructions of the countries where the Company operates.

## 3 . Property, plant and equipment

| | Lands | Buildings & hangers | Machines & equipment | Vehicles and forklifts | Appliances, furniture & others | Total |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| Balance at 1/1/2020 | 68,953 | 1,060,479 | 2,912,300 | 385,803 | 436,108 | **4,863,643** |
| Balance at 31/12/2020 | 68,953 | 1,060,479 | 2,912,300 | 385,803 | 436,108 | **4,863,643** |
| **Accumulated depreciation** | | | | | | |
| Balance at 1/1/2020 | - | 619,694 | 2,139,380 | 364,161 | 415,415 | **3,538,650** |
| Depreciation | - | 33,156 | 138,348 | 6,764 | 3,136 | **181,404** |
| Balance at 31/12/2020 | - | 652,850 | 2,277,728 | 370,925 | 418,551 | **3,720,054** |
| **Net book value at 31/12/2020** | **68,953** | **407,629** | **634,572** | **14,878** | **17,557** | **1,143,589** |
| **Cost** | | | | | | |
| Balance at 1/1/2019 | 68,953 | 1,060,479 | 2,912,300 | 423,606 | 436,108 | **4,901,446** |
| Disposals | - | - | - | (37,803) | - | **(37,803)** |
| Balance at 31/12/2019 | 68,953 | 1,060,479 | 2,912,300 | 385,803 | 436,108 | **4,863,643** |
| **Accumulated depreciation** | | | | | | |
| Balance at 1/1/2019 | - | 586,097 | 1,993,394 | 386,240 | 410,157 | **3,375,888** |
| Depreciation | - | 33,597 | 145,986 | 12,904 | 5,258 | **197,745** |
| Disposals | - | - | - | (34,983) | - | **(34,983)** |
| Balance at 31/12/2019 | - | 619,694 | 2,139,380 | 364,161 | 415,415 | **3,538,650** |
| **Net book value at 31/12/2019** | **68,953** | **440,785** | **772,920** | **21,642** | **20,693** | **1,324,993** |

- There is a mortgage on the Company's lands and buildings with the amount of JOD (480,000) against bank facilities granted to the Company.

- During the years 2017 and 2018, the Company did not depreciate some of its plant and equipment, this resulted in a decrease in depreciation expenses by an amount of JOD (369,597).

## 4 . Financial assets measured at fair value through other comprehensive income

| | 2020 | 2019 |
|---|---|---|
| Investment listed in Amman stock exchange | **26,916** | **26,916** |

- This item represents the Company's investment in International Silica Industries Company.

- There is a restriction on some of these shares by the Income tax Department with an amount of JOD (2,706).

## 5 . Leased assets

The Movement on the right of use assets and lease obligation are as follows:

| | Right of use assets | Lease obligation |
|---|---|---|
| Balance as at 1/1/2020 | **75,912** | **72,238** |
| Interest | - | 7,801 |
| Payment during the year | - | (12,000) |
| Depreciation | (7,176) | - |
| Balance as at 31/12/2020 | **68,736** | **68,039** |
| | | |
| Short term balance | | 7,386 |
| Long term balance | | 60,653 |
| | | **68,039** |

## 6 . Inventories

| | 2020 | 2019 |
|---|---|---|
| Finished goods | 187,359 | 246,293 |
| Raw travertine blocks | 812,557 | 897,181 |
| Work in process | 100,993 | 187,363 |
| Other raw blocks | 41,723 | 56,007 |
| | **1,142,632** | **1,386,844** |

## 7 . Accounts receivable

| | 2020 | 2019 |
|---|---|---|
| Commercial receivables | 475,344 | 522,008 |
| Employees receivables | 1,948 | 2,439 |
| Provision for expected credit loss | (164,624) | (164,624) |
| | **312,668** | **359,823** |

The movement on the provision for expected credit loss was as follow:

| | 2020 | 2019 |
|---|---|---|
| Balance at beginning of the year | 164,624 | 155,144 |
| Addition | - | 9,480 |
| | **164,624** | **164,624** |

The age of receivables past due but not impaired is as follows:

| | 2020 | 2019 |
|---|---|---|
| Not more than 3 months | 12,666 | 31,061 |
| More than 3 months but less than 6 months | 481 | 6,192 |
| More than 6 months but less than 9 months | 1,802 | 49,777 |
| More than 9 months | 297,719 | 272,793 |
| | **312,668** | **359,823** |

## 8 . Related party transactions

The Company had the following transactions with its related party during the year:

| Party | Relationship Nature | Transaction Volume | Transaction Nature | Balance at year end Debit | Balance at year end Credit |
|---|---|---|---|---|---|
| International Silica Industries company | Sister Company | - | Financial | 27,814 | - |
| Kem Fouad Abu Jaber | BOD member | 1,860 | Financial | 34,753 | - |
| Ayman Abd Al Kareem Hatahit | BOD president | 17,000 | Financial | - | 200,324 |
| | | | | **62,567** | **200,324** |

## 9 . Other receivables

| | 2020 | 2019 |
|---|---|---|
| Refundable deposits | 33,355 | 33,362 |
| Prepaid expenses | 3,094 | 16,378 |
| Advertising materials | 9,688 | 9,775 |
| Income tax withholdings | 6,858 | 6,821 |
| Stationary | 2,052 | 2,276 |
| | **55,047** | **68,612** |

## 10 . Cash and cash equivalents

| | 2020 | 2019 |
|---|---|---|
| Cash and checks on hand | 1,544 | 8,851 |
| Bank current accounts | 5,041 | 3,768 |
| | **6,585** | **12,619** |

## 11 . Equity

**Paid-in capital**

The Company's authorized, subscribed and paid up capital is JOD (4.6) Million divided equally into (4.6) Million shares with par value of JOD (1) for each share as at 31 December 2020 and 2019.

**Statutory Reserve**

The accumulated amounts in this account represent 10% of the Company’s net income before income tax according to the Companies Law. The statutory reserve is not available for distribution to shareholders.

## 12 . Credit facilities

| Credit Type | Currency | Interest rate | Maturity date | Credit Limit | Outstanding Balance |
|---|---|---|---|---|---|
| Loan | JOD | 9.25% | 2021-2024 | 460,000 | 451,525 |

The bank facilities granted to the Company are guaranteed through the mortgage of Company's lands and buildings.

## 13 . Other liabilities

| | 2020 | 2019 |
|---|---|---|
| Accrued expenses | 226,614 | 170,325 |
| Sales and income tax withholdings (Salaries and transportation) | 103,207 | 84,780 |
| Social security withholdings | 15,576 | 82,506 |
| Provision for Jordanian Universities fees | 7,600 | 7,600 |
| Dividends withholdings | 4,668 | 4,668 |
| | **357,665** | **349,879** |

## 14 . Cost of sales

| | 2020 | 2019 |
|---|---|---|
| Beginning Inventory | 1,386,844 | 1,679,805 |
| Mining expenses (Note 15) | 49,042 | 71,884 |
| Building rock's unit expenses (Note 16) | 20,967 | 42,862 |
| Production expenses (Note 17) | 372,854 | 639,035 |
| Purchases | 32,820 | 61,511 |
| Ending inventory (Note 6) | (1,142,632) | (1,386,844) |
| | **719,895** | **1,108,253** |

## 15 . Mining expenses

| | 2020 | 2019 |
|---|---|---|
| Wages, salaries and other benefits | 24,145 | 29,083 |
| Social security | 3,151 | 4,249 |
| Vehicles | 1,126 | 9,422 |
| Utilities | 3,878 | 9,491 |
| Right of use depreciation (Note 5) | 7,176 | 7,136 |
| Lease obligation interest (Note 5) | 7,801 | 8,190 |
| Insurance | 1,223 | 2,827 |
| Tools and supplies | 232 | 498 |
| Depreciation | 227 | 488 |
| Miscellaneous | 83 | 500 |
| | **49,042** | **71,884** |

## 16 . Building rock's unit expenses

| | 2020 | 2019 |
|---|---|---|
| Wages, salaries and other benefits | 6,721 | 18,173 |
| Social security | 678 | 2,618 |
| Electricity | 3,484 | 9,090 |
| Rock forming expenses | 4,375 | 3,572 |
| Depreciation | 2,229 | 2,223 |
| Miscellaneous | 3,480 | 7,186 |
| | **20,967** | **42,862** |

## 17 . Production expenses

| | 2020 | 2019 |
|---|---|---|
| Wages, salaries and other benefits | 127,220 | 244,761 |
| Social security | 14,599 | 35,038 |
| Depreciation | 173,245 | 185,219 |
| Utilities | 20,403 | 52,584 |
| Tools and supplies | 6,998 | 37,948 |
| Vehicles | 14,309 | 24,954 |
| Packaging materials | 4,048 | 16,034 |
| Insurance | 7,409 | 21,247 |
| Supplementary services | 1,767 | 6,315 |
| Maintenance | 1,589 | 3,191 |
| Miscellaneous | 1,267 | 11,744 |
| | **372,854** | **639,035** |

## 18 . Selling and distribution expenses

| | 2020 | 2019 |
|---|---|---|
| Wages, salaries and other benefits | 9,791 | 18,608 |
| Social security | 1,360 | 2,655 |
| Khalda showroom rent | 11,375 | 16,125 |
| Showrooms expenses | 2,149 | 3,226 |
| Travel expenses | 1,525 | 1,242 |
| Depreciation | 41 | 1,757 |
| Vehicles | - | 1,867 |
| Miscellaneous | 4,022 | 7,379 |
| | **30,263** | **52,859** |

## 19. Administrative expenses

| | 2020 | 2019 |
|---|---|---|
| Wages, salaries and other benefits | 99,220 | 127,329 |
| Social security | 6,151 | 8,938 |
| BOD transportation | 14,000 | 16,800 |
| Professional fees | 11,513 | 12,792 |
| Depreciation | 5,662 | 8,058 |
| Fees and licenses | 6,848 | 10,715 |
| Insurance | 3,007 | 6,623 |
| Post and telephone | 2,947 | 3,002 |
| Companies Controller fees | 600 | 600 |
| Miscellaneous | 12,395 | 22,711 |
| | **162,343** | **217,568** |

## 20 . Basic and diluted losses per share

| | 2020 | 2019 |
|---|---|---|
| Loss for the year | (662,085) | (838,207) |
| Weighted average number of shares | 4,600,000 | 4,600,000 |
| | **(0,143)** | **(0,182)** |

## 21 . Executive management salaries and remunerations

The remuneration of executive management during the years 2020 and 2019 amounted to JOD (103,325) and JOD (116,692) respectively.

## 22 . Income tax

The following is the reconciliation between declared income and taxable income:

| | 2020 | 2019 |
|---|---|---|
| Declared losses | (662,085) | (838,207) |
| Nontaxable income | - | - |
| Non – Taxable expenses | - | - |
| Accumulated taxable losses | - | - |
| **Taxable losses** | **(662,085)** | **(838,207)** |

- The Company has settled its tax liability with the Income Tax Department up to 2016 and 2018.
- The income tax returns for the years 2017 and 2019 have been filed with the Income Tax Department, but the Department has not reviewed the Company's records till the date of this report.
- No income tax provision has been calculated for the year 2020, because the taxable expenses exceed the taxable income.

## 23 . Segments reporting

All firm sales are a result of selling travertine products, the following is the geographic distribution of the sales:

| | 2020 | | 2019 | |
|---|---|---|---|---|
| | **Local** | **Foreign** | **Local** | **Foreign** |
| Net sales | 290,086 | - | 461,124 | 128,614 |

## 24 . Contingent liabilities

- The Company is contingently liable against several labor rights lawsuits filed against the company, currently these cases are pending for future sessions.
- The Company is contingently liable against letters of guarantees amounting to JOD (19,000).

## 25 . Fair Value of Financial instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets of the Company include cash and cash equivalents, checks under collection, financial assets measured at fair value and accounts receivable. Financial liabilities of the Company include credit facilities, accounts payable, deferred checks and other liabilities.

The fair values of the financial assets and liabilities are not materially different from their carrying values as most of these items are either short-term in nature or re-priced frequently.

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

| 2020 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets measured at fair value through other comprehensive income | - | - | 26,916 | **26,916** |

| 2019 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets measured at fair value through other comprehensive income | - | - | 26,916 | **26,916** |

## 26 . Financial Risk Management

### Credit risk

Credit risks are those risks resulting from the default of counterparties to the financial instrument to repay their commitment to the Company. The Company limits its credit risk by only dealing with reputable banks and by setting credit limits for individual customers and monitoring outstanding receivables. The maximum exposure to credit risk is represented by the carrying value of each financial asset.

The balance of the Company's most significant customer represents the amount of JOD (232,872) from the total accounts receivable balance as at 31 December 2020, compared to JOD (232,872) as at 31 December 2019.

**Interest rate risk**

Interest rate risk is the risk that changes in interest rates will affect the Company's income or the value of its holdings of financial instruments. As most of the Company's financial instruments have fixed interest rates and carried at amortized cost, the sensitivity of the Company's results or equity to movements in interest rates is not considered significant.

**Currency risk**

The management considers that the Company is not exposed to significant currency risk, The majority of their transactions and balances are in Jordanian Dinar therefore, the Company has not a significant currency risk and the Company's results or equity to movements in exchange rates is not considered significant.

**Equity price risk**

Equity price risk results from the change in the fair value of equity securities. The company manages these risks through the diversification of investments in several geographical areas and economic sectors. If the quoted market price of listed equity securities had increased or decreased by 10%, the comprehensive income for the year 2020 would have been reduced / increased by JOD (2,692) (2019: JOD 2,692).

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its net financial obligation. In this respect, the Company's management diversified its funding sources, and managed assets and liabilities taking into consideration liquidity and keeping adequate balances of cash and cash equivalents and quoted securities.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

| 2020 | Less than one year | More than one year | Total |
|---|---|---|---|
| Credit facilities | 20,000 | 431,525 | **451,525** |
| Lease obligation | 7,386 | 60,653 | **68,039** |
| Deferred checks | 39,504 | 69,123 | **108,627** |
| Amounts due to related parties | - | 200,324 | **200,324** |
| Accounts payable | 427,429 | - | **427,429** |
| Other liabilities | 357,665 | - | **357,665** |
| | **851,984** | **761,625** | **1,613,609** |

| 2019 | Less than one year | More than one year | Total |
|---|---|---|---|
| Credit facilities | 423,625 | - | **423,625** |
| Lease obligation | 7,078 | 65,160 | **72,238** |
| Deferred checks | 57,494 | - | **57,494** |
| Amounts due to related parties | - | 183,324 | **183,324** |
| Accounts payable | 371,558 | - | **371,558** |
| Other liabilities | 349,879 | - | **349,879** |
| | **1,209,634** | **248,484** | **1,458,118** |

**27 . Capital Management**

The Board of Directors manages its capital structure with the objective of safeguarding the entity's ability to continue as a going concern and providing an adequate return to shareholders by pricing products and services commensurately with the level of risk and by keeping adequate balance between total debt and net equity.

**28 . Material Uncertainty Related to Going Concern**

The accompanying financial statements have been prepared on a going concern basis, and as indicated in the statement of financial position, the Company's accumulated losses represent 69% of its share capital, and the company suffers from financial difficulties due to liquidity problems and a major decline in sales. This situation indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern, and its continuity depends on its ability to implement the management's plan, which includes the company selling and utilizing previously extracted blocks in local and foreign markets. The company is also in the process of diversifying in other products and materials, and is planning to open an exhibition in Amman to sell its' products.

**29 . The Impact of the New Corona Pandemic (Covid-19)**

The outbreak of the new Corona virus (Covid-19) at the beginning of 2020 caused a global economic crisis and disrupted many companies and economic activities, which had negatively affected the financial position of the Company, the results of its operations and its cash flows.