

Travertine Company
Public Shareholding Company
Financial Statements
31 December 2021

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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 2021, 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 2021, 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 (327,380) as at 31 December 2021, as we could not acquire confirmations from these receivables or perform any alternative procedures.
- We were unable to validate the balance of Board of director's Vice-President Mr. Kem Fouad Abu Jaber debit account amounting to JOD (32,521) as at 31 December 2021.

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.

Other 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.

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 83% of its share capital, and the Company suffers from financial difficulties due to liquidity problems. 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).

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 2021 financial assets totaling JOD (518,991), 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 2021 finished goods and work in process totaling JOD (191,801) 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 paragraph.

28 February 2022
Amman - Jordan




Arab Professionals
Amin Samara
License No. (481)

Travertine Company
Public Shareholding Company
Statement of financial position
As at 31 December 2021
(In Jordanian Dinar)

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
Assets			
Non - current assets			
Property, plant and equipment	3	976,436	1,143,589
Right of use assets	5	61,581	68,736
Financial assets measured at fair value through other comprehensive income	4	<u>1</u>	<u>26,916</u>
Total non - current assets		<u>1,038,018</u>	<u>1,239,241</u>
Current assets			
Inventories	6	880,187	1,142,632
Spare parts		137,325	134,457
Accounts receivable	7	354,367	312,668
Amounts due from related parties	8	60,335	62,567
Other assets	9	58,716	55,047
Cash and cash equivalents	10	<u>5,149</u>	<u>6,585</u>
Total current assets		<u>1,496,079</u>	<u>1,713,956</u>
Total assets		<u>2,534,097</u>	<u>2,953,197</u>
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		(313,505)	(286,590)
Accumulated losses		<u>(3,820,451)</u>	<u>(3,155,625)</u>
Net equity		<u>647,847</u>	<u>1,339,588</u>
Liabilities			
Non - current liabilities			
Credit facilities - long term	12	339,575	431,525
Lease obligation - long term	5	55,628	60,653
Deferred checks - long term		36,995	69,123
Amounts due to related parties	8	<u>205,324</u>	<u>200,324</u>
Total Non - current liabilities		<u>637,522</u>	<u>761,625</u>
Current liabilities			
Credit facilities - short term	12	132,000	20,000
Lease obligation - short term	5	7,705	7,386
Deferred checks - short term		86,988	39,504
Accounts payable		579,223	427,429
Other liabilities	13	<u>442,812</u>	<u>357,665</u>
Total current liabilities		<u>1,248,728</u>	<u>851,984</u>
Total liabilities		<u>1,886,250</u>	<u>1,613,609</u>
Total equity and liabilities		<u>2,534,097</u>	<u>2,953,197</u>

“The attached notes from (1) to (28) are an integral part of these financial statements”

Travertine Company
Public Shareholding Company
Statement of profit or loss
For the Year Ended 31 December 2021
(In Jordanian Dinar)

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
Net sales	23	715,614	290,086
Cost of sales	14	<u>(1,094,138)</u>	<u>(719,895)</u>
Gross loss		(378,524)	(429,809)
Selling and distribution expenses	18	(19,571)	(30,263)
Administrative expenses	19	(213,907)	(162,343)
Financing expenses		(46,918)	(48,015)
Sales tax penalties		(5,906)	-
Other revenues		<u>-</u>	<u>8,345</u>
Loss for the year		<u>(664,826)</u>	<u>(662,085)</u>
Basic and diluted losses per share	20	<u>(0.145)</u>	<u>(0.143)</u>

“The attached notes from (1) to (28) are an integral part of these financial statements”

Travertine Company
Public Shareholding Company
Statement of comprehensive income
For the Year Ended 31 December 2021

(In Jordanian Dinar)

	<u>2021</u>	<u>2020</u>
Loss for the year	(664,826)	(662,085)
Other Comprehensive income item:		
Changes in fair value of financial assets through other comprehensive income	<u>(26,915)</u>	<u>-</u>
Total comprehensive loss for the year	<u>(691,741)</u>	<u>(662,085)</u>

“The attached notes from (1) to (28) are an integral part of these financial statements”

Travertine Company
Public Shareholding Company
Statement of changes in equity
For the Year Ended 31 December 2021

(In Jordanian Dinar)

	Paid - In capital	Statutory reserve	Accumulated changes in fair value of financial assets	Accumulated losses	Total
Balance at 1 January 2021	4,600,000	181,803	(286,590)	(3,155,625)	1,339,588
Total comprehensive loss for the year	-	-	(26,915)	(664,826)	(691,741)
Balance at 31 December 2021	<u>4,600,000</u>	<u>181,803</u>	<u>(313,505)</u>	<u>(3,820,451)</u>	<u>647,847</u>
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	<u>4,600,000</u>	<u>181,803</u>	<u>(286,590)</u>	<u>(3,155,625)</u>	<u>1,339,588</u>

“The attached notes from (1) to (28) are an integral part of these financial statements”

Travertine Company
Public Shareholding Company
Statement of cash flows
For the Year Ended 31 December 2021

(In Jordanian Dinar)

	2021	2020
Operating Activities		
Loss for the year	(664,826)	(662,085)
Depreciation	178,493	181,404
Right of use assets depreciation	7,155	7,176
Lease obligation interest	7,294	7,801
Changes In Working Capital		
Accounts receivable	(41,699)	47,155
Inventories	262,445	244,212
Spare parts	(2,868)	5,188
Other assets	(3,669)	13,565
Deferred checks	15,356	51,133
Accounts payable	139,794	43,871
Other liabilities	85,147	7,786
Amounts due from /to related parties	7,232	18,860
Net cash flows used in operating activities	(10,146)	(33,934)
Investing Activities		
Property, plant and equipment	(11,340)	-
Financing Activities		
Credit facilities	20,050	27,900
Net changes in cash and cash equivalents	(1,436)	(6,034)
Cash and cash equivalents, beginning of year	6,585	12,619
Cash and cash equivalents, end of year	5,149	6,585

“The attached notes from (1) to (28) are an integral part of these financial statements”

Travertine Company
Public Shareholding Company
Notes to the financial statements
31 December 2021

(In Jordanian Dinar)

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 28 February 2022 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 IFRS standard

The following standard has been published that are mandatory for accounting periods after 31 December 2021. Management anticipates that the adoption of new Standard will have no material impact on the financial statements of the Company.

<u>Standard No.</u>	<u>Title of Standard</u>	<u>Effective Date</u>
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.
- 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).
- 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.
- Because of the nature of this industry, management is using its judgment for identifying some of the travertine rock quantities.

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 - 25%
Vehicles and forklifts	5 - 15%
Appliances, furniture and others	10%

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 recognizes 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 recognized, 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 recognizes 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 recognized 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.

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 1/1/2021	68,953	1,060,479	2,912,300	385,803	436,108	4,863,643
Additions	-	-	4,849	6,003	488	11,340
Balance at 31/12/2021	<u>68,953</u>	<u>1,060,479</u>	<u>2,917,149</u>	<u>391,806</u>	<u>436,596</u>	<u>4,874,983</u>
Accumulated depreciation						
Balance at 1/1/2021	-	652,850	2,277,728	370,925	418,551	3,720,054
Depreciation	-	32,774	133,423	9,225	3,071	178,493
Balance at 31/12/2021	-	685,624	2,411,151	380,150	421,622	3,898,547
Net book value at 31/12/2021	<u>68,953</u>	<u>374,855</u>	<u>505,998</u>	<u>11,656</u>	<u>14,974</u>	<u>976,436</u>
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	<u>68,953</u>	<u>1,060,479</u>	<u>2,912,300</u>	<u>385,803</u>	<u>436,108</u>	<u>4,863,643</u>
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	<u>68,953</u>	<u>407,629</u>	<u>634,572</u>	<u>14,878</u>	<u>17,557</u>	<u>1,143,589</u>

- 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

	2021	2020
Investment in the International Silica Industries Company	<u>1</u>	<u>26,916</u>

- There is a restriction on some of these shares by the Income and sales tax Department.

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 1/1/2021	68,736	68,039
Interest	-	7,294
Accrued rent during the year	-	(12,000)
Depreciation during the year	(7,155)	-
Balance as at 31/12/2021	<u>61,581</u>	<u>63,333</u>
Short term balance		7,705
Long term balance		<u>55,628</u>
		<u>63,333</u>

6 . Inventories

	2021	2020
Raw travertine blocks	663,850	812,557
Finished goods	116,370	187,359
Work in process	75,431	100,993
Other raw blocks	24,536	41,723
	880,187	1,142,632

7 . Accounts receivable

	2021	2020
Commercial receivables	518,820	475,344
Employees receivables	171	1,948
Provision for expected credit loss	(164,624)	(164,624)
	354,367	312,668

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	Credit
International Silica Industries Company	Sister Company	-	Financing	27,814	-
Kem Fouad Abu Jaber	BOD Vice - President	744	Financing	32,521	-
Ayman Abd Al Kareem Hatahit	BOD President	850	Financing	-	205,324
				60,335	205,324

9 . Other receivables

	2021	2020
Refundable deposits	33,404	33,355
Advertising materials	9,584	9,688
Income tax withholdings	6,925	6,858
Prepaid expenses	6,856	3,094
Stationary	1,947	2,052
	58,716	55,047

10 . Cash and cash equivalents

	2021	2020
Cash and checks on hand	4,646	1,544
Bank current accounts	503	5,041
	5,149	6,585

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 2021 and 2020.

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%	2022 - 2024	471,575	471,575

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

13 . Other liabilities

	2021	2020
Accrued expenses	281,550	226,614
Sales and income tax withholdings (Salaries and transportation)	75,989	103,207
Social security withholdings	73,005	15,576
Provision for Jordanian Universities fees	7,600	7,600
Dividends withholdings	4,668	4,668
	442,812	357,665

14 . Cost of sales

	2021	2020
Beginning Inventory	1,142,632	1,386,844
Mining expenses (Note 15)	59,491	49,042
Building rock unit expenses (Note 16)	29,256	20,967
Production expenses (Note 17)	492,613	372,854
Purchases	250,333	32,820
Ending inventory (Note 6)	(880,187)	(1,142,632)
	1,094,138	719,895

15 . Mining expenses

	2021	2020
Wages, salaries and other benefits	27,201	24,145
Social security	3,664	3,151
Utilities	8,286	3,878
Lease obligation interest (Note 5)	7,294	7,801
Right of use assets depreciation (Note 5)	7,155	7,176
Vehicles expenses	5,048	1,126
Tools and supplies	400	232
Depreciation	216	227
Insurance	116	1,223
Miscellaneous	111	83
	59,491	49,042

16 . Building rock's unit expenses

	2021	2020
Wages, salaries and other benefits	7,485	6,721
Social security	421	678
Electricity	6,898	3,484
Rock forming expenses	4,247	4,375
Depreciation	2,224	2,229
Miscellaneous	7,981	3,480
	29,256	20,967

17 . Production expenses

	2021	2020
Wages, salaries and other benefits	168,671	127,220
Social security	21,261	14,599
Depreciation	170,647	173,245
Utilities	41,406	20,403
Tools and supplies	40,029	6,998
Vehicles	22,826	14,309
Packaging materials	15,324	4,048
Maintenance	5,566	1,589
Supplementary services	3,321	1,767
Insurance	662	7,409
Miscellaneous	2,900	1,267
	492,613	372,854

18 . Selling and distribution expenses

	2021	2020
Wages, salaries and other benefits	7,668	9,791
Social security	947	1,360
Loading and lifting	6,661	-
Travel expenses	772	1,525
Depreciation	41	41
Khalda showroom rent	-	11,375
Showrooms expenses	-	2,149
Miscellaneous	3,482	4,022
	19,571	30,263

19. Administrative expenses

	2021	2020
Wages, salaries and other benefits	135,364	99,220
Social security	11,527	6,151
BOD transportation	16,600	14,000
Professional fees	13,491	11,513
Fees and licenses	9,279	6,848
Depreciation	5,365	5,662
Post and telephone	2,491	2,947
Insurance	1,029	3,007
Companies Controller fees	600	600
Miscellaneous	18,161	12,395
	213,907	162,343

20 . Basic and diluted losses per share

	2021	2020
Loss for the year	(664,826)	(662,085)
Weighted average number of shares	4,600,000	4,600,000
	<u>(0.145)</u>	<u>(0.144)</u>

21 . Executive management salaries and remunerations

The remuneration of executive management during the years 2021 and 2020 amounted to JOD (117,806) and JOD (103,325) respectively.

22 . Income tax

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

	2021	2020
Declared losses	(664,826)	(662,085)
Nontaxable income	-	-
Non – Taxable expenses	-	-
Taxable losses	<u>(664,826)</u>	<u>(662,085)</u>

- The Company has settled its tax liability with the Income Tax Department up to 2018.
- The income tax returns for the years 2019 and 2020 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 2021, 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:

	2021		2020	
	<u>Local</u>	<u>Foreign</u>	<u>Local</u>	<u>Foreign</u>
Net sales	<u>513,358</u>	<u>202,256</u>	<u>290,086</u>	<u>-</u>

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 and deferred checks.

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.

2021	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income	-	-	1	1
2020	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income	-	-	26,916	26,916

Financial assets included in level 3 are stated at cost less impairment charges, as the fair value of these assets cannot be measured reliably due to the lack of available active markets for identical assets.

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 2021 and 2020.

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.

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.

2021	Less than one year	More than one year	Total
Credit facilities	132,000	339,575	471,575
Lease obligation	7,705	55,628	63,333
Deferred checks	86,988	36,995	123,983
Amounts due to related parties	-	205,324	205,324
Accounts payable	579,223	-	579,223
Other liabilities	442,812	-	442,812
	<u>1,248,728</u>	<u>637,522</u>	<u>1,886,250</u>
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
	<u>851,984</u>	<u>761,625</u>	<u>1,613,609</u>

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. The following is the debt to equity ratio:

	2021	2020
Total debt	471,575	451,525
Net equity	647,847	1,339,588
	<u>73%</u>	<u>34%</u>

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 83% of its share capital, and the Company suffers from financial difficulties due to liquidity problems. 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 starting the necessary maintenance procedures to increase productivity, selling and utilizing the idle blocks and products in competitive prices. The Company will also focus on local and foreign marketing and introduce new products and ores, especially Basalt.