

Travertine Company

Public Shareholding Company

Condensed Interim Financial Statements (Unaudited)

31 March 2021

Travertine Company
Public Shareholding Company

	<u>Pages</u>
- Report on review of condensed interim financial statements	2
- Interim statement of financial position	3
- Interim statement of comprehensive income	4
- Interim statement of changes in equity	5
- Interim statement of cash flows	6
- Notes to the condensed interim financial statements	7 - 9



Report on Review of Condensed Interim Financial Statements

To The Board of Directors
Travertine Company
Public Shareholding Company
Al Balqa - Jordan

Introduction

We have reviewed the accompanying condensed interim financial statements of Travertine Company PLC, comprising the interim statement of financial position as at 31 March 2021 and the related interim statement of comprehensive income, interim statement of changes in equity and interim statement of cash flows for the three-months period then ended and the notes about condensed interim financial statements. Management is responsible for the preparation and presentation of this condensed interim financial statement in accordance with International Accounting Standard number (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagement number (2410) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim financial statement consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Material Uncertainty Related to Going Concern

The accompanying condensed interim financial statements have been prepared on a going concern basis, and as indicated in the interim statement of financial position the Company accumulated losses (including the accumulated changes in fair value) reached (78%) of its 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 it's continuity depends on it's ability to implement the management plan which is mentioned in note (6).

Basis of Qualified Conclusion

- 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 March 2021, as we could not acquire confirmations from these receivables or perform any alternative procedures.
- The accompanying condensed interim financial statements includes unrecorded expected credit losses amounting to JOD (338,193) as at 31 March 2021.

Qualified Conclusion

Based on our review, with the exception of the matter described in the basis of qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard number (34) "Interim Financial Reporting".

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 the condensed interim financial statements.

11 July 2021
Amman - Jordan



Arab Professionals
Amin Samara
License No. (481)



Travertine Company
Public Shareholding Company
Interim Statement of Financial Position as at 31 March 2021
(In Jordanian Dinar)

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Assets		
Non - current assets		
Property, plant and equipment	1,099,929	1,143,589
Right of use assets	66,972	68,736
Financial assets measured at fair value through other comprehensive income	26,916	26,916
Total non - current assets	<u>1,193,817</u>	<u>1,239,241</u>
Current assets		
Inventories	1,137,137	1,142,632
Spare parts	132,855	134,457
Accounts receivable	340,521	312,668
Amounts due from related parties	62,009	62,567
Other receivables	63,750	55,047
Cash and cash equivalents	61,844	6,585
Total current assets	<u>1,798,116</u>	<u>1,713,956</u>
Total assets	<u>2,991,933</u>	<u>2,953,197</u>
Equity and liabilities		
Equity		
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	<u>(3,289,484)</u>	<u>(3,155,625)</u>
Net equity	<u>1,205,729</u>	<u>1,339,588</u>
Liabilities		
Non - current liabilities		
Credit facilities - long term	422,609	431,525
Deferred checks - long term	101,301	69,123
Lease obligation - long term	60,653	60,653
Amounts due to related parties	205,324	200,324
Total Non - current liabilities	<u>789,887</u>	<u>761,625</u>
Current liabilities		
Credit facilities - short term	36,000	20,000
Deferred checks - short term	90,695	39,504
Lease obligation - short term	9,237	7,386
Accounts payable	536,469	427,429
Other liabilities	323,916	357,665
Total current liabilities	<u>996,317</u>	<u>851,984</u>
Total liabilities	<u>1,786,204</u>	<u>1,613,609</u>
Total equity and liabilities	<u>2,991,933</u>	<u>2,953,197</u>

"The accompanying notes from (1) to (6) are an integral part of these condensed interim financial statements and read with review report"

Travertine Company
Public Shareholding Company
Interim Statement of Comprehensive Income
For the Three Months Ended at 31 March 2021

(In Jordanian Dinar)

	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Net sales	103,054	48,213
Cost of sales	<u>(170,234)</u>	<u>(357,073)</u>
Gross loss	(67,180)	(308,860)
Administrative expenses	(44,855)	(48,259)
Selling and distribution expenses	(10,302)	(10,711)
Sales tax penalties	-	(13,240)
Financing expenses	(11,522)	(11,837)
Net of other revenues and expenses	<u>-</u>	<u>1,945</u>
Total comprehensive loss for the period	<u>(133,859)</u>	<u>(390,962)</u>
Basic and diluted loss per share for the period	<u>(0.029)</u>	<u>(0.085)</u>

"The accompanying notes from (1) to (6) are an integral part of these condensed interim financial statements and read with review report"

Travertine Company
Public Shareholding Company
Interim Statement of Changes in Equity
For the Three Months Ended at 31 March 2021 (Unaudited)

(In Jordanian Dinar)

	<u>Paid - In capital</u>	<u>Statutory reserve</u>	<u>Accumulated changes in fair value of financial assets</u>	<u>Accumulated losses</u>	<u>Total</u>
Balance at 1 January 2021	4,600,000	181,803	(286,590)	(3,155,625)	1,339,588
Total comprehensive loss for the period	-	-	-	(133,859)	(133,859)
Balance at 31 March 2021	<u>4,600,000</u>	<u>181,803</u>	<u>(286,590)</u>	<u>(3,289,484)</u>	<u>1,205,729</u>
Balance at 1 January 2020	4,600,000	181,803	(286,590)	(2,493,540)	2,001,673
Total comprehensive loss for the period	-	-	-	(390,962)	(390,962)
Balance at 31 March 2020	<u>4,600,000</u>	<u>181,803</u>	<u>(286,590)</u>	<u>(2,884,502)</u>	<u>1,610,711</u>

“The accompanying notes from (1) to (6) are an integral part of these condensed interim financial statements and read with review report”

Travertine Company
Public Shareholding Company
Interim Statement of Cash Flows for the three months ended at 31 March 2021
(In Jordanian Dinar)

	31 March 2021 <u>(Unaudited)</u>	31 March 2020 <u>(Unaudited)</u>
Operating activities		
Loss for the period	(133,859)	(390,962)
Depreciation	43,659	45,709
Right of use assets deprecation	1,764	1,784
Lease obligation interest	1,851	1,987
Changes in working capital		
Accounts receivable	(27,853)	(4,253)
Inventories	5,495	218,115
Spare parts	1,602	(708)
Other receivables	(8,702)	10,227
Amount due from /to related parties	5,558	(21,315)
Deferred checks	83,369	30,157
Accounts payable	109,040	7,558
Other liabilities	(33,749)	116,612
Net cash flows from operating activities	<u>48,175</u>	<u>14,911</u>
Financing activities		
Credit facilities	<u>7,084</u>	<u>10,966</u>
Net changes in cash and cash equivalents	55,259	25,877
Cash and cash equivalents, beginning of year	<u>6,585</u>	<u>12,619</u>
Cash and cash equivalents, end of period	<u><u>61,844</u></u>	<u><u>38,496</u></u>

“The accompanying notes from (1) to (6) are an integral part of these condensed interim financial statements and read with review report”

Travertine Company
Public Shareholding Company
Notes to the Condensed Interim Financial Statements (Unaudited)
31 March 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 to extract travertine rocks to produce all related products.

The Company shares are listed in Amman Stocks Exchange – Jordan.

The condensed interim financial statements have been approved for issue by the Company's Board of Directors on 11 July 2021.

2 . Summary of significant accounting policies

Basis of preparation

The condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standard number (34) "Interim Financial Reporting". They do not include all of the information required in annual financial statements in accordance with IFRSs, and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2020.

The condensed interim financial statements have been prepared on a historical cost basis except for investment securities, which have been measured at fair value.

The condensed interim 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 period, except for the adoption of new and amended standards effective as at the beginning of the year.

Use of estimates

The preparation of the condensed interim 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 interim 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.

3 . Income tax

- The Company has settled its tax liability with the Income Tax Department up to 2016 in the addition to 2018.
- The income tax returns for the years (2017 , 2019 and 2020) has 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 three month ended at 31 March 2021, because the taxable expenses exceeded its taxable income.

4 . 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).

5 . Fair Value of Financial instruments

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 interim 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.

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

6 . Material Uncertainty Related to Going Concern

The accompanying condensed interim financial statements have been prepared on a going concern basis, and as indicated in the interim statement of financial position, the Company's accumulated losses (including the accumulated changes in fair value) represent 78% 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.