THE JORDAN CEMENT FACTORIES COMPANY

PUBLIC SHAREHOLDING COMPANY

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2022

Building a better
working world

Ernst & Young Jordan
P.O. Box 1140
300 King Abdulla Street
Amman 11118
Jordan
Tel:00962 6 580 0777 /00962 6552 6111
Fax:00962 6 5538 300
www.ey.com

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of the Jordan Cement Factories Company
Amman - Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Jordan Cement Factories (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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 consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in 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 opinion.

Material Uncertainty Related to Going Concern

Without qualifying our opinion, as disclosed in note (30) to the consolidated financial statements, the Group's accumulated losses of JD 136,078,477 exceeded the Group's capital as of 31 December 2022. Also, the Group's current liabilities exceeded its current assets by an amount of JD 60,740,828 as of 31 December 2022. These events or conditions indicate that a material uncertainty exists that may cast significant doubt about the entity's ability to continue as a going concern. According to Article (266) of the Jordanian Company's Law No. (22) for the year 1997 and its amendments, if the accumulated losses of the Public Shareholding Company exceeded 75% of its capital, the Company shall be liquidated unless the General Assembly of the Company issues a decision on its extraordinary meeting to increase the Company's capital or to deal with the Company's losses. As stated in note (33), the Company's Board of Directors resolved to submit a request to declare the Company's insolvency in accordance with the Jordanian Insolvency Law No. (21) of 2018, in order to restructure the Company's capital, as the court's decision was issued approving the declaration of insolvency on 26 July 2020, and the restructuring plan was approved on 28 August 2022.

Other Matter

The consolidated financial statements for the year ended 31 December 2021 were audited by another auditor, and an unqualified opinion was issued on 19 March 2023.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2022. In addition to the matter described in the Material Uncertainty Related to Going Concern section, these matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Revenue Recognition

Refer to note (26) to the consolidated financial statements

Key audit matter	**How the key audit matter was addressed in the audit**
The Group focuses on revenues as one of its key performance measures, and given the importance of amounts and the geographical diversity of the Group's operations and the exposure of these revenues to the risks of overstatement and fraud, we consider revenue recognition to be a critical audit matter. Revenue is recognized when the Group fulfills performance obligations in accordance with the contract concluded with customers, when the goods are delivered to customers and the invoice is issued, which usually occurs at a certain point in time.	The audit procedures included evaluating the accounting policies followed by the Group to recognize revenues in accordance with International Financial Reporting Standards (IFRSs). We also studied the Group's internal control system regarding revenue recognition, including the main internal control elements within the revenue recognition cycle. We tested the accuracy of revenue recognition by selecting a sample of invoices and matching them with the announced and agreed upon contracts and prices. We tested a representative sample of revenue-related accounting entries recorded during the year based on criteria specified by us. In addition, we selected a sample before and after the end of the current year to evaluate whether revenue was recognized in the correct period. We also performed detailed revenue analysis using financial and non-financial information.

Other information included in the Group's 2022 annual report

Other information consists of the information included in the Group's 2022 Annual Report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2022 Annual Report is expected to be made available to us after the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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 reasonable be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Group maintains proper books of accounts which are in agreement with the consolidated financial statements, taking into consideration the matters described in the Material Uncertainty Related to Going Concern section.

The partner in charge of the audit resulting in this auditor's report was Ali Hasan Samara; license number 503.

ERNST & YOUNG
Amman - Jordan

Amman - Jordan
16 November 2023

The Jordan Cement Factories Company – Public Shareholding Company
Consolidated Statement of Financial Position
As at 31 December 2022

	Notes	2022	2021
		JD	JD
ASSETS			
Non-current assets -			
Property, plant and equipment	4	43,163,215	44,552,414
Investment properties	5	10,962,472	11,453,973
Right-of-use assets	6	376,423	1,640,749
Financial assets at fair value through other comprehensive income	7	256,536	193,603
Employees' housing and car loans	8	321,276	441,857
Accounts receivable and checks under collection	10	168,000	67,200
Deferred tax assets	20	9,180,382	9,074,851
Goodwill	3	2,495,945	2,495,945
Intangible assets		43,859	44,054
		66,968,108	69,964,646
Current assets -			
Inventory and spare parts	9	14,058,812	12,674,947
Accounts receivable and checks under collection	10	13,842,374	14,790,200
Other current assets	11	11,019,781	3,018,741
Assets held for sale	12	-	7,839,642
Cash on hand and at banks	13	2,356,562	9,011,430
		41,277,529	47,334,960
TOTAL ASSETS		108,245,637	117,299,606
EQUITY AND LIABILITIES			
Equity			
Shareholders' equity			
Paid-in capital	1&14	60,444,460	60,444,460
Treasury shares		(323)	(323)
Statutory reserve	14	239,094	239,094
Cumulative change in fair value reserve	7	(8,214)	(71,147)
Accumulated losses	14	(136,078,477)	(134,275,511)
		(75,403,460)	(73,663,427)
Non-controlling interests		4,853,256	5,607,141
Deficit in shareholders' equity		(70,550,204)	(68,056,286)
Liabilities -			
Non-current liabilities -			
Long-term lease obligations	6	-	480,598
Deferred revenues	33	46,290,830	-
Provisions for employees' post-retirement health insurance benefits	19	30,486,654	30,985,000
		76,777,484	31,465,598
Current liabilities -			
Accounts payable	15	24,580,378	22,335,982
Other current liabilities	16	17,902,027	18,792,209
Due to banks	17	-	4,294,946
Provision for income tax	20	104,398	163,157
Short-term lease obligations	6	336,289	1,134,128
Restructuring provision		90,000	-
Deferred bank guarantees	18	2,187,653	-
Insolvency debts:			
Due to banks	33	12,786,916	15,952,774
Accounts payable	33	21,913,083	37,380,900
Other current liabilities	33	5,448,021	6,000,371
Banks loans	33	16,669,592	23,335,827
Related party loan	33	-	24,500,000
		102,018,357	153,890,294
Total liabilities		178,795,841	185,355,892
TOTAL EQUITY AND LIABILITIES		108,245,637	117,299,606

The accompanying notes from 1 to 35 form part of these consolidated financial statements

THE JORDAN CEMENT FACTORIES COMPANY – PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022	2021
		JD	JD
Sales	26	63,499,689	58,081,272
Cost of sales		(56,692,123)	(55,680,894)
Gross profit		6,807,566	2,400,378
Selling and marketing expenses	21	(1,474,845)	(1,427,292)
Administrative expenses	22	(4,603,432)	(4,870,414)
Operating income (loss)		729,289	(3,897,328)
Recovered from employees’ housing and car loans provision		68,604	250,332
Interest income		110,097	119,429
Depreciation of investment properties	5	(491,501)	(493,437)
Finance costs		(990,155)	(1,054,147)
Provision for employees’ post-retirement health insurance benefits	19	(1,113,102)	(1,387,000)
Provision for restructuring	23	(1,491,269)	-
Recovered from provision for slow moving items and spare parts, net	9	303,754	1,154,360
Provision for lawsuits	16	-	(6,843,088)
Provision for rehabilitation of quarries and environment protection	16	(23,940)	(25,632)
Recovered from impairment provision for assets held for sale	12	1,292,483	739,642
Recovered from (provision for) expected credit losses	10	629,068	(114,286)
Provision for employees’ vacations		200,809	15,426
Amortization of intangible assets		(6,715)	(2,001)
Gain from foreign currency revaluation		524,620	948,684
Gain from sale of property, plant and equipment, net		13,757	185,552
Other (expenses) revenues, net	24	(1,135,251)	332,570
Loss for the year before income tax		(1,379,452)	(10,070,924)
Income tax (expense) benefit	20	(227,623)	7,631,139
Loss for the year		(1,607,075)	(2,439,785)
Attributable to:			
Equity holders of the Company		(1,833,190)	(2,714,243)
Non-controlling-interests		226,115	274,458
		(1,607,075)	(2,439,785)
		JD / Fils	JD / Fils
Basic and diluted loss per share for the year attributable to the equity holders of the Company	25	(0,030)	(0,045)

The accompanying notes from 1 to 35 form part of these consolidated financial statements

	Notes	2022	2021
		JD	JD
Loss for the year		(1,607,075)	(2,439,785)
Other comprehensive income items that will not be reclassified to profit or loss in subsequent periods:			
Changes in fair value resulted from financial assets at fair value through other comprehensive income	7	62,933	(6,328)
Actuarial gains (losses) resulted from revaluation of post-retirement health insurance benefits	19	30,224	(1,312,000)
		93,157	(1,318,328)
Total comprehensive income for the year		(1,513,918)	(3,758,113)
Attributable to:			
Equity holders of the Company		(1,740,033)	(4,032,571)
Non-controlling interests		226,115	274,458
		(1,513,918)	(3,758,113)

THE JORDAN CEMENT FACTORIES COMPANY – PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Paid-in capital	Treasury shares	Statutory reserve	Cumulative change in fair value	Accumulated losses	Total	Non-controlling interests	Deficit in shareholders' equity
	JD	JD	JD	JD	JD	JD	JD	JD
2022 -								
Balance at 1 January	60,444,460	(323)	239,094	(71,147)	(134,275,511)	(73,663,427)	5,607,141	(68,056,286)
Loss for the year	-	-	-	-	(1,833,190)	(1,833,190)	226,115	(1,607,075)
Other comprehensive income items	-	-	-	62,933	30,224	93,157	-	93,157
Total comprehensive income for the year	-	-	-	62,933	(1,802,966)	(1,740,033)	226,115	(1,513,918)
Dividend payment for non-controlling interests	-	-	-	-	-	-	(980,000)	(980,000)
Balance at 31 December	60,444,460	(323)	239,094	(8,214)	(136,078,477)	(75,403,460)	4,853,256	(70,550,204)
2021 -								
Balance at 1 January	60,444,460	(323)	239,094	(64,819)	(130,254,447)	(69,636,035)	5,327,706	(64,308,329)
Loss for the year	-	-	-	-	(2,714,243)	(2,714,243)	274,458	(2,439,785)
Other comprehensive income items	-	-	-	(6,328)	(1,312,000)	(1,318,328)	-	(1,318,328)
Total comprehensive income for the year	-	-	-	(6,328)	(4,026,243)	(4,032,571)	274,458	(3,758,113)
Dividend payment for non-controlling interests	-	-	-	-	5,179	5,179	4,977	10,156
Balance at 31 December	60,444,460	(323)	239,094	(71,147)	(134,275,511)	(73,663,427)	5,607,141	(68,056,286)

The accompanying notes from 1 to 35 form part of these consolidated financial statements

THE JORDAN CEMENT FACTORIES COMPANY – PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022	2021
		JD	JD
Operating Activities			
Loss for the year before income tax		(1,379,452)	(10,070,924)
Adjustments:			
Depreciation	4&5	2,889,605	2,811,614
Amortization of intangible assets		6,715	2,001
Depreciation of right-of-use-assets	6	1,211,129	1,666,604
(Recovered from) provision for expected credit losses	10	(629,068)	114,286
Gain from sale of property, plant and equipment		(13,757)	(185,552)
Released from impairment provision for assets held for sale	12	(1,292,483)	(739,642)
Provision for lawsuits	16	-	6,843,088
Provision for employees' post-retirement health insurance benefits		1,113,102	1,387,000
Provision for rehabilitation of quarries and environment protection		23,940	25,632
Recovered from provision for slow moving items and spare parts, net		(303,754)	(1,154,360)
Recovered from employees' housing and car loans provision		(68,604)	(250,332)
Finance costs		814,105	873,465
Finance costs on lease liabilities		176,050	180,682
Provision for restructuring		1,491,269	-
Dividends income		(110,097)	(119,429)
Other provisions		358,822	181,938
Changes in working capital:			
Accounts receivable, other current assets, checks under collection, and employees' housing and car loans		(6,623,265)	(115,859)
Inventory and spare parts		(2,145,110)	2,492,276
Accounts payable and other current liabilities		6,746,916	4,119,671
Paid from post-retirement health insurance benefits	19	(1,581,224)	(1,398,000)
Paid from lawsuits provision	16	(37,898)	(68,504)
Paid from other provisions		(242,449)	(111,516)
Income tax paid	20	(212,231)	(415,852)
Net cash flows from operating activities		192,261	6,068,287
Investing Activities			
Purchase of property, plant and equipment and projects in progress	4	(999,681)	(1,986,900)
Proceeds from sale of property, plant and equipment		33,909	211,538
Purchase of intangible assets		(6,520)	-
Proceeds from employees' housing and car loans		68,604	250,332
Net cash flows used in investing activities		(903,688)	(1,525,030)
Financing Activities			
Dividends distribution from subsidiaries		510,000	-
Due to banks		(4,294,946)	(1,422,749)
Finance costs paid		(814,105)	(873,465)
Payments of lease obligations		(1,454,487)	(1,839,858)
Proceeds from interest income		110,097	119,429
Net cash flows used in financing activities		(5,943,441)	(4,016,643)
Net (decrease) increase in cash and cash equivalents		(6,654,868)	526,614
Cash and cash equivalents at the beginning of the year		9,011,430	8,484,816
Cash and cash equivalents at the end of the year	13	2,356,562	9,011,430

The accompanying notes from 1 to 35 form part of these consolidated financial statements

(1) GENERAL

The Jordan Cement Factories Company "the Company" was established in 1951 as a Jordanian Public Shareholding Company and was registered at the Ministry of Industry and Trade during the year 1964. The Company's paid-in capital is JD 60,444,460 consisting of 60,444,460 shares of JD 1 par value each as of 31 December 2022.

The Company's main objectives are the production and manufacturing of Portland cement.

The Company is 50.275% owned by Financiere Lafarge S.A.S – France ("Parent Company").

In light of the current financial conditions of the Company, the Company's Board of Directors resolved to submit an application in order for insolvency declaration in accordance with the Jordanian Insolvency Law No. (21) of 2018 in order to restructure the Company's capital and operations to maintain its business continuity. Accordingly, a decision was issued by Salt Court of First Instance approving the declaration of insolvency of the Company on 26 July 2020. The General Assembly of Creditors meeting was held on 10 August 2022 to discuss the reorganization plan, where the plan and the approved proposals were approved and voted on by the majority of the creditors' representatives present at the meeting, and the court's decision was issued on 28 August 2022 which included the adoption of the reorganization plan and the end of the insolvency procedures (note 33).

The consolidated financial statements were authorized for issue by the Board of Directors on 6 November 2023. These consolidated financial statements are subject to the approval of the General Assembly.

(2) BASIS OF PREPARATION AND ACCOUNTING POLICIES

(2-1) BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements for the Group have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standard Board (IASB).

The consolidated financial statements are prepared under the historical cost convention, except for financial assets at fair value through other comprehensive income which have been measured at fair value as of the date of the consolidated financial statements.

The consolidated financial statements have been presented in Jordanian Dinar which represents the functional currency of the company.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Jordan Cement Factories (the "Company") and its following subsidiaries (collectively referred to as the "Group") as of 31 December 2022 and 2021.

Company's Name	Ownership Interest	Country
Arabian Concrete Supply Company Limited	51%	Jordan
Al Fuheis Green Heights Real Estate Development Company *	100%	Jordan

* Jordan Cement Factories Company established Al Fuheis Green Heights Real Estate Development Company on 30 July 2018 with an authorized capital of JD 30,000 and a paid-in capital of JD 15,000 as of 31 December 2022. The Company has not conducted any operational activity since its inception date until the date of these consolidated financial statements.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- Ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- Contractual arrangement with other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, revenues and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets, liabilities, equity, revenues, expenses and profit or loss relating to transactions between members of the Group are eliminated in full.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary.
- Derecognizes the carrying amount of any non-controlling interests.
- Derecognizes the cumulative translation differences recorded in equity.
- Recognizes the fair value of the consideration received.
- Recognizes the fair value of any investment retained.
- Recognizes any surplus or deficit in profit or loss.
- Reclassifies the Company's share of components previously recognized in OCI to profit or loss.

(2-2) CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2021 except for the adoption of new standards effective as of 1 January 2022 shown below:

Reference to the Conceptual Framework – Amendments to IFRS 3
In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred consolidated separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

These amendments had no impact on the consolidated financial statements of the Group.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the consolidated financial statements of the Group.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments had no impact on the consolidated financial statements of the Group.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the consolidated financial statements of the Group.

IFRS 9 Financial Instruments – Fees in the ’10 per cent’ test for derecognition of financial liabilities
As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

These amendments had no impact on the consolidated financial statements of the Group.

IAS 41 Agriculture – Taxation in fair value measurements
As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

These amendments had no impact on the consolidated financial statements of the Group.

(2-3) SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect revenues and expenses and the resultant provisions. Considerable judgment and assumptions by management are required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. 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.

Useful lives of property, plant, and equipment
The Group management determines the estimated useful lives of its property, plant and equipment for calculating depreciation based on expected usage of the assets. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted prospectively where the management believes the useful lives differ from previous estimates.

Provision for expected credit losses
The Group uses a matrix to calculate the provision for expected credit losses for receivables. Provision ratios are calculated based on the ages of outstanding debt for customer segments groups that have common characteristics of loss patterns, considering the adjustment of these matrices to suit historical default rates and future expectations of these ratios.

The matrix of provisions for expected credit losses is initially based on the Group historical default rates. The company assesses the rate at which historical default rates are correlated with future economic conditions as if it turns out that future economic indicators (e.g. GDP coefficient) are expected to be bad in the coming years and thus an increase in future default rates, the company will adjust historical default ratios to suit these conditions.

Assessing the correlation rate of historical default rates with economic conditions and the value of provision for expected credit losses is a material estimate. The value of the provision for expected credit losses is affected by changing economic conditions and expected factors. The group experience in estimating expected credit losses and future economic conditions may not represent the actual state of debtors defaulting in the future.

Income tax
The income tax provision is calculated in accordance with the Income Tax Law No. 38 of 2018 and IAS (12).

Deferred tax
Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and;

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) at the date of the consolidated financial statements that arose from a past event and costs to settle the obligation are probable and can be measured reliably.

Estimates related to the application of International Financial Reporting Standard (16)
The application of International Financial Reporting Standard (16) requires the group management to make estimates and assumptions that affect the measurement of the right-of-use assets and related liabilities. The Group management considers all factors related to the option of extending or renewing lease contracts. Determining whether a contract is considered a lease requires testing. Management also uses estimates to determine the appropriate discount rate for measuring lease obligations.

Post-retirement health insurance obligations
The cost of the benefits determined for post-retirement health insurance as well as the present value of the liability are measured based on actuarial valuation. Actuarial valuation includes estimates regarding the discount rate, future salary increases, and mortality rates. These estimates are reviewed annually.

Quarry rehabilitation and environmental protection
The Group recognizes a provision for the cost of quarrying rehabilitation and therefore estimates are made regarding the discount price, the expected cost of rehabilitation and the expected timing of it.

(2-4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The Group has the option to measure the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition costs incurred are expensed and included in the consolidated statement of profit or loss.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Impairment of goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash generating unit (or group of cash generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than their carrying amount an impairment loss is recognized.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and any impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for construction projects if the recognition criteria are met. Repair and maintenance expenses are recognized in the consolidated statement of profit or loss.

Property, plant and equipment (except for land) is depreciated using the straight-line method over their estimated useful lives using the following annual depreciation rates:

	Years
Buildings	6 - 50
Plant and equipment	5 – 30
Vehicles	5 - 15
Tools and devices	5 - 15
Furniture and fixture	5 - 11
Computers	2 - 15
Others	5 - 20

The cost of quarries is depreciated using the depletion method where the depreciation expense is calculated based on the estimated raw material quantities adjusted to the quantities extracted.

When property and equipment are sold or retired, any gain or loss resulting from their disposal is included in the consolidated statement of profit or loss.

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

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

Investment properties

Investment properties are investments in land or buildings held to earn rentals or for capital appreciation, rather than land or buildings used for production or supply of goods or services or for administrative purposes or sale in the ordinary course of business.

Investment properties appear at cost after deducting accumulated depreciation and any provision against the decrease, and real estate investments (excluding land) are depreciated when they are ready for use in a straight-line manner over their expected useful life.

The book value of investment properties is reviewed for impairment when events or changes in circumstances indicate that the book value may not be recoverable. When such indicators exist and when the book value exceeds the recoverable value, the value of real estate investments is reduced to their recoverable value and the impairment provision is recorded in the consolidated statement of profit or loss.

Gains or losses resulting from the exclusion of investment properties (calculated on the basis of the difference between cash receipts and the book value of the excluded asset) are recognized in the consolidated statement of profit or loss when excluding investment properties.

The useful life and method of depreciation are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected economic benefits of investment properties.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost.

Intangible assets are classified as finite or infinite. Intangible assets with finite lives are amortized over the useful economic life and the amortization expense is recognized in the consolidated statement of profit or loss. While intangible assets with indefinite useful lives are assessed for impairment at each reporting date or when there is an indication that the intangible asset may be impaired. The impairment loss is recorded in the consolidated statement of profit or loss.

Any indications of impairment of the intangible asset are reviewed at the date of the financial audit. The existing chronological age is also reviewed as new adjustments are made for subsequent periods.

The intangibles are not capitalized and begin to be recorded in the consolidated statement of comprehensive income in the same year.

The intangible assets include the cost sharing in the central connection for energy and the Group's management estimates its useful life and is amortized using straight line method on a 15% annual rate.

Projects in progress

Projects under implementation are recorded at cost and when the project is ready for use, it is transferred to its item within the property, plant and equipment.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are recorded at fair value plus acquisition costs at the date of acquisition and subsequently measured at fair value. Changes in fair value are reported as a consolidated component in the consolidated statement of comprehensive income and in the consolidated statement of changes in equity, including the change in fair value resulting from conversion differences of non-cash items of assets at foreign currencies. In case of sale of such assets or part of it, the gain or loss is recorded in the consolidated statement of comprehensive income and in the consolidated statement of changes in equity, and the valuation reserve balance for sold assets is transferred directly to retained earnings.

These assets are not subject to impairment testing. Dividends are recognised in the consolidated statement of profit or loss when declared.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset 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 obligations.

The cost of right-of-use assets includes the amount of lease obligations recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset 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 or the lease term. Right-of-use assets are subject to impairment.

Inventory and spare parts

Inventories are valued at the lower of cost or net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Raw materials	- Purchase cost using the weighted average cost method.
Finished goods and work in process	- Cost of direct materials, labor and a proportion of manufacturing overheads based on normal operating capacity, using the weighted average cost method.
Spare parts	- Cost using the weighted average cost method.

Accounts receivable

Accounts receivables are stated at original invoice amount less any provision for any uncollectible amounts related to expected credit losses (ECL). The Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward–looking factors specific to the debtors and the economic environment.

Cash and cash equivalents
Cash and bank balance in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with original maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits with original maturity of three months or less, net of outstanding bank overdrafts.

Loans
Loans are initially recognized at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans are subsequently measured at amortized cost using the effective interest method.

Amortized cost is calculated by taking into consideration any discount or acquisition premium, fees and costs are an integral part of the effective interest rate. Finance costs are recognised in the consolidated statement of profit and loss.

Accounts payable and accruals
Accounts payables are obligations to pay for goods and services that have been acquired from suppliers, whether or not such obligations have been claimed.

Lease contracts
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease obligations to make lease payments and right-of-use assets representing the right to use the underlying assets.

Lease liabilities
At the commencement date of the lease, the Group recognizes lease obligations measured at the present value of lease payments to be made over the lease term. The lease payments 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 Group and payments of penalties for terminating a lease, if the lease term reflects the Group 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 Group 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 remeasured 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.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew.

That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Group included the renewal period as part of the lease term for leases of property and equipment due to the significance of these assets to its operations. These leases have a short non-cancellable period and there will be a significant negative effect on production if a replacement is not readily available.

Impairment of financial assets

IFRS 9 requires the Company to record an allowance for ECL for all debt instruments measured at amortized cost.

For all debt instruments, the Group has applied the standard's simplified approach and has calculated ECL based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Impairment of non-financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the consolidated statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to other comprehensive income. For such properties, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the assets or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Revenue and expense recognition

Revenue is recorded according to the five-step model of the IFRS (15), which includes determining the contract and the price and determining the performance obligation in the contract and recognizing revenue based on the performance of the performance obligation.

Revenue is recognized when providing service which is usually done at a specific point of time.

Other revenues are recognized using the accrual basis of accounting.

Expenses are recognized using the accrual basis of accounting.

Finance costs
Finance costs are recognised as an expense when incurred. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized.

Employees' housing and car loans
Employees' housing and car loans are recognized at fair value and subsequently recorded at amortized cost using the effective interest method.

Gains or losses are recognized in the consolidated statement of profit and loss when there is a decrease in the value of loans and through the amortization of those loans.

Fair value measurement
The Group measures financial assets such as Financial Assets at Fair Value Through Other Comprehensive Income as at the date of the Consolidated Financial Statements as disclosed in note (31).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use, or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/ non-current classification.

An asset is current when it is:

- Expected to be realized or intended to sell or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalents unless restricted from being exchanged or used to settle liability for at least twelve months after the reporting period

All other assets are classified as non-current assets.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current liabilities.

Post-retirement health insurance obligations

The Group provides specific post-retirement health insurance benefits to eligible employees and their families.

The cost of defined benefits is measured using the actuarial valuation method and actuarial gains and losses are recognized among other comprehensive income items during the period in which they occur. The cost of the previous service is recognized as an expense using the straight-line method over the average period until the benefits become due.

Provisions

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, 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.

Provision for the rehabilitation of quarries and environment protection

A provision is made for quarry rehabilitation based on projected future costs deducted from their current values.

Termination provision and grants to support social projects
Employee termination allowance is recognized when the Group is committed to providing termination benefits. The Group is only liable when it has a detailed formal plan for termination and there is no actual possibility of withdrawing such plan. The termination allowance is measured based on the number of employees who will be affected by the severance.

A grant allocation has been made to support social projects to assist employees who have been terminated after meeting the conditions and criteria of the program.

Income tax
Taxes are calculated according to the tax rates established in accordance with the tax laws in force in the Hashemite Kingdom of Jordan.

Tax expense represents the amount of tax owed and deferred tax.

The due tax expenses are calculated on the basis of the taxable profits, and the taxable profits differ from the profits declared in the consolidated financial statements because the declared profits include non-taxable revenues or expenses that are not deductible in the fiscal year but rather in subsequent years or the accumulated losses that are taxable or items that are not subject to or acceptable for tax purposes.

Deferred taxes are taxes that are expected to be paid or recovered as a result of temporary time differences between the value of assets or liabilities in the consolidated financial statements and the value on which the tax profit is calculated. Deferred taxes are calculated using the statement of financial position liability method. Deferred taxes are calculated according to the tax rates that are expected to be applied when settling the tax liability or realizing the deferred tax assets.

The balance of deferred tax assets is reviewed at the date of the consolidated financial statements and is reduced in the event that it is expected that it is not possible to benefit from those tax assets in part or in full.

Offsetting
Financial assets and financial liabilities are offset, and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Foreign currency
Transactions in foreign currencies during the year were recorded at the prevailing exchange rates on the date of the transactions, and balances of financial assets and financial liabilities in foreign currencies are converted at the prevailing exchange rates on the date of the consolidated statement of financial position.

Profits and losses resulting from foreign currency exchange are recorded in the consolidated statement of profit or loss.

Segment reporting

The business sector represents a group of assets and operations that jointly provide products or services that are subject to risks and returns that differ from those related to other business sectors, which are measured according to the reports that are used by management and the main decision maker of the Group.

The geographical sector is related to providing products or services in a specific economic environment subject to risks and returns that differ from those related to sectors operating in other economic environments.

Contingent liability and assets

Contingent liabilities are not recorded in the consolidated financial statements but are disclosed when the possibility of paying them is remote.

Contingent assets are not recorded in the consolidated financial statements but are disclosed when the possibility of their receipt is possible.

(3) GOODWILL

The goodwill in the amount of JD 2,495,945 relates to the acquisition of Al-Aloul Group of Companies that took place during the year 2008. The ready-made concrete sector was identified as the cash-generating unit benefiting from the acquisition for the purposes of goodwill impairment testing.

At 31 December 2022, the Group conducted its annual goodwill impairment test. The recoverable value of the ready-mix concrete sector was determined by calculating the value in use of the sector, which was calculated based on the expected cash flows for the sector and based on the estimated budget for 2017 that was approved by management. The expected cash flows after 2017 were calculated using a growth rate ranging from 3% to 5%. In the management's belief, the growth rate is appropriate given the nature of work and the general growth in economic activity in the region. A discount rate of 8% was used to discount the expected cash flows, which represents the Group weighted average cost of capital adjusted to take into account sector-specific risks.

The impairment test did not result in any impairment losses in the ready-mixed concrete sector.

The calculation of the value in use for the ready-mixed concrete sector is affected by the following assumptions:

- Gross profit
- Discount rate
- The growth rate used in calculating expected cash flows

With regard to calculating value in use, management believes that any reasonable change in the above assumptions would not result in the carrying value of the ready-mixed concrete segment materially exceeding its recoverable value.

(4) PROPERTY, PLANT AND EQUIPMENT

	Land	Quarries	Buildings	Machinery and equipment	Vehicles	Tools and devices	Furniture and fixtures	Computers	Projects in progress	Others	Total
2022 -	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost -											
At 1 January	5,411,551	8,033,408	72,244,177	108,383,788	8,023,520	5,859,157	639,883	3,323,049	4,485,767	10,181,222	226,585,522
Additions	-	-	-	78,272	486,264	-	-	-	426,145	9,000	999,681
Transfers*	-	-	86,639	17,322,547	53,903	-	-	-	(201,379)	36,807	17,298,517
Disposals	-	-	-	-	(23,896)	-	-	-	-	-	(23,896)
At 31 December	5,411,551	8,033,408	72,330,816	125,784,607	8,539,791	5,859,157	639,883	3,323,049	4,710,533	10,227,029	244,859,824
Accumulated depreciation-											
At 1 January	-	2,247,000	64,504,443	89,252,986	6,148,397	5,858,304	639,862	3,322,972	-	10,059,144	182,033,108
Depreciation for the year	-	4,861	563,917	1,518,920	255,356	379	-	-	-	54,671	2,398,104
Transfers	-	-	-	17,269,141	-	-	-	-	-	-	17,269,141
Disposals	-	-	-	-	(3,744)	-	-	-	-	-	(3,744)
At 31 December	-	2,251,861	65,068,360	108,041,047	6,400,009	5,858,683	639,862	3,322,972	-	10,113,815	201,696,609
Net book value											
At 31 December 2022	5,411,551	5,781,547	7,262,456	17,743,560	2,139,782	474	21	77	4,710,533	113,214	43,163,215

* During 2022, the Group has transferred the remaining machinery and equipment from the sale of the second production line of Al Fuheis Factory which was classified as assets held for sale for a book value of JD 29,376 as at 31 December 2022 (note 12).

	Land	Quarries	Buildings	Machinery and equipment	Vehicles	Tools and devices	Furniture and fixtures	Computers	Projects in progress	Others	Total
2021 -	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost -											
At 1 January	5,411,551	8,033,408	71,901,318	112,202,707	5,368,124	5,859,157	639,883	3,694,324	4,850,767	8,910,811	226,872,050
Additions	-	-	65,793	153,000	1,617,804	-	-	-	120,270	30,033	1,986,900
Transfers	-	-	472,839	(3,206,038)	1,803,889	-	-	(371,275)	-	1,300,585	-
Transfers from projects in progress	-	-	-	88,853	84,708	-	-	-	(485,270)	-	(311,709)
Disposals	-	-	(195,773)	(854,734)	(851,005)	-	-	-	-	(60,207)	(1,961,719)
At 31 December	5,411,551	8,033,408	72,244,177	108,383,788	8,023,520	5,859,157	639,883	3,323,049	4,485,767	10,181,222	226,585,522
Accumulated depreciation -											
At 1 January	-	2,241,828	63,885,220	89,870,949	5,335,508	7,535,918	639,862	3,694,216	-	8,433,721	181,637,222
Depreciation for the year	-	5,172	542,431	1,502,837	182,070	4,467	-	-	-	81,200	2,318,177
Transfers	-	-	272,565	(1,279,795)	1,455,840	(1,682,081)	-	(371,244)	-	1,604,715	-
Disposals	-	-	(195,773)	(841,005)	(825,021)	-	-	-	-	(60,492)	(1,922,291)
At 31 December	-	2,247,000	64,504,443	89,252,986	6,148,397	5,858,304	639,862	3,322,972	-	10,059,144	182,033,108
Net book value -											
At 31 December 2021	5,411,551	5,786,408	7,739,734	19,130,802	1,875,123	853	21	77	4,485,767	122,078	44,552,414

The depreciation expense included in the consolidated statement of profit or loss is as follows:

	2022	2021
	JD	JD
Cost of sales	2,333,431	2,263,272
Administrative expenses (note 22)	64,673	54,905
	2,398,104	2,318,177

(5) INVESTMENT PROPERTIES

	Land	Quarries	Buildings	Equipment	Total
2022 -	JD	JD	JD	JD	JD
Cost -					
As at 1 January	2,039,950	2,955,563	6,030,719	13,236,187	24,262,419
As at 31 December	2,039,950	2,955,563	6,030,719	13,236,187	24,262,419
Accumulated depreciation -					
As at 1 January	-	503,464	3,184,090	9,120,892	12,808,446
Depreciation for the year	-	-	224,403	267,098	491,501
As at 31 December	-	503,464	3,408,493	9,387,990	13,299,947
Net book value					
As at 31 December 2022	2,039,950	2,452,099	2,622,226	3,848,197	10,962,472
2021 -					
Cost -					
As at 1 January	2,039,950	2,955,563	6,030,719	13,236,187	24,262,419
As at 31 December	2,039,950	2,955,563	6,030,719	13,236,187	24,262,419
Accumulated depreciation -					
As at 1 January	-	503,464	2,959,687	8,851,858	12,315,009
Depreciation for the year	-	-	224,403	269,034	493,437
As at 31 December	-	503,464	3,184,090	9,120,892	12,808,446
Net book value					
At 31 December 2021	2,039,950	2,452,099	2,846,629	4,115,295	11,453,973

The details of investment properties at fair value as at 31 December are as follows:

	Level 1	Level 2	Level 3	Fair value as at 31 December
	JD	JD	JD	JD
2022-				
Investment properties	-	142,888,043	-	142,888,043
2021-				
Investment properties	-	142,888,043	-	142,888,043

(6) RIGHT-OF-USE ASSETS

The Group has different lease contracts for land, buildings, mixers, pumps and leased vehicles. The table below shows the book value of right-of-use assets and lease obligations and the movement on them during the year ended 31 December 2022:

	2022		2021	
	Right-of-use assets	Lease Obligations**	Right-of-use assets	Lease Obligations**
	JD	JD	JD	JD
Beginning balance	1,640,749	1,614,726	2,422,042	2,388,591
Additions	-	-	885,311	885,311
Disposals	(53,197)	(53,197)	-	-
Depreciation *	(1,211,129)	-	(1,666,604)	-
Finance costs	-	176,050	-	180,682
Payments	-	(1,401,290)	-	(1,839,858)
Ending balance	376,423	336,289	1,640,749	1,614,726

* The depreciation expenses included in the consolidated statement of profit or loss is as follows:

	2022	2021
	JD	JD
Cost of sales	1,124,366	1,536,906
Administrative expenses (note 22)	86,763	129,698
	1,211,129	1,666,604

** The details of the lease obligations as at 31 December are as follows:

	Short-term	Long-term	Total
	JD	JD	JD
2022	336,289	-	336,289
2021	1,134,128	480,598	1,614,726

(7) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022	2021
	JD	JD
Quoted shares:		
Mining Investment Company	7,912	16,612
Unquoted shares:		
Chemical and Mining Industries Company	192,035	35,000
Jordanian Investment and South Development Company	56,589	114,300
Sudan Company (CTS) - Sudan *	-	27,191
Rashadiya Employees' Association	-	500
	248,624	176,991
	256,536	193,603

* This item represents the investment of the Jordanian Cement Factories Company in Sudan Company (CTS), whereas the Company ceased operations and does not carry out any activities.

The movement on financial assets at fair value through other comprehensive income is as follows:

	2022	2021
	JD	JD
Beginning balance	193,603	199,931
Change in fair value	62,933	(6,328)
Ending balance	256,536	193,603

The movement on fair value reserve is as follows:

	2022	2021
	JD	JD
Beginning balance	(71,147)	(64,819)
Changes during the year	62,933	(6,328)
Ending balance	(8,214)	(71,147)

(8) EMPLOYEES' HOUSING AND CAR LOANS

The employees' housing and car loans are initially recognized at fair value, which is calculated by discounting the monthly payments to their present value. These loans are subsequently measured at amortized cost using the effective interest method.

	2022	2021
	JD	JD
Employees' housing loans *	321,276	441,857

* The Company granted housing loans without interest to classified employees whose service period in the Company is not less than five years, with a ceiling of JD 22,000. Loans are repaid in monthly instalments deducted from the employee's monthly salary, with a repayment period not exceeding 15 years. These loans are granted to the employees against the mortgage of the property.

(9) INVENTORY AND SPARE PARTS

	2022	2021
	JD	JD
Spare parts	14,092,414	13,534,142
Finished goods	4,981,730	1,647,889
Work in progress	3,396,748	4,732,682
Raw materials	2,619,689	2,321,199
Fuel	1,819,990	1,958,160
Others	1,241	-
	26,911,812	24,194,072
Provision for slow moving items and spare parts *	(12,853,000)	(11,519,125)
	14,058,812	12,674,947

* The movement on provision for slow moving items and spare parts is as follows:

	2022	2021
	JD	JD
Balance as at 1 January	11,519,125	12,673,485
Transfer from provision for assets held for sale (note 12)	1,637,629	-
Provision for the year	53,001	483,269
Released during the year	(356,755)	(1,637,629)
Balance as at 31 December	12,853,000	11,519,125

(10) ACCOUNTS RECEIVABLE AND CHECKS UNDER COLLECTIONS

	2022	2021
	JD	JD
Local receivables sales	14,113,598	14,214,848
Foreign receivables sales	1,920,688	1,920,688
Checks under collections	6,852,518	8,245,609
Due from related parties (note 28)	229,778	226,438
Others	24,123	12,999
	23,140,705	24,620,582
Provision for expected credit losses *	(9,130,331)	(9,763,182)
	14,010,374	14,857,400

The details of the accounts receivable and checks under collections are as follows:

	2022	2021
	JD	JD
Accounts receivable and checks under collection - long term	13,842,374	14,790,200
Accounts receivable and checks under collection - short term	168,000	67,200
	14,010,374	14,857,400

* The movement on provision for expected credit losses is as follows:

	2022	2021
	JD	JD
Balance as at 1 January	9,763,182	9,651,572
Provision for the year	294,179	114,286
Released during the year	(923,247)	-
Write off	(3,783)	(2,676)
Balance as at 31 December	9,130,331	9,763,182

As at 31 December, the aging of unimpaired accounts receivable is as follows:

	Neither past due nor impaired	1-90 days	91 – 180 days	181 – 270 days	271 – 365 days	More than 365 days	Total
	JD	JD	JD	JD	JD	JD	JD
2022-							
Total receivables	6,927,964	4,782,424	1,054,869	899,231	314,738	9,161,479	23,140,705
Provision for expected credit losses	129,000	230,369	156,315	200,452	211,939	8,202,256	9,130,331

	Neither past due nor impaired	1-90 days	91 – 180 days	181 – 270 days	271 – 365 days	More than 365 days	Total
	JD	JD	JD	JD	JD	JD	JD
2021-							
Total receivables	5,903,960	5,089,032	2,612,122	1,248,552	1,328,542	8,438,374	24,620,582
Provision for expected credit losses	74,702	763,106	348,439	561,225	486,135	7,529,575	9,763,182

Management expects unimpaired receivables to be fully recoverable.

(11) OTHER CURRENT ASSETS

	2022	2021
	JD	JD
Receivables due from the sale of the second production line – Al Fuheis Factory (note 12)	8,431,591	-
Refundable deposits	1,137,586	1,109,521
Prepaid expenses	734,110	693,515
Sales tax deposits	370,381	732,250
Receivables and advance payments to contractors	269,654	339,980
Others	76,459	143,475
	11,019,781	3,018,741

(12) ASSETS HELD FOR SALE

During 2019, the Board of Directors of the Group decided to sell the second production line of the Al Fuheis Factory, as the property and equipment related to the second production line in the Al Fuheis Factory, in addition to related spare parts, were reclassified to assets held for sale purposes for an amount of JD 10,769,754, and recognized at net book value or selling price, whichever is less.

On 17 October 2022, the Jordan Cement Factories Company signed an agreement to sell the second line - Al Fuheis Factory for an amount of JD 8,875,000.

The details of the movement in the assets held for sale are as follows:

	2022	2021
	JD	JD
Balance as at 1 January	7,839,642	10,769,754
Provision for the year *	-	(2,930,112)
Disposals during the year	(7,839,642)	-
Balance as at 31 December	-	7,839,642

* The movement on the provision for impairment of assets held for sale is as follows:

	2022	2021
	JD	JD
Balance as at 1 January	2,930,112	3,669,754
Released during the year	(1,292,483)	(739,642)
Transfer to provision for slow moving items and spare parts (note 9)	(1,637,629)	-
Balance as at 31 December	-	2,930,112

(13) CASH ON HAND AND AT BANKS

	2022	2021
	JD	JD
Cash on hand	5,640	7,435
Balance at banks	2,350,922	9,003,995
	2,356,562	9,011,430

(14) EQUITY

Paid-in Capital –
The Company's paid in capital is JD 60,444,460 consisting of 60,444,460 shares of JD 1 par value each as of 31 December 2022.

Statutory Reserve –
As required by the Jordanian Companies Law, 10% of the annual profit before tax is to be transferred to statutory reserve. The reserve is not available for distribution to the shareholders.

Accumulated losses –

The Group's accumulated losses of JD 136,078,477 exceeded the Group's capital as of 31 December 2022. Also, the Group's current liabilities exceeded its current assets by an amount of JD 60,740,828 as of 31 December 2022. These events or conditions indicate that a material uncertainty exists that may cast significant doubt about the entity's ability to continue as a going concern. According to Article (266) of the Jordanian Company's Law No. (22) for the year 1997 and its amendments, if the accumulated losses of the Public Shareholding Company exceeded 75% of its capital, the Company shall be liquidated unless the General Assembly of the Company issues a decision on its extraordinary meeting to increase the Company's capital or to deal with the Company's losses. As stated in note (33), the Company's Board of Directors resolved to submit a request to declare the Company's insolvency in accordance with the Jordanian Insolvency Law No. (21) of 2018 in order to restructure the Company's capital, as the court's decision was issued approving the declaration of insolvency on 26 July 2020, and the restructuring plan was approved on 28 August 2022.

(15) ACCOUNTS PAYABLE

	2022	2021
	JD	JD
Accounts payable	23,003,915	20,303,274
Related parties (note 28)	1,576,463	2,032,708
	24,580,378	22,335,982

(16) OTHER CURRENT LIABILITIES

	2022	2021
	JD	JD
Provision for lawsuits against the Group (note 27) *	12,236,245	14,461,796
Quarries rehabilitation and environmental protection provision**	1,411,463	1,387,523
Provision for other liabilities	1,370,438	936,156
Employee receivables	1,335,123	-
Accrued expenses	453,954	1,084,936
Employee leave allowance	217,736	427,035
Housing and health insurance fund deposits	42,416	44,216
Others	834,652	450,547
	17,902,027	18,792,209

* The details of the movement on the provision for lawsuits raised against the Group is as follows:

	2022	2021
	JD	JD
Balance as at 1 January	14,461,796	7,687,212
Provision for the year	-	6,843,088
Transferred during the year (note 18)	(2,187,653)	-
Payments during the year	(37,898)	(68,504)
Balance as at 31 December	12,236,245	14,461,796

** Provision is made for quarry rehabilitation based on expected future costs discounted to their present values using a discount rate of 7.5%.

* The movement details on provision for rehabilitation of quarries and environmental protection is as follows:

	2022	2021
	JD	JD
Balance as at 1 January	1,387,523	1,361,891
Provision for the year	23,940	25,632
Balance as at 31 December	1,411,463	1,387,523

(17) DUE TO BANKS

Bank	Ceiling amount	Average interest rate	2022	2021
	JD	%	JD	JD
Arab Bank	4,000,000	10	-	2,206,601
Capital Bank	2,250,000	9,75	-	981,345
The Housing Bank for Trade and Finance	1,500,000	9,45	-	1,107,000
			-	4,294,946

(18) DEFERRED BANK GUARANTEES

	2022	2021
	JD	JD
Arab Bank guarantees	2,187,653	-

This item represents a case between the Jordan Cement Factories Company and the Energy and Minerals Regulatory Commission, regarding clay mining fees in the Al-Fujij area – Al-Rashadiyah in the amount of JD 2,187,653 and a full provision has been recorded against that case as of 31 December 2021. During 2022, the Group has lost the case with Arab Bank and the court decided to liquidate the bank guarantee in favor of the Arab Bank. The amount was transferred from the Group's provision for lawsuits to establish a credit balance in favor of Arab Bank within the Group's financial records.

(19) PROVISIONS FOR EMPLOYEES' POST-RETIREMENT HEALTH INSURANCE BENEFITS

The Group provides specific post-retirement health insurance benefits to eligible employees and their families who meet certain conditions. Employees are entitled to benefit from health insurance upon reaching the retirement age, which is 50 years for females and 60 years for males. Employees are not granted any other benefits after retirement.

Pensioners (until their death) and their families (until the death of a spouse or children reach the maximum covered age) contribute the following amounts:

1- 2.5% of the pensioner's social security salary, with a minimum of JD 6 per month.
2- 20% of the family's medical costs, up to a maximum of JD 200 for each medical case.

The post-retirement health insurance expense shown in the consolidated statement of profit or loss is as follow:

	2022	2021
	JD	JD
Current service cost	(340,098)	20,000
Interest on commitment	1,453,200	1,367,000
	1,113,102	1,387,000

The changes in the present value of health insurance liabilities after retirement are as follows:

	2022	2021
	JD	JD
Balance as at 1 January	30,985,000	29,684,000
Provision for the year	1,113,102	1,387,000
Actuarial profit (loss)	(30,224)	1,312,000
Payments during the year	(1,581,224)	(1,398,000)
Balance as at 31 December	30,486,654	30,985,000

The basic assumptions used in determining post-retirement health insurance liabilities are as follows:

	2022	2021
Discount rate	5.12٪	4.8٪
Long-term medical inflation rate	3.50٪	3.50٪
Expected increase in employees' salaries	2.50٪	2.50٪
Revaluation pension rate	2٪	2٪
Mortality/ disability	88-90 years old for females 60-64 years old for males	88-90 years old for females 60-64 years old for males
Turnover rates	1% per year up to 50 years old	1% per year up to 50 years old
Retirement age:		
Males	60 years	60 years
Females	55 years	55 years
Maximum age of coverage for children:		
Females	23 years	23 years
Males	23 years	23 years
Annuity - Existing employees	JD 358 after deducting the joint insurance paid by the retirees	JD 322 after deducting the joint insurance paid by the retirees
Annuity – Retirees	Involved in the long-term health cost inflation hypothesis	Involved in the long-term health cost inflation hypothesis
Contributions for family members	JD 60,000 or 75% of the expected final salary, whichever is less	JD 60,000 or 75% of the expected final salary, whichever is less
Social Security salary	5.12%	4.8%

(20) INCOME TAX

Income tax provision was calculated for the Jordan Cement Factories Company (Public Shareholding Company) for 2022, in accordance with Income Tax Law No. (34) of 2014 and its amendments at rate 19% for statutory income (18%, 1% national contribution). Income tax provision was calculated for the Group for 2021, in accordance with Income Tax Law No. (34) of 2014 and its amendments at rate 18% (17%, in addition to 1% national contribution) and Aqaba Special Economic Zone Authority Law No. (32) of 2000 and its amendments for Aqaba branch at rate 5% in addition to 1% national contribution.

Arabian Concrete Supply Company, (a "Subsidiary") was granted an exemption of 25% from the income and social services taxes for the Shafa Badran Factory only according to the Investment Promotion Corporation's letter no. 620/31/2/11094. This exemption expired on 22 October 2022.

Income tax, net -

The income tax stated on the consolidated statement of profit or loss represents the following:

	2022	2021
	JD	JD
Accrued income tax expense	153,217	238,169
Prior years Income tax expense	179,937	-
Impact deferred tax assets	(105,531)	(7,869,308)
	227,623	(7,631,139)

Provision for income tax -

The movement on provision for income tax is as follows:

	2022	2021
	JD	JD
Balance as at 1 January	163,157	340,840
Adjusting prior years	255	-
Income tax for the year	153,217	238,169
Income tax paid	(212,231)	(415,852)
Balance as at 31 December	104,398	163,157

Tax status-

The Company submitted its declaration to the Income and Sales Tax Department until the year 2022. The Income Tax Department did not review the Company accounting records for the years 2021 and 2022.

The Company has reached a final settlement with the Income and Sales Tax Department up to the year 2020.

The subsidiary has reached a final settlement with the Income and Sales Tax Department up to the year 2019.

Deferred tax assets -

The following table shows the deferred tax assets is as follows:

	2022					2021
	Beginning Balance	Added amounts	Released amounts	Ending balance	Deferred tax	Deferred tax
	JD	JD	JD	JD	JD	JD
Provision of expected credit losses	7,000,000	193,007	(923,249)	6,269,758	1,158,821	1,071,413
Provision for lawsuits	81,158	21,079	-	102,237	19,425	12,174
Spare part provision	37,000	53,000	-	90,000	17,709	6,585
Accumulated losses tax	41,951,473	-	(162,286)	41,789,187	7,940,000	7,961,843
Provision for vacations and others	140,000	93,587	-	233,587	44,427	22,836
	49,209,631	360,673	(1,085,535)	48,484,769	9,180,382	9,074,851

Reconciliation between accounting loss and taxable loss is as follows:

	2022	2021
	JD	JD
Accounting loss	(1,379,452)	(10,070,924)
Non-taxable income	4,543,968	4,320,000
Non-deductible expenses	(4,437,769)	(3,677,394)
Taxable loss	(1,273,253)	(9,428,318)
Relates to:		
Taxable loss excluding Aqaba - Parent company	(3,219,351)	(11,117,587)
Taxable profit for Aqaba - Parent company	281,577	217,687
Taxable profit – subsidiary	1,664,521	1,371,582
Taxable profit for Aqaba - subsidiary	-	100,000
Income tax expenses	(333,154)	(238,169)
Statutory income tax rate - excluding Aqaba	19%	18٪
Effective income tax rate - Aqaba	6%	6%
Effective income tax rate	6%	6%

(21) SELLING AND MARKETING EXPENSE

	2022	2021
	JD	JD
Salaries and wages	998,050	907,091
Group contribution for social security	122,329	105,809
Fuel	78,198	72,850
Customer compensation and discounts	69,093	100,716
Subscriptions	60,100	55,000
Others	147,075	185,826
	1,474,845	1,427,292

(22) ADMINISTRATIVE EXPENSES

	2022	2021
	JD	JD
Salaries, wages, and other benefits	2,806,662	2,873,002
Professional fees	550,320	497,372
Social security contribution	301,766	308,556
Employees saving fund contribution	161,427	161,062
Depreciation of right to use assets (note 6)	86,763	129,698
Computer expenses	80,650	129,377
Rent	69,385	77,726
Depreciation of property, plant and equipment (note 4)	64,673	54,905
Stationery, publications, and subscriptions	43,807	37,660
Fuel	36,036	26,132
Hospitality	35,528	7,498
Insurance	32,959	87
Postage and telephone	29,414	22,532
Travel and transportation	27,720	38,040
Maintenance	19,465	12,744
Saving fund contribution	15,492	15,384
Donations	10,685	5,336
Advertising and exhibitions	9,529	7,920
Training	3,888	725
Others	217,263	464,658
	4,603,432	4,870,414

(23) PROVISION FOR RESTRUCTURING

This item represents provision for restructuring human resources through an agreement to pay certain amounts as a reward to employees whose services the Group wishes to dispense and who have met the conditions for early retirement in accordance with the Social Security Law.

(24) OTHER (EXPENSES) REVENUES, NET

	2022	2021
	JD	JD
Loss on sale of the second production line – Al Fuheis	(1,292,483)	-
Other income	157,232	332,570
	(1,135,251)	332,570

(25) BASIC AND DILUTED LOSS PER SHARE FOR THE YEAR

	2022	2021
Loss for the year attributable to equity holders (JD)	(1,833,190)	(2,714,243)
Weighted average number of shares (Share)	60,444,460	60,444,460
Basic and diluted loss per share (JD/ Fils)	(0,030)	(0,045)

(26) SEGMENT REPORTING

The Group is organized for administrative purposes so that the sectors are measured according to the reports that are used by the management and the main decision maker of the group, through the geographical information mentioned later in this clarification and through the following main business sectors:

- Cement
- Ready-mix concrete

Segment performance is evaluated based on profit or loss for the year as shown below:

Business information

The revenues, profits, assets, and liabilities by business segments are as follows:

	2022			2021
	Cement	Ready-mix concrete	Total	Total
	JD	JD	JD	JD
Revenues				
Sales	22,839,115	40,660,574	63,499,689	58,081,272
Total	22,839,115	40,660,574	63,499,689	58,081,272
Business result				
(Loss) profit before tax	(2,051,640)	672,188	(1,379,452)	(10,070,924)
Tax (expense) benefit	(16,895)	(210,728)	(227,623)	7,631,139
(Loss) profit for the year	(2,068,535)	461,460	(1,607,075)	(2,439,785)
Other sectors information				
Capital expenditures	64,516	935,165	999,681	1,986,900
Depreciation	2,218,378	671,227	2,889,605	2,811,614
Finance costs	490,174	499,981	990,155	1,054,147

	2022			2021
	Cement	Ready-mix concrete	Total	Total
	JD	JD	JD	JD
Assets and liabilities				
Assets	84,063,618	24,182,019	108,245,637	117,299,606
Liabilities	167,857,284	10,938,557	178,795,841	185,355,892

Geographical distribution

Revenues, profits, assets, and liabilities are distributed by geographic areas as follows:

	2022			2021
	Amman	Aqaba	Total	Total
	JD	JD	JD	JD
Revenues				
Sales	60,703,579	2,796,110	63,499,689	58,081,272
Business result				
(Loss) profit before tax	(1,633,970)	254,518	(1,379,452)	(10,070,924)
Tax (expense) benefit	(210,728)	(16,895)	(227,623)	7,631,139
(Loss) profit for the year	(1,844,698)	237,623	(1,607,075)	(2,439,785)
Other sectors information				
Capital expenditures	999,681	-	999,681	1,986,900
Depreciation	2,889,605	-	2,889,605	2,811,614
Finance cost	990,155	-	990,155	1,054,147

	Amman	Aqaba	Total
	JD	JD	JD
As of 31 December 2022			
Assets and liabilities			
Assets	107,595,927	649,710	108,245,637
Liabilities	178,752,951	42,890	178,795,841

	Amman	Aqaba	Total
	JD	JD	JD
As of 31 December 2021			
Assets and liabilities			
Assets	116,886,340	413,266	117,299,606
Liabilities	185,322,489	33,403	185,355,892

(27) CONTINGENT LIABILITIES

	2022	2021
	JD	JD
Letters of guarantees and credit -		
Guarantees	295,715	3,461,537
Purchase order	516,625	435,442

	2022	2021
	JD	JD
Contractual obligations -		
Purchase raw material	4,764,200	5,070,000
Other purchases	-	14,840,000

Legal cases -

The Group is a defendant in a number of lawsuits for an amount of JD 19,817,435 as at 31 December 2022 (31 December 2021: JD 21,809,502). The Group management and their legal advisors believe that the provision is sufficient to cover these liabilities that amount to JD 12,236,245 as at 31 December 2022 (31 December 2021: JD 14,461,796). The lawsuits filed by the Group against third parties amounted to JD 5,077,095 as of 31 December 2022 (31 December 2021: JD 6,631,705).

(28) RELATED PARTIES

Transactions with related parties consist of transactions with associated companies, employees, major shareholders, Board of Directors, senior management, other related parties and companies owned by the partner.

Prices and conditions relating to the transactions with related parties are approved by the Group management.

The following is a summary of balances with related parties during the year:

	2022	2021
	JD	JD
Items within the consolidated statement of financial position items		
Accounts receivable (note 10)	229,778	226,438
Accounts payable		
Accounts payable – insolvency (note 33)	10,591,679	19,148,887
Other payables (note 15)	1,576,463	2,032,708
	12,168,142	21,181,595
Related parties' loan	-	24,500,000
Items within the consolidated statement of profit or loss items		
Expenses	3,796,912	3,234,008

Key management personnel compensation (salaries, compensation, and other benefits) is as follows:

	2022	2021
	JD	JD
Salaries, compensation, and other benefits	1,109,269	1,274,648

(29) RISK MANAGEMENT

Interest rate risk -

Interest rate risk is a risk which arises from the fluctuations in the fair values or future cash flows of financial instruments due to the changes in interest rates on these instruments.

The Group is exposed to interest rate risk on its interest-earning assets such as bank deposits and interest-bearing liabilities such as lease liabilities, loans and overdrafts.

The sensitivity of the consolidated statement of profit or loss is the effect of the assumed changes in interest rates on the Group profit as 31 December 2022, based on financial assets and liabilities with floating interest rates.

The following table demonstrates the sensitivity of the consolidated statement of profit or loss to reasonably possible changes in interest rates with all other variables held constant:

	Change in interest rate	Effect on loss
	(%)	JD
2022-		
Currency		
Jordanian Dinar	1	30,823
Jordanian Dinar	(1)	(30,823)

	Change in interest rate	Effect on loss
	(%)	JD
2021-		
Currency		
Jordanian Dinar	1	100,683
Jordanian Dinar	(1)	(100,683)

Credit risk -

Credit risk is the risks that may results from the failure or inability of debtors or other parties to fulfil their obligations.

The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables. The Group maintains its bank balances and deposits with reputable financial institutions.

Currency risk -

Most of the Group's transactions are in Jordanian Dinars and US Dollars. The Jordanian Dinar exchange rate is fixed against USD (US$ 1.41 for JD 1).

Liquidity risk –

Liquidity risk is represented by the possibility that the Group may not be able to meet its obligation when due. The Group manages its liquidity risk by seeking adequate funding from shareholders under normal and difficult circumstances, without incurring unacceptable losses or affecting the Group's reputation. The management plan to address the deficit in shareholders' equity and the continuity of the Group is detailed in note (33).

Equity price risk –

The following table demonstrates the sensitivity of the consolidated statement of comprehensive income and the cumulative change in fair value of financial assets at fair value through other comprehensive income to reasonably possible changes in equity prices, with all other variables held constant:

	Change in market index	Effect on equity
	(%)	JD
2022-		
Financial assets at fair value through other comprehensive income	10	(25,654)
2021-		
Financial assets at fair value through other comprehensive income	10	(19,360)

The effect of decrease in equity prices is expected to be equal and opposite to the effect of the increase shown above.

(30) CAPITAL MANAGEMENT

The primary objective of the Group capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. The Company has prepared a detailed budget and plan until the year 2030, and it was approved by the creditors' committee on 10 August 2022. The Company's ability to continue its business depends on its ability to generate sufficient future cash flows to meet its obligations. These events and conditions indicate that there is a material doubt about the Company's ability to continue as a going concern.

The items included in the capital structure are the paid-in capital, treasury shares, statutory reserve, the cumulative change in fair value reserve, and the accumulated losses, totalling a deficit of JD 75,403,460 as of 31 December 2022 compared to a deficit of JD 73,663,427 as of 31 December 2021. The accumulated losses including the loss of the year JD 136,078,447 with represent 225% from the paid-in capital for the Company as of 31 December 2022.

(31) FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and bank balances, accounts receivable, financial assets at fair value through other comprehensive income, employees' cars and housing loan, and some other current assets. Financial liabilities consist of due to banks, loans, accounts payable and some other current liabilities.

The fair values of financial instruments are not materially different from their carrying values.

(32) FAIR VALUE HIERARCHY

The following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3: techniques that use inputs, which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
31 December 2022-	JD	JD	JD	JD
Financial assets at fair value through other comprehensive income	7,912	-	248,624	256,536
31 December 2021-				
Financial assets at fair value through other comprehensive income	16,612	-	176,991	193,603

(33) GOING CONCERN

The Group's total liabilities exceeded its total assets by JD 70,550,204 and its total current liabilities exceeded its total current assets by JD 60,740,828. In addition to that, the accumulated losses, including the loss for the year, amounted to JD 136,078,447 which represents 225% of the Company's paid-in capital as of 31 December 2022.

According to Article (266) of the Jordanian Company's Law No. (22) for the year 1997 and its amendments, if the accumulated losses of the Public Shareholding Company exceeded 75% of its capital, the Company shall be liquidated unless the General Assembly of the Company issues a decision on its extraordinary meeting to increase the Company's capital or to deal with the Company's losses.

The Board of Directors decided to request to declare the Company's insolvency in accordance with the Jordanian Insolvency Law No. (21) of 2018 in order to restructure the Company's capital, as the Salt Court of First Instance decided to approve the insolvency declaration on 26 July 2020, and the restructuring plan was approved on 28 August 2022.

The following represents the measures taken by the Board of Directors of the Jordanian Cement Factories Company (Public Shareholding Company) in confronting the existing financial conditions:

A - Insolvency

In light of the Company's financial conditions, and the need to find future solutions to the difficulties experienced by the Company , and the existence of a law that simulates the concept of saving companies and provides legal protection for the economic activity or the insolvent debtor, and provides the possibility of reorganization and/or restructuring, the Company's Board of Directors decided to submit a request to declare the Company's insolvency in accordance with the Jordanian Insolvency Law No. (21) of 2018 in order to restructure the Company's capital and operations to maintain the Company's business continuity and sustainability.

B - The insolvency declaration decision

- A decision was issued by the Salt Court of First Instance approving the declaration of the insolvency of the Jordan Cement Factories Company on 26 July 2020, and the decision was published in the Official Gazette, including the appointment of an insolvency agent while maintaining the management of the Company under the supervision of the insolvency agent and the court, since the insolvency application was submitted by the debtor (Jordan Cement Factories Company).

- Following the objection and appeal of the insolvency decision from several parties (13 appeals and objections), the Court of Appeal decided to revoke the insolvency declaration decision on 28 September 2020, in form due to submission of the insolvency declaration outside the legal period.

- The decision of the Court of Appeal was discerned after granting the Company the needed permission to challenge the decision. The Court of Cassation issued its decision on 16 May 2021, which includes dismissing the appealed decision in favour of the Company and returning it to the Court of Appeal to issue its ruling of dismissing the appeal in form.

- Preparations were made for the General Assembly of Creditors' meeting to present the reorganization plan and complete the insolvency procedures. However, the meeting did not take place due to the strike of the labour and employees working in the Company, which led to the lack of a quorum, and the meeting was postponed, consequently the decision was issued by the Salt Court including halting the insolvency proceedings until the issuance of the insolvency declaration decision.

- On 14 October 2021, the decision of the Amman Rights Court of Appeal was issued in case no. 6870/2021 issued after the cassation, which included not following the cassation, insisting on its previous decision, accepting the appeal regulations as a subject matter, rescinding the decision of Salt Court, and ruling to reject the insolvency application in form for submitting it outside the legal period.

- Based on the objection submitted by some creditors, the Insolvency Court (Salt Court of First Instance) issued on 14 October 2021 its decision to suspend the insolvency proceedings until a final decision is issued in the insolvency declaration case by the Court of Cassation. The Jordan Cement Factories Company did not agree on the decision to halt the procedures, as it filed an appeal on 18 October 2021 before the Court of Appeal, which decided to rescind the decision of the Court of First Instance and affirmed the legality of continuing the insolvency proceedings, since the insolvency law confirmed the appeal of the insolvency declaration decision does not halt the insolvency proceedings.

- The Jordan Cement Factories Company did not accept this decision and submitted an appeal on 21 November 2021 for the second time before the Court of Cassation and asked to reverse the decision of appeals court.

- On 20 April 2022, a decision was issued by the Court of Cassation to set aside the contested decision issued by the Court of Appeal, confirming the correctness of submitting the application for declaring insolvency and returning the papers to their source (the Court of Appeal) to comply with the cassation decision.

- On 12 June 2022 and in line with the decision of the Court of Appeal, the decision of the insolvency court was issued to proceed with the insolvency proceedings as of the start of the reorganization phase during which the insolvency proceedings were suspended, and that this phase would begin as of 12 June 2022, and on the same date the court agreed to the request of the insolvency agent to submit the reorganization plan within 30 days from the date mentioned above.

- The insolvency agent submitted a restructuring plan to the insolvency court on 4 July 2022, which is mainly based on several options for debt repayment the option of land ownership, the option of debt capitalization, and the option of obtaining bank loans.

- A meeting of the General Assembly of Creditors was scheduled for 10 August 2022 to discuss and vote on the restructuring plan. On the specified date, this meeting was held in the presence of the insolvency agent / secretary of the meeting and the Company's executive management. The meeting was chaired by the insolvency judge, and the meeting was attended by creditors representing (91.68%) of the total debts included in the list of creditors.

- The reorganization plan and the approved proposals were approved and voted by a majority of the representatives of the creditors present at the meeting, with a rate of (97.81%) of the total creditors' debts were approved.

- The court's decision was issued on 28 August 2022, which included the approval of the restructuring plan and the completion of insolvency procedures. The following are the main results of the plan:

<u>Debt repayment:</u>

- Paying the debts of major creditors (banks and Lafarge Group companies) through transferring plots of land to them in Al Fuheis area, equal to the value of their debt after writing off 5% of their total unsecured debts, where the amount of discount amounted to JD 2,113,351.

- Paying the preferred debts and the rest of the unsecured debts in cash after deducting 15% of the total debt amount and within 3-5 years, where the amount of discount on these debts amounted to JD 1,613,698.

- Writing off all debts classified as debts of lower priority in the amount of JD 42,563,781.

- As a result, the total of the debts that were written off in addition to the deductions mentioned above amounted to JD 46,290,830.

<u>Human Resources:</u>

- Increasing the rates of health insurance contributions for employees and retirees, which contributes to alleviating the burden of health insurance on the Company.

- Restructuring human resources by agreeing to pay certain amounts as a reward to employees whose services the company wishes to dispense with who have fulfilled the conditions for early retirement in accordance with the provisions of the Social Security Law.

- The most important themes and hypotheses on which the reorganization plan that was presented by the insolvency agent was built:

A. Increasing the Company's share in the local market and finding export opportunities.

B. Searching for complementary products and/ or alternative products.

C. Providing alternatives in regard to the fuel used in production processes.

D. Follow-up procedures for the sale of the second production line.

E. Selling part of the Company's assets that have no impact on the Company's operational activity.

F. Reconsidering the matter of investing the Company's plots of land in the Al Fuheis area in cooperation and coordination with the concerned authorities.

G. Reviewing health insurance costs by adjusting health insurance contributions and purchasing beneficiaries' cards, which reduces the cost of health insurance, both for employees and retirees.

H. Reduce the number of employees within a specific plan.

I. Correcting the legal status of the Company by amortizing the accumulated losses through:

   - The use of surplus fair value of the assets and land of the Company.
   - Write-off and discount on debts within the reorganization plan.
   - Surplus provision for post-retirement health insurance based on the above modifications.
   - Profits from the sale of the Company's indispensable assets.

The Company has started implementing the outputs of the reorganization plan, including:

- A committee was formed to supervise the reorganization plan, consisting of members of the Board of Directors, through which consultations are conducted on the course of implementing the reorganization plan and taking decisions, and then submitting them to the Board of Directors.

- An organized collective labor contract agreement was signed based on the provisions of labor Law No. (8) of 1996 and its amendments, which provide for the payment of a month and a half wage for each year of service for the employee and within specific conditions. Subsequently, the services of 24 employees were terminated.

- Health insurance contributions were increased by 1% for active employees and 0.5% for retired employees.

- Health insurance cards were purchased from a number of retirees in exchange for paying certain amounts to them, provided that they waive the benefit of health insurance. Their number reached 49 retirees until September 2023.

- It was agreed on a cash payment plan for excellent and unsecured debts within a specific plan, according to the availability of cash liquidity, and nearly half a million Jordanian dinars have already been paid until the end of May 2023.

- A meeting was held with the major creditors (banks and the Lafarge Group) and it was agreed to start the evaluation procedures for several plots of land owned by the Company in the Fuheis area, as stipulated in the reorganization plan for the purposes of implementing the outputs of the restructuring plan regarding the in-kind payment of the major creditors.

Insolvency amounts and insolvency procedures amounts confirmed and unconfirmed as of 31 December 2022 & 2021 are shown as follows:

	2022	2021
	JD	JD
Insolvency Liability:		
Preferred debts	723,428	819,207
Unsecured debts	56,094,184	63,786,884
Lowest priority debts	-	42,563,781
Total	56,817,612	107,169,872
Insolvency procedures:		
Amounts raised from insolvency procedures	15,699,899	8,271,522
Total	72,517,511	115,441,394
Other debts:		
Accounts payable, other credit balances and provisions	95,339,773	50,495,909
Total	167,857,284	165,937,303

The table below shows the details of liabilities classified as insolvency debts as of 31 December 2022 and 2021:

	2022	2021
	JD	JD
Due to banks *	12,786,916	15,952,774
Accounts payable **	21,913,083	37,380,900
Other current liabilities ***	5,448,021	6,000,371
Banks loans ****	16,669,592	23,335,827
Related party loan*****	-	24,500,000
	56,817,612	107,169,872

* The table below illustrates the due to banks:

	2022	2021
	JD	JD
The Housing Bank for Trade and Finance	5,802,287	7,044,160
Arab Bank	1,646,563	2,278,923
Capital Bank	3,464,593	4,198,906
ABC Bank	1,873,473	2,430,785
	12,786,916	15,952,774

The total balance of due to banks is JD 12,786,916 as of 31 December 2022 (2021: JD 15,952,774) classified under insolvency and the interest has been suspended as of the date of declaration of insolvency on 26 July 2020.

** The table below illustrates the accounts payable:

	2022	2021
	JD	JD
Due to related parties	10,591,679	19,148,887
Unpaid checks	1,507,843	3,305,776
Accruals	535,652	1,151,389
Other accounts payable	9,277,909	13,774,848
	21,913,083	37,380,900

*** The table below illustrates the other current liabilities:

	2022	2021
	JD	JD
Unpaid dividends	5,157,993	5,157,993
Employees' payables	290,028	842,378
	5,448,021	6,000,371

**** The table below illustrates the banks loans :

	2022	2021
	JD	JD
Arab Bank	11,037,429	15,000,000
The Housing Bank for Trade and Finance	1,841,140	3,090,277
Jordan Kuwait Bank	1,737,602	2,180,442
ABC Bank	1,402,395	1,533,657
Capital Bank	651,026	1,531,451
	16,669,592	23,335,827

The total balance for banks loans is JD 16,669,592 as of 31 December 2022 (2021: JD 23,335,827) classified under insolvency and the interest has been suspended as of the date of declaration of insolvency on 26 July 2020.

***** The table below illustrates the related party loan:

	2022	2021
	JD	JD
Related party loan	-	24,500,000
	-	24,500,000

The Jordan Cement Factories Company signed several loan agreements with Lafarge France for an amount of JD 24,500,000 without interest. The Company owed all the balances, and it was not paid by the Company. The entire amount of the loans has been classified under the lowest priority debts and has been written off.

(34) STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Group consolidated financial statements are disclosed below. The group intends to adopt these standards, if applicable, when they become effective.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach),
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

This standard is not applicable to the Group.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement,
- That a right to defer must exist at the end of the reporting period,
- That classification is unaffected by the likelihood that an entity will exercise its deferral right,
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

The amendments are not expected to have a material impact on the Group.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Company accounting policy disclosures.

(35) COMPARATIVE FIGURES

Some of 2021 figures have been reclassified in order to correspond with the presentation of 2022 figures. Such reclassification did not affect previously reported loss or equity for the year 2021.