

THE JORDAN CEMENT FACTORIES COMPANY

PUBLIC SHAREHOLDING COMPANY

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2024

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 Company (the Company) and its subsidiaries (the Group) which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of income, 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 material accounting policies information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

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

As disclosed in note (31) to the consolidated financial statements, 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. The Company began implementing the outputs of the restructuring plan at the end of the year 2022 which had positively contributed to the decrease of the accumulated losses to capital, which has become 172% compared to 222% at the end of the year 2023. As disclosed in note (13) to the consolidated financial statements, the Group's accumulated losses of JD 103,936,396 exceeded the Group's total paid-in capital as of 31 December 2024. Also, the Group's current liabilities exceeded its current assets by an amount of JD 63,027,456 as of 31 December 2024. 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.

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 current year. 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

The related disclosures for revenues are disclosed in note (24) to the consolidated financial statements

Key Audit Matter

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 key audit matter.

Revenue is recognized when the Group fulfills performance obligations in accordance with the contracts entered into with customers, when the goods are delivered to customers and the invoice is issued, which usually occurs at a certain point in time.

How the key audit matter was addressed in the audit

The audit procedures included the following:

- Evaluated the accounting policies followed by the Group to recognize revenues in accordance with IFRS Accounting Standards.
- Obtained an understanding of the Group's internal control system regarding revenue recognition, including the main internal control elements within the revenue recognition cycle.
- Tested the accuracy of revenue recognition by selecting a sample of invoices and matching them with the announced and agreed upon contracts and prices.
- Tested a representative sample of revenue related accounting entries recorded during the year based on criteria specified by us.
- Selected a sample before and after the end of the current year to evaluate whether revenue was recognized in the correct period.
- Performed detailed revenue analysis using financial and non-financial information.

Other information included in the Group's 2024 annual report

Other information consists of the information included in the Group's 2024 Annual Report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2024 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 IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), 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's 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 exist, 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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 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.



Amman – Jordan
30 March 2025

ERNST & YOUNG
Amman - Jordan

THE JORDAN CEMENT FACTORIES COMPANY – PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Notes	2024 JD	2023 JD
ASSETS			
Non-current assets -			
Property, plant and equipment	4	39,600,665	41,643,698
Investment properties	5	9,966,037	10,468,320
Right-of-use assets	6	408,686	633,648
Financial assets at fair value through other comprehensive income	7	294,286	266,819
Employees' housing and car loans	8	149,592	247,223
Deferred tax assets	18	1,693,389	9,268,292
Goodwill	3	2,495,945	2,495,945
Intangible assets		30,145	37,002
		<u>54,638,745</u>	<u>65,060,947</u>
Current assets -			
Inventory and spare parts	9	14,113,113	17,738,500
Accounts receivable and checks under collection	10	16,169,660	14,492,246
Other current assets	11	9,916,050	10,294,481
Cash on hand and at banks	12	7,711,302	5,546,217
		<u>47,910,125</u>	<u>48,071,444</u>
TOTAL ASSETS		<u>102,548,870</u>	<u>113,132,391</u>
EQUITY AND LIABILITIES			
Shareholders' equity			
Paid-in capital	1&13	60,444,460	60,444,460
Treasury shares		(323)	(323)
Statutory reserve	13	3,317,202	239,094
Fair value reserve	7	29,536	2,069
Accumulated losses	13	(103,936,396)	(134,348,764)
		<u>(40,145,521)</u>	<u>(73,663,464)</u>
Non-controlling interests	22	7,097,554	6,334,027
Deficit in shareholders' equity		<u>(33,047,967)</u>	<u>(67,329,437)</u>
Liabilities -			
Non-current liabilities -			
Long-term lease liabilities	6	180,298	421,655
Provisions for employees' post-retirement health insurance benefits	17	24,478,958	27,551,378
		<u>24,659,256</u>	<u>27,973,033</u>
Current liabilities -			
Accounts payable	14	32,665,462	32,360,330
Other current liabilities	15	16,176,899	15,176,283
Provision for income tax	18	1,089,189	826,733
Short-term lease liabilities	6	259,908	229,763
Restructuring provision	21	1,200,000	765,000
Due to bank		23,820	-
Deferred bank guarantees	16	-	2,187,653
Insolvency debts	31	59,522,303	100,943,033
		<u>110,937,581</u>	<u>152,488,795</u>
Total liabilities		<u>135,596,837</u>	<u>180,461,828</u>
TOTAL EQUITY AND LIABILITIES		<u>102,548,870</u>	<u>113,132,391</u>

The accompanying notes from 1 to 33 form part of these consolidated financial statements

THE JORDAN CEMENT FACTORIES COMPANY – PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 JD	2023 JD
Sales	24	75,496,133	73,755,244
Cost of sales		(64,663,518)	(62,933,972)
Gross profit		10,832,615	10,821,272
Selling and marketing expenses	19	(1,453,210)	(1,543,435)
Administrative expenses	20	(4,198,595)	(4,291,949)
Operating income		5,180,810	4,985,888
Recovered from employees' housing and car loans provision		16,873	71,169
Interests income		73,330	26,796
Depreciation of investment properties	5	(497,368)	(494,152)
Finance costs		(142,836)	(573,751)
Lease finance costs	6	(53,334)	(185,185)
Depreciation of right of use assets	6	(248,344)	(516,611)
Provision for employees' post-retirement health insurance benefits	17	(704,757)	(615,832)
Provision for restructuring	21	(3,183,301)	(765,000)
(Provision for) Recovered from slow moving items and spare parts	9	(177,000)	425,000
Recovered from lawsuits	15	442,819	1,548,167
Provision for rehabilitation of quarries and environment protection	15	(13,524)	(22,351)
Provision for expected credit losses	10	(400,000)	(50,023)
Recovered from (Provision for) employees' vacations		31,796	(10,454)
Provision for impairment of project under construction	4	-	(600,000)
Amortization of intangible assets		(6,857)	(6,857)
Loss from foreign currency revaluation		(2,398)	(1,004,753)
Gain (Loss) from sale of property, plant and equipment, net		431,798	(7,677)
Witten off debts resulted from ownership of major creditors	31	10,719,221	-
Gain resulted from loan settlements and liabilities	31	31,015,604	-
Other revenues, net		318,628	404,506
Profit for the year before income tax		42,801,160	2,608,880
Income tax expense, net	18	(8,991,867)	(1,070,767)
Profit for the year		33,809,293	1,538,113
Attributable to:			
Shareholders of the Company		31,575,766	57,342
Non-controlling-interests		2,233,527	1,480,771
		<u>33,809,293</u>	<u>1,538,113</u>
		Fils / JD	Fils / JD
Basic and diluted profit per share for the year attributable to the shareholders of the Company	23	<u>0,522</u>	<u>0,001</u>

The accompanying notes from 1 to 33 form part of these consolidated financial statements

THE JORDAN CEMENT FACTORIES COMPANY – PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	<u>Notes</u>	<u>2024</u> JD	<u>2023</u> JD
Profit for the year		33,809,293	1,538,113
Other comprehensive income items that will not be reclassified to profit or loss in subsequent periods after tax:			
Changes in fair value resulted from financial assets at fair value through other comprehensive income	7	27,467	10,283
Actuarial gains resulted from revaluation of post-retirement health insurance benefits	17	<u>1,914,710</u>	<u>1,672,371</u>
		<u>1,942,177</u>	<u>1,682,654</u>
Total comprehensive income for the year		<u><u>35,751,470</u></u>	<u><u>3,220,767</u></u>
Attributable to:			
Shareholders of the Company		33,517,943	1,739,996
Non-controlling interests		<u>2,233,527</u>	<u>1,480,771</u>
		<u><u>35,751,470</u></u>	<u><u>3,220,767</u></u>

The accompanying notes from 1 to 33 form part of these consolidated financial statements

THE JORDAN CEMENT FACTORIES COMPANY – PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Paid-in capital	Treasury shares	Statutory reserve	Fair value reserve	Accumulated losses	Total	Non- controlling interests	Deficit in shareholders' equity
	JD	JD	JD	JD	JD	JD	JD	JD
2024 -								
Balance at 1 January	60,444,460	(323)	239,094	2,069	(134,348,764)	(73,663,464)	6,334,027	(67,329,437)
Profit for the year	-	-	-	-	31,575,766	31,575,766	2,233,527	33,809,293
Other comprehensive income items	-	-	-	27,467	1,914,710	1,942,177	-	1,942,177
Total comprehensive income for the year	-	-	-	27,467	33,490,476	33,517,943	2,233,527	35,751,470
Transfer to statutory reserve	-	-	3,078,108	-	(3,078,108)	-	-	-
Dividend distribution to non-controlling interest (note 13)	-	-	-	-	-	-	(1,470,000)	(1,470,000)
Balance at 31 December	<u>60,444,460</u>	<u>(323)</u>	<u>3,317,202</u>	<u>29,536</u>	<u>(103,936,396)</u>	<u>(40,145,521)</u>	<u>7,097,554</u>	<u>(33,047,967)</u>
2023 -								
Balance at 1 January	60,444,460	(323)	239,094	(8,214)	(136,078,477)	(75,403,460)	4,853,256	(70,550,204)
Profit for the year	-	-	-	-	57,342	57,342	1,480,771	1,538,113
Other comprehensive income items	-	-	-	10,283	1,672,371	1,682,654	-	1,682,654
Total comprehensive income for the year	-	-	-	10,283	1,729,713	1,739,996	1,480,771	3,220,767
Balance at 31 December	<u>60,444,460</u>	<u>(323)</u>	<u>239,094</u>	<u>2,069</u>	<u>(134,348,764)</u>	<u>(73,663,464)</u>	<u>6,334,027</u>	<u>(67,329,437)</u>

The accompanying notes from 1 to 33 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 2024

	Notes	2024 JD	2023 JD
<u>Operating Activities</u>			
Profit for the year before income tax		42,801,160	2,608,880
Adjustments:			
Depreciation	4&5	3,078,715	2,877,792
Amortization of intangible assets		6,857	6,857
Depreciation of right-of-use-assets	6	248,344	516,611
Provision for expected credit losses	10	400,000	50,023
(Gain) loss from sale of property, plant and equipment and investment in properties		(431,798)	7,677
Recovered from lawsuits	15	(442,819)	(1,548,167)
Provision for employees' post-retirement health insurance benefits		704,757	615,832
Provision for rehabilitation of quarries and environment protection		13,524	22,351
Recovered from (provision for) slow moving items and spare parts	9	177,000	(425,000)
Recovered from employees' housing and car loans provision		(16,873)	(71,169)
Finance costs		142,836	573,751
Finance costs on lease liabilities		53,334	185,185
Provision for restructuring		3,183,301	765,000
Interests income		(73,330)	(26,796)
Other provisions		883,586	870,295
Provision for impairment of projects under construction	4	-	600,000
Witten off debts resulted from ownership of major creditors		(10,719,221)	-
Gain resulted from loan settlements and liabilities		(31,015,604)	-
Changes in working capital:			
Accounts receivable, other current assets, checks under collection, and employees' housing and car loans		(1,006,743)	(290,555)
Inventory and spare parts		3,448,387	(3,254,688)
Accounts payable and other current liabilities		(2,889,454)	5,077,545
Paid from post-retirement health insurance benefits	17	(1,862,467)	(1,878,737)
Paid from lawsuits provision	15	(324,758)	(36,920)
Paid from other provisions		(610,189)	(259,450)
Paid from Income tax	18	(1,140,621)	(280,841)
Paid from restructuring provision	21	(554,499)	(67,459)
Net cash flows from operating activities		4,053,425	6,638,017
<u>Investing Activities</u>			
Purchase of property, plant and equipment and projects in progress	4	(1,759,213)	(1,905,577)
Proceeds from sale of property, plant and equipment		1,657,612	66,893
Proceeds from employees' housing and car loans		16,873	71,169
Net cash flows used in investing activities		(84,728)	(1,767,515)
<u>Financing Activities</u>			
Dividends paid		(1,470,000)	(490,000)
Paid finance costs		(142,836)	(573,751)
Payments of lease liabilities		(287,926)	(643,892)
Proceeds from interest income		73,330	26,796
Net cash flows used in financing activities		(1,827,432)	(1,680,847)
Net increase in cash and cash equivalents		2,141,265	3,189,655
Cash and cash equivalents at the beginning of the year		5,546,217	2,356,562
Cash and cash equivalents at the end of the year	12	7,687,482	5,546,217

The accompanying notes from 1 to 33 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 2024.

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 2023 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 31).

The consolidated financial statements were approved for issuance by the Board of Directors in its meeting held on 27 March 2025 and it is subject to the approval of the General Assembly of the shareholders.

(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 2024 and 2023.

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

* Arabian concrete supply company (the subsidiary) owns 100% (2023: 100%) of the capital of the Arabian Transport Specialized, with a paid in capital amounted JD 1,000,000 as of 31 December 2024 (2023: JD 1,000,000). Its main objectives include specialized land transport for the transportation of construction materials and ready-mixed concrete, as well as importing what is necessary to achieve the company's goals.

** 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 2024. 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 consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2023 except for the adoption of new amendments on the standards effective as of 1 January 2024 shown below:

Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback

The amendments in IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Group's consolidated financial statements.

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

The amendments to IAS 1 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

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the Group's consolidated financial statements.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments had no impact on the Group's consolidated financial statements.

(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 provision

The Group's management calculates the tax expense for the year based on reasonable estimates of potential audit outcomes by the Income and Sales Tax Department. The value of the tax provision depends on various factors, such as the company's experience with tax audits in previous years. In addition, the Group engages an independent tax advisor to review the calculation of the tax provision.

Deferred tax assets are recognized for all deductible temporary differences, such as non-tax-deductible expenses and losses, which are likely to be included in taxable profit. Determining the value of deferred tax assets that can be recognized based on the expected timing and level of future taxable profits requires the judgment and assessment of the Group's management. Details of the income tax provision are disclosed in Note (18).

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 and quarries) is depreciated using the straight-line method over their estimated useful lives using the following annual depreciation rates:

	<u>Years</u>
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 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.

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 income 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

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.

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.

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.

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 assets and liability

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

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

(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 2024, 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.

THE JORDAN CEMENT FACTORIES COMPANY – PUBLIC SHAREHOLDING COMPANY
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(4) PROPERTY, PLANT AND EQUIPMENT

	Land	Quarries	Buildings	Machinery and equipment	Vehicles	Tools and devices	Furniture and fixtures	Computers	Others	Projects in progress*	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
2024 -											
Cost -											
Balance at 1											
January	5,411,551	8,033,408	72,823,966	128,840,522	9,442,410	6,074,886	645,394	3,323,049	10,287,386	759,131	245,641,703
Additions	-	-	-	364,983	1,073,322	-	-	-	-	320,908	1,759,213
Transfers	-	-	-	6,097	7,833	-	-	-	-	(13,930)	-
Disposals	-	-	(9,699)	(14,993,374)	(480,571)	-	-	-	-	-	(15,483,644)
At 31 December	5,411,551	8,033,408	72,814,267	114,218,228	10,042,994	6,074,886	645,394	3,323,049	10,287,386	1,066,109	231,917,272
Accumulated											
depreciation-											
Balance at 1											
January	-	2,262,232	65,542,026	109,577,756	6,650,509	5,864,369	639,954	3,322,972	10,138,187	-	203,998,005
Depreciation for the											
year	-	-	458,977	1,545,866	502,360	37,117	551	-	36,476	-	2,581,347
Disposals	-	-	(2,185)	(13,827,928)	(432,632)	-	-	-	-	-	(14,262,745)
Balance at 31											
December	-	2,262,232	65,998,818	97,295,694	6,720,237	5,901,486	640,505	3,322,972	10,174,663	-	192,316,607
Net book value											
At 31 December											
2024	5,411,551	5,771,176	6,815,449	16,922,534	3,322,757	173,400	4,889	77	112,723	1,066,109	39,600,665

* The company expects to complete the projects under progress during the year 2025, with a percentage of completion of 95%. The total estimated cost to complete the projects is JD 170,000.

THE JORDAN CEMENT FACTORIES COMPANY – PUBLIC SHAREHOLDING COMPANY
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	Land	Quarries	Buildings	Machinery and equipment	Vehicles	Tools and devices	Furniture and fixtures	Computers	Others	Projects in progress	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
2023 -											
Cost -											
Balance at 1 January	5,411,551	8,033,408	72,330,816	125,784,607	8,539,791	5,859,157	639,883	3,323,049	10,227,029	4,710,533	244,859,824
Additions	-	-	-	509,088	978,771	-	-	-	-	417,718	1,905,577
Transfers	-	-	558,212	2,546,827	-	215,729	5,511	-	75,966	(3,402,245)	-
Impairment provision	-	-	-	-	-	-	-	-	-	(600,000)	(600,000)
Disposals	-	-	(65,062)	-	(76,152)	-	-	-	(15,609)	(366,875)	(523,698)
At 31 December	<u>5,411,551</u>	<u>8,033,408</u>	<u>72,823,966</u>	<u>128,840,522</u>	<u>9,442,410</u>	<u>6,074,886</u>	<u>645,394</u>	<u>3,323,049</u>	<u>10,287,386</u>	<u>759,131</u>	<u>245,641,703</u>
Accumulated depreciation-											
Balance at 1 January	-	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
Depreciation for the year	-	10,371	490,835	1,536,709	301,855	5,686	92	-	38,092	-	2,383,640
Disposals	-	-	(17,169)	-	(51,355)	-	-	-	(13,720)	-	(82,244)
Balance at 31 December	<u>-</u>	<u>2,262,232</u>	<u>65,542,026</u>	<u>109,577,756</u>	<u>6,650,509</u>	<u>5,864,369</u>	<u>639,954</u>	<u>3,322,972</u>	<u>10,138,187</u>	<u>-</u>	<u>203,998,005</u>
Net book value											
At 31 December 2023	<u>5,411,551</u>	<u>5,771,176</u>	<u>7,281,940</u>	<u>19,262,766</u>	<u>2,791,901</u>	<u>210,517</u>	<u>5,440</u>	<u>77</u>	<u>149,199</u>	<u>759,131</u>	<u>41,643,698</u>

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

	<u>2024</u>	<u>2023</u>
	<u>JD</u>	<u>JD</u>
Cost of sales	2,550,013	2,351,716
Administrative expenses (note 20)	31,334	31,924
	<u>2,581,347</u>	<u>2,383,640</u>

THE JORDAN CEMENT FACTORIES COMPANY – PUBLIC SHAREHOLDING COMPANY
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(5) INVESTMENTS PROPERTIES

	Land	Quarries	Buildings	Equipment	Total
	JD	JD	JD	JD	JD
2024 -					
Cost -					
Balance at 1 January	2,039,950	2,955,563	13,236,187	6,030,719	24,262,419
Disposals	(86)	(5,974)	-	-	(6,060)
Balance at 31 December	<u>2,039,864</u>	<u>2,949,589</u>	<u>13,236,187</u>	<u>6,030,719</u>	<u>24,256,359</u>
Accumulated depreciation -					
Balance at 1 January	-	503,464	9,657,024	3,633,611	13,794,099
Disposals	-	-	271,490	225,878	497,368
Depreciation for the year	-	(1,145)	-	-	(1,145)
Balance at 31 December	<u>-</u>	<u>502,319</u>	<u>9,928,514</u>	<u>3,859,489</u>	<u>14,290,322</u>
Net book value					
Balance at 31 December 2024	<u>2,039,864</u>	<u>2,447,270</u>	<u>3,307,673</u>	<u>2,171,230</u>	<u>9,966,037</u>
2023 -					
Cost -					
Balance at 1 January	2,039,950	2,955,563	13,236,187	6,030,719	24,262,419
Balance at 31 December	<u>2,039,950</u>	<u>2,955,563</u>	<u>13,236,187</u>	<u>6,030,719</u>	<u>24,262,419</u>
Accumulated depreciation -					
Balance at 1 January	-	503,464	9,387,990	3,408,493	13,299,947
Depreciation for the year	-	-	269,034	225,118	494,152
Balance at 31 December	<u>-</u>	<u>503,464</u>	<u>9,657,024</u>	<u>3,633,611</u>	<u>13,794,099</u>
Net book value					
Balance at 31 December 2023	<u>2,039,950</u>	<u>2,452,099</u>	<u>3,579,163</u>	<u>2,397,108</u>	<u>10,468,320</u>

During 2024, the Company has performed impairment test for the fair value of the investment properties, the fair value was amounted to JD 160,414,077 as at 31 December 2024. The impairment testing has been performed by the local appraisers who have been assigned by the court to revalue the plot of land intended to be swapped to creditors in accordance with the restructuring plan. No impairment indicators have been raised on the investment properties.

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(6) RIGHT-OF-USE ASSETS AND LEASE OBLIGATIONS

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:

	2024		2023	
	Right-of-use assets	Lease liabilities*	Right-of-use assets	Lease liabilities *
	JD	JD	JD	JD
Beginning balance	633,648	651,418	376,423	336,289
Additions	23,382	23,380	821,703	821,703
Disposals	-	-	(47,867)	(47,867)
Depreciation	(248,344)	-	(516,611)	-
Finance costs	-	53,334	-	185,185
Payments	-	(287,926)	-	(643,892)
Ending balance	<u>408,686</u>	<u>440,206</u>	<u>633,648</u>	<u>651,418</u>

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

	Short-term	Long-term	Total
	JD	JD	JD
2024	259,908	180,298	440,206
2023	229,763	421,655	651,418

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

	<u>2024</u>	<u>2023</u>
	JD	JD
Quoted shares:		
Mining Investment Company	<u>14,239</u>	<u>18,195</u>
Unquoted shares:		
Chemical and Mining Industries Company	213,457	191,535
Jordanian Investment and South Development Company	66,090	56,589
Cement Manufacturers Association	500	500
Sudan Company (CTS) - Sudan *	-	-
	<u>280,047</u>	<u>248,624</u>
	<u>294,286</u>	<u>266,819</u>

* 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:

	<u>2024</u>	<u>2023</u>
	JD	JD
Beginning balance	266,819	256,536
Change in fair value	<u>27,467</u>	<u>10,283</u>
Ending balance	<u>294,286</u>	<u>266,819</u>

The movement on fair value reserve is as follows:

	<u>2024</u>	<u>2023</u>
	JD	JD
Beginning balance	2,069	(8,214)
Changes during the year	<u>27,467</u>	<u>10,283</u>
Ending balance	<u>29,536</u>	<u>2,069</u>

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(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.

	<u>2024</u>	<u>2023</u>
	JD	JD
Employees' housing loans *	<u>149,592</u>	<u>247,223</u>

* 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

	<u>2024</u>	<u>2023</u>
	JD	JD
Spare parts	14,077,255	13,948,563
Finished goods	4,296,259	5,603,216
Work in progress	3,500,482	6,228,946
Raw materials	2,726,045	2,306,791
Fuel	2,115,250	2,078,984
Others	2,822	-
	<u>26,718,113</u>	<u>30,166,500</u>
Provision for slow moving items and spare parts *	<u>(12,605,000)</u>	<u>(12,428,000)</u>
	<u>14,113,113</u>	<u>17,738,500</u>

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

	<u>2024</u>	<u>2023</u>
	JD	JD
Balance as at 1 January	12,428,000	12,853,000
Provision for the year	177,000	110,000
Released during the year	-	(535,000)
Balance as at 31 December	<u>12,605,000</u>	<u>12,428,000</u>

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(10) ACCOUNTS RECEIVABLE AND CHECKS UNDER COLLECTIONS

	<u>2024</u>	<u>2023</u>
	JD	JD
Local sales receivables	14,880,785	12,585,068
Foreign sales receivables	1,918,681	1,920,688
Checks under collections	<u>8,371,562</u>	<u>9,003,349</u>
	25,171,028	23,509,105
Provision for expected credit losses *	<u>(9,001,368)</u>	<u>(9,016,859)</u>
	<u>16,169,660</u>	<u>14,492,246</u>

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

	<u>2024</u>	<u>2023</u>
	JD	JD
Balance as at 1 January	9,016,859	9,130,331
Provision for the year	400,000	50,023
Transfer to other debit balances	(403,000)	-
Write offs	<u>(12,491)</u>	<u>(163,495)</u>
Balance as at 31 December	<u>9,001,368</u>	<u>9,016,859</u>

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

	Neither past due nor impaired JD	1-90 days JD	91 – 180 days JD	181 – 270 days JD	271 – 365 days JD	More than 365 days JD	Total JD
2024-							
Total trade receivables	9,901,639	4,511,879	2,252,321	733,945	251,865	7,519,379	25,171,028
Provision for expected credit losses	<u>575,209</u>	<u>429,526</u>	<u>198,998</u>	<u>188,643</u>	<u>89,613</u>	<u>7,519,379</u>	<u>9,001,368</u>
	<u>9,326,430</u>	<u>4,082,353</u>	<u>2,053,323</u>	<u>545,302</u>	<u>162,252</u>	<u>-</u>	<u>16,169,660</u>
2023-							
Total trade receivables	8,571,036	5,443,778	957,472	492,898	288,147	7,755,774	23,509,105
Provision for expected credit losses	<u>605,793</u>	<u>217,110</u>	<u>117,657</u>	<u>128,697</u>	<u>191,828</u>	<u>7,755,774</u>	<u>9,016,859</u>
	<u>7,965,243</u>	<u>5,226,668</u>	<u>839,815</u>	<u>364,201</u>	<u>96,319</u>	<u>-</u>	<u>14,492,246</u>

The Group's management expects unimpaired receivables to be fully recoverable.

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(11) OTHER CURRENT ASSETS

	<u>2024</u>	<u>2023</u>
	JD	JD
Receivables due from the sale of the second production line –		
Al Fuheis Factory *	6,711,811	6,711,811
Refundable deposits	1,800,691	1,709,869
Prepaid expenses	737,540	920,611
Receivables and advance payments to contractors	202,092	261,680
Receivables from a related party (Note 26)	199,628	211,875
Others	264,288	478,635
	<u>9,916,050</u>	<u>10,294,481</u>

* 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 remaining balance from sell the second line- Al Fuheis Factory for an amount of JD 6,711,811 as at 31 December 2024 (2023: JD 6,711,811).

(12) CASH ON HAND AND AT BANKS

	<u>2024</u>	<u>2023</u>
	JD	JD
Cash on hand	5,540	6,000
Balance at banks	6,005,762	3,040,217
Short deposits less than 3 months	1,700,000	2,500,000
	<u>7,711,302</u>	<u>5,546,217</u>

For the purpose of the preparation of the consolidated statement of cash flows, cash and cash equivalents comprise of the following:

	<u>2024</u>	<u>2023</u>
	JD	JD
Cash on hand	5,540	6,000
Balance at banks	6,005,762	3,040,217
Short deposits less than 3 months	1,700,000	2,500,000
Less: bank overdraft	(23,820)	-
	<u>7,687,482</u>	<u>5,546,217</u>

* The annual interest rate on the deposits ranged between 5% to 6.35% during the year ended 31 December 2024 (2023: 6.30% to 6.35%).

** The Group has unutilized credit facilities presented as Bank overdraft with a ceiling amounted to JD 6,250,000 as of 31 December 2024 and 31 December 2023.

(13) 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 2024 and 2023.

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 103,936,396 exceeded the Group's capital as of 31 December 2024. Also, the Group's current liabilities exceeded its current assets by an amount of JD 63,027,456 as of 31 December 2024. 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 (31), 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.

Dividend distribution–

The General Assembly of the subsidiary, Arab Concrete Equipment Company, decided in its extraordinary meeting held on 10 March 2024, to distribute dividends in the amount of 3,000,000 dinars in cash to the partners, each according to his share.

(14) ACCOUNTS PAYABLE

	<u>2024</u>	<u>2023</u>
	JD	JD
Account payables	29,631,761	31,713,968
Due to related parties (note 26)	3,033,701	646,362
	<u>32,665,462</u>	<u>32,360,330</u>

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(15) OTHER CURRENT LIABILITIES

	<u>2024</u>	<u>2023</u>
	JD	JD
Provision for lawsuits against the Group (note 25) *	9,750,000	10,517,577
Employee's payables	2,099,730	229,841
Provision for other liabilities	1,797,678	1,273,123
Quarries rehabilitation and environmental protection provision**	1,447,338	1,433,814
Accrued expenses	378,415	705,696
Employee's vacations allowance	190,908	463,821
Sales tax payable	40,936	425,616
Housing and health insurance fund deposits	15,874	20,214
Others	456,020	106,581
	<u>16,176,899</u>	<u>15,176,283</u>

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

	<u>2024</u>	<u>2023</u>
	JD	JD
Balance as at 1 January	10,517,577	12,236,245
Recovered during the year - net	(442,819)	(1,548,167)
Transferred during the year	-	(133,581)
Payments during the year	(324,758)	(36,920)
Balance as at 31 December	<u>9,750,000</u>	<u>10,517,577</u>

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

	<u>2024</u>	<u>2023</u>
	JD	JD
Balance as at 1 January	1,433,814	1,411,463
Provision for the year	13,524	22,351
Balance as at 31 December	<u>1,447,338</u>	<u>1,433,814</u>

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

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(16) DEFERRED BANK GUARANTEES

	<u>2024</u>	<u>2023</u>
	JD	JD
Arab Bank	<u>-</u>	<u>2,187,653</u>

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 2022. 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.

(17) 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:

	<u>2024</u>	<u>2023</u>
	JD	JD
Current service cost	(696,767)	(849,609)
Interest on commitment	<u>1,401,524</u>	<u>1,465,441</u>
	<u>704,757</u>	<u>615,832</u>

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

	2024	2023
	JD	JD
Balance as at 1 January	27,551,378	30,486,654
Provision for the year	704,757	615,832
Actuarial profit	(1,914,710)	(1,672,371)
Payments during the year	(1,862,467)	(1,878,737)
Balance as at 31 December	<u>24,478,958</u>	<u>27,551,378</u>

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

	2024	2023
Discount rate	5,27%	5,22%
Long-term medical inflation rate	3%	3.50%
Expected increase in employees' salaries	3%	3%
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 396 after deducting the joint insurance paid by the retirees	JD 360 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	5,27%	5,22%

(18) INCOME TAX

Income tax provision was calculated for the Jordan Cement Factories Company (Public Shareholding Company) for 2024 in accordance with Income Tax Law No. (34) of 2014 and its amendments at the rate of 21% (20% in addition to 1% national contribution). Income tax provision was calculated for the Group for 2023 in accordance with Income Tax Law No. (34) of 2014 and its amendments at the rate of 19% (18%, 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.

Income tax, net -

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

	<u>2024</u>	<u>2023</u>
	JD	JD
Accrued income tax expense	1,416,964	1,003,176
Prior years Income tax expense	-	155,501
Impact deferred tax assets	<u>7,574,903</u>	<u>(87,910)</u>
	<u>8,991,867</u>	<u>1,070,767</u>

Provision for income tax -

The movement on provision for income tax is as follows:

	<u>2024</u>	<u>2023</u>
	JD	JD
Balance as at 1 January	826,733	104,398
Adjustments prior years	(13,887)	-
Income tax for the year	1,416,964	1,003,176
Income tax paid	<u>(1,140,621)</u>	<u>(280,841)</u>
Balance as at 31 December	<u>1,089,189</u>	<u>826,733</u>

Tax status-

Arabian Concrete Supply Company ("The subsidiaries") and the Company submitted its declaration to the Income and Sales Tax Department until the year 2023.

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.

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Deferred tax assets -

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

	2024	2023
	JD	JD
Balance as at 1 January	9,268,292	9,180,382
Net change during the year	(7,574,903)	87,910
Balance as at 31 December	<u>1,693,389</u>	<u>9,268,292</u>

Reconciliation between accounting income (loss) and taxable income (loss) is as follows:

	2024	2023
	JD	JD
Accounting income	42,801,160	2,608,880
Non-taxable income	(4,373,888)	(2,244,337)
Non-deductible expenses	6,515,055	3,476,488
Taxable income	<u>44,942,327</u>	<u>3,841,031</u>
Relates to:		
Total gain excluding Aqaba - Parent Company	38,048,547	(1,533,906)
Taxable profit for Aqaba - Parent Company	204,864	266,787
Taxable profit – subsidiary	6,688,916	5,108,150
Income tax expenses	1,416,964	1,003,176
Statutory income tax rate - excluding Aqaba	21%	20%
Statutory income tax rate - Aqaba	6%	6%
Effective income tax rate	21%	41%

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(19) SELLING AND MARKETING EXPENSE

	<u>2024</u>	<u>2023</u>
	JD	JD
Salaries and wages	1,037,669	1,077,443
Group contribution for social security	111,523	109,899
Subscriptions	61,625	61,625
Fuel	47,131	68,789
Customer compensation and discounts	4,145	25,652
Others	191,117	200,027
	<u>1,453,210</u>	<u>1,543,435</u>

(20) ADMINISTRATIVE EXPENSES

	<u>2024</u>	<u>2023</u>
	JD	JD
Salaries, wages, and other benefits	2,624,379	2,535,240
Professional fees	318,155	362,584
Social security contribution	293,805	291,503
Employees saving fund contribution	139,142	142,056
Computer expenses	113,395	210,765
Fuel	79,443	71,943
Rent	64,278	70,042
Stationery, publications, and subscriptions	84,805	82,661
Travel and transportation	40,164	50,043
Hospitality	37,569	38,235
Postage and telephone	51,740	29,712
Insurance	28,703	34,796
Depreciation of property, plant and equipment (note 4)	31,334	31,924
Maintenance	22,287	37,627
Donations	16,026	16,226
Saving fund contribution	13,174	13,845
Training	5,889	9,931
Advertising and exhibitions	5,635	7,354
Others	228,672	255,462
	<u>4,198,595</u>	<u>4,291,949</u>

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(21) 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.

	<u>2024</u>	<u>2023</u>
	JD	JD
Balance as at 1 January	765,000	90,000
Provision for the year	3,183,301	765,000
Paid during the year	(554,499)	(67,459)
Transferred to other credit balances	(2,193,802)	(22,541)
Balance as at 31 December	<u>1,200,000</u>	<u>765,000</u>

(22) SUBSTANTIAL AND PARTIALLY OWNED SUBSIDIARIES

<u>Company Name</u>	<u>Location</u>	<u>Nature of operations</u>	<u>Non-controlling ownership</u>	
			<u>2024</u>	<u>2023</u>
			%	%
Arabian concrete supply company	Jordan	Trade in cement and ready-made cement mixes	49	49
			<u>2024</u>	<u>2023</u>
Accumulated balance for non-controlling interest				
Arabian concrete supply company			<u>7,097,554</u>	<u>6,334,027</u>
Non-controlling interest profit				
Arabian concrete supply company			<u>2,233,527</u>	<u>1,480,771</u>

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The table below shows a summary of the subsidiaries financial. The preparation of this information before the elimination between the subsidiaries:

A. SUMMARIZED BALANCE SHEET

	2024	2023
	JD	JD
Current assets	24,789,581	21,375,165
Non-current assets	9,064,538	8,351,677
Current liabilities	22,655,044	19,867,843
Non-current liabilities	117,078	335,220
Total equity	<u>11,081,997</u>	<u>9,523,779</u>
Non-controlling interest shares from equity	<u>5,430,179</u>	<u>4,666,652</u>

B. SUMMARIZED INCOME STATEMENT

	2024	2023
	JD	JD
Sales	56,018,485	53,265,063
Cost of sales	<u>(47,597,149)</u>	<u>(46,142,398)</u>
Administrative expenses	(1,395,949)	(1,405,490)
Selling and marketing expenses	(898,384)	(904,947)
Other expense, net	<u>(489,218)</u>	<u>(735,480)</u>
Profit before tax	5,637,785	4,076,748
Income tax expense	<u>(1,079,567)</u>	<u>(1,054,767)</u>
Net income	<u>4,558,218</u>	<u>3,021,981</u>
Non-controlling interest shares from comprehensive income	<u>2,233,527</u>	<u>1,480,771</u>

C. SUMMARIZED CASH FLOW

	2024	2023
	JD	JD
Operating Activities	6,136,905	6,445,055
Investing Activities	(1,328,939)	(1,488,577)
Financing Activities	<u>(3,250,953)</u>	<u>(1,644,239)</u>
Net increase in cash and cash equivalents	<u>1,557,013</u>	<u>3,312,239</u>

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(23) BASIC AND DILUTED PROFIT PER SHARE FOR THE YEAR

	2024	2023
Profit for the year attributable to shareholders (JD)	31,575,766	57,342
Weighted average number of shares (Share)	60,444,460	60,444,460
Basic and diluted profit per share (Fils / JD)	<u>0,522</u>	<u>0,001</u>

Basic and diluted profit per share for the year are equal.

(24) 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:

	2024			2023
	Cement	Ready-mix concrete	Total	Total
	JD	JD	JD	JD
<u>Revenues</u>				
Sales	19,477,648	56,018,485	75,496,133	73,755,244
Cost of sales	<u>(17,066,369)</u>	<u>(47,597,149)</u>	<u>(64,663,518)</u>	<u>(62,933,972)</u>
	<u>2,411,279</u>	<u>8,421,336</u>	<u>10,832,615</u>	<u>10,821,272</u>
<u>Business result</u>				
Profit before tax	37,163,375	5,637,785	42,801,160	2,608,880
Income tax expense	<u>(7,912,300)</u>	<u>(1,079,567)</u>	<u>(8,991,867)</u>	<u>(1,070,767)</u>
Profit for the year	<u>29,251,075</u>	<u>4,558,218</u>	<u>33,809,293</u>	<u>1,538,113</u>
<u>Other sectors information</u>				
Capital expenditures	291,054	1,468,159	1,759,213	1,905,577
Depreciation	2,315,980	1,011,079	3,327,059	3,394,403
Finance costs	70,297	125,873	196,170	758,936

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	2024			2023
	Cement	Ready-mix concrete	Total	Total
	JD	JD	JD	JD
<u>Assets and liabilities</u>				
Segment assets	91,071,123	11,477,747	102,548,870	113,132,391
Segment liabilities	112,824,715	22,772,122	135,596,837	180,461,828

Geographical distribution

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

	2024			2023
	Amman	Aqaba	Total	Total
	JD	JD	JD	JD
<u>Revenues</u>				
Sales	69,390,842	6,105,291	75,496,133	73,755,244
Cost of sales	(59,380,875)	(5,282,643)	(64,663,518)	(62,933,972)
GROSS PROFIT	<u>10,009,967</u>	<u>822,648</u>	<u>10,832,615</u>	<u>10,821,272</u>
<u>Business result</u>				
Profit before tax	42,596,296	204,864	42,801,160	2,608,880
Income tax expense	(8,979,567)	(12,300)	(8,991,867)	(1,070,767)
Profit for the year	<u>33,616,729</u>	<u>192,564</u>	<u>33,809,293</u>	<u>1,538,113</u>
<u>Other sectors information</u>				
Capital expenditures	1,759,213	-	1,759,213	1,905,577
Depreciation	3,327,059	-	3,327,059	3,394,403
Finance cost	196,170	-	196,170	758,936
<u>Assets and liabilities</u>				
Segment Assets	102,057,963	490,907	102,548,870	113,132,391
Segment liabilities	135,527,675	69,162	135,596,837	180,461,828

(25) CONTINGENT LIABILITIES

	<u>2024</u>	<u>2023</u>
	JD	JD
Letters of guarantees and credit -		
Guarantees	<u>4,790,043</u>	<u>2,325,870</u>
Letter of credits	<u>-</u>	<u>393,121</u>
	<u>2024</u>	<u>2023</u>
	JD	JD
Contractual obligations -		
Purchase raw material	<u>2,705,627</u>	<u>3,510,000</u>

Legal cases -

The Group is a defendant in a number of lawsuits for an amount of JD 6,064,389 as at 31 December 2024 (2023: JD 14,635,592). The Group management and their legal advisors believe that the provision is sufficient to cover these liabilities. The lawsuits filed by the Group against third parties amounted to JD 5,108,838 as of 31 December 2024 (2023: JD 4,651,095).

(26) 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.

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

	<u>2024</u>	<u>2023</u>
	JD	JD
<u>Items within the statement of financial position</u>		
Other debit balances (note 11)	<u>199,628</u>	<u>211,875</u>
<u>Accounts payable</u>		
Accounts payable – insolvency (note 31)	43,624,450	43,624,450
Other payables (note 14)	<u>3,033,701</u>	<u>646,362</u>
	<u>46,658,151</u>	<u>44,270,812</u>

Items within the consolidated statement of income

Expenses	<u>4,565,088</u>	<u>4,408,571</u>
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Key management personnel compensation (salaries, compensation, and other benefits) is as follows:

	<u>2024</u>	<u>2023</u>
	JD	JD
Salaries and compensations	<u>1,220,624</u>	<u>1,278,778</u>

(27) 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 in the market.

The Group is exposed to interest rate risk on its interest-earning assets such as bank deposits and interest-bearing liabilities such as employee's post- retirement health insurance benefits.

The sensitivity of the consolidated statement of income is the effect of the assumed changes in interest rates on the Group profit as 31 December 2024 and 2023, based on financial assets and liabilities with floating interest rates.

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The following table demonstrates the sensitivity of the consolidated statement of income to reasonably possible changes in interest rates as of 31 December 2024 with all other variables held constant:

	Change in interest rate (%)	Effect on profit JD
2024-		
Currency		
Jordanian Dinar	1	228,028
Jordanian Dinar	(1)	(228,028)
	Change in interest rate (%)	Effect on loss JD
2023-		
Currency		
Jordanian Dinar	1	250,514
Jordanian Dinar	(1)	(250,514)

Credit risk -

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

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 (31).

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
2024-		
Financial assets at fair value through other comprehensive income	10	29,429
2023-		
Financial assets at fair value through other comprehensive income	10	26,682

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

(28) 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 2023. 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 40,145,521 as of 31 December 2024 compared to a deficit of JD 73,663,464 as of 31 December 2023. The accumulated losses including the loss of the year JD 103,936,396 with represent 172% from the paid-in capital for the Company as of 31 December 2024. (2023:223%)

(29) 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.

(30) 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
	JD	JD	JD	JD
31 December 2024-				
Financial assets at fair value through other comprehensive income	<u>14,239</u>	<u>-</u>	<u>280,047</u>	<u>294,286</u>
31 December 2023-				
Financial assets at fair value through other comprehensive income	<u>18,195</u>	<u>-</u>	<u>248,624</u>	<u>266,819</u>

(31) GOING CONCERN

The Group's total liabilities exceeded its total assets by JD 33,047,967 and its total current liabilities exceeded its total current assets by JD 63,027,456. In addition to that, the accumulated losses, including the loss for the year, amounted to JD 103,936,396 which represents 172% of the Company's paid-in capital as of 31 December 2024.

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 Jordan 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:

Debt repayment:

- 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.

Human Resources:

- 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 began implementing the outcomes of the restructuring plan at the end of 2022 and continues to do so through the relevant departments under the supervision of the committee formed by the Board of Directors and the supervisor overseeing the execution of the restructuring plan, as follows:

- Completion of cash payment procedures for insolvency liabilities, with six installments paid by the end of 2024, amounting JD 3.9 M.

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- Finalization of in-kind payment procedures for major creditors (banks), where the company's liabilities were cleared by the banks after transferring ownership of land plots owned by the company in the Al-Fuhais area, with a total value of JD 31M and a total area of about 320,000 Sq. meter. As a result, profits were recorded in the profit and loss statement of approximately JD 41 M due to the write-off of debts, whether classified as lower priority or unsecured debts, in addition to the settlement of unsecured debts resulting from the revaluation of the land whose ownership was transferred.
- The number of employees was reduced by 64 employees based on a collective labor agreement governed by the provisions of the Labor Law No. (8) of 1996 and its amendments. This was also based on an annex to this contract signed on 31 December 2024.
- Health insurance contributions were increased by 1% for active employees and 0.5% for retired employees.
- Procedures were initiated for the waiver of health insurance cards for post-retirement coverage in exchange for a financial amount, resulting in a reduction of 397 beneficiaries from health insurance after retirement by 31 December 2024.
- Periodic reports are issued to the supervisor of the restructuring plan, detailing the progress of the implementation of the plan, which includes the main areas on which the restructuring plan was based.

It is worth mentioning that the company is evaluating its options, including the sale of part of its assets to provide liquidity for the purpose of finalizing the insolvency file.

The recognized and non-recognized Insolvency payables and payables raised from insolvency procedures as of 31 December 2024 & 2023 are shown as follows:

	2024	2023
	JD	JD
Insolvency payables:		
Preferred debts	197,722	511,340
Unsecured debts	25,041,115	57,867,913
Lowest priority debts	34,283,466	42,563,780
Total	59,522,303	100,943,033
Insolvency procedures:		
Payables raised from insolvency procedures	18,074,043	18,987,534
Total	77,596,346	119,930,567
Other debts:		
Accounts payable, other credit balances and provisions	39,984,112	44,158,556
Total	117,580,458	164,089,123

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The table below illustrates the details of liabilities classified as insolvency debts as of 31 December 2024 and 2023:

	2024	2023
	JD	JD
Due to banks *	-	15,952,774
Accounts payable **	53,591,877	56,211,976
Other current liabilities ***	5,293,857	5,442,456
Banks loans ****	636,569	23,335,827
	<u>59,522,303</u>	<u>100,943,033</u>

* The table below illustrates the amounts due to banks:

	2024	2023
	JD	JD
The Housing Bank for Trade and Finance	-	7,044,160
Capital Bank (formerly Societe Generale)	-	4,198,906
ABC Bank	-	2,430,785
Arab Bank	-	2,278,923
	<u>-</u>	<u>15,952,774</u>

The total balance of due to banks is JD 15,952,774 as of 31 December 2023 classified under insolvency and the interest has been suspended as of the date of declaration of insolvency on 26 July 2020. The company was cleared of any liability by the banks after the transfer of the company's land plots ownership in Fuheis.

** The table below illustrates the accounts payable:

	2024	2023
	JD	JD
Due to related party (note 26)	43,624,450	43,624,450
Unpaid checks	152,350	152,350
Accruals	167,228	167,228
Other accounts payable	9,647,849	12,267,948
	<u>53,591,877</u>	<u>56,211,976</u>

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

	2024	2023
	JD	JD
Unpaid dividends	5,157,993	5,157,993
Employees' payables	135,864	284,465
	<u>5,293,857</u>	<u>5,442,456</u>

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

	2024	2023
	JD	JD
Arab Bank	-	15,000,000
The Housing Bank for Trade and Finance	-	3,090,277
Jordan Kuwait Bank	-	2,180,442
ABC Bank	-	1,533,657
Capital Bank (formerly Societe Generale)	636,569	1,531,451
	<u>636,569</u>	<u>23,335,827</u>

The total balance for banks loans is JD 636,569 as of 31 December 2024 (2023: 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.

(32) 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's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- A clarification that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments

-
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI)

The Amendments are effective for annual periods starting on or after 1 January 2026. Early adoption is permitted, with an option to early adopt the amendments for classification of financial assets and related disclosures only. The Group is currently not intending to early adopt the Amendments.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

Lack of exchangeability – Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

This standard will result in new presentation of the income statement with some new required totals, in addition to the disclosure of management-defined performance measures.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

As the Group's equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19.

(33) COMPARATIVE FIGURES

Some of 2023 figures have been reclassified in order to confirm with the presentation of 2024 figures. Such reclassification did not affect previously reported loss or equity for the year 2023.