J.K. Cement Works (Fujairah) FZC and its subsidiaries
Fujairah Free Zone
Fujairah - United Arab Emirates

Auditor's report and consolidated financial statements
For the year ended December 31, 2022

For identification purpose only
UHY
James

J.K. Cement Works (Fujairah) FZC and its subsidiaries
Fujairah Free Zone
Fujairah - United Arab Emirates

Table of contents

For identification purpose only
UHY
James

Tel : + 971 4 279 7303
Fax : + 971 4 420 3906
Email : sales.fuja@jkcement.com
Web : www.jkcementuae.com
P.O. BOX 123630, Dubai

Message from the Board of Directors

Dear Shareholders,

Your Directors submit their Annual Report and Audited Statements of Accounts for the year ended 31st December 2022.

Economic outlook and Financial performance of year 2022

Slow phased economic recovery through Market interruptions, Supply chain disruption, Inflation & Price pressure.

The global economic recovery from COVID-19 pandemic is continuing however in varying phases at standalone regional / nationwide level. National policy directives, vaccine access and early policy support have mostly been the principal drivers of such gaps. Hasty spread of Delta and the threat of new variants have increased uncertainty about how quickly the pandemic can be overcome in medium term vs initial expectations.

Market sentiments of UAE are gradually improving on slow phase, resulted by built on safer social environment from the pandemic and strong recovery of oil prices. Backed by the efficient and smart rollout of the vaccination program has further led for strong rebound in UAE's non-hydrocarbon sector, which is expected to be driven by trade and tourism sectors. Other factors like creating a favorable business environment, spike in domestic demand and introduction of key socio-economic reforms have played vital part in driving UAE's economic recovery.

As economies get back on their feet, supply chain crisis has emerged as one of the biggest challenges which Companies had to face throughout the year. Freight rates have reached historical highest levels, schedule reliability was at an all-time low. Usual blank sailing programs were ceased. Manufacturing sector was hit hard by this supply chain disruptions which led for increased input costs and cost to serve elements.

Throughout the year, the Company has ensured its best efforts to serve markets along with protecting profit margins, however all such negative impacts caused by macro economical misbalances were not relatively transitory to the markets.

- Price increase were done in major export markets to neutralize the impact of increase in freight prices and fuel prices.

- Additional clinker shipments to export segment has pushed up the contribution margin in 2022.

- Management continuous to focus for reduction in fixed cost.

- Month on Month building strong project pipeline to increase sales of of Dry mix products to achieve budgeted run rate.

- Inflation has skewed to the upside. Rising inflation which reflected pandemic-related supply-demand mismatches and higher commodity prices compared to their low base from a year ago.

Tel : + 971 4 279 7303
Fax : + 971 4 420 3906
Email : sales.fuja@jkcement.com
Web : www.jkcementuae.com
P.O. BOX 123630, Dubai

As of year 2022 we were ahead of our budget targets in terms of volumes, revenue and EBITDA which suddenly fetched in to a slow curve affected by global impacts. By closing the year, the Company has achieved annual sales volume targets. The Company has taken required steps to readjust its fixed costs structure to cope-up these interim challenges at the cost front. We strongly believe that currently experiencing global off-parity in cost levers is temporary and will settle back at its equilibrium in time ahead, enabling the Company to reach its potential return levels.

New business verticals of the Company; **East and South African operations & Dry mix pillar in UAE**, have started gaining momentum of steady sales volume rate from the latter part of the year, which are now well set for boosting-up consolidated performance of the Company in going ahead.

Ensured proper health and safety framework, physical and mental wellbeing of the Company's workforce during the period was addressed on high priority, the vaccination drive campaign among the employees was highly successful where total work earmarked vaccinated status.

Financial highlights of year ended 2022 – Consolidated results:

- **Sales volume:** Y-o-Y sustained sales in clinker and cement sales volume (YE 2022 of 420,298 Mt, YE 2021 of 425,594 Mt). The growth of the value-added products segment volume is commendable in 2022 (YE 2022 of 54,961 Mt, YE 2021 of 35,680 Mt).

- **Revenue** of AED 187.2 Mn for the year 2022 vs AED 165.3 Mn in year 2021, year on year increase of 13%.

- As discussed above; Price increase in major export market to neutralized the impact of increase in freight price, fuel prices and raw material costs (inflationary impacts) coupled with price pressure to secure volumes and market shares by competition has resulted for reduction in Gross margin of 19.2% for the year 2022 vs 23.4% in year 2021. As the top line growth and run rates are getting progressively established, we believe the business to reach potential profitability margins once ongoing price parity setbacks (short run demand supply and inflationary impacts) reach back its equilibrium at global context.

- **Freight and handling cost of AED 38.0 Mn in 2022 vs AED 40.4 Mn in 2021,** an decrease of 6% on year on year basis. With set aside percentage out of such towards real increase in top line, the balance cost increase was a function of supply chain crisis and historically highest peak of container freight charges. To sustain price increase were done in major export market to neutralized the higher impact of freight price and also availed spot shipment benefit. we believe logistics industry price levels will reach back it's normalcy in year 2023.

- **Net loss** of AED 35.5 Mn for the year 2022 compared to net loss of AED 39.8 Mn in year 2021. Reduction in net loss mainly due to prepayment of term loan resulting lesser interest cost.

The rolled-out robust strategic business initiatives plan by the management towards turn rounding the top line and profitability of the company; *downstream solution-based value-added products, new market expansion – East and South Africa, technical excellence and corporate reorganization.*

Tel : + 971 4 279 7303
Fax : + 971 4 420 3906
Email : sales.fuja@jkcement.com
Web : www.jkcementuae.com
P.O. BOX 123630, Dubai

We have successfully added up white cement-based wall skimming value added product portfolio consist of plasters, tile adhesives and grouts, masonry mortar and wall putty products to UAE and Africa segment in recent past. East and South Africa business pillars have started steady volume run rates in year 2022 along with its local production footprint in Kenya. Corporate reorganization exercise is continuing by concluding step by step activities along with stakeholders involved. The outcome of these leads has started to contribute in volumes and revenue, more sizable contribution to bottom line margins is expected and evident in full force during years ahead.

Outlook 2023 and Strategy ahead

The Cement markets is expected to register fluctuating growth trends in the long term, while inflation and supply chain concerns are expected to continue in 2023.

Shifting consumer preferences in a projected economic downturn scenario, amendments to industrial policies to align with growing environmental concerns, huge fluctuations in raw material costs triggered by prevailing geo-political tensions, and expected economic turbulences are noted as key challenges to be addressed by the Cement industry players during the short and medium term forecast.

Cement and Dry-mix market player's investments will be oriented towards acquiring new technologies, securing raw materials, efficient procurement/inventory, strengthening product portfolios, and leveraging capabilities to maintain growth during challenging times. The economic and social challenges are noted to be highly varying between different countries/markets and Cement and Dry-mix manufacturers and associated players are focused on country-specific strategies.

Crude oil prices fluctuating to the tune of in one year are emerging to be a key concern for the Cement and Dry-mix market, as fuel and chemical prices are impacting many other segments. Concerns of global economic slowdown, the Impact of war in Ukraine, lockdowns in China with resurging COVID cases, and the Risks of stagflation envisaging numerous market scenarios are pressing the need for Cement and Dry-mix industry players to be more vigilant and forward-looking. Robust changes brought in by the pandemic COVID-19 in the Cement and Dry-mix supply chain and the burgeoning drive for a cleaner and sustainable environment are necessitating companies to alter their strategies.

UAE shall continue to be one of the most attractive business environments for infrastructure in the world underpinned by robust opportunities across industry sectors, country's safe and advanced operating environment and private sector contribution in economic activities. The UAE government forecasts growth shall be boosting bilateral business relations, strategic partnerships, and regional expansions. The UAE cabinet approved the federal budget for 2022-2026 which emphasizes continuation of visionary leadership's commitment towards providing a safe, secure, business friendly environment. The Budget for 2022-2026 is the largest budget approved in the UAE's history and will be pivotal in helping UAE achieve its strategic goals and attain sustainable development. As a key element of 'Principles of the 50' economic blueprint, UAE leadership has announced launch of the 'Net Zero by 2050' initiative with an aim of reaching net-zero emissions by year 2050, which indicates expectations from business community to focus and play a vital role in clean future / clean energy while driving growth aspects. Strong market sentiment driven by increase in the number of international investors led to Dubai's real estate sector regaining its momentum. Industry outlook expects growth in transaction volumes to remain strong over the course of the years ahead, which sets much bullish expectations to construction materials segment.

Logistics, fuel and commodity price movements at global context shall be monitored closely for required proactive leads. Use of alternative energy sources like natural gas, alternative fuel resources and materials are in forefront of focus to mitigate adverse cost effects of other elements. Dry mix products vertical shall be contributing for incremental results in year 2023 and ahead in terms of capacity utilization and profitability to the bottom-line. As the fundamentals are already in place, we shall be aggressively focusing on volume penetration in market / place and channel development along with further cost efficiencies. Dimensions of product quality, customer service, talent acquisition and corporate governance practices shall continue to be synchronized. Company's digital architecture shall remain to be under persistent transformation to enable enhanced operational efficiencies towards achieving the planned milestones.

The Board of Directors and the Management believes your company is well positioned and prepared to overcome the challenges during our persistent and cautious progress ahead, to assure delivery of constant revenue, profitability and operational efficiency. Further, the parent company shall continue to extend its financial support wherever necessary in the foreseeable future.

Directors

Pursuant to Articles of Incorporation of the Company and applicable provisions of the Federal Law His Highness Sheikh Mohammad Bin Hamad Al Sharqi and Dr. Ibrahim Sa'ad Md. Ahmed who are retiring by rotation in the ensuing Ordinary General Assembly and being eligible, offers themselves for reappointment. Your Board proposes to confirm/appoint them in the ensuing Ordinary General Assembly.

Independent Auditors

In the ensuing Ordinary General Assembly, M/s. UHY James, Chartered Accountants is proposed to be appointed as Independent Auditors for conducting audit for the year 2023 subject to approval by the shareholders.

Subsidiary company – M/s JK White Cement (Africa) Ltd
Performance for the period of 12 months ended 31st December 2022

JK White Cement (Africa) Ltd. is a subsidiary of the Company newly incorporated on 4th November 2018 in United Republic of Tanzania under the Companies Act 2002 as a private company limited by shares, of which stake of 99.9 % is held by JK Cement Works (Fujairah) FZC. It is engaged in the principal business activity of importation and distribution of white cement and white cement-based value-added products.

JK White Cement (Africa) Ltd has started its commercial operations in 2019 subsequent to the business and tax licenses received.

During the year 2022 the Company was able create a healthier and growing volume run rate of wall putty in the market, followed by strong brand awareness among masons and in the construction industry. White cement volume movement was lower due to challenging freight condition and due to increase inflow of import from Turkey and Egypt which lead to pricing pressure. Month-on-month rolling volumes started to follow increasing trend, the Company is

Tel : + 971 4 279 7303
Fax : + 971 4 420 3906
Email : sales.fuja@jkcement.com
Web : www.jkcementuae.com
P.O. BOX 123630, Dubai

in further evaluation of enhancing its market serving capabilities and efficiencies to ensure much superior customer satisfaction.

During this year of operations 2022 the Company has able to reach sales volume of 10,768 Mt of wall putty vs 3,705 Mt in 2021, recorded Revenue of TZS 11,063 Mn (2021: TZS 3,398 Mn). For the year 2022 the Company's has ended up with a loss before taxation of TZS 1,131 Mn (2021: loss before taxation of TZS 235 Mn) and is planned to reach net profits in 2023 along with stronger market demand in pipeline. Net cash from operating activities of TZS 987 Mn in year 2022 vs TZS *negative* 136 Mn in year 2021. Achieved more stronger cash position as of the year end: Cash and cash equivalents at end of the year 2022 of TZS 460 Mn vs TZS 163 Mn in year 2021.

Foreign Branch office – M/s WhiteMaxx Kenya
Performance for the period of 12 months ended 31st December 2022

Further during the year 2020 JK Cement Works (Fujairah) FZC has incorporated a foreign branch office in Kenya in the name of 'WhiteMaxx Kenya' and received its business license in aim of enhancing market presence and its sales volume of white cement and white cement-based value-added products which shall lead for incremental profitability of the Company. Post market opening in Kenya after COVID-19 pandemic, business operations were started and the business is now supplying wall putty to Kenya, near by markets of Kenya and Tanzania. A healthier demand generation was well noticed, and we reached net profit level of Kenya operations in current period itself, year 2022.

Share capital

The paid-up Equity share capital of the Company as of 31st December 2022 remained at AED 36,724,000 (2021: AED 36,724,000). During the period under report no Equity shares were issued to the Company's shareholders of JK Cement (Fujairah) FZC and M/s Fujairah Investment Establishment.

Details of changes in the preference share capital are included in the Company's financial statements and it's notes in accordance with the IFRS.

Particulars of Loans, Guarantees or Investment by the Company

Details of Loans, Guarantees and Investments are given in the Financial Statements and it's Notes for the year 2022.

Human resources and industrial relations

The Company has a structured induction process. Objective appraisal systems are in place for Senior Management Staff. The Corporate HR is effectively involved in nurturing, enhancing and retaining talent through job satisfaction, management development programme etc.

Related party transactions

All the related party transactions are entered on arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of Law. There are no materially significant related party transactions made by the Company with Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the Company at large or which warrants the approval of the shareholders. The details of the transactions with Related Party are provided in the Company's financial statements and it's notes in accordance with the

Tel : + 971 4 279 7303
Fax : + 971 4 420 3906
Email : sales.fuja@jkcement.com
Web : www.jkcementuae.com
P.O. BOX 123630, Dubai

IFRS. All Related Party Transactions are presented to the Audit and Compliance Committee and the Board.

Internal financial controls and its adequacy

The Audit and Compliance Committee and Board ensures orderly and efficient conduct of its business including adherence to the Company's Policies, the safeguarding of its assets, the prevention and detection of Frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial disclosures.

The Company's internal control system is commensurate with its size, scale and complexities of its operations. The Audit and Compliance Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control system and suggests improvements to strengthen the same. It also reviews the quarterly Internal Audit Reports.

Acknowledgements

On behalf of the Board of Directors, I would like to express our gratefulness to His Highness Sheikh Hamad Bin Mohammed Al-Sharqi - Member of the Supreme Council and Ruler of Fujairah and H.H. Sheikh Mohammed Bin Hamad Bin Mohammed Al-Sharqi – Crown Prince of Fujairah for their continued cooperation on company's matters.

The Board of Directors wish to express sincere thankfulness and gratitude for our customers, shareholders, various government departments, our suppliers and bankers who trusted our company. And finally, our earnest appreciation to all our executive members, management staff and employees who have continued to discharge their duties and responsibilities with integrity, commitment and discipline, serving our company to be step ahead and overcome challenges.

Declaration

I declare that the audited financial statements for the year ended on 31st December 2022 comply in all material respects with the requirements of Fujairah Free Zone Law and Articles of Incorporation of the Company and with the International Accounting Standards issued by the International Accounting Standards Committee. These financial statements state fairly and clearly in all material respects the true financial position of the Company as at 31st December 2022 and the results of its operation and its cash flows for the year ended on that date.

In my opinion and to the best of my knowledge and belief there have been no violations of the provisions of Fujairah Free Zone Law and Articles of Incorporation of the Company. There were no material irregularities that affected the financial position of the Company and its results for the year of the accounts and there were no events subsequent to the date of the balance sheet that may have had material effect on the financial statements attached.

For and on behalf of the Board of Directors,

Raghavpat

Dr. Raghavpat Singhania
Managing Director

Place: Fujairah, UAE.
Date: 26th January 2023.

UHY James
Chartered Accountants

Level 6, Clover Bay Tower
Business Bay
P.O. Box: 118863
Dubai, UAE

Tel +971 4 2770606
Email dubai@uhy-ae.com
Web uhy-ae.com

Ref: JM/AR/2023/23019

Independent auditor's report

To,

The Shareholders
M/s. J.K. Cement Works (Fujairah) FZC
Fujairah Free Zone
Fujairah - United Arab Emirates

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of **M/s. J.K. Cement Works (Fujairah) FZC**, (the "Parent Entity") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at December 31, 2022 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the requirements of Code of Ethics for Professional Accountants, issued by International Ethics Standards Board for Accountants (IESBA) together with ethical requirements that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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

We draw attention to note - 2 to the consolidated financial statements. The Group has incurred loss amounting to AED 35,482,918 during the year, has accumulated (losses) of AED 321,149,248 and total liabilities exceeded total assets by AED 231,990,668 as at the reporting date. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 International Financial Reporting Standards (IFRSs), in compliance with the requirements of applicable laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

UHY James
Chartered Accountants

Level 6, Clover Bay Tower
Business Bay
P.O. Box: 118863
Dubai, UAE

Tel +971 4 2770606
Email dubai@uhy-ae.com
Web uhy-ae.com

Independent auditor's report to the shareholders of J.K. Cement Works (Fujairah) FZC (continued)

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 judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

As required by the Rules and Regulations framed pursuant to Emiri Decree No. 6 of 1987 issued in Fujairah in respect of the creation of Free Zone, amended by Emiri Decree No. 1 for the year 1992, we further confirm that,

1 We have obtained all the information and explanations which we consider necessary for our audit.

UHY James
Chartered Accountants

Level 6, Clover Bay Tower
Business Bay
P.O. Box: 118863
Dubai, UAE

Tel +971 4 2770606
Email dubai@uhy-ae.com
Web uhy-ae.com

Independent auditor's report to the shareholders of J.K. Cement Works (Fujairah) FZC (continued)

Report on other legal and regulatory requirements (continued)

2 The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Rules and Regulations framed pursuant to Emiri Decree No. 6 of 1987 issued in Fujairah in respect of the creation of Free Zone, amended by Emiri Decree No. 1 for the year 1992 and the Memorandum and Articles of Association of the Parent Entity.

3 Proper books of accounts have been maintained by the Group.

4 The contents of the Directors' report which relates to the consolidated financial statements are in agreement with the Group's books of account.

5 The Group has not made any investments in shares and stocks during the year ended December 31, 2022.

6 Note 11 to the consolidated financial statements reflects the disclosures relating to material related party transactions and the terms under which they were conducted.

7 Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened, during the financial year ended, any of the applicable provisions of the Rules and Regulations framed pursuant to Emiri Decree No. 6 of 1987 issued in Fujairah in respect of the creation of Free Zone, amended by Emiri Decree No. 1 for the year 1992 or the Memorandum and Articles of Association of the Parent Entity, which would materially affect its activities or its consolidated financial position as at December 31, 2022.

For UHY James Chartered Accountants

James Mathew FCA, CPA
Managing Partner
Reg. No. 548
January 26, 2023
Dubai - United Arab Emirates

يو اتش واي جيمس لتدقيق الحسابات
P.O.Box: 118863
DUBAI - U.A.E.
UHY JAMES CHARTERED ACCOUNTANTS

J.K. Cement Works (Fujairah) FZC and its subsidiaries
Fujairah Free Zone
Fujairah - United Arab Emirates

Consolidated statement of financial position as at December 31, 2022
(In Arab Emirates Dirham)

	Notes	2022	2021
Assets			
Non-current assets			
Property, plant and equipment	6	**342,656,481**	364,590,187
Intangible asset	7	**8,968,538**	9,263,056
Right-of-use assets	8	**59,726,437**	64,526,299
Total non-current assets		**411,351,456**	438,379,542
Current assets			
Inventories	9	**59,876,286**	56,003,472
Trade receivables	10	**21,389,745**	18,089,563
Due from related parties	11	**312,347**	398,481
Advances, deposits and other receivables	12	**12,560,746**	9,437,390
Cash and bank balances	13	**1,698,838**	1,193,484
Total current assets		**95,837,962**	85,122,390
Total assets		**507,189,418**	523,501,932
Equity and liabilities			
Equity			
Share capital	14	**36,724,000**	36,724,000
Equity component of compulsory convertible preference shares	15	**52,426,891**	52,426,891
Accumulated (losses)	16	**(321,149,248)**	(285,666,330)
Translation reserve		**7,689**	(1,357)
Total equity deficit		**(231,990,668)**	(196,516,796)
Non-current liabilities			
Liability component of compulsory convertible preference shares	15	**7,004,254**	8,834,072
Redeemable preference shares and application money	17	**487,855,604**	429,444,492
Employees' end of service benefits	18	**3,692,120**	3,457,394
Dividend payable on preference shares	19	**37,109,539**	34,906,039
Bank borrowings - non-current portion	20	**-**	22,541,416
Lease liabilities - non-current portion	21	**71,111,839**	75,565,116
Total non-current liabilities		**606,773,356**	574,748,529

For identification purpose only
UHY James

J.K. Cement Works (Fujairah) FZC and its subsidiaries
Fujairah Free Zone
Fujairah - United Arab Emirates

Consolidated statement of financial position as at December 31, 2022 (continued)
(In Arab Emirates Dirham)

	Notes	2022	2021
Equity and liabilities (continued)			
Current liabilities			
Bank borrowings - current portion	20	**30,266,993**	60,598,134
Lease liabilities - current portion	21	**39,494,082**	30,144,745
Advance from a related party	11	**8,590,814**	2,642,500
Trade and other payables	22	**54,054,841**	51,884,820
Total current liabilities		**132,406,730**	145,270,199
Total liabilities		**739,180,086**	720,018,728
Total equity and liabilities		**507,189,418**	523,501,932

The accompanying notes on pages 16 to 45 form an integral part of these consolidated financial statements.

The report of the auditor is set out on pages 7 to 9.

The consolidated financial statements on pages 10 to 45 were approved on January 26, 2023 and signed on behalf of the Group, by:

Head - International Operations

Managing Director
(Mr. Raghavpat Singhania)

Company Secretary

Head - Finance and Controlling

Director

For identification purpose only
UHY James

J.K. Cement Works (Fujairah) FZC and its subsidiaries
Fujairah Free Zone
Fujairah - United Arab Emirates

Consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2022
(In Arab Emirates Dirham)

	Notes	2022	2021
Revenue	23	**187,272,643**	165,363,413
Cost of revenue	24	**(151,396,427)**	(126,583,358)
Gross profit		**35,876,216**	38,780,055
Other income	25	**1,501,799**	1,116,303
Selling and distribution expenses	26	**(51,135,463)**	(55,407,463)
Administrative expenses	27	**(12,573,045)**	(11,501,831)
Directors' remuneration	11	**(250,000)**	(250,000)
Finance costs	28	**(8,630,922)**	(12,224,402)
(Loss) before taxation for the year		**(35,211,415)**	(39,487,338)
Taxation	29	**(271,503)**	(401,460)
Net (loss) for the year		**(35,482,918)**	(39,888,798)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translating foreign operation		**9,046**	(571)
Total comprehensive (loss) for the year		**(35,473,872)**	(39,889,369)

The accompanying notes on pages 16 to 45 form an integral part of these consolidated financial statements.

The report of the auditor is set out on pages 7 to 9.

The consolidated financial statements on pages 10 to 45 were approved on January 26, 2023 and signed on behalf of the Group, by:

Head - International Operations

Managing Director
(Mr. Raghavpat Singhania)

Company Secretary

Head - Finance and Controlling

Director

For identification purpose only
UHY
James

J.K. Cement Works (Fujairah) FZC and its subsidiaries
Fujairah Free Zone
Fujairah - United Arab Emirates

Consolidated statement of changes in equity for the year ended December 31, 2022
(In Arab Emirates Dirham)

	Share capital	Equity component of compulsory convertible preference shares	Accumulated (losses)	Translation reserve	Total equity deficit
Balance as at December 31, 2020	36,724,000	52,426,891	(245,777,532)	(786)	(156,627,427)
(Loss) for the year	-	-	(39,888,798)	-	(39,888,798)
Exchange difference on translating foreign operation	-	-	-	(571)	(571)
Balance as at December 31, 2021	36,724,000	52,426,891	(285,666,330)	(1,357)	(196,516,796)
(Loss) for the year	-	-	(35,482,918)	-	(35,482,918)
Exchange difference on translating foreign operation	-	-	-	9,046	9,046
Balance as at December 31, 2022	**36,724,000**	**52,426,891**	**(321,149,248)**	**7,689**	**(231,990,668)**

The accompanying notes on pages 16 to 45 form an integral part of these consolidated financial statements.

The report of the auditor is set out on pages 7 to 9.

J.K. Cement Works (Fujairah) FZC and its subsidiaries
Fujairah Free Zone
Fujairah - United Arab Emirates

Consolidated statement of cash flows for the year ended December 31, 2022
(In Arab Emirates Dirham)

	2022	2021
Cash flows from operating activities		
(Loss) before taxation	**(35,211,415)**	(39,487,338)
Adjustments for:		
(Gain)/loss on disposal of property, plant and equipment - net	**(3,242)**	397
Depreciation on property, plant and equipment	**23,534,878**	23,625,257
Depreciation on right-of-use assets	**6,168,565**	6,048,334
Provision for employees' end of service benefits	**741,310**	630,273
Property, plant and equipment written off	**204,601**	-
Allowance for expected credit loss	**328,875**	-
Allowance for slow moving inventories	**158,461**	524,494
Finance costs	**8,630,922**	12,224,402
Amortisation of intangible asset	**294,510**	296,315
Reversal of provision for employees' end of service benefits	**-**	(378,540)
Reversal of leave encashment provision	**(407,893)**	-
Operating profit before changes in operating assets and liabilities	**4,439,572**	3,483,594
(Increase)/decrease in current assets		
Inventories	**(4,031,275)**	(18,021,966)
Trade receivables	**(3,629,057)**	1,320,447
Due from related parties	**86,134**	1,263,282
Advances, deposits and other receivables	**(3,123,356)**	(3,369,898)
Increase/(decrease) in current liabilities		
Advance from a related party	**5,948,314**	2,642,500
Trade and other payables	**2,375,839**	11,024,304
Cash generated from/(used in) operations	**2,066,171**	(1,657,737)
Finance costs paid	**(873,043)**	(711,001)
Employees' end of services benefits paid	**(506,584)**	(614,151)
Payment of tax	**(69,428)**	(26,837)
Net cash from/(used in) operating activities	**617,116**	(3,009,726)
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(1,829,305)**	(1,258,399)
Proceeds from disposal of property, plant and equipment	**26,493**	549
Net cash (used in) investing activities	**(1,802,812)**	(1,257,850)

J.K. Cement Works (Fujairah) FZC and its subsidiaries
Fujairah Free Zone
Fujairah - United Arab Emirates

Consolidated statement of cash flows for the year ended December 31, 2022 (continued)
(In Arab Emirates Dirham)

	2022	2021
Cash flows from financing activities		
Redeemable preference shares and application money	**58,411,112**	146,900,000
(Repayment) of term loans - net	**(57,984,688)**	(146,349,147)
Proceeds of other bank borrowings	**5,112,131**	4,063,511
(Repayment) of lease liabilities	**(332,992)**	(207,338)
Finance costs paid	**(3,523,651)**	(7,023,573)
Net cash from/(used in) financing activities	**1,681,912**	(2,616,547)
Net increase/(decrease) in cash and cash equivalents	**496,216**	(6,884,123)
Net movement in translation reserve net of taxation	**9,138**	(3,255)
Cash and cash equivalents, beginning of the year	**1,193,484**	8,080,862
Cash and cash equivalents, end of the year	**1,698,838**	1,193,484
Cash and cash equivalents		
Cash in hand	**29,807**	13,755
Cash at banks	**1,669,031**	1,179,729
	1,698,838	1,193,484

The accompanying notes on pages 16 to 45 form an integral part of these consolidated financial statements.

The report of the auditor is set out on pages 7 to 9.

The consolidated financial statements on pages 10 to 45 were approved on January 26, 2023 and signed on behalf of the Group, by:

Head - International Operations

Managing Director
(Mr. Raghavpat Singhania)

Company Secretary

Head - Finance and Controlling

Director

1 Legal status and business activities

1.1 **M/s. J.K. Cement Works (Fujairah) FZC,** Fujairah Free Zone, Fujairah - United Arab Emirates (the "Parent Entity") was registered on March 17, 2008 as a Free Zone Company and operates in the United Arab Emirates under a commercial license issued by the Fujairah Free Zone Authority, Government of Fujairah, Fujairah - United Arab Emirates.

1.2 The Parent Entity is licensed to engage in manufacturing and trading (export & import) of all types of cement, limestone, pet coke, kaolin, feldspar, fluorspar, silica sand, gypsum and other allied products.

1.3 The registered address of the Parent Entity is P.O. Box: 5325, Fujairah Free Zone, Fujairah - United Arab Emirates.

1.4 The Parent Entity is a step down subsidiary of M/s. J.K. Cement Ltd. *"Ultimate parent"*, an Indian Company incorporated under the Companies Act 1956. With effect from June 30, 2022, Mr. Amit Kothari stepped down from his position as Chief Executive Officer of the Parent entity. Consequently, Mr. Ajay Mathur was appointed as Head (International Operations) in charge of overall operations of the Parent Entity with effect from July 01, 2022. Presently, the management and control of the Parent Entity are vested with the Board of Directors and day to day affairs of the Parent Entity are controlled and managed by Mr. Ajay Mathur, who is responsible to the Board, and Managing Director, Mr. Raghavpat Singhania.

1.5 These consolidated financial statements incorporate the operating results of the Commercial license no. 2249 of the Parent Entity and that of the subsidiary (note 1.6). These consolidated financial statements also incorporate the operating results of M/s. Whitemaxx Kenya (Branch), Registration no. FC-KXTDB2.

1.6 The Parent Entity has the following subsidiary over which it exercises effective control:

	Name of subsidiary and domicile	Percentage of shareholding	Percentage of beneficial holding 2022	Percentage of beneficial holding 2021	Date of incorporation	Principal activities
i)	M/s. JK White Cement (Africa) Limited - Tanzania	99.9%	100%	100%	November 04, 2018	It is engaged in the business of manufacturing/trading/ import/export of all types of cement, wall putty, other allied products, cement clinker, limestone, gypsum, coal and other allied products including value added products.
ii)	M/s. J.K White Cement Fujairah LLC - U.A.E. *	49%	100%	-	March 10, 2022	The principal activity of the Entity is white cement manufacturing, importing, exporting, wholesale of cement products trading, and cement products manufacturing.

* Though the Parent Entity holds 49% equity interest, it has power to govern the investee entity as the power to appoint the board of directors have been vested with the Parent Entity.

2 Material uncertainty related to going concern

The consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Group has incurred loss amounting to AED 35,482,918 during the year, has accumulated (losses) of AED 321,149,248 and total liabilities exceeded total assets by AED 231,990,668 as at the reporting date. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

2 Material uncertainty related to going concern (continued)

However, these consolidated financial statements have been prepared on a going concern basis as the Ultimate parent has agreed to provide necessary financial support to enable the Group to continue its operation and settle its obligation as and when they fall due. Also, the management is focusing on new markets beyond G.C.C. region which is expected to increase business volume and enhance profitability in coming years. Accordingly, these consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Group be unable to continue as a going concern.

3 COVID-19 impact

Jurisdictions around the world have generally experienced an improved economic outlook during the third year of the COVID-19 pandemic, as the number of COVID-19 cases have declined significantly. Many businesses globally have returned to business as usual, but the crisis has tested the commercial, operational, financial and organisational resilience of companies around the world highlighting the risks and resilience gaps for many organisations, as the effects of pandemic continue to impact global supply chains.

The Group has considered the market conditions (including the impact of COVID-19) as at the balance sheet date, in making estimates and judgements on the recoverability of assets and provisions for onerous contracts as at December 31, 2022. The assessment did not result in any significant adjustments to the carrying value of assets and/or increase in provisions. However, as the COVID-19 pandemic continues to evolve, the Group is subject to be impacted by the measures taken by governments from time to time.

4 New standards and amendments

4.1 New standards and amendments applicable as on January 01, 2022

The following standards and amendments apply for the first time to the financial reporting periods commencing on or after January 01, 2022.

- Reference to the Conceptual Framework - Amendments to IFRS 3
- Property Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16
- COVID-19 Related Rent Concessions beyond 30 June 2021 - Amendments to IFRS 16
- Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle
    - IFRS 1 First-time Adoption of International Financial Reporting Standards
    - IFRS 9 Financial Instruments
    - IFRS 16 Leases

The management believes that the adoption of the above amendments effective for the current accounting period has not had any material impact on the recognition, measurement, presentation and disclosure of items in the consolidated financial statements.

4.2 New standards and amendments issued but not effective for the current annual period

The following standards and interpretations had been issued but not yet mandatory for annual reporting periods ending December 31, 2022.

Description	Effective for annual periods beginning on or after
Disclosure of Accounting Policies - Amendments to IAS 1, *Presentation of Financial Statements and IFRS Practice Statement 2*	January 01, 2023
Definition of Accounting Estimates - Amendments to IAS 8, *Accounting policies, Changes in Accounting Estimates and Errors*	January 01, 2023

4 New standards and amendments (continued)

4.2 New standards and amendments issued but not effective for the current annual period

Description	Effective for annual periods beginning on or after
Deferred Tax related to Assets and Liabilities arising from Single Transaction - Amendments to IAS 12, *Income Taxes*	January 01, 2023
Classification of Liabilities as Current or Non-Current - Amendments to IAS 1, *Presentation of Financial Statements*	January 01, 2024
Non Current Liabilities with Covenants - Amendments to IAS 1, *Presentation of Financial Statements*	January 01, 2024

Management anticipates that these new standards, interpretations and amendments will be adopted in the consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the consolidated financial statements in the period of initial application.

5 Significant accounting policies

5.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by International Accounting Standards Board (IASB) and applicable U.A.E. laws. These consolidated financial statements are presented in United Arab Emirates Dirham (AED) which is the Group's functional and presentation currency.

5.2 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for assets or goods or services.

The principal accounting policies applied in these consolidated financial statements are set out below.

5.3 Basis of consolidation

The Group's financial statements consolidate those of the Parent Entity and all of its subsidiaries over which the Parent Entity exercises control. The Parent Entity controls an investee if all three of the following elements are present:

- power over the investee,
- exposure to variable returns from the investee, and
- the ability of the investor to use its power to affect those variable returns.

Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. De-facto control exists in situations where the Parent Entity has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the company considers all relevant facts and circumstances, including:

- The size of the Parent Entity's voting rights relative to both the size and dispersion of other parties who hold voting rights.
- Substantive potential voting rights held by the company and by other parties.
- Other contractual arrangements.
- Historic patterns in voting attendance.

5 Significant accounting policies (continued)

5.3 Basis of consolidation (continued)

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement.

5.4 Current/Non current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset as current when it is:

Expected to be realised or intended to be sold or consumed in normal operating cycle or held primarily for the purpose of trading or Expected to be realised within twelve months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

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

The Group classifies all other liabilities as non-current.

5.5 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 to 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.

5 Significant accounting policies (continued)

5.5 Fair value measurement (continued)

- Level 1 inputs are quoted price (unadjusted) in active market for identical asset or liabilities that the Group can access at the measurement date,

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly, and

- Level 3 inputs are unobservable inputs for the asset or liability.

5.6 Foreign currency

In preparing the consolidated financial statements of the individual subsidiary, the transactions in currencies other than the subsidiary's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Consolidation

On consolidation, the assets and liabilities of the Group's foreign operations are translated into Arab Emirates Dirham (AED) at exchange rates prevailing on the date of end of each reporting period. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are also translated at exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences are recognised in consolidated statement of other comprehensive income and are presented in the translation reserve in equity. On disposal of overseas subsidiary or when significant influence is lost, the cumulative translation differences are recognised as income or expense in the period in which they are disposed off.

Foreign exchange differences

Exchange differences on monetary items are recognised in consolidated statement of profit or loss in the period in which they arise except for exchange differences that relate to assets under construction for future productive use. These are included in the cost of those assets when they are regarded as an adjustment to interest costs on foreign currency borrowings. Exchange differences on transactions entered into to hedge certain foreign currency risks and exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation are recognized initially in consolidated statement of other comprehensive income and reclassified from equity to the consolidated statement of profit or loss on disposal of net investment.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For financial assets measured at amortised cost, exchange differences are recognised in consolidated statement of profit or loss.

5.7 Property, plant and equipment

Property, plant and equipment, except building and improvements are stated at cost less accumulated depreciation and identified impairment loss, if any. The cost comprise of purchase price, together with any incidental expense of acquisition.

5 Significant accounting policies (continued)

5.7 Property, plant and equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to profit or loss during the financial period in which they are incurred.

Depreciation is spread over useful lives so as to write off the cost of property, plant and equipment, using the straight-line method over their useful lives as follows:

	Years
Building and improvements	5 - 25
Plant and machinery	4 - 25
Motor vehicles	5
Furniture, fixtures and office equipment	3 - 5

When part of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The building and leasehold improvements are being depreciated over the period from when it became available for use up to shorter of lease period and useful life the end of the lease term.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated statement of profit or loss.

Capital work-in-progress

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

5.8 Leases

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

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group.
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct how and for what purpose the asset is used throughout the period of use.

5.8.1 Group as lessee

The Group applies a single recognition and measurement approach for all leases whereby right-of-use assets and lease liabilities are recognized except for the short-term leases and leases of low-value assets.

5 Significant accounting policies (continued)

5.8 Leases (continued)

5.8.1 Group as lessee (continued)

Right-of-use assets

The Group recognizes right-of-use assets at the lease commencement date i.e. the date on which the assets are available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of assets comprise the amount of initial lease liabilities recognised, initial direct costs incurred, an estimate of any costs to dismantle and remove the asset at the end of the lease, and lease payments made at or before the commencement date less any lease incentives received. In addition, the Group also assesses the right-of-use asset for impairment when such indicators exist.

Depreciation is spread over the shorter of lease term and the estimated useful lives of the assets using straight-line method. The shorter of lease term and the estimated useful lives of the right-of-use assets have been listed below:

	Years
Land and building	16.5
Motor vehicles	3

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

At the commencement date, the Group measures lease liabilities at present value of the lease payments that are not paid at that date. The lease payments include fixed payments less any lease incentives receivable, variable lease payments, amount expected to be paid as guaranteed residual value, the exercise price of a purchase option if the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease. The Group uses its incremental borrowing rate if interest rate implicit in the lease is not readily determinable, to measure the present value of lease payments.

Subsequent to initial measurement, the Group remeasures lease by increasing the carrying amount to reflect interest on the lease liabilities and reducing the carrying amount to reflect the lease payments made. In addition, the carrying amount is remeasured if there are modification in lease contracts or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Short-term leases and leases of low-value assets

The Group elects not to recognize right-of-use assets and lease liability for short term lease contracts (i.e. lease period less than or equal to 12 months from the date of commencement) and for low value assets. The Group recognises payments associated with these leases as an expense on a straight-line basis over the lease term.

5.9 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

5.10 Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

5 Significant accounting policies (continued)

5.10 Impairment of tangible and intangible assets (continued)

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of profit or loss.

5.11 Taxation

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

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

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

5 Significant accounting policies (continued)

5.11 Taxation (continued)

Tax expenses (continued)

- a transaction or event which is recognise in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

5.12 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

5.13 Financial assets

Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI "FVTOCI", or through profit or loss "FVTPL"), and

- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets comprise of cash and cash equivalents, trade and other receivables, due from related parties and other financial assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Receivables

Receivable balances that are held to collect are subsequently measured at the lower of amortized cost or the present value of estimated future cash flows. The present value of estimated future cash flows is determined through the use of value adjustments for uncollectible amounts. The Group assesses on a forward-looking basis the expected credit losses associated with its receivables and adjusts the value to the expected collectible amounts.

Receivables are written off when they are deemed uncollectible because of bankruptcy or other forms of receivership of the debtors. The assessment of expected credit losses on receivables takes into account credit-risk concentration, collective debt risk based on average historical losses, specific circumstances such as serious adverse economic conditions in a specific country or region and other forward-looking information.

5 Significant accounting policies (continued)

5.13 Financial assets (continued)

Due from related parties

Amounts due from related parties are stated at amortised cost.

Impairment of financial assets

For trade receivables and due from related parties, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for the amounts, it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

5.14 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. All financial liabilities are recognised initially at fair value and, in the case of loans, borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdraft, lease liabilities.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently are measured at amortised cost using effective interest method.

Loans and other borrowings

Borrowings are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted on accrual basis and are added to the carrying value of the instruments to the extent that they are not settled in the period in which they arise.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

5.15 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

5 Significant accounting policies (continued)

5.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on weighted average basis. Cost of inventories comprises of costs of purchase, and where applicable cost of conversion and other costs that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

5.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

5.18 Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Sale of goods or services

Revenue from the sale of goods in normal course of business is recognised at a point in time when the performance obligation is satisfied and is based on the amount of the transaction price that is allocated to the performance obligation. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to the customer.

The consideration expected by the Group may include fixed or variable amounts which can be impacted by sales returns, trade discounts and volume rebates. Revenue for the sale of goods is recognized when control of the asset is transferred to the buyer and only when it is highly probable that a significant reversal of revenue will not occur when uncertainties related to a variable consideration are resolved.

Transfer of control varies depending on the individual terms of the contract of sale. Revenue from transactions that have distinct goods or services are accounted for consolidated based on their stand-alone selling prices. Revenue is recorded net of value added tax (VAT) and custom duty. A variable consideration is recognised to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

For products for which a right of return exists during a defined period, revenue recognition is determined based on the historical pattern of actual returns, or in cases where such information is not available, revenue recognition is postponed until the return period has lapsed.

5.19 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in policy notes, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

5 Significant accounting policies (continued)

5.19 Critical accounting judgements and key sources of estimation uncertainty (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The significant judgements and estimates made by management, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

Critical judgements in applying accounting policies

In the process of applying the Group's accounting policies, which are described above, and due to the nature of operations, management makes the following judgement that has the most significant effect on the amounts recognised in the consolidated financial statements.

Determining the timing of satisfaction of performance obligations - revenue recognition

In making their judgement, the Group considers the detailed criteria for the recognition of revenue set out in IFRS 15, and in particular, whether the Group has transferred control of the goods to the customer. The management is satisfied that control has been transferred and that recognition of revenue in the current year is appropriate, in conjunction with the recognition of an appropriate warranty provision as applicable.

Business model assessment - classification and measurement of consolidated financial statements

Classification and measurement of financial assets depends on the results of business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

Lease term - the Group as lessee

The Group determines lease term as the non-cancellable period of a lease together with any periods covered with an option to extend or terminate. The management applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease contract. It considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. 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 or to terminate it.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Net realisable value of inventories

Inventories are stated at the lower of cost or net realizable value. Adjustments to reduce the cost of inventory to its realizable value, if required, are made for estimated obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, product pricing, physical deterioration and quality issues.

Useful lives of property, plant and equipment

Property, plant and equipment are depreciated over their estimated useful lives, which are based on expected usage of the assets and expected physical wear and tear which depends on operational factors. Management has not considered any residual value as it is deemed immaterial.

5 Significant accounting policies (continued)

5.19 Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

Leasehold improvements

Management determines the estimated useful life and related depreciation charges for its leasehold improvements. This estimate is based on an assumption that the Group will renew its annual lease over the estimated useful life of the asset. It could change significantly should the annual lease not be renewed. Management will increase the depreciation charge where the useful life is less than the previously estimated useful life.

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the relevant notes to the consolidated financial statements.

Incremental borrowing rate for leases

The Group uses incremental borrowing rate to measure lease liabilities if interest rate implicit in the lease is not readily determinable. Incremental borrowing rate represents the rate of interest that Group would have to pay on funds necessary to obtain a similar asset, on similar term, with a similar security in a similar economic environment. The management estimates incremental borrowing rate using observable inputs and Group specific estimates.

6 Property, plant and equipment

	Building and improvements	Plant and machinery	Motor vehicles	Furniture, fixtures and office equipment	Capital work-in-progress	Total
Cost						
As at December 31, 2020	110,474,941	416,671,056	3,945,780	3,235,377	606,628	534,933,782
Addition during the year	-	51,069	82,900	464,833	659,597	1,258,399
Transferred during the year	9,000	682,072	-	11,500	(702,572)	-
Disposal during the year	-	-	-	(2,362)	-	(2,362)
Translation reserve	-	-	-	510	-	510
As at December 31, 2021	110,483,941	417,404,197	4,028,680	3,709,858	563,653	536,190,329
Addition during the year	3,500	122,059	109,476	605,058	989,212	1,829,305
Transferred during the year	89,988	502,118	-	-	(592,106)	-
Disposal during the year	-	(3,375)	(412,203)	(6,931)	(204,601)	(627,110)
Translation reserve	-	-	-	(553)	-	(553)
As at December 31, 2022	**110,577,429**	**418,024,999**	**3,725,953**	**4,307,432**	**756,158**	**537,391,971**
Accumulated depreciation						
As at December 31, 2020	33,042,489	109,143,363	3,726,230	2,064,068	-	147,976,150
Charge for the year	5,067,358	18,127,267	32,220	398,412	-	23,625,257
Eliminated on disposals during the year	-	-	-	(1,416)	-	(1,416)
Translation reserve	-	-	-	151	-	151
As at December 31, 2021	38,109,847	127,270,630	3,758,450	2,461,215	-	171,600,142
Charge for the year	5,056,993	18,017,662	26,194	434,029	-	23,534,878
Eliminated on disposals during the year	-	(3,206)	(391,593)	(4,459)	-	(399,258)
Translation reserve	-	-	-	(271)	-	(271)
As at December 31, 2022	**43,166,840**	**145,285,086**	**3,393,051**	**2,890,513**	**-**	**194,735,490**
Carrying value as at December 31, 2022	**67,410,589**	**272,739,913**	**332,902**	**1,416,919**	**756,158**	**342,656,481**
Carrying value as at December 31, 2021	72,374,094	290,133,567	270,230	1,248,643	563,653	364,590,187

6 Property, plant and equipment (continued)

Notes:

- Building and improvements represent factory constructed on leasehold Plot no. 7, Block K, Habhab, Tawain - Fujairah - United Arab Emirates. The said plot is obtained on lease from Fujairah Municipality, Fujairah - United Arab Emirates. It also includes office improvements and fixtures in Citadel Tower, Dubai - United Arab Emirates.

- Property, plant and equipment are hypothecated to banks against credit facilities (note 20).

- Capital work-in-progress represents costs incurred for labor camp under construction and machinery under installation, pending capitalisation (note 34).

- Breakup of depreciation charged:

		For the year ended December 31,	
	Notes	**2022**	2021
Cost of revenue	24	**22,921,304**	23,041,813
Selling and distribution expenses	26	**274,565**	207,142
Administrative expenses	27	**339,009**	376,302
		23,534,878	23,625,257

7 Intangible asset

The carrying value of the intangible asset is as follows:

	2022	2021
Cost		
Balance at the beginning of year	**10,805,179**	10,805,106
Translation reserve	**(67)**	73
Balance at the end of year	**10,805,112**	10,805,179
Accumulated amortisation		
Balance at the beginning of year	**1,542,123**	1,245,775
Amortisation for the year	**294,510**	296,315
Translation reserve	**(59)**	33
Balance at the end of year	**1,836,574**	1,542,123
Carrying value as at the end of the year	**8,968,538**	9,263,056

This represents cost of securing the lease of mines and computer software. The lease of mines has an extended period of 50 years from the date it is initially secured. The Group is amortising lease acquisition cost over the extended lease period from the commencement of its commercial operations in 2014. Additional costs incurred for land development costs are being amortised over estimated life of 25 years.

- Breakup of depreciation charged:

	Notes	**For the year ended December 31, 2022**	2021
Cost of revenue	24	**291,627**	291,627
Administrative expenses	27	**2,883**	4,688
		294,510	296,315

8 Right-of-use assets

The carrying value of the right-of-use assets is as follows:

Cost	Land and building	Motor vehicles	Total
Balance as at December 31, 2020	95,123,336	677,566	95,800,902
Addition during the year	-	90,707	90,707
Elimination on completion of lease	-	(427,104)	(427,104)
Balance as at December 31, 2021	95,123,336	341,169	95,464,505
Addition during the year	882,888	485,666	1,368,554
Elimination on completion of lease	-	(250,464)	(250,464)
Balance as at December 31, 2022	**96,006,224**	**576,371**	**96,582,595**
Accumulated depreciation			
Balance as at December 31, 2020	24,931,656	385,320	25,316,976
Charge for the year	5,854,888	193,446	6,048,334
Elimination on completion of lease	-	(427,104)	(427,104)
Balance as at December 31, 2021	30,786,544	151,662	30,938,206
Charge for the year	5,913,898	254,667	6,168,565
Elimination on completion of lease	-	(250,464)	(250,464)
Translation reserve		(149)	(149)
Balance as at December 31, 2022	**36,700,442**	**155,716**	**36,856,158**
Carrying value as at December 31, 2022	**59,305,782**	**420,655**	**59,726,437**
Carrying value as at December 31, 2021	64,336,792	189,507	64,526,299

8 Right-of-use assets (continued)

- Breakup of depreciation charged :

	Notes	For the year ended December 31, 2022	2021
Cost of revenue	24	**5,854,888**	5,883,782
Selling and distribution expenses	26	**92,652**	58,531
Administrative expenses	27	**221,025**	106,021
		6,168,565	6,048,334

The Group recognised following right-of-use assets.

- Lease rights of land situated at Plot no. 7, Block K, Habhab, Tawain - Fujairah - United Arab Emirates on which factory building and plant and machinery are erected. The Group has considered an effective lease period of 16.5 years ending on December 31, 2032 for the purpose of recognition of right-of-use asset. The said asset is amortised over the effective period of lease on straight-line basis.
- Lease rights for motor vehicles are amortised over the effective period of lease.
- Lease additions in land and building represent warehouse entered into lease with third party for period of 5 years from commencement date ending in November 2027.

	2022	2021
9 Inventories		
Raw materials	**10,076,894**	8,548,874
Fuel	**13,407,583**	19,355,531
Packing materials	**3,591,325**	2,343,694
Finished goods	**5,753,859**	3,947,640
Semi finished goods and work-in-progress	**15,563,138**	10,149,150
Spare parts and consumables	**10,605,320**	10,444,235
Less: Allowance for slow moving inventories	**(1,109,035)**	(950,574)
	57,889,084	53,838,550
Goods-in-transit	**1,987,202**	2,164,922
	59,876,286	56,003,472

Inventories are hypothecated against credit facilities (note 20).

Movement in allowance for slow moving inventories as at the reporting date is as follows:

Balance at the beginning of the year	**950,574**	426,080
Charge for the year (note 27)	**158,461**	524,494
Balance at the end of the year	**1,109,035**	950,574

10 Trade receivables

Trade receivables	**22,104,563**	18,475,506
Less: Allowance for expected credit loss	**(714,818)**	(385,943)
	21,389,745	18,089,563

Coverage:

Secured against bank guarantee	**6,796,720**	5,455,189
Secured against letter of credit/bill of lading	**2,060,510**	3,745,132
Secured against credit insurance and others	**8,892,962**	7,639,537
Open credits	**4,354,371**	1,635,648
	22,104,563	18,475,506

10 Trade receivables (continued)

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The average credit period for the trade receivables is 60/120 days (2021: 60/120 days). Provisions are based on the estimated irrecoverable amounts determined by reference to past default experience.

The above trade receivables are assigned against credit facilities (note 20).

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date.

Ageing of trade receivables:	**2022**	2021
1 - 90 days	**15,090,814**	13,932,203
91 - 120 days	**2,233,576**	2,056,453
121 days and above	**4,780,173**	2,486,850
	22,104,563	18,475,506

Impairment of trade receivables:

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected losses allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. In determining the impairment loss on trade receivables, the Group does not consider any changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. The management has established a provision matrix that is based on its historic credit loss experience, adjusted for forward-looking information specific to the debtor and the overall economic environment.

	2021	2020
Expected credit loss rate	**3.23%**	2.09%
Estimated total gross carrying amount at default	**22,104,563**	18,475,506
Lifetime expected credit loss	**714,818**	385,943
Net carrying amount	**21,389,745**	18,089,563

The movements in the allowance for expected credit loss as at reporting date are as follows:

Balance at the beginning of the year	**385,943**	385,943
Charge during the year (note 27)	**328,875**	-
Balance at the end of the year	**714,818**	385,943

Geographical analysis:

The geographical analysis of trade receivables are as follows:

Outside U.A.E.	**9,506,069**	10,815,085
Within U.A.E.	**12,598,494**	7,660,421
	22,104,563	18,475,506

11 Related party transactions

The Group enters into transactions with other entities that fall within the definition of a related party as contained in IAS 24, "Related party disclosures". Such transactions are in the normal course of business and at terms that correspond to those on normal arms-length transactions with third parties. Related parties comprise entities under common ownership and/or common management and control; their partners and key management personnel.

a) Due from related parties	**2022**	2021
Ultimate parent		
M/s. J.K. Cement Ltd., Kanpur - India	**223,464**	351,874
Immediate parent		
M/s. J.K. Cement (Fujairah) FZC, Fujairah - U.A.E.	**88,883**	46,607
	312,347	398,481

11 Related party transactions (continued)

b) Advance from a related party

	2022	2021
Ultimate parent		
M/s. J.K. Cement Ltd., Kanpur - India	**8,590,814**	2,642,500

c) Transactions with related parties

The nature of significant related party transactions and the amounts involved were as follows:

	For the year ended December 31,	
	2022	2021
Revenue (note 23)	**14,724,783**	15,485,289
Commission income (note 25)	**30,062**	129,965
Interest on preference shares (note 28)	**373,681**	447,941
Directors' remuneration	**250,000**	250,000

	2022	2021
12 Advances, deposits and other receivables		
Prepayments	**949,099**	1,055,447
Advance for capital assets	**512,949**	942,232
Advance to suppliers	**2,634,146**	2,111,342
Margin deposits	**1,107,610**	60,000
Staff loans and advances	**503,816**	511,058
Deposits	**253,894**	345,827
Tax receivable	**6,599,232**	4,411,484
	12,560,746	9,437,390
13 Cash and bank balances		
Cash in hand	**29,807**	13,755
Cash at banks	**1,669,031**	1,179,729
	1,698,838	1,193,484

Management has concluded that the Expected Credit Loss (ECL) for all bank balances is immaterial as these balances are held with banks/financial institutions whose credit risk rating by international rating agencies has been assessed as low.

14 Share capital

Authorised ordinary share capital of Parent Entity is AED 185,000,000 (2021: AED 185,000,000) divided into 185,000 (2021: 185,000) equity shares of AED 1,000 (2021: AED 1,000) each.

Issued and paid-up capital of the Parent Entity is AED 36,724,000 (2021: AED 36,724,000) divided into 36,724 (2021: 36,724) shares of AED 1,000 (2021: AED 1,000) each fully paid. The details of the shareholding as at the reporting date are as follows:

Names of shareholders	Domicile	Percentage	No. of shares	2022	2021
M/s. J.K. Cement (Fujairah) FZC	U.A.E.	90	33,052	**33,052,000**	33,052,000
Fujairah Investment Establishment (Government of Fujairah)	U.A.E.	10	3,672	**3,672,000**	3,672,000
		100	36,724	**36,724,000**	36,724,000

15 Compulsory convertible preference shares

Authorised compulsory convertible preference share capital of Group is AED 85,000,000 (2021: AED 85,000,000) divided into 85,000 (2021: 85,000) shares of AED 1,000 (2021: AED 1,000) each.

The Group issued two classes of preference shares; compulsory convertible preference shares (CCPS) and redeemable preference shares (note 17). The compulsory convertible preference shares shall be mandatorily converted to ordinary equity shares with definitive timeframe and are issued in the same proportion as ordinary share capital. CCPS also carry non-discretionary cumulative coupon rate of 3% which is payable in cash with an option to convert in equivalent ordinary shares at the time of conversion. Therefore, CCPS are treated as compound instruments with both equity and liability component and have been classified in the consolidated financial statements accordingly. At the time of conversion, the Group will issue 73,450 ordinary shares of AED 1,000 each against the equity component of compulsory convertible preference shares. As at the reporting date, the Group has issued 73,450 compulsory convertible preference shares of AED 1,000 each.

	2022	2021
a) Equity component of compulsory convertible preference shares		
Balance at the beginning and end of the year	**52,426,891**	52,426,891
b) Liability component of compulsory convertible preference shares		
Balance at the beginning of the year	**8,834,072**	10,589,631
Amortisation during the year	**(1,829,818)**	(1,755,559)
Balance at the end of the year	**7,004,254**	8,834,072

16 Accumulated (losses)

Balance at the beginning of the year	**(285,666,330)**	(245,777,532)
(Loss) for the year	**(35,482,918)**	(39,888,798)
Balance at the end of the year	**(321,149,248)**	(285,666,330)

17 Redeemable preference shares and application money

Redeemable preference shares	**453,242,000**	359,666,000
Redeemable preference shares application money	**34,613,604**	69,778,492
	487,855,604	429,444,492

Authorised redeemable preference share capital of Group is AED 520,000,000 (2021: AED 370,000,000) divided into 520,000 (2021: 370,000) shares of AED 1,000 (2021: AED 1,000) each.

In order to raise fund(s) for the repayments of the term loan and related interest, the Group issued 453,242 (2021: 359,666) mandatorily redeemable preference shares of AED 1,000 each which are redeemable after 11 to 14 years and carry dividend @ 3% p.a.

During the year, the Group issued further 93,576 (2021: 87,162) non-cumulative redeemable preference shares of AED 1,000 each which are redeemable after 11 to 14 years and carry non-cumulative dividend @ 3% p.a.

The redeemable preference shares do not carry right to vote, bear discretionary dividend, are redeemable in cash to the holders and are hence classified as financial liabilities. The Group has not accrued any dividend on above shares due to the non-availability of profits during the year.

Redeemable preference shares are subordinated against bank borrowings (note 20).

18 Employees' end of service benefits

	2022	2021
Balance at the beginning of the year	**3,457,394**	3,819,812
Add: Charge for the year	**741,310**	630,273
Less: Reversal during the year (note 25)	**-**	(378,540)
Less: Paid during the year	**(506,584)**	(614,151)
Balance at the end of the year	**3,692,120**	3,457,394

18 Employees' end of service benefits (continued)

Amounts required to cover end of service indemnity at the consolidated statement of financial position date are computed pursuant to the applicable Labour Law based on the employees' accumulated period of service and current basic remuneration at the end of reporting period.

	2022	2021
19 Dividend payable on preference shares		
Dividend payable on redeemable preference shares	**17,314,225**	17,314,225
Dividend payable on compulsory convertible preference shares	**19,795,314**	17,591,814
	37,109,539	34,906,039

The above represents non-discretionary dividend payable on compulsory convertible and redeemable preference shares. The management has decided to pay the said dividend upon generation of profits which is not anticipated in next 12 months and therefore, the dividend payable has been classified as a non-current liability.

20 Bank borrowings

a) Due to banks			
Bank overdraft		**601,483**	-
Trust receipts		**16,653,883**	19,010,140
Bills discounted		**556,472**	950,051
Short term loan		**12,455,155**	5,194,671
		30,266,993	25,154,862
b) Term loans			
Balance at the beginning of the year		**57,984,688**	204,333,835
Less: Repaid during the year		**(57,984,688)**	(146,349,147)
Balance at the end of the year		-	57,984,688

During the year ended December 31, 2022, the Parent Entity fully closed out the term loan through early repayment. The early repayment was funded through the issue of additional redeemable preference shares to shareholders (note 17).

Comprising:			
Current portion		-	35,443,272
Non-current portion		-	22,541,416
		-	57,984,688
Bank borrowings - short term liabilities			
Due to banks	(refer a)	**30,266,993**	25,154,862
Term loans	(refer b)	-	35,443,272
		30,266,993	60,598,134
Bank borrowings - long term liabilities			
Term loans	(refer b)	-	22,541,416
Total bank borrowings	**(a + b)**	**30,266,993**	83,139,550

Bank borrowings are secured by:

i) Assignment of credit insurance policy and stock insurance policy.

ii) Corporate guarantees of M/s. J.K. Cement Ltd. - India and M/s. J.K. Cement (Fujairah) FZC - U.A.E.

20 Bank borrowings (continued)

Bank borrowings are secured by (continued):

iii) Hypothecation of inventories (note 9).

iv) Assignment of trade receivables (note 10).

v) Assignment of financial guarantees.

vi) Subordination of redeemable preference shares (note 17).

The term loans were secured against first pari passu charge over immovable and movable property, plant and equipment, assignment of lease rights on factory and mining land, and assignment of insurance contracts. The term loan was fully repaid in December 2022. However, as on reporting date, the Entity has not yet received the discharge documents relating to above securities.

21 Lease liabilities

	2022	2021
Balance at the beginning of the year	**105,709,861**	101,784,605
Addition during the year	**1,368,554**	90,707
Add: Interest charged during the year (note 28)	**3,860,547**	4,041,887
Less: Payments during the year	**(332,992)**	(207,338)
Translation	**(49)**	-
Balance at the end of the year	**110,605,921**	105,709,861

The above represents present value of lease payments of land and building and motor vehicles discounted at the rates ranging from 4.5% to 7% per annum.

Comprising:		
Current portion	**39,494,082**	30,144,745
Non-current portion	**71,111,839**	75,565,116
	110,605,921	105,709,861

Maturity profile of lease payments:

December 31, 2022	**Within 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Lease payments - undiscounted	**43,123,480**	**38,376,606**	**51,074,637**	**132,574,723**
Less: Finance charges	**(3,629,398)**	**(11,715,634)**	**(6,623,770)**	**(21,968,802)**
Net present value	**39,494,082**	**26,660,972**	**44,450,867**	**110,605,921**

December 31, 2021	Within 1 year	1 to 5 years	More than 5 years	Total
Lease payments - undiscounted	33,969,361	36,699,108	60,696,618	131,365,087
Less: Finance charges	(3,824,616)	(12,754,849)	(9,075,761)	(25,655,226)
Net present value	30,144,745	23,944,259	51,620,857	105,709,861

	For the year ended December 31,	
Amounts recognised in profit or loss:	**2022**	2021
Interest on lease liabilities (note 28)	**3,860,547**	4,041,887
Depreciation expense (note 8)	**6,168,565**	6,048,334
Payments not included in the measurement of the lease liability:		
Expenses related to short term leases	**1,202,823**	1,289,579
Net impact for the year	**11,231,935**	11,379,800

21 Lease liabilities (continued)

	For the year ended December 31,	
Amounts recognised in consolidated statement of cash flows:	**2022**	2021
Total cash outflows for leases	**(1,535,815)**	(1,496,917)

On September 01, 2022, the Parent Entity submitted a proposal letter to the landlord for amendment of land lease agreement. The proposal is still under negotiation as on reporting date.

22 Trade and other payables

	2022	2021
Trade payables	**25,212,571**	27,181,096
Payable against capital assets	**146,243**	383,292
Advances from customers	**2,157,070**	2,922,738
Accrued expenses and provisions	**26,264,413**	21,311,294
Other payables	**274,544**	86,400
	54,054,841	51,884,820

23 Revenue

	For the year ended December 31,	
	2022	2021
Cement	**119,013,122**	111,196,606
Clinker	**43,587,023**	39,554,280
Value added products	**24,672,498**	14,612,527
Total revenue from contracts with customers	**187,272,643**	165,363,413
Geographical markets		
Sales : Outside U.A.E.	**151,395,694**	134,895,340
: Within U.A.E.	**35,876,949**	30,468,073
Total revenue from contracts with customers	**187,272,643**	165,363,413
Timing of revenue recognition		
Goods transferred at a point in time	**187,272,643**	165,363,413
Total revenue from contracts with customers	**187,272,643**	165,363,413

23.1 Performance obligations

The performance obligation is satisfied on delivery of clinker/cement/plaster in case of sales within U.A.E. and on shipping/delivery in case of sales outside U.A.E. depending upon the contractual terms agreed with the customers.

24 Cost of revenue

Cost of goods sold		
Materials consumed	**54,025,470**	41,083,532
Power and fuel costs	**53,708,752**	38,378,476
Salaries and benefits	**15,517,431**	15,341,424
Other direct expenses	**6,297,162**	6,690,872
Depreciation on property, plant and equipment (note 6)	**22,921,304**	23,041,813
Depreciation on right-to-use assets (note 8)	**5,854,888**	5,883,782
Amortisation of intangible asset (note 7)	**291,627**	291,627
Manufacturing cost	**158,616,634**	130,711,526
Semi finished goods and work-in-progress at the beginning of the year	**10,149,150**	7,685,490
Semi finished goods and work-in-progress at the end of the year (note 9)	**(15,563,138)**	(10,149,150)
Cost of goods manufactured	**153,202,646**	128,247,866
Finished goods at the beginning of the year	**3,947,640**	2,283,132
Finished goods at the end of the year (note 9)	**(5,753,859)**	(3,947,640)
	151,396,427	126,583,358

		For the year ended December 31,	
		2022	2021
25	**Other income**		
	Commission income (note 11)	**30,062**	132,588
	Gain on disposal of property, plant and equipment	**13,001**	-
	Proceeds from sale of rotor and stator	**353,935**	-
	Foreign exchange gain	**1,825**	-
	Reversal of provision for end of service benefits (note 18)	**-**	378,540
	Reversal of leave encashment provision	**407,893**	-
	Miscellaneous receipts	**695,083**	605,175
		1,501,799	1,116,303
26	**Selling and distribution expenses**		
	Salaries and benefits	**6,385,875**	7,684,800
	Freight and handling expenses	**38,003,854**	40,446,847
	Sales royalty	**2,265,362**	2,519,730
	Business promotion and other expenses	**4,113,155**	4,490,413
	Depreciation on property, plant and equipment (note 6)	**274,565**	207,142
	Depreciation on right-of-use assets (note 8)	**92,652**	58,531
		51,135,463	55,407,463
27	**Administrative expenses**		
	Salaries and related benefits	**6,584,797**	6,220,926
	Rent	**564,226**	528,326
	Travelling and conveyance	**748,329**	471,506
	Legal and professional expenses	**1,346,083**	1,467,617
	Insurance	**682,952**	707,403
	Repairs and maintenance	**261,358**	249,869
	Communication	**320,051**	304,000
	Property, plant and equipment written off (note 6)	**204,601**	-
	Allowance for slow moving inventories (note 9)	**158,461**	524,494
	Allowance for expected credit loss (note 10)	**328,875**	-
	Depreciation on property, plant and equipment (note 6)	**339,009**	376,302
	Depreciation on right-of-use assets (note 8)	**221,025**	106,021
	Loss on disposal of property, plant and equipment	**9,759**	397
	Amortisation of intangible asset (note 7)	**2,883**	4,688
	Foreign exchange loss	**197,735**	40,706
	Miscellaneous	**602,901**	499,576
		12,573,045	11,501,831
28	**Finance costs**		
	Interest on preference shares (note 11)	**373,681**	447,941
	Interest on lease liabilities (note 21)	**3,860,547**	4,041,887
	Bank interest and charges	**4,396,694**	7,734,574
		8,630,922	12,224,402

	For the year ended December 31,	
	2022	2021
29 Taxation		
Current tax expense	**271,503**	401,460
Total tax for the year can be reconciled to accounting profit as follows:		
Accounting loss attributable to operations in non-taxable jurisdiction	**(33,858,083)**	(39,110,560)
Accounting profit attributable to operations in taxable jurisdiction	**507,616**	(1,631)
Accounting loss attributable to operations in taxable jurisdiction with minimum alternate tax	**(1,803,936)**	(375,147)
Loss before tax	**(35,154,403)**	(39,487,338)
Permanent differences	**34,635**	4,897
Origination and reversal of temporary differences	**46,219**	66,669
Non-deductible expenses	**74,732**	-
Adjusted taxable profit	**(34,998,817)**	(39,415,772)
Less: previous tax losses now recouped to reduce current tax expense	**(1,091,995)**	-
Less: previously unrecognised tax losses now recouped to reduce current tax expense	**(16,881)**	-
Less: unrelieved losses carried forward	**(467,998)**	(1,259,994)
Net taxable (loss)	**(36,575,691)**	(40,675,766)
Made up of:		
(a) Loss attributable to operations in non-taxable jurisdiction	**(33,858,083)**	(39,110,560)
(b) Taxable profit attributable to operations in taxable jurisdiction	**488,752**	(1,631)
(c) Taxable loss attributable to operations in taxable jurisdiction with minimum alternate tax	**(3,206,360)**	(1,563,575)
Net taxable profit	**(36,575,691)**	(40,675,766)
Tax payable at @ 37.5% on (b) (2021: 0%)	**183,282**	-
Tax payable at alternate minimum tax on (c) @ 0.5% (2021: 0.3%)	**88,221**	27,158
Current tax expense	**271,503**	27,158

The average effective tax rate on profit from operations in taxable jurisdication, excluding alternate minimum tax liability, for the year ended December 31, 2022 is 36% (2021: Nil).

The subsidiary has not recognised deferred tax asset because it is not expected that the subsidiary will have taxable profits in the foreseeable future against which the tax losses can be utilised.

30 Financial instruments

a) *Significant accounting policies*

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 5 to the consolidated financial statements.

30 Financial instruments (continued)

b) *Fair value of financial assets and financial liabilities that are not measured at fair value on recurring basis.*

	As at December 31,		As at December 31,	
	2022	2021	**2022**	2021
	Carrying amount		**Fair value**	
Financial assets				
Trade receivables	**21,389,745**	18,089,563	**21,389,745**	18,089,563
Due from related parties	**312,347**	398,481	**312,347**	398,481
Deposits and other receivables	**8,464,552**	5,328,369	**8,464,552**	5,328,369
Cash and bank balances	**1,698,838**	1,193,484	**1,698,838**	1,193,484
	31,865,482	25,009,897	**31,865,482**	25,009,897
Financial liabilities				
Liability component of compulsory convertible preference shares	**7,004,254**	8,834,072	**7,004,254**	8,834,072
Redeemable preference shares	**487,855,604**	429,444,492	**487,855,604**	429,444,492
Dividend payable on preference shares	**37,109,539**	34,906,039	**37,109,539**	34,906,039
Bank borrowings	**30,266,993**	83,139,550	**30,266,993**	83,139,550
Lease liabilities	**110,605,921**	105,709,861	**110,605,921**	105,709,861
Trade and other payables	**51,897,771**	48,962,082	**51,897,771**	48,962,082
	724,740,082	710,996,096	**724,740,082**	710,996,096

Financial instruments comprise of financial assets and financial liabilities.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between knowledgeable and willing parties.

Financial assets consist of cash and bank balances, due from related parties, deposits and other receivables and trade receivables. Financial liabilities consist of liability component of compulsory convertible preference shares, trade and other payables, bank borrowings, dividend payable on preference shares, redeemable preference shares and lease liabilities.

As at the reporting date, financial assets and financial liabilities approximate their carrying values.

c) *Valuation premise for financial instruments that are not measured at fair value on recurring basis*

The following methods and assumptions were used to estimate the fair values:

Receivables are evaluated by the Group based on parameters such as interest rates, individual creditworthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at reporting date, the carrying amounts of such receivables, were not materially different from their calculated fair values.

The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

31 Financial risk management objectives

The Group management set out the Group's overall business strategies and its risk management philosophy. The Group's overall financial risk management program seeks to minimize potential adverse effects on the financial performance of the Group. The Group policies include financial risk management policies covering specific areas, such as market risk (including foreign exchange risk, interest rate risk), liquidity risk and credit risk. Periodic reviews are undertaken to ensure that the Group's policy guidelines are complied with.

31 Financial risk management objectives (continued)

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

The Group is exposed to the following risks related to financial instruments. The Group has not framed formal risk management policies, however, the risks are monitored by management on a continuous basis. The Group does not enter into or trade in financial instruments, investment in securities, including derivative financial instruments, for speculative or risk management purposes.

a) *Foreign currency risk management*

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

The carrying amounts of the Group's monetary assets and liabilities denominated in foreign currencies other than in Arab Emirates Dirham or currencies to which the Dirham is fixed are as follows:

	Amounts in foreign currency		**Equivalent amounts in AED**	
	2022	2021	**2022**	2021
Trade receivables				
Kenya Shillings	**17,827,014**	10,542,080	**530,663**	342,190
Bank balances				
Kenya Shillings	**5,744,808**	1,359,398	**171,008**	44,125
Trade payables				
Kenya Shillings	**90,024,174**	19,339,765	**2,679,780**	627,758

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% increase and decrease in the AED against the relevant foreign currencies. 10% is the sensitivity rate used for reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonable possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive or negative number below indicates an increase or decrease in profit or loss where the AED weakens 10% against the relevant currency. For a 10% strengthening of the AED against the relevant currency, there would be an equal and opposite impact on the profit or loss , and the balances below would be negative.

	Profit or loss (AED)	
Estimated impact on profit and loss due to fluctuation in:	**2022**	2021
Kenya Shillings	**197,811**	24,144

b) *Interest rate risk management*

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings with floating interest rates. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. Interest on financial instruments having floating rates is re-priced at intervals of less than one year and interest on financial instruments having fixed rate is fixed until the maturity of the instrument.

31 Financial risk management objectives (continued)

b) *Interest rate risk management (continued)*

Interest rate sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 50 basis point increase or decrease is used for reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonable possible change in interest rates.

If interest rates had been 50 basis points higher/(lower) and all other variables were held constant, the Group's loss for the year then ended would (decrease)/increase by AED 151,335 (2021: (decrease)/increase by AED 415,698).

c) *Liquidity risk management*

Ultimate responsibility for liquidity risk management rests with the management which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Group has access to loans from its shareholders at its disposal to further reduce liquidity risk.

Liquidity and interest risk table:

The table below summarises the maturity profile of the Group's financial assets and financial liabilities. The contractual maturities of the financial assets and financial liabilities have been determined on the basis of the remaining period at the financial position date to the contractual maturity date. The maturity profile of the assets and liabilities at the consolidated statement of financial position date based on contractual repayment arrangements as follows:

	Interest bearing			Non Interest bearing			
Particulars	**On demand or less than 3 months**	**Within 1 year**	**More than 1 year**	**On demand or less than 3 months**	**Within 1 year**	**More than 1 year**	**Total**
				As at December 31, 2022			
Financial assets							
Trade receivables	-	-	-	-	21,389,745	-	21,389,745
Due from related parties	-	-	-	-	312,347	-	312,347
Deposits and other receivables	-	-	-	-	8,464,552	-	8,464,552
Cash and bank balances	-	-	-	1,698,838	-	-	1,698,838
	-	-	-	1,698,838	30,166,644	-	31,865,482
Financial liabilities							
Liability component of CCPS	-	-	7,004,254	-	-	-	7,004,254
Redeemable preference shares	-	-	487,855,604	-	-	-	487,855,604
Dividend payable on preference shares	-	-	37,109,539	-	-	-	37,109,539
Bank borrowings	601,483	29,665,510	-	-	-	-	30,266,993
Lease liabilities	25,151,840	14,342,242	71,111,839	-	-	-	110,605,921
Trade and other payables	-	-	-	-	51,897,771	-	51,897,771
	25,753,323	44,007,752	603,081,236	-	51,897,771	-	724,740,082

31 Financial risk management objectives (continued)

c) *Liquidity risk management (continued)*

Liquidity and interest risk table (continued)

	Interest bearing			Non Interest bearing			
Particulars	**On demand or less than 3 months**	**Within 1 year**	**More than 1 year**	**On demand or less than 3 months**	**Within 1 year**	**More than 1 year**	**Total**
				As at December 31, 2021			
Financial assets							
Trade receivables	-	-	-	-	18,089,563	-	18,089,563
Due from related parties	-	-	-	-	398,481	-	398,481
Deposits and other receivables	-	-	-	-	5,328,369	-	5,328,369
Cash and bank balances	-	-	-	1,193,484	-	-	1,193,484
	-	-	-	1,193,484	23,816,413	-	25,009,897
Financial liabilities							
Liability component of CCPS	-	-	8,834,072	-	-	-	8,834,072
Redeemable preference shares	-	-	429,444,492	-	-	-	429,444,492
Dividend payable on preference shares	-	-	34,906,039	-	-	-	34,906,039
Bank borrowings	-	60,598,134	22,541,416	-	-	-	83,139,550
Lease liabilities	25,151,840	4,992,905	75,565,116	-	-	-	105,709,861
Trade and other payables	-	-	-	-	48,962,082	-	48,962,082
	25,151,840	65,591,039	571,291,135	-	48,962,082	-	710,996,096

d) *Credit risk management*

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. The Group's exposure are continuously monitored and their credit exposure is reviewed by the management regularly and the Group applies simplified approach under IFRS 9 to measure lifetime expected credit loss allowance on all of its trade receivables.

Trade receivables consist of a number of customers. Ongoing credit evaluation is performed on the financial condition of trade receivables. Further details of credit risks on trade and other receivables are disclosed in notes 10 and 12 to the consolidated financial statements.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amounts of the financial assets recorded in the consolidated financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risks.

32 Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the equity balance. The Group's overall strategy remains unchanged from prior year. The Group is not subject to any externally imposed capital requirements.

32 Capital risk management (continued)

The capital structure of the Group consists of cash and cash equivalents and equity comprising issued capital, reserve, equity component of compulsory convertible preference shares and accumulated (losses) as disclosed in the consolidated financial statements.

33 Contingent liabilities

	As at December 31,	
	2022	2021
Letter of guarantees	**3,524,335**	2,346,725

Except for the above and ongoing business obligations which are under normal course of business, there has been no other known contingent liability on Group's consolidated financial statements as of reporting date.

34 Commitments

	As at December 31,	
	2022	2021
Commitment towards acquisition of property plant and equipment (note 6)	**1,434,670**	1,545,653

Except for the above and ongoing business obligations which are under normal course of business, there has been no other known commitment on Group's consolidated financial statements as of reporting date.

35 Reclassification

Certain amounts for the prior year were reclassified to conform to current year's presentation. However, such reclassifications do not have any impact on the Group's previously reported consolidated financial result or equity.