

OPEN JOINT STOCK COMPANY  
"TAJIK ALUMINUM COMPANY"

CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022 AND  
INDEPENDENT AUDITOR'S REPORT

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## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

The following statement is made in order to delineate the responsibilities of independent auditors and the Management in relation to the consolidated financial statements of the Open Joint Stock Company "Tajik Aluminum Company" (hereinafter referred to as the "Group").

The Group's Management is responsible for maintaining the accounting records and preparing consolidated financial statements that present fairly the consolidated financial position of the Group as at 31 December 2022, as well as the consolidated results of operations, consolidated cash flows and consolidated changes in equity for the year then ended in accordance with International Financial Reporting Standards (hereinafter referred to as "IFRS").

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and necessarily include amounts based on judgment and estimates.

In preparing the consolidated financial statements, Management is responsible for:

- properly selecting and applying accounting policies;
- applying reasonable estimates and assumptions;
- presenting information, including accounting policies, in a manner that provides relevant, reliable comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal control, throughout the Group.
- maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time in the statement, and which enable them to ensure that the financial statement comply with IFRS;
- maintaining accounting records in compliance with the legislation of Republic of Tajikistan and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- preventing and detecting fraud and other irregularities.

The consolidated financial statements of the Group for the year ended December 31, 2022 were approved by Management of the Group on 06 February 2024.



On behalf of the Management:

Sharifzoda Sh. J.  
General Director

Khonov N.  
Chief Accountant

RSM Tajikistan

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the Open Joint Stock Company "Tajik Aluminum Company"

### *Opinion*

We have audited the accompanying consolidated financial statements of the Open Joint Stock Company Tajik Aluminum Company (the "Company"), and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statements of changes in Owner's equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2022, and its financial performance and cash flows for the years 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 auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with those 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 your attention to Note 2, Going concern section of the consolidated financial statements, which describes that as of December 31, 2022, the Group's current liabilities exceeded current assets by USD 85,411 thousand (2021: USD 56,106 thousand). These events or conditions, together with other matters set out in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. We do not express a modified opinion regarding this issue.

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### ***Emphasis of Matter***

We draw your attention to note 6 to the financial statements which sets out that comparative figures as at 31 December 2021 and for the year then ended have been restated.

We draw attention to note 25 to the consolidated financial statements, which discloses the Group's exposure to foreign currency risk. As at 31 December 2022, the Company has a negative foreign currency position in USD of USD 90,010 thousand (2021: USD 79,215 thousand).

We draw attention to note 27 to the consolidated financial statements, which discloses contingent liabilities of borrowings under the project "Construction of Cryolite, Sulphuric Acid, Aluminium Fluoride Production Plant in Yavan District of Khatlon Region" in the amount of USD 47,790 thousand and CNY 248,331 thousand.

We do not express a modified opinion in connection with these issues.

### ***Responsibilities of Management of the Group and Those Charged with Governance for the Consolidated Financial Statements***

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

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

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

### ***Auditor's responsibility for the audit of consolidated financial statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, 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 this consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one



resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures prepared by Management of the Group;
- 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 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 financial statement, including the disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence relating to the financial information of entities or activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, control and audit of the Group. We remain fully 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.

The engagement partner on the audit resulting in this independent auditor's report is Maftunzhon Baratov.

Bahrullo Mulloev  
Managing Partner  
RSM Tajikistan LLC  
License on auditing in the  
Republic of Tajikistan  
BM№0000132  
dated 3 May 2020, issued  
by the Ministry of Finance  
of the Republic of Tajikistan

Maftunzhon Baratov  
Qualified auditor  
of the Republic of Tajikistan  
Qualification certificate  
№0000338  
dated 11 April 2020  
Engagement Partner  
RSM Tajikistan LLC

06 February 2024  
Dushanbe, Tajikistan



**STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED 31 DECEMBER 2022**

*(In thousand US Dollars)*

	Notes	31 December 2022	31 December 2021 (restated)	31 December 2020 (restated)
<b>ASSETS:</b>				
<b>NON-CURRENT ASSETS:</b>				
Property, plant and equipment	7	351,554	379,086	387,628
Equipment to be installed and assets under construction	7	18,235	12,221	10,596
Investments	8	14,131	14,131	13,945
Investment in a joint venture	9	100,013	97,576	100,966
Other assets		1,789	1,778	1,233
<b>TOTAL NON-CURRENT ASSETS</b>		<b>485,722</b>	<b>504,792</b>	<b>514,368</b>
<b>CURRENT ASSETS:</b>				
Inventory	10	14,365	15,945	21,809
Trade and other receivables	11	50,686	52,986	76,852
Cash and cash equivalents	12	40	1,407	65
<b>TOTAL CURRENT ASSETS</b>		<b>65,091</b>	<b>70,338</b>	<b>98,726</b>
<b>TOTAL ASSETS</b>		<b>550,813</b>	<b>575,130</b>	<b>613,094</b>
<b>EQUITY AND LIABILITIES:</b>				
<b>EQUITY:</b>				
Charter capital	13	604,875	604,875	604,875
Revaluation reserve for property plant and equipment	14	167,616	190,502	176,124
Revaluation reserve for investments in joint ventures	9	100,013	97,576	100,966
Accumulated deficit	15	(514,528)	(495,322)	(486,914)
<b>TOTAL EQUITY</b>		<b>357,976</b>	<b>397,631</b>	<b>395,051</b>
<b>NON-CURRENT LIABILITIES:</b>				
Deferred tax liability	24	3,251	5,527	7,501
Long term trade payables	16	39,084	45,528	51,663
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>42,335</b>	<b>51,055</b>	<b>59,164</b>
<b>CURRENT LIABILITIES:</b>				
Trade and other payables	17	126,602	100,036	136,125
Loans and overdrafts received	18	23,466	26,215	22,623
Reserves		434	193	131
<b>TOTAL CURRENT LIABILITIES</b>		<b>150,502</b>	<b>126,444</b>	<b>158,879</b>
<b>TOTAL LIABILITIES</b>		<b>192,837</b>	<b>177,499</b>	<b>218,043</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>550,813</b>	<b>575,130</b>	<b>613,094</b>

These consolidated financial statements of the Group for the year ended 31 December 2022 were approved by the Management of the Group on 06 February 2024.

On behalf of the Management of the Group:

Sharifzoda Sh. J.  
General Director

Khonov N.  
Chief Accountant

The Notes on pages 12-50 form an integral part of these consolidated financial statements



**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022**  
*(In thousand US Dollars)*

	Notes	For the year ended 31 December 2022	For the year ended 31 December 2021 <i>(restated)</i>
REVENUE	19	46,382	37,311
COST OF SALES	20	(77,006)	(65,467)
<b>GROSS LOSS</b>		<b>(30,624)</b>	<b>(28,156)</b>
Distribution expenses	21	(1,671)	(1,709)
Administrative expenses	22	(6,855)	(6,357)
<b>OPERATING LOSS</b>		<b>(39,150)</b>	<b>(36,222)</b>
Effect of discounting long-term debt	16	6,444	6,135
Other income and (expenses), net	23	(4,441)	3,832
Interest expense and finance charge		(1,076)	(1,968)
Foreign exchange differences		(6,060)	1,432
<b>INCOME/ (LOSS) BEFORE TAX</b>		<b>(44,283)</b>	<b>(26,791)</b>
Income tax expense	24	(85)	(93)
<b>INCOME/ (LOSS) FOR THE YEAR</b>		<b>(44,368)</b>	<b>(26,884)</b>
Other comprehensive income		2,437	27,490
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>(41,931)</b>	<b>606</b>

These consolidated financial statements of the Group for the year ended 31 December 2022 were approved by the Management of the Group on 06 February 2024.



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## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

(In thousand US Dollars)

	Charter capital	Revaluation reserve on Property, Plant and Equipment	Revaluation reserve for investments in joint ventures	Accumulated deficit	Total equity
Balance at 1 January 2021	604,875	176,124	100,966	(486,914)	395,051
Annual write-off of property, plant and equipment revaluation reserve	-	(8,402)	-	8,402	-
Deferred tax	-	1,974	-	-	1,974
Recognition of revaluation of property, plant and equipment	-	20,806	(3,390)	10,074	27,490
Other comprehensive income	-	-	-	(26,884)	(26,884)
<b>Balance at 31 December 2021 (restated)</b>	<b>604,875</b>	<b>190,502</b>	<b>97,576</b>	<b>(495,322)</b>	<b>397,631</b>
Annual write-off of property, plant and equipment revaluation reserve	-	(25,162)	-	25,162	-
Deferred tax	-	2,276	-	-	2,276
Recognition of revaluation of property, plant and equipment	-	-	2,437	-	2,437
Other comprehensive income	-	-	-	(44,368)	(44,368)
<b>Balance at 31 December 2022</b>	<b>604,875</b>	<b>167,616</b>	<b>100,013</b>	<b>(514,528)</b>	<b>357,976</b>

These consolidated financial statements of the Group for the year ended 31 December 2022 were approved by the Management of the Group on 06 February 2024.

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## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

(In thousand US Dollars)

	For the year ended 31 December 2022	For the year ended 31 December 2021
Profit / (Loss) before tax	(44,283)	(26,791)
Adjustments for:		
Depreciation and amortisation	32,825	31,822
Income from foreign currency revaluation, net	6,060	(1,432)
Income from changes in the present value of restructured debt	-	(6,135)
Financial expenses	1,076	1,968
Reserve recovery	(247)	(4,065)
Disposal of property, plant and equipment	3,353	2,919
<b>Cash flows from operating activities before movement in working capital</b>	<b>(1,216)</b>	<b>(1,714)</b>
Decrease/(increase) in trade and other receivables	(29,354)	23,866
Decrease/(increase) in other assets	(11)	(545)
Decrease/(Increase) in inventories	1,580	5,864
Increase/(decrease) in trade and other payables	26,566	(18,933)
<b>Net cash provided by operations</b>	<b>(2,435)</b>	<b>8,538</b>
Income tax paid	(608)	(372)
Interest paid	(1,196)	(762)
<b>Net cash generated from operating activities</b>	<b>(4,239)</b>	<b>7,404</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	(23)	(56)
Changes in Investments	2,437	(1,862)
<b>Net cash used in investing activities:</b>	<b>2,414</b>	<b>(1,918)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Loans received	2,747	422
Loans paid	(2,323)	(5,614)
<b>Net cash flow used in financing activities:</b>	<b>424</b>	<b>(5,192)</b>

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CONSOLIDATED FINANCIAL STATEMENT  
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Effect of changes in foreign exchange rates on cash and cash equivalents	34	1,048
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	(1,367)	1,342
CASH AND CASH EQUIVALENTS, at the beginning of the year	1,407	65
CASH AND CASH EQUIVALENTS, at the end of the year	40	1,407

These consolidated financial statements of the Group for the year ended 31 December 2022 were approved by the Management of the Group on 06 February 2024.

On behalf of the Management of the Group:



Sharifzoda Sh. J.  
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