

OPEN JOINT STOCK COMPANY "TAJIK ALUMINUM COMPANY"

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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OJSC «TAJIK ALUMINUM COMPANY»

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020, 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, 2020 were approved by Management of the Group on 22 June 2021.



On behalf of the Management:

Humidzoda A.
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 2020, 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, 2020, 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 Financial Statements section of our report. We are independent of the Bank within the meaning of the ethical requirements applicable to our audit of the financial statements and have fulfilled our other responsibilities under those ethical 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 the Group has a negative cash flow from operating activities in the amount of USD 8,086 thousand for the year ended December 31, 2020 (2019: USD 7,397 thousand), and as at that date its current liabilities exceeded current assets by USD 60,153 thousand (2019: USD 80,984 thousand). These events or conditions, together with other matters set out in Note 2, indicate the existence of a material uncertainty that could cast serious doubts on the Group's ability to continue as a going concern. We are not expressing a modified opinion regarding this issue.

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Emphasis of Matter

Emphasis of Matter – a paragraph included in the auditor's report that refers to a matter appropriately presented or disclosed in the consolidated financial statements that, in the auditor's judgment, is of such importance that it is fundamental to users' understanding of the consolidated financial statements.

We draw your attention to Note 24 to the consolidated financial statements, which discloses the Group's exposure to foreign exchange risk. As at 31 December 2020, the Group has a negative foreign exchange position denominated in USD in an amount of USD 83,572 thousand (2019: USD 102,571 thousand).

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

Other Matters

The Group's consolidated financial statements for the year ended December 31, 2019 were audited by another auditor, who expressed an unmodified opinion on these consolidated financial statements on March 20, 2020.

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, if any, and related disclosures made 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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№ 00000132
dated 3 May 2019, 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 2019
Engagement Partner
RSM Tajikistan LLC



22 June 2021
Dushanbe, Tajikistan



OJSC «TAJIK ALUMINUM COMPANY»

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**
(In thousand US Dollars)

	Notes	For the year ended 31 December 2020	For the year ended 31 December 2019
REVENUE	6	39,270	49,337
COST OF SALES	7	<u>(73,697)</u>	<u>(73,330)</u>
GROSS LOSS		<u>(34,427)</u>	<u>(23,993)</u>
Distribution expenses	8	(1,538)	(1,916)
Administrative expenses	9	<u>(6,801)</u>	<u>(8,786)</u>
OPERATING LOSS		<u>(42,766)</u>	<u>(34,695)</u>
Effect of discounting long-term debt	21	5,201	69,085
Other income and (expenses), net	10	(356)	(6,294)
Interest expense and finance charge		(1,353)	(1,041)
Foreign exchange differences		<u>1,717</u>	<u>1,543</u>
INCOME/ (LOSS) BEFORE TAX		<u>(37,557)</u>	<u>28,598</u>
Income tax expense	11	<u>(178)</u>	<u>(11)</u>
INCOME/ (LOSS) FOR THE YEAR		<u>(37,735)</u>	<u>28,587</u>
Other comprehensive income	14,19	<u>208,119</u>	<u>(1,288)</u>
TOTAL COMPREHENSIVE INCOME		<u><u>170,384</u></u>	<u><u>27,299</u></u>

These consolidated financial statements of the Group for the year ended 31 December 2020 were approved by the Management of the Group on 22 June 2021.

On behalf of the Management of the Group:



Homidzoda A.
General Director

Khonov N.
Chief Accountant

The Notes on pages 12-48 form an integral part of these consolidated financial statements

OJSC «TAJIK ALUMINUM COMPANY»


**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2020**
(In thousand US Dollars)

	Notes	31 December 2020	31 December 2019
ASSETS:			
NON-CURRENT ASSETS:			
Property, plant and equipment	12	387,628	247,529
Equipment to be installed and assets under construction	12	10,596	12,391
Investments	13	13,945	7,354
Investment in a joint venture	14	100,966	103,460
Other assets		1,233	276
TOTAL NON-CURRENT ASSETS		514,368	371,010
CURRENT ASSETS:			
Inventory	15	21,809	23,063
Trade and other receivables	16	76,852	68,912
Cash and cash equivalents	17	65	146
TOTAL CURRENT ASSETS		98,726	92,121
TOTAL ASSETS		613,094	463,131
EQUITY AND LIABILITIES:			
EQUITY:			
Charter capital	18	604,875	569,929
Revaluation reserve for property plant and equipment	19	176,124	209,142
Revaluation reserve for investments in joint ventures	14	100,966	103,460
Accumulated deficit	20	(486,914)	(659,792)
TOTAL EQUITY		395,051	222,739
NON-CURRENT LIABILITIES:			
Deferred tax liability	11	7,501	8,794
Long term trade payables	21	51,663	58,493
TOTAL NON-CURRENT LIABILITIES		59,164	67,287
CURRENT LIABILITIES:			
Trade and other payables	22	136,125	153,550
Loans and overdrafts received	23	22,623	19,389
Reserves		131	166
TOTAL CURRENT LIABILITIES		158,879	173,105
TOTAL LIABILITIES		218,043	240,392
TOTAL EQUITY AND LIABILITIES		613,094	463,131

These consolidated financial statements of the Group for the year ended 31 December 2020 were approved by the Management of the Group on 22 June 2021.

On behalf of the Management of the Group:


Hamidzoda A.
General Director


Khonov N.
Chief Accountant

The Notes on pages 12-48 form an integral part of these consolidated financial statements

OJSC «TAJIK ALUMINUM COMPANY»

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

(In thousand US Dollars)

	Charter capital	Revaluation reserve on PPE	Revaluation reserve for investments in joint ventures	Accumulated deficit	Total equity
Balance at 1 January 2019	<u>569,929</u>	<u>228,325</u>	<u>104,748</u>	<u>(710,428)</u>	<u>192,574</u>
Annual release from revaluation reserve on PPE	-	(22,049)	-	22,049	-
Deferred tax charge	-	2,866	-	-	2,866
Other comprehensive income	-	-	(1,288)	-	(1,288)
Profit for the year	-	-	-	28,587	28,587
Balance at 1 December 2019	<u>569,929</u>	<u>209,142</u>	<u>103,460</u>	<u>(659,792)</u>	<u>222,739</u>
Increase in charter capital	34,946	-	-	-	34,946
Write-off of revaluation reserve for property, plant and equipment of previous years	-	(210,613)	-	210,613	-
Deferred tax	-	1,471	-	-	1,471
Recognition of revaluation of property, plant and equipment	-	176,124	-	-	176,124
Other comprehensive income	-	-	(2,494)	-	(2,494)
Profit for the year	-	-	-	(37,735)	(37,735)
Balance at 31 December 2020	<u>604,875</u>	<u>176,124</u>	<u>100,966</u>	<u>(486,914)</u>	<u>395,051</u>



These consolidated financial statements of the Group for the year ended 31 December 2020 were approved by the Management of the Group on 22 June 2021.

On behalf of the Management of the Group:

Homidzoda A.
General Director

Khonov N.
Chief Accountant

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OJSC «TAJIK ALUMINUM COMPANY»

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020**

(In thousand US Dollars)

	For the year ended 31 December 2020	For the year ended 31 December 2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit / (Loss) before tax	(37,557)	28,598
Adjustments for:		
Depreciation and amortisation	31,739	28,882
Foreign exchange (gain)/loss, net	(1,717)	(1,544)
Income from changes in the present value of restructured debt	(5,201)	(69,085)
Financial expenses	1,353	1,041
Accrual of reserve	-	4,500
Disposal of property, plant and equipment	1,132	1,078
Provision for unused vacations	-	(62)
Cash flows from operating activities before movement in working capital	(10,251)	(6,592)
Decrease/(increase) in trade and other receivables	(7,940)	(45,406)
Decrease/(increase) in other assets	(957)	180
Decrease/(Increase) in inventories	1,254	512
Increase/(decrease) in trade and other payables	10,595	45,605
Net cash provided by operations	(7,299)	(5,701)
Income tax paid	(504)	(1,206)
Interest paid	(283)	(490)
Net cash generated from operating activities	(8,086)	(7,397)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(1,141)	(16,573)
Changes in Investments	4,097	4,224
Net cash used in investing activities:	2,956	(12,349)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Loans received	6,205	1,925
Loans paid	(2,411)	-
Net cash flow used in financing activities:	3,794	1,925
Effect of changes in foreign exchange rates on cash and cash equivalents	1,255	1,543
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	(81)	(16,278)
CASH AND CASH EQUIVALENTS, at the beginning of the year	146	16,424
CASH AND CASH EQUIVALENTS, at the end of the year	65	146

These consolidated financial statements of the Group for the year ended 31 December 2020 were approved by the Management of the Group on 22 June 2021.

On behalf of the Management of the Group:



Homidzoda A.
General Director

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Chief Accountant

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