

STATE UNITARY ENTERPRISE "TAJIK
ALUMINIUM COMPANY"

Consolidated Financial Statements for the
year ended 31 December 2019 and
Independent Auditor's Report

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Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management of the State Unitary Enterprise "Tajik Aluminum Company"

Opinion

We have audited the consolidated financial statements of State Unitary Enterprise "Tajik Aluminum Company" (hereinafter "Company"), and its subsidiaries ("the Group"), which comprise the consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position as at 31 December 2019, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (hereinafter "consolidated financial statements").

In our opinion the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities in accordance with these standards are further described in the "Auditor's Responsibilities for the Audit of consolidated financial statements" section of our 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 the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw your attention to the consolidated statement of cash flow, where indicated that Group has negative cash flow from operating activities and as noted in Note 4 page 20 of the consolidated financial statements the Group has negative EBITDA as at reporting date, however the Group has the continued support of its owner - the Government of Republic of Tajikistan, also, in order to reduce the social burden on the Group, the Government decided to transform the Company into a Joint-Stock Company and attract large investments to increase production capacity. These events or 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.

Emphasis of matter

Commitment and contingencies - we draw your attention to Note 26 of the consolidated financial statements, where contingent liabilities are stated.

Negative foreign currency position - we draw attention to Note 6 on page 35 of the Consolidated Financial Statements, which indicates that the Group has a negative open foreign currency position in US dollars in the amount of USD 102.572 million (2018: USD 90.196 million).

Reorganization in JSC - we draw your attention to Note 18 to the consolidated financial statements, which indicates that the Company is at the stage of reorganization into a Joint Stock Company.

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

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

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

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

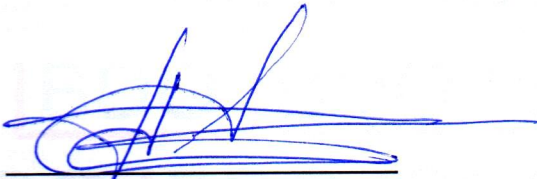
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for 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 business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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



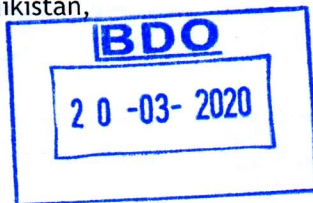
Bakhtiyor Saloev

Audit Partner

License № 0000100 dated 01/11/2016
issued by the Ministry of Finance of
Republic of Tajikistan

Qualification certificate of auditor
BM №0000397 dated 10/12/2019
issued by the Ministry of Finance of
Republic of Tajikistan,

Dushanbe:



Statement of Management's Responsibilities for the Preparation and Approval of Consolidated Financial Statements for the year ended 31 December 2019

The following statement, which should be read in conjunction with the independent auditor's responsibilities stated in the independent auditor's report, is made with a view to distinguish the respective responsibilities of management of Group and those of independent auditor in relation to the Group's consolidated financial statements.

Management of the Group is responsible for preparation of the consolidated financial statements that presents fairly the consolidated financial position of the Group as at 31 December 2019, the results of its operations, consolidated cash flows and changes in equity for the year then ended, in accordance with International Financial Reporting Standards (IFRSs).

In preparing the consolidated financial statements management is responsible for:

- Selecting suitable accounting principles and applying them consistently;
- Making judgements and estimates that are reasonable and prudent;
- Stating whether IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Preparing the consolidated financial statements on going concern basis, unless it is inappropriate to presume that the Group will continue business in the foreseeable future.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, through out the Group;
- Maintaining proper accounting records that disclose, with reasonable accuracy at any time, the consolidated financial position of the Group and which enable them to ensure that the consolidated financial statements of the Group comply with IFRSs;
- Maintaining statutory accounting records in compliance with legislation and accounting standards of the Republic of Tajikistan;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Detecting and preventing fraud and other irregularities.

The consolidated financial statements for the year ended 31 December 2019 were approved and authorized for issue on 20 March 2020 by the Management of the Group.

On behalf of the Management



Khonov N.
Chief Accountant

STATE UNITARY ENTERPRISE "TAJIK ALUMINIUM COMPANY"
 CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 (in thousand US Dollars)

	Note	Year ended 31 December	
		2019	2018
Revenue	6	49,337	47,549
Cost of sales	7	(73,330)	(95,058)
GROSS LOSS		(23,993)	(47,508)
Distribution expenses	8	(1,916)	(1,859)
Administrative expenses	9	(8,786)	(9,253)
OPERATING LOSS		(34,695)	(58,620)
Effect of discounting long term payable	21	69,085	5,088
Other income and expenses	10	(6,295)	135,400
Interest expense and finance charges		(1,041)	(2,310)
Net gain/(loss) on foreign currency translation		1,544	4,594
PROFIT BEFORE TAX		28,597	84,151
Income tax expense	11	(11)	(11,193)
PROFIT FOR THE YEAR		28,586	72,958
Other comprehensive income:			
<i>Items that will not be reclassified as profit or loss:</i>			
Decrease in revaluation reserve - investment in joint venture	13	(1,288)	(478)
Annual release of revaluation of property, plant and equipment		-	-
		(1,288)	(478)
TOTAL COMPREHENSIVE INCOME		27,298	72,480

The notes No. 1-28 form an integral part of these consolidated financial statements

On behalf of the management



Homidzoda A.
 Managing Director

Khonov N.
 Chief Accountant

STATE UNITARY ENTERPRISE "TAJIK ALUMINIUM COMPANY"
 CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(in thousand US Dollars)

ASSETS	Notes	31 December 2019	31 December 2018
Non-current assets			
Property, plant and equipment	12	247,528	268,145
Equipment to be installed and assets under construction	12	12,391	5,160
Investments	13	7,354	16,078
Investment in joint venture	14	103,460	104,748
Other assets		275	455
Total non-current assets		371,008	394,587
Current assets			
Inventories	15	23,063	23,574
Trade and other receivables	16	68,913	23,507
Cash and bank balances	17	145	16,424
Total current assets		92,122	63,506
TOTAL ASSETS		463,130	458,093
EQUITY AND LIABILITY			
Equity			
Charter capital	18	569,929	569,929
PPE revaluation reserve	19	209,142	228,325
Accumulated deficit	20	(659,793)	(710,428)
Revaluation reserve - investment in joint ventures	14	103,460	104,748
Total equity		222,738	192,574
Non-current liabilities			
Deferred tax liability	11	8,794	12,640
Long term trade payables	21	58,494	114,381
Total non-current liabilities		67,288	127,021
Current liabilities			
Trade and other payables	22	153,550	121,358
Loans and overdrafts	23	19,389	16,913
Provision		166	228
Total current liabilities		173,105	138,498
Total liability		240,392	265,519
TOTAL LIABILITY AND EQUITY		463,130	458,093

The notes No. 1-28 form an integral part of these consolidated financial statements



Homidzoda A.
 Managing Director

On behalf of the management

Khonov N.
 Chief Accountant

STATE UNITARY ENTERPRISE "TAJIK ALUMINIUM COMPANY"
 CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2019


CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 (in thousand US Dollars)

	Charter capital	Revaluation reserve investment in joint venture	Revaluation reserve	Accumulated deficit	Total
Balance at 31 December 2017	569,929	105,226	265,213	(825,786)	114,582
Annual release from revaluation reserve	-	-	(42,400)	42,400	-
Deferred tax charges	-	-	5,512	-	5,512
Profit for the year	-	-	-	72,958	72,958
Other comprehensive income	-	(478)	-	-	(478)
Balance at 31 December 2018	569,929	104,748	228,325	(710,428)	192,574
Annual release from revaluation reserve	-	-	(22,049)	22,049	-
Deferred tax charges	-	-	2,866	-	2,866
Profit/(Loss) for the year	-	-	-	28,586	28,586
Other comprehensive income	-	(1,288)	-	-	(1,288)
Balance at 31 December 2019	569,929	103,460	209,142	(659,793)	222,738

The notes No. 1-28 form an integral part of these consolidated financial statements

On behalf of the management




 Homidzoda A.
 Managing Director


 Khonov N.
 Chief Accountant

STATE UNITARY ENTERPRISE "TAJIK ALUMINIUM COMPANY"
 CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2019

CONSOLIDATED STATEMENT OF CASH FLOWS
 (in thousand US Dollars)

	Year ended 31 December	
	2019	2018
Cash flow from operating activities		
Income before tax	28,597	84,151
Adjustment for:		
Depreciation and amortisation	28,882	52,851
Gain on overdue payables written off	-	(136,987)
Foreign exchange gain, net	(1,544)	(4,594)
Transfer value gain on debt restructuring recognition of discount	(69,085)	(5,088)
Interest expense	1,041	2,310
Accrual of provision	4,500	5,098
Loss on disposal of property, plant and equipment	1,078	19
Unused holiday provision	(62)	(37)
Cash flow from operating activities before movement in working capital	(6,593)	(2,277)
Decrease/(increase) in trade and other receivables	(45,406)	22,426
Decrease/(increase) in other assets	180	(198)
Decrease/(increase) in inventories	512	(11,041)
Increase/(decrease) in trade and other payables	32,407	(56,639)
Increase/(decrease) in long term trade payable	13,198	18,660
Net cash provided by operations	891	(26,792)
Income tax paid	(1,206)	(791)
Interest paid	(490)	(3,388)
Net cash flow from operating activities	(7,398)	(33,248)
Cash flow from investing activities		
Purchase of property plant and equipment	(16,573)	(4,941)
Decrease in receivables from sale of investment	-	90,000
Change in investments	4,224	(4,224)
Net cash flow from investing activities	(12,349)	80,835
Cash flow from financing activities		
New borrowings	1,925	6,681
Repayment of borrowings	-	(42,477)
Net cash flow from financing activities	1,925	(35,796)
NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES	(17,823)	11,791
Cash and bank balances at the beginning of the year	16,424	40
Foreign exchange gain/(loss), net	1,544	4,594
CASH AND BANK BALANCES AT THE END OF THE YEAR	145	16,424

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On behalf of the management

Khonov N.
 Chief Accountant