OPEN JOINT STOCK COMPANY "SHABAKAHOI INTIQOLI BARQ"

Financial statements
for the year ended December 31, 2023

and independent auditors' report

OJSC "SHABAKAHOI INTIQOLI BARQ"

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OJSC “SHABAKAHOI INTIQOLI BARQ”

STATEMENT OF MANAGEMENT’S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

The following statement, which should be read in conjunction with the independent auditors’ responsibilities stated in the independent auditors’ report, is made with a view to distinguishing the respective responsibilities of management and those of the independent auditors in relation to the financial statements of the Open Joint Stock Company “Shabakahoi Intiqoli Barq” (the “Company”).

Management is responsible for the preparation of the financial statements that present fairly the financial position of the Company as at December 31, 2023, the results of its operations, cash flows and changes in capital for the year then ended, in accordance with International Financial Reporting Standards (the “IFRS”).

In preparing the financial statements, management is responsible for:

- selecting suitable accounting policies and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- stating whether IFRS have been followed, subject to any material departures disclosed and explained in the financial statements; and
- preparing the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business for the foreseeable future.

Management is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal control, throughout the Company;
- maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRS;
- maintaining statutory accounting records in compliance with legislation, accounting standards of the Republic of Tajikistan and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- detecting and preventing fraud and other irregularities.

The financial statements for the year ended December 31, 2023 were approved and authorized for issue on June 20, 2024 by the Management of the Company.

On behalf of the Management:

Makhmudzoda Mirzo
General director

June 20, 2024
Dushanbe,
Republic of Tajikistan

Muminov Jaloliddin
Chief accountant

June 20, 2024
Dushanbe,
Republic of Tajikistan

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF OPEN JOINT STOCK COMPANY "SHABAKAHOI INTIQOLI BARQ"

Qualified opinion

We have audited the accompanying financial statements of Open Joint Stock Company "Shabakahoi Intiqoli Barq" (the "Company"), which comprise the statement of financial position as at December 31, 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as issued by the IASB.

Basis for qualified opinion

As at December 31, 2023, the Company has net receivables amounting to 586,795 thousand TJS (2022: 362,791 thousand TJS). The main part of accounts receivable is related to OJSC "Shabakahoi Taqsimoti Barq". As this balance increases from year to year, there is material uncertainty regarding the recoverability of this amount. During our audit procedures we inquired and did not obtain a confirmation of recoverability of this receivable, and we were unable to perform any alternative procedures to satisfy ourselves whether any adjustment to this receivable was necessary at the reporting date.

We conducted our audit in accordance with International Standards on Auditing (the "ISA"). 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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Tajikistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	Audit approach
Going concern	
As presented in Note 3, the financial statements have been prepared on a going concern basis. The key judgments that led to	We analyzed the management's assessment of the business continuity hypothesis by performing the following procedures: a) We obtained cash flow projections and analyzed the assumptions used by management,

this conclusion are set out in that note	b) We requested and obtained a letter of financial support on behalf of the shareholder signed by Ministry of Energy and Water Resources of the Republic of Tajikistan dated on June 20, 2024 stated that sufficient financial support will be granted to the Company to continue operating under going concern and meet its obligations as they become due and c) We assessed whether the information presented for the assumption of the business continuity principle, including the key judgments adopted, is appropriate in the financial statements.

Emphasis of matter

We draw attention to Note 7 "Property, Plant and Equipment" to the financial statements. During 2023, these property, plant and equipment were under the control of the Company, while their title remained formally registered with OJSHC "Barqi Tojik".

Other matters

This report, including the opinion, has been prepared for and only for the Company's shareholders as a body. To the fullest extent, permitted by the Law, our audit work has been undertaken so that we might report those matters that we are required to report in an Auditor's Report and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purposes or to any other person to whose knowledge this report may come to.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company'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 Company'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 Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Baker Tilly Klitou and Partners SRL

June 20, 2024 Baker Tilly Klitou and Partners

ÎNTREPRINDEREA CU CAPITAL STRAIN S.R.L. "BAKER TILLY KLITOU AND PARTNERS" IDNO 1007600043180 REPUBLICA MOLDOVA

OJSC “SHABAKAHOI INTIQOLI BARQ”

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023
(in thousands Tajik somoni)

	Notes	December 31, 2023	December 31, 2022 *(Restated*)*
ASSETS:			
NON-CURRENT ASSETS:			
Property, plant and equipment	7	3,315,810	3,530,834
Intangible assets		51	70
TOTAL NON-CURRENT ASSETS		3,315,861	3,530,904
CURRENT ASSETS:			
Inventories	8	47,385	34,224
Advances paid	9	10,955	6,027
Trade and other accounts receivable	10	586,795	362,791
Cash and cash equivalents	11	7,244	5,854
TOTAL CURRENT ASSETS		652,379	408,896
TOTAL ASSETS		3,968,240	3,939,800
EQUITY AND LIABILITIES:			
EQUITY:			
Share capital	12	1,872,900	1,872,900
Revaluation reserve on property, plant and equipment	7	940,263	1,018,657
Additional paid in capital		1,007,473	1,007,473
Accumulated deficit		(128,358)	(225,460)
TOTAL EQUITY		3,692,278	3,673,570
LIABILITIES:			
Trade accounts payable	13	17,057	19,918
Taxes payable	14	37,211	51,305
Deferred tax liabilities	14	154,937	185,815
Other liabilities	15	66,757	9,192
TOTAL LIABILITIES		275,962	266,230
TOTAL EQUITY AND LIABILITIES		3,968,240	3,939,800

* ref. Note 6 to the financial statement.

On behalf of the Management:

Makhmudzoda Mirzo
General director

June 20, 2024
Dushanbe,
Republic of Tajikistan

Muminov Jaloliddin
Chief accountant

June 20, 2024
Dushanbe,
Republic of Tajikistan

The notes on pages 11-45 form an integral part of the financial statements.
The Independent Auditors' Report is on pages 3-5.

OJSC “SHABAKAHOI INTIQOLI BARQ”

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2023

(in thousands Tajik somoni)

	Notes	For the year ended December 31, 2023	For the year ended December 31, 2022 *(Restated*)*
Revenue	16	620,483	532,368
Cost of sales	17	(500,729)	(484,026)
GROSS PROFIT		119,754	48,342
General and administrative expenses	18	(20,406)	(24,661)
Accrual of expected credit loss reserve on financial assets		(64,640)	(182,862)
Accrual of impairment reserve on non-financial assets		3,324	(1,608)
Net loss on foreign currency transactions		(1,104)	(1,110)
Other non-operating loss, net	22	(10,228)	358
LOSS BEFORE INCOME TAX		26,700	(161,541)
Income tax expenses	23	(13,035)	11,284
NET OPERATING LOSS		13,665	(150,257)
Other comprehensive income		-	-
NET OPERATING LOSS		13,665	(150,257)
Loss per share (somoni)	24	0.73	(8.02)

* ref. Note 6 to the financial statement.

On behalf of the Management:

Makhmudzoda Mirzo
General director

June 20, 2024
Dushanbe,
Republic of Tajikistan

Muminov Jaloliddin
Chief accountant

June 20, 2024
Dushanbe,
Republic of Tajikistan

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023
(in thousands Tajik somoni)

	Notes	Share capital	Revaluation reserve on property, plant and equipment	Additional paid in capital	Accumulated deficit	Total equity
Balance at January 1, 2022 *(Restated*)*	1	1,872,900	-	1,007,473	-	2,880,373
Amortization of revaluation of property, plant and equipment		-	(160,547)	-	160,547	-
Deferred tax	23	-	28,898	-	-	28,898
Dividends declared	12	-	-	-	(9,051)	(9,051)
Loss for the year		-	-	-	(150,257)	(150,257)
Balance at December 31, 2022 *(Restated*)*		1,872,900	1,018,657	1,007,473	(225,460)	3,673,570
Amortization of revaluation of property, plant and equipment		-	(95,603)	-	95,603	-
Deferred tax		-	17,209	-	-	17,209
Dividends declared		-	-	-	(12,166)	(12,166)
Profit for the year		-	-	-	13,665	13,665
Balance at December 31, 2023		1,872,900	940,263	1,007,473	(128,358)	3,692,278

* ref. Note 6 to the financial statement.

On behalf of the Management:

Makhmudzoda Mirzo
General director

June 20, 2024
Dushanbe,
Republic of Tajikistan

Muminov Jaloliddin
Chief accountant

June 20, 2024
Dushanbe,
Republic of Tajikistan

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OJSC "SHABAKAHOI INTIQOLI BARQ"

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
(in thousands Tajik somoni)

	Notes	For the year ended December 31, 2023	For the year ended December 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES:			
Proceeds from energy sales		305,384	291,312
Other income from operations		83	87
Total cash inflow from operating activity		305,467	291,399
Inventory purchase		(13,183)	(990)
Electricity purchase		-	-
Payroll and social tax		(84,314)	(77,049)
Payment for services		(23,025)	(56,360)
Money transfer to OJSC "Shabakahoi Taqsimoti barq"		-	-
Other taxes payment		(132,770)	(103,669)
Other operating payments		(21,344)	(16,747)
Total cash outflow from operating activity		(274,636)	(254,815)
Net cash outflow from operating activities		30,831	36,584
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(30,354)	(35,974)
Purchase of intangible assets		-	-
Net cash outflow from investing activities		(30,354)	(35,974)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net cash inflow/(outflow) from financing activities		-	-

OJSC “SHABAKAHOI INTIQOLI BARQ”

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022 (CONTINUED)
(in thousands Tajik somoni)

	Notes	For the year ended December 31, 2023	For the year ended December 31, 2022
NET INCREASE IN CASH AND CASH EQUIVALENTS		477	610
Effect of Exchange Rate Changes on Cash.		913	1,758
Effect of accrual expected credit losses for cash in bank accounts		-	62
CASH AND CASH EQUIVALENTS, at the beginning of the year	10	5,854	3,424
CASH AND CASH EQUIVALENTS, at the end of the year	10	7,244	5,854

On behalf of the Management:

Makhmudzoda Mirzo
General director

June 20, 2024
Dushanbe,
Republic of Tajikistan

Muminov Jaloliddin
Chief accountant

June 20, 2024
Dushanbe,
Republic of Tajikistan

The notes on pages 11-45 form an integral part of the financial statements.
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(in thousand Tajik somoni, unless otherwise stated)

1. GENERAL INFORMATION

On April 28, 2018, the Decree of the Government of the Republic of Tajikistan No. 234 "On the reorganization of joint-stock companies" was issued, according to which, under the management of OJHC "Barki Tojik", OJSC "Shabakahoi Intiqoli barq" and OJSC "Shabakahoi taqsimoti barq" were created. The list of the company on the basis which were to be created by OJSC "Shabakahoi Intiqoli barq" and OJSC "Shabakahoi taqsimoti barq":

#	Name of the company
1	Open Joint Stock Company "Shabakahoi barqi shahri Istaravshan"
2	Open Joint Stock Company "Shabakahoi barqi shahri Panjakent"
3	Open Joint Stock Company "Shabakahoi barqi Kulob"
4	Open Joint Stock Company "Shabakahoi barqi shahri Dushanbe"
5	Open Joint Stock Company "Shabakahoi barqi Tursunzoda"
6	Open Joint Stock Company "Shabakahoi barqi shahri Kulob"
7	Open Joint Stock Company "Shabakahoi barqi Janubi"
8	Open Joint Stock Company "Yavanskie electricheskie seti"
9	Open Joint Stock Company "Dangarinskie electricheskie seti"
10	Open Joint Stock Company "Isfarinskie electricheskie seti"
11	Open Joint Stock Company "Shabakahoi barqi Norak"
12	Open Joint Stock Company "Shabakahoi barqi Buston"
13	Open Joint Stock Company "Shabakahoi barqi Bokhtar"
14	Open Joint Stock Company "Shabakahoi barqi Khujand"
15	Open Joint Stock Company "Shabakahoi barqi Rasht"
16	Open Joint Stock Company "Shabakahoi barqi mintaqai Sughd"
17	Open Joint Stock Company "Shabakahoi barqi Markazi"

On June 22, 2019, by Decree of the Government of the Republic of Tajikistan No. 330, the share capital of "Shabakahoi intiqoli bar" OJSC was established in the amount of 1,872,900 thousand somoni divided into 18,729 thousand ordinary shares of 100 somoni. Share capital is formed from investments in the form of buildings, structures, equipment and other material assets, securities, intellectual property, other property rights, cash and cash equivalents and their value will be valued in national currency.

The difference in equity resulting from the split between the balance sheet as at 31 December 2020 and the authorized share capital of TJS 1,872,900 thousand is reflected in additional equity.

On May 1, 2020, the Decree of the Government of the Republic of Tajikistan No. 259 "On issues Open Joint Stock Company "Shabakahoi Intiqoli Barq" and Open Joint Stock Company "Shabakahoi Taqsimoti Barq" according to which 7 members of the Supervisory Board were appointed in the following composition:

#	Name of position	Position in Supervisory board
1	Deputy Minister of Energy and Water Resources of the Republic of Tajikistan	Chairman
2	Deputy Minister of Finance of the Republic of Tajikistan	Member
3	Deputy Minister of Economic Development and Trade of the Republic of Tajikistan	Member
4	Deputy Minister of Justice of the Republic of Tajikistan	Member
5	Deputy Chairman of the Committee on Investments and State Property Management of the Republic of Tajikistan	Member
6	General Director of the Open Joint-Stock Company "Shabakahoi intiqoli barq"	Member
7	Chief Accountant of Open Joint-Stock Company "Shabakahoi intiqoli barq"	Member

(in thousand Tajik somoni, unless otherwise stated)

1. GENERAL INFORMATION (continued)

The separation balance sheet between the companies OJHC "Barqi Tojik", OJSC "Shabakahoi intiqoli barq" and OJSC "Shabakahoi taqsimoti barq" was signed on December 31, 2020, and from January 1, 2021, the companies began to carry out their activities.

Company was registered in Department of registration of legal entities and private entrepreneurs under the Tax Committee of the Republic of Tajikistan January 9,2021.

The Company and its branches carry out its activity in the Republic of Tajikistan.

The Company's principal activity is transmission of electricity in the Republic of Tajikistan. Operating activity of the Company is regulated by the Law of the Republic of Tajikistan "On natural monopolies" (the "Law"), as the Company is the dominant in the transmission of electricity in the Republic of Tajikistan. In accordance with the Law tariffs of the Company must be coordinated and agreed with the Agency for regulation of natural monopolies of the Republic of Tajikistan (the "Agency"). The main customers are OJSC "Shabakahoi taqsimoti barq" and OJSHC "Barqi Tojik".

The Company's Head office is located in the Republic of Tajikistan, Dushanbe, I. Somoni ave, 64.

As at December 31, 2022 the sole shareholder of the Company was the Government of the Republic of Tajikistan. Ultimate control of the Company is carried out by the Government of the Republic of Tajikistan.

Company has 3 branches:

#	Name of branch	Location	Date of established
1	Branch of the Open Joint-Stock Company "Shabakahoi intiqoli barq" in the city of Bokhtar	24 A.Jomi str., Bokhtar city, Khatlon region, Republic of Tajikistan	23.01.2021
2	Branch of the Open Joint-Stock Company "Shabakahoi intiqoli barq" in the city of Guliston	113 Istiqlol str., Guliston city, Sugd region, Republic of Tajikistan	23.01.2021
3	Branch of the Open Joint-Stock Company "Shabakahoi intiqoli barq" in the city of Dushanbe	1/3 M.C.Khamadoni str., Dushanbe city, Republic of Tajikistan	23.01.2021

As at December 31, 2023 and December 31, 2022 the Company had 2,146 and 1,626 employees respectively.

The financial statements were authorized for issue by the Company's management on June 20, 2024.

2. OPERATING ENVIRONMENT

In contrast to the more developed markets emerging markets, such as the Republic of Tajikistan, are exposed to various risks, including economic, political and social, and legal and legislative risks. As has happened in the past, actual or perceived financial problems or an increase in the perceived risks associated with investing in emerging economies could adversely affect the investment climate in countries and the countries' economy in general.

Laws and regulations affecting businesses in the Republic of Tajikistan continue to change rapidly. Tax, currency and customs legislation within the country are subject to varying interpretations, and other legal and fiscal difficulties leading to the challenges faced by the Company. The future economic direction of the Republic of Tajikistan is largely dependent on economic, fiscal and monetary measures undertaken by the government, together with legal, regulatory developments.

These financial statements do not include any adjustments that would have been required due resolution of the uncertainty in the future. Possible adjustments may be made to the statements in that period in which necessity of their reflection will become evident, and it will be possible to estimate their numerical values.

3. PRESENTATION OF FINANCIAL STATEMENTS

Report on compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards (the "IFRS") issued by the International Accounting Standards Board (the "IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee (the "IFRIC").

Use of estimates and assumptions

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Due to the inherent uncertainty in making those estimates, actual results reported in future periods could differ from such estimates.

Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which collective term includes all International Accounting Standards and related interpretations, promulgated by the International Accounting Standards Board ("IASB"),

Going concern

These financial statements have been prepared on the assumption that the Company is a going concern and will continue its operation for the foreseeable future. This basis may not be appropriate as the Company incurred a loss of 142,843 thousand somoni for the year ended December 31, 2022 and accumulated deficit amounted to 294,086 thousand somoni. These factors indicate the existence of a material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern.

The management and shareholder have the intention to further develop the Company's activities in the Republic of Tajikistan. The Company is owned by the Government of the Republic of Tajikistan and transmitted the all electricity consumed in the Republic of Tajikistan. Electric power transmitted by the Company remains the key element for the economy of the Republic of Tajikistan, as well as fundamental for the Government's social and economic objectives.

Based on above, the Management believes that the going concern assumption is appropriate for the Company due to continuing financing from the sole shareholder of the Company.

Functional and presentation currency

The functional currency of the Company presentation currency is national currency of the Republic of Tajikistan Tajik somoni (the "somoni").

4. SIGNIFICANT ACCOUNTING POLICIES

Electricity transmission

Revenue for electricity transportation services is recognized when counterparties are billed for the total amount of electricity delivered. Invoicing is made for each monthly payment cycle based on the volume of transported electricity indicated in the automated electricity metering control system at approved tariffs. Revenue from the sale of electricity is recognized in the financial statements net of value added tax (VAT).

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency transactions

The functional currency of the Company and the Company's presentation currency is national currency of the Republic of Tajikistan Tajik somoni (the "somoni").

	December 31, 2023	December 31, 2022
Somoni / USD	10.9571	10.2024

Transactions in foreign currency are initially recognised by the companies of the Company in functional currency at exchange rate at the date of transaction.

Monetary assets and liabilities denominated in foreign currency are revalued at spot rate of functional currency effective at the reporting date.

All foreign currency differences are transferred to the statement of profit or loss and other comprehensive income.

Revenue recognition

Revenue is recognized only if inflow of economic benefits to the Company is probable, and if revenue can be reliably measured, despite of the timing of cash proceeds. The revenue is measured at fair value of the consideration received or receivable, in accordance with contractual terms of payments.

Taxes

Current income tax

Current tax assets and liabilities for the current period as measured at recoverable from or payable to taxation authorities. The tax rates and tax legislation applied for calculations are the rates and legislation accepted or factually adopted as at reporting date in the countries, where the Company performs its activities and has taxable income. For the year ended December 31, 2023 income tax rate for legal entities was equal to 18% on the territory of the Republic of Tajikistan.

Deferred taxes

Deferred income tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences, when the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax is measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised. Deferred tax is reflected in statement of profit or loss and other comprehensive income, except when they connected with items, which are directly related to equity, and in this case deferred tax is also reflected within equity.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company conducts netting of deferred tax assets and liabilities and reflects summary difference in the financial statements, if:

The Company has a legally enforceable right for netting current tax assets against current tax liabilities; and
Deferred tax assets and deferred tax liabilities relate to corporate taxes levied by the same taxation authority from the same taxable entity.

In addition to income tax, there are requirements on accrual and payments of various taxes applicable to the Company's activities in the Republic of Tajikistan where the Company performs its activities.

The book value of deferred tax assets is reviewed at each reporting date and decreased to the extent of sufficient profits, which will allow to use all or part of the deferred tax assets, are assessed as unlikely. Deferred tax assets not recognised in the statements are reviewed at each reporting date and are recognised to the extent, when there is high probability of upcoming profits, allowing to recover such tax assets.

Deferred tax assets and liabilities are valued at tax rates, which are expected to be applied in the period, when such asset will be recovered or liability settled at tax rates (tax regulation), which were accepted or factually adopted at the reporting date.
Deferred tax, related to the components other than statement of comprehensive income, as also not recorded in statement of comprehensive income. The deferred taxes are recognised in accordance with underlying transactions or in as a component of other comprehensive income, or directly on equity.

Deferred tax assets and liabilities are offset only if there are legal right for offset of current income tax assets and liabilities, and deferred taxes are related to the same company and tax authority.

Property, plant and equipment

After initial recognition as an asset, property, plant and equipment are carried at revalued cost, being the fair value of the object on the date of revaluation less any subsequent accumulated depreciation and impairment losses.

The equipment is held at revalued amount less accumulated depreciation and/or accumulated loss from impairment, if any. This cost includes cost of replaced spare parts, as well as borrowing costs, in case of non-current construction projects, when certain criteria are met. When there is a need for significant component replacement within defined period the Company disposes the replaced component and recognizes new components in accordance with useful life and depreciation. Expenses related to major technical check are included to the cost of the asset, as replaced equipment, when related criteria are met. All other expenses for maintenance are included in the statement of profit or loss and other comprehensive income as incurred.

The buildings are held at revalued amount less accumulated depreciation and impairment losses.

Depreciation is charged on the carrying value of property, plant and equipment to write off assets over their useful life. Depreciation is charged at straight line method at the following rates:

Property, plant and equipment group	**Useful life (years)**
1. Buildings and constructions	2-50
2. Machinery and equipment	1.5-30
3. Furniture and office equipment	1.1-10
4. Furniture and office equipment	1.5-10

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

In 2021, after revaluation the useful life of property, plant and equipment were reconsidered and increased. Changes in depreciation accruals were made on perspective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any 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 recognised in profit or loss, and presented in the statement of comprehensive income for the period, when derecognition took place.

The useful life term and depreciation method are annually reassessed, and adjusted if needed.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost. Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired are recorded at cost less accumulated amortisation and accumulated impairment losses (if any). Internally generated intangible assets, except for development costs included to the cost of an asset are not capitalized, and related expenses included in the statement of comprehensive income in the period, when incurred.

The useful life of intangible assets can be definite or indefinite.

Intangible assets with definite useful life are amortised during the period of this period and subject for impairment assessment if such indicators exist. The period and amortisation method for all intangible asset with definite useful life are reassessed at least at each reporting date. Changes in estimated useful life or structure of inflow of future benefits inherent to the asset are added to the financial statements as changes in period and method of amortisation, depending on situation, and disclosed as changes in estimates. The amortisation expenses for intangible assets with definite useful life recognised in the statement of comprehensive income in the category, which relates to the function of the intangible asset.

Intangible assets with indefinite useful life are not amortised, rather tested separately for impairment on an annual basis. The useful life term of intangible assets with indefinite useful life is reviewed on an annual basis in order to determine whether it is reasonable to continue classify the asset as intangible asset with indefinite useful life. If it is not acceptable, the change in useful life of an asset is prospectively changed from indefinite to definite.

Gains and losses from disposal of intangible assets are measured as difference from proceeds and book value of the asset and recognised in the statement of comprehensive income at the date of disposal of use asset.

Impairment of tangible and intangible assets

At the end of each reporting period, the Company assesses whether there is any indication that fixed and intangible assets may be impaired. If any such indication exists evaluation is carried out for a possible reduction in the recoverable amount of assets (if any). If it is impossible to estimate the recoverable amount of an individual asset, the Company determines the recoverable amount of the cash-generating unit to which the asset belongs.

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 recognized immediately as an expense, except where the relevant asset (land, buildings, or equipment) carried at a revalued amount. In this case the impairment loss is recognized as a reduction of revaluation of the respective fund.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

If an impairment loss subsequently reverses, the carrying amount of an asset (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 if the asset was not recognized an impairment loss (cash-generating unit) in prior years. Reversal of an impairment loss is recognized immediately in the statement of profit or loss and other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

During write-off of a revalued property, plant and equipment, the amounts included in the revaluation reserve are transferred to retained earnings.

Financial instruments initial recognition and subsequent measurement

(a) Financial assets and liabilities recognition

A financial asset is any asset that is:

(a) cash;
(b) an equity instrument of another entity;
(c) a contractual right:
  (i) to receive cash or another financial asset from another entity; or
  (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
(d) a contract that will or may be settled in the entity's own equity instruments and is:
  (i) a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
  (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include puttable financial instruments classified as equity instruments hat impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation and are classified as equity instruments, or instruments that are contracts for the future receipt or delivery of the entity's own equity instruments.

A financial liability is any liability that is:

(a) a contractual obligation:
  (i) to deliver cash or another financial asset to another entity; or
  (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
(b) a contract that will or may be settled in the entity's own equity instruments and is:
  (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
  (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixe amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. Also, for these purposes the entity's own equity instruments do not include puttable financial instruments that are classified as equity instruments, instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation and are classified as equity instruments, or instruments that are contracts for the future receipt or delivery of the entity's own equity instruments.

Initial recognition and measurement

Company measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

attributable to the acquisition or issue of the financial asset or financial liability except trade receivables. However, if the fair value of the financial asset or financial liability at initial recognition differs from the transaction price (except trade receivables), an entity shall apply fair value at initial recognition when equals the transaction price, an entity shall consider factors specific to the transaction and to the asset or liability.

Despite the requirements above witch except trade receivables, at initial recognition, the Company measure trade receivables at their transaction price (as defined in IFRS 15) if the trade receivables do not contain a significant financing component in accordance with IFRS 15 (or when the entity applies the practical expedient in accordance with IFRS 15).
Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. Financial assets of the Company includes the cash and current deposits, trade and other receivables, loans and other amounts receivables and unquoted financial instruments.

Subsequent measurement of financial assets

After initial recognition, Company measure a financial asset at:
(a) amortised cost;
(b) fair value through other comprehensive income; or
(c) fair value through profit or loss.

Subsequent measurement of financial liabilities

After initial recognition, the Company measure financial liability in accordance with its classification:

The Company classify all financial liabilities as subsequently measured at amortised cost, except for:

(a) financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

(b) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.

(c) financial guarantee contracts. After initial recognition, an issuer of such a contract shall (unless paragraph (a) or (b) applies) subsequently measure it at the higher of:

(i) the amount of the loss allowance determined in accordance with Impairment criterias and (ii) the amount initially recognised (financial assets except trade receivables) less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

(d) commitments to provide a loan at a below-market interest rate. An issuer of such a commitment shall (unless paragraph (a) applies) subsequently measure it at the higher of:

(i) the amount of the loss allowance determined in accordance with Impairment criterias of IFRS 9 and

(ii) the amount initially recognised (financial assets except trade receivables) less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

(e) contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies. Such contingent consideration shall subsequently be measured at fair value with changes recognised in profit or loss.

Option to designate a financial liability at fair value through profit or loss:

The Company, at initial recognition, irrevocably designate a financial liability as measured at fair value through profit or loss when permitted by IFRS 9, or when doing so results in more relevant information, because either:

(a) it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel, for example, the entity's board of directors and chief executive officer.

Derecognition of financial assets

Company derecognise a financial asset when, and only when:
(a) the contractual rights to the cash flows from the financial asset expire, or
(b) it transfers the financial asset and the transfer qualifies for derecognition;

Company transfers a financial asset if, and only if, it either:
(a) transfers the contractual rights to receive the cash flows of the financial asset, or
(b) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement that meets the conditions disclosed bellow.

Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), the entity treats the transaction as a transfer of a financial asset if, and only if, all of the following three conditions are met:
(a) The entity has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset. Short-term advances by the entity with the right of full recovery of the amount lent plus accrued interest at market rates do not violate this condition.
(b) The entity is prohibited by the terms of the transfer contract from selling or pledging the original asset other than as security to the eventual recipients for the obligation to pay them cash flows.
(c) The entity has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the entity is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents (as defined in IAS 7 Statement of Cash Flows) during the short settlement period from the collection date to the date of required remittance to the eventual recipients, and interest earned on such investments is passed to the eventual recipients.

When the Company transfers a financial asset, it evalutes the extent to which it retains the risks and rewards of ownership of the financial asset. In this case:
(a) if the Company transfers substantially all the risks and rewards of ownership of the financial asset, the Company derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer.
(b) if the Company retains substantially all the risks and rewards of ownership of the financial asset, the Company continue to recognise the financial asset.
(c) if the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, the Company determine whether it has retained control of the financial asset. In this case:
(i) if the Company has not retained control, it derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer.
(ii) if the Company has retained control, it continue to recognise the financial asset to the extent of its continuing involvement in the financial asset.

The transfer of risks and rewards is evaluated by comparing the Company's exposure, before and after the transfer, with the variability in the amounts and timing of the net cash flows of the transferred asset. An group has retained substantially all the risks and rewards of ownership of a financial asset if its exposure to the variability in the present value of the future net cash flows from the financial asset does not change significantly as a result of the transfer (eg because the Company has sold a financial asset subject to an agreement to buy it back at a fixed price or the sale price plus a lender's return). An Company has transferred substantially all the risks and rewards of ownership of a financial asset if its exposure to such variability is no longer significant in relation to the total variability in the present value of the future net cash flows associated with the financial asset (eg because the entity has sold a financial asset subject only to

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

an option to buy it back at its fair value at the time of repurchase or has transferred a fully proportionate share of the cash flows from a larger financial asset in an arrangement, such as a loan sub-participation, that meets the conditions in paragraph set above).
Often it will be obvious whether the Company has transferred or retained substantially all risks and rewards of ownership and there will be no need to perform any computations. In other cases, it will be necessary to compute and compare the Company's exposure to the variability in the present value of the future net cash flows before and after the transfer. The computation and comparison are made using as the discount rate an appropriate current market interest rate. All reasonably possible variability in net cash flows is considered, with greater weight being given to those outcomes that are more likely to occur. Whether the Company has retained control of the transferred asset depends on the transferee's ability to sell the asset. If the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer, the Company has not retained control. In all other cases, the Company has retained control.

Derecognition of financial liabilities

The Company remove a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished—ie when the obligation specified in the contract is discharged or cancelled or expires.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

If Company repurchases a part of a financial liability, the entity shall allocate the previous carrying amount of the financial liability between the part that continues to be recognised and the part that is derecognized based on the relative fair values of those parts on the date of the repurchase. The difference between (a) the carrying amount allocated to the part derecognised and (b) the consideration paid, including any non-cash assets transferred or liabilities assumed, for the part derecognised is recognised in profit or loss.

Impairment of financial assets

At each reporting date the Company performs the assessment of indicators of impairment of financial asset or group of financial assets. Financial asset or group of financial assets can be impaired if, and only if, when there is a reliable evidence of impairment as a result of one of number of events taking place subsequent to initial recognition (the "event resulting the loss"), which resulted the impact, which can be reliably measured, on expected future cash flows of the financial asset or group of financial assets. The indicators of impairment can include the fact that debtor or group of debtors are experiencing insolvency issues, and cannot repay the debt or has delays is repayment of interest or principal amount of debt, as well as probability of insolvency and upcoming liquidation process or financial restructuring. Moreover, such indicators include observable evidence, indicating existence of reliably measured decrease in expected cash flows of the financial instrument, in particular, the changes in overdue debts or economic environment, which has certain dependencies with defaults in repayments of debt.

The Company recognise a loss allowance for expected credit losses on a financial asset that is measured for a contract asset or a loan commitment and a financial guarantee contract to which the impairment requirements apply.

The objective of the impairment is to recognise lifetime expected credit losses for all financial instruments for which there have been significant increases in credit risk since initial recognition — whether assessed

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

on an individual or collective basis — considering all reasonable and supportable information, including that which is forward-looking.

The Company always measure the loss allowance at an amount equal to lifetime expected credit losses for:

(a) trade receivables or contract assets that result from transactions that are within the scope of IFRS 15, and that:

(i) do not contain a significant financing component in accordance with IFRS 15 (or when the Company applies the practical expedient of IFRS 15); or

(ii) contain a significant financing component in accordance with IFRS 15, if the Company chooses as its accounting policy to measure the loss allowance at an amount equal to lifetime expected credit losses. That accounting policy shall be applied to all such trade receivables or contract assets but may be applied separately to trade receivables and contract assets.

(b) lease receivables that result from transactions that are within the scope of IFRS 16.

Financial assets recorded at amortized cost

The Company performs the assessment of indicators of impairment financial assets recorded at amortised cost if individually significant or if individually insignificant, than by groups. If the Company identifies the reliable evidence of absence of impairment, despite of the significance, such asset is included in the group of financial assets with similar characteristic of credit risk, and subsequently reviews this group for impairment indicators in aggregate. Assets, individually assessed as impaired are not included in aggregate assessment of the group for impairment.

When there is reliable evidence of incurred losses from impairment, the amount of loss is recognised as a difference of book value and discounted expected future cash flows (without expected future credit losses not yet incurred).

Present value of expected future cash flows are discounted at initial effective interest rate of the financial asset. If the interest rate of borrowing is a floating rate, the discount rate for impairment loss calculation is current effective interest rate.

The book value of the asset decreases through reserve account, and amount of loss added to the statement of comprehensive income. Accrual of interest income on decreased book value continued based on rate, used for discounting future cash flows for the purpose of assessing losses from impairment. Interest income is included in financial income in the statement of profit or loss and other comprehensive income. Loans along with related provisions are not included in the statement of financial position if there is no evidence of recoverability of such and all available security was sold or transferred to the Company. If during the subsequent period the amount of calculated losses from impairment increases or decreases as a result of an event taking place after recognition of impairment, the amount of losses recognised increase or decrease by means of reserve account adjustment. If the subsequently the write-off of value of financial asset recovers, the amount of recovery recognised as decrease of finance costs in the statement of profit or loss and other comprehensive income.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost of inventories is determined using the weighted average cost method.

Impairment of non-financial assets

The Company performs the assessment of impairment indicators of the assets at each reporting date. If such indicators exist or if there is a requirement to perform impairment test, than Company perform the assessment of recoverability of asset. The recoverable amount of the asset or component, generating cash flows (the "CGCF") is higher of fair value of the asset less cost to sell and value in use of the asset.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Recoverable amount is determined for separate asset, except for cases, when such asset does not generate cash flows, which dependent on cash flows generated by other assets or group of assets. If the book value of the asset or CGCF exceeds its recoverable amount, the asset is impaired and written off to recoverable amount. When estimated value in use future cash flows are discounted at the discount rate before taxation, which reflects the current market estimate of time value of money and risks related to the asset. When determining fair value of the asset less cost to sell recent market deals (if any) are taken into account. If no such information is available, appropriate valuation model is used. These calculations are supported by valuation coefficients, market prices of freely convertible shares of the subsidiaries or other available indicators of the fair value.

If the book value of the asset or CGCF exceeds its recoverable amount, the asset is considered as impaired and written down to recoverable amount. Under assessment of value in use the future cash flows are discounted at the rate net of tax, which reflects the present market value of cash flows and risks inherent to the asset. Under assessment of the fair value less cost to sell, the recent market transactions (if were existent) are taken into consideration. If no such transaction took place the relevant valuation model is applied. These computations are supported by estimated coefficients, active market quotes of subsidiaries shares and other available indicators of fair value.

Impairment losses from ongoing activities (including inventory impairment) are included in the statement of comprehensive income as a component of those expenses, which are related to the function of the asset, except for previously revalued real estate if revaluation was recognised in other comprehensive income. In such cases the impairment loss is deducted from other comprehensive income to the extent the revaluation gain was recognised.

Cash

Cash in the statement of financial position include the cash in banks and cash on hands.

Provisions

Provision are recorded if the Company has current liabilities (legal or constructive), as a result of the past events, with a probable outflow economic benefits required to settle liability, and such liability can be reliably measured. If the Company expects to recover all or part of the provisions, e.g. under insurance contracts, the recovery is recorded as a separate asset, but only when such recovery inflow is not doubted. Expenses, related to the provision, are added to the statement of comprehensive income less recovery.

Pensions and another employee benefits post-employment benefits

The Company performs payments to social fund in accordance with pension scheme of the Republic of Tajikistan. The payments to social fund are fixed. The Company will not have any further legal or constructive liabilities to the Fund in relation to the retirement benefits if Fund will not have sufficient resources to perform payments to employees for services performed in current and previous years.

The Company performs fixed payments to the State social fund amounting to 20% of salaries of the employees and recorded in the period as incurred. The Company does not have any other pension or other schemes or liabilities to perform pension payments to its employees.

Application of new and revised international financial reporting standards

The Company has adopted the following new or revised standards and interpretations issued by International Accounting Standards Board and the International Financial Reporting Interpretations Committee (the "IFRIC") which became effective for the Company's financial statement for the year ended December 31, 2023:

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

- Amendments to IAS 16 Property, plant and equipment - proceeds before intended use. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. Annual reporting periods beginning on or after 1 January 2022.
- Amendments to IAS 37 Provisions, contingent liabilities and contingent assets onerous contracts - cost of fulfilling a contract. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). Annual reporting periods beginning on or after 1 January 2022.
- The amendment to IFRS 9 Financial instruments – clarifies which fees an entity includes when it applies the 10 per cent test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. Annual reporting periods beginning on or after 1 January 2022.
- IFRS 17 Insurance contracts requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. Applicable to annual reporting periods beginning on or after January 1, 2023.
- Amendments to IAS 1 Presentation of financial statements classification of liabilities as current or non-current. The amendments aim to promote consistency in applying the requirements by helping entities determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. Annual reporting periods beginning on or after January 1, 2023.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. Annual reporting periods beginning on or after 1 January 2023.
- Definition of Accounting Estimates (Amendments to IAS 8) replaces the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. Annual reporting periods beginning on or after 1 January 2023.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) clarifies that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. Annual reporting periods beginning on or after 1 January 2023.

New and revised IFRSs in issue but not yet effective

A number of new standards, additions to standards and interpretations have not yet entered into force as of December 31, 2023 and have not been applied in the preparation of these financial statements. Of these innovations, the following standards and amendments have the potential to have an impact on the financial and business operations of the Company.

At the date of authorization of this financial information, the following new standards and interpretations were in issue, but not mandatorily yet effective, and which the Company has not early adopted:

- Amendments to IAS 7 "Statement of cash flows" and IFRS 7 "Financial instruments: Disclosures" which will introduce targeted disclosure requirements that will enhance transparency of supplier finance arrangements and their effects on Company's liabilities and cash flows.
- Amendments to IAS 1 "Presentation of Financial Statements" requires to classify liabilities as current or noncurrent based on Company's rights to defer settlement for at least 12 months which must exist and have a substance as at the reporting date. Only covenants with which a company must comply on or before the reporting date may affect this right.
- Amendments to IFRS 16 "Leases" which introduce a new model for accounting of variable payments and will require seller-lessees to reassess and possibly restate sale-leaseback transactions.
- Introduction of IFRS S1 "General Requirements for Disclosure of Sustainability-related Financial Information" and IFRS S2 "Climate-related Disclosures" which provide a framework for Company to report on all sustainability-related topics across the areas of governance, strategy and risk management.

The Company intends to adopt these new standards and amendments, if applicable, when they become effective.

5. CRITICAL ACCOUNTING ESTIMATES AND PROFESSIONAL JUDGEMENTS IN APPLYING ACCOUNTING POLICY

The Company makes estimates and assumptions that affect within the next financial period the amounts of assets and liabilities recognized in financial statements. Estimates and judgments are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgments, apart from those involving estimations, in the process of applying the accounting policies. Judgments that have the most significant impact on the figures recorded in the financial statements and estimates that can cause a significant adjustment to the carrying amounts of assets and liabilities within the next financial period include:

Significant accounting judgments, estimates and assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions at the end of the reporting period that affect the amounts of revenue, costs, assets and liabilities, presented in statements. However, uncertainty of these assumptions and estimates could result outcomes,

that could require in future material adjustments of book value of asset or liability in respect of which such assumptions and estimates are made.

Judgments

In the process of applying the Company's accounting policy, management has used the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

Estimates and assumptions

The key assumptions about the future and other key sources of estimation of uncertainty at the reporting date, which may cause significant adjustments of the carrying value of assets and liabilities during the next

financial year, are discussed below. Assumptions and estimates are based on the Company's source data, which it had at the time of preparation of the financial statements. However, current circumstances and regarding the future are subject to change due to market changes or circumstances beyond the control of the Company. Such changes are reflected in the assumptions as they occur.

5. CRITICAL ACCOUNTING ESTIMATES AND PROFESSIONAL JUDGEMENTS IN APPLYING ACCOUNTING POLICY (continued)

Impairment of non-financial assets

Impairment occurs when the carrying amount of an asset or the cash-generating unit, exceeds its recoverable amount, which is the higher of fair value less costs to sell and value in use. The fair value less costs to sell is based on available information on commercial deals of sales of similar assets or observable market prices less incremental costs incurred in connection with the disposal of an asset. The calculation of value in use is based on a discounted cash flow model. Cash flows are taken from the budget for the next five years and do not
include restructuring activity, in conducting of which the Company does not have obligations or significant investment in future, which will improve the asset tested for impairment of cash generating unit. The recoverable amount is most sensitive to the discount rate used in the discounted cash flow model, and also to the expected cash inflows and the growth rate, used for extrapolation. More information about the key assumptions used to determine the recoverable amount of the various units, generating cash, including sensitivity analysis, is provided in Note 31.

The fair value of financial instruments

In cases when the fair value of financial instruments and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques, including discounted cash flow model. As a source data for these models is used information from observable markets, but in those cases where this is not feasible, a certain proportion of judgment is required
to determine fair value. The judgments include considerations of such data as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the fair value of financial instruments, recognised in the financial statements.

Allowance for doubtful debts, advances paid and allowance for cost decrease to net realizable value inventories

Determining the direction of allowance for doubtful debts, advances paid and allowance for cost decrease to net realizable value inventories requires management to make assumptions based on the best estimates of the Company's ability to realize these assets. As a result of the general changes in the economy or other similar circumstances after the reporting date, management may draw conclusions that may differ from the finding made in the preparation of these financial statements.

Useful lives of property, plant and equipment

The Company estimates the useful lives of fixed assets at each reporting date. The estimation of the useful lives of fixed assets depends on factors such as economical use, repair and customer service programs, technological progress and other business conditions. Management's assessment of the useful lives of fixed assets reflects the relevant information available to management as at the date the financial statements.

Revaluation and impairment of property, plant and equipment

The Property, Plant and Equipment have been revalued using the work of an external valuator.
Fair value is determined using the cost method for specialized assets due to the lack of comparable market data due to the nature of the property. Non-specialized assets with analogues and an active market for which sales data can be collected were revalued on a comparative basis.

(in thousand Tajik somoni, unless otherwise stated)

6. RESTATEMENT AND RECLASSIFICATION

In 2023, the Company made adjustments to the financial statements for the year ended December 31, 2021 in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" due to changes in accounting policies, changes in accounting estimates and adjustments. Comparative amounts have been restated and corrections have been made in an earlier prior period.
The impact of the adjustments made in the statement of financial position for the year ended December 31, 2021 is as follows:

Statement of financial position	Prior amount December 31, 2021	Amount of adjustments	Amount of reclassification	Restated amount December 31, 2021 *(restated)*
ASSETS				
Property, plant and equipment	3,730,925	(75)	-	3,730,850
TOTAL ASSETS	3,730,925	(75)	-	3,730,850
EQUITY AND LIABILITIES				
EQUITY				
Revaluation reserve on property, plant and equipment	1,150,368	(62)	-	1,150,306
Accumulated deficit	(302,739)	76,040	-	(226,699)
TOTAL EQUITY	847,629	75,978	-	923,607
LIABILITIES				
Taxes payable	112,574	(76,040)	-	36,534
TOTAL LIABILITIES	112,574	(76,040)	-	36,534

Statement of financial position	Prior amount December 31, 2022	Amount of adjustments	Amount of reclassification	Restated amount December 31, 2022 *(restated)*
ASSETS				
Property, plant and equipment	3,530,909	(75)	-	3,530,834
TOTAL ASSETS	3,530,909	(75)	-	3,530,834
EQUITY AND LIABILITIES				
EQUITY				
Revaluation reserve on property, plant and equipment	1,013,953	4,704	-	1,018,657
Accumulated deficit	(296,965)	71,505	-	(225,460)
TOTAL EQUITY	716,988	76,209	-	793,197
LIABILITIES				
Taxes payable	127,345	(76,040)	-	51,305
TOTAL LIABILITIES	127,345	(76,040)	-	51,305

(in thousand Tajik somoni, unless otherwise stated)

The impact of the adjustments made to the statement of profit or loss and other comprehensive income for 2022 is as follows:

In the statement of profit or loss and other comprehensive income	Prior amount December 31, 2022	Amount of adjustments	Amount of reclassification	Restated amount December 31, 2022 *(restated)*
EXPENSES				
Corporate income tax expense	15,819	(4,535)	-	11,284
TOTAL	15,819	(4,535)	-	11,284

In 2021, based on the principle of prudence, the Company recognized a value added tax (VAT) liability in the amount of 76,039 thousand TJS. However, based on the results of the tax audit conducted on October 20, 2023 and reconciliation with the state tax authorities, no VAT liability for 2021 has been recorded with the tax authority. As a result, the VAT provision in the amount of 76,039 thousand TJS, which the Company initially recorded, turned out to be unjustified, as the tax committee confirmed the correctness of the tax accrual recorded in the tax system.

(in thousand Tajik somoni, unless otherwise stated)

7. PROPERTY, PLANT AND EQUIPMENT

As at December 31, 2023 and December 31, 2022 property, plant and equipment of the Company are presented as follows:

	Buildings and constructions	Machinery and equipment	Furniture and Office equipment	Vehicles	Construction in progress and equipment for installation	Total
Cost						
December 31, 2021 *(Restated)*	1,958,430	1,976,307	3,598	3,596	104,988	4,046,919
Additions	1,101	4,564	-	1,168	62,999	69,832
Transfer from inventory	-	-	138	-	15,324	15,462
Internal movement	10,844	63,818	2,544	528	(77,734)	-
Disposals	(6)	(4,311)	(80)	-	-	(4,397)
December 31, 2022 *(Restated)*	1,970,369	2,040,378	6,200	5,292	105,577	4,127,816
Additions	2,136	13,076	17	671	65,687	81,587
Transfer from inventory	(80)	29	56	-	5,623	5,628
Internal movement	4,921	43,898	125	484	(49,428)	-
Impairment of assets	-	-	-	-	(9,065)	(9,065)
Disposals	-	(22)	-	-	(120)	(142)
December 31, 2023	1,977,346	2,097,359	6,398	6,447	127,339	4,205,824

(in thousand Tajik somoni, unless otherwise stated)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings and constructions	Machinery and equipment	Furniture and Office equipment	Vehicles	Construction in progress and equipment for installation	Total
Accumulated depreciation						
December 31, 2021	156,131	158,977	363	598	-	316,069
Accrued for the period	128,243	155,842	674	551	-	285,310
Disposals	(6)	(4,311)	(80)	-	-	(4,397)
December 31, 2022	284,368	310,508	957	1,149	-	596,982
Accrued for the period	125,518	166,171	774	568	-	293,031
Additions	-	-	11	-	-	11
Disposals	-	(9)	-	(1)	-	(10)
December 31, 2023	409,886	476,670	1,742	1,716	-	890,014
Net carrying value						
December 31, 2022 *(Restated)*	1,686,001	1,729,870	5,243	4,143	105,577	3,530,834
December 31, 2023	1,567,460	1,620,689	4,656	4,731	118,274	3,315,810

As at December 31, 2023 fixed assets and construction in progress were not insured.

(in thousand Tajik somoni, unless otherwise stated)

6. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company monitors the use of its assets, but because the Company's sole shareholder is the Government of the Republic of Tajikistan, it is not able to write-off fixed assets without the permission of the State Committee on Investments and Property Management of the Republic of Tajikistan.

As at December 31, 2023 and December 31, 2022, fully depreciated property, plant and equipment amounted to 90,444 thousand TJS and 41,485 thousand TJS, respectively.

As at December 31, 2023 and December 31, 2022 there were no property, plant and equipment pledged for obligation.

As of December 31, 2021, the Company owned and controlled all of the property, plant and equipment, however, officially it was registered with OJSHC "Barki Tojik". As of December 31, 2022, the Company was in the process of officially registering these fixed assets on it's name.

The Company adopted a revaluation model for property and equipment accounting in accordance with IAS 16 Property, plant and equipment. In 2022 was performed and recognized revaluation of property, plant and equipment as of January 1, 2021.

As at January 1, 2021 the Company's property plant and equipment historical and fair value cost are as follows:

Company of property plant and equipment	Historical amount	Fair value
Buildings and constructions	1,237,095	1,945,582
Machinery and equipment	1,476,059	1,921,944
Furniture and Office equipment	2,303	3,072
Vehicles	1,753	3,075
Construction in progress and equipment for installation	139,252	129,149
TOTAL	2,856,462	4,002,822

8. INVENTORIES

As at December 31, 2023 and 2022 inventories of the Company are as follows:

	December 31, 2023	January 1, 2022
Materials	48,471	38,536
Spare parts	16,165	16,464
Fuel and lubricants	435	230
Construction materials	120	154
Other	7,715	6,146
Allowance for cost decrease to net realizable value and obsolete inventories	(25,521)	(27,306)
	47,385	34,224

9. ADVANCES PAID

As at December 31, 2023 and 2022 the Company's advances paid are as follows:

	December 31, 2023	December 31, 2022
Advances paid for goods and services	9,342	7,646
Advances to employees	259	160
Other	1,623	29
Allowance for doubtful advances paid	(269)	(1,808)
	10,955	6,027

(in thousand Tajik somoni, unless otherwise stated)

10. TRADE AND OTHER ACCOUNTS RECEIVABLE

As at December 31, 2023 and 2022 trade and other accounts receivable of the Company are as follows:

	December 31, 2023	December 31, 2022
Accounts receivable for electricity	856,441	567,827
Other	87	57
Expected credit losses for trade and other accounts receivable	(269,733)	(205,093)
	586,795	362,791

The most significant debtors of the Company are as follows:

	December 31, 2023	December 31, 2022
OJSC "Shabakahoi taqsimoti barq"	856,441	567,827

As of December 31, 2023 and 2022, the balances in trade and other accounts receivable resulting from transactions with related parties amounted to 586,708 and 362,734 respectively.

11. CASH AND CASH EQUIVALENTS

As at December 31, 2022 and 2021 cash and cash equivalents of the Company are as follows:

	December 31, 2023	December 31, 2022
Cash in bank account	7,048	5,096
Cash on hand	196	758
Expected credit losses for cash in bank accounts	-	-
	7,244	5,854

As of December 31, 2023 and 2022, the balances in cash and cash equivalents resulting from transactions with related parties amounted to 2,439 thousand somoni and 4,990 thousand somoni respectively.

12. SHARE CAPITAL

As at December 31, 2023 announced, issued and paid share capital of the Company amounted to 1,872,900 thousand somoni.

In 2022, the Company declared dividends amounting to 10 percent of the net profit calculated using the tax accounting method, which amounted to 9,051 thousand somoni in accordance with the Decree of the Government of the Republic of Tajikistan # 118 dated March 27, 2023 "On The payment rate from the net profit of state-owned enterprises and joint-stock companies in which the state holds a share in the charter capital"

In 2023, the Company declared dividends amounting to 10 percent of the net profit calculated using the tax accounting method, which amounted to 12,166 thousand somoni in accordance with the Decree of the Government of the Republic of Tajikistan # 118 dated March 27, 2023 "On The payment rate from the net profit of state-owned enterprises and joint-stock companies in which the state holds a share in the charter capital"

(in thousand Tajik somoni, unless otherwise stated)

13. TRADE ACCOUNTS PAYABLE

As at December 31, 2023 and 2022 trade accounts payable of the Company are as follows:

	December 31, 2023	December 31, 2022
Accounts payable for electricity	1,341	-
Accounts payable for goods and services	15,511	19,722
Other	205	196
	17,057	19,918

Below is information on the largest creditors:

	December 31, 2023	December 31, 2022
"Nurali SKM" LLC	7,768	-
OJSHC "Barqi Tojik"	1,341	-
"Farzina" LLC	846	231

As of December 31, 2023 and 2022, the balances in trade accounts payable resulting from transactions with related parties amounted to 1,633 thousand TJS and 298 thousand TJS respectively.

14. TAXES PAYABLE

As at December 31, 2023 and 2022 taxes payable of the Company are as follows:

	December 31, 2023	December 31, 2022 *(Restated)*
Income tax payable	12,388	9,919
Dividend tax	12,166	9,051
VAT payable	8,629	23,499
Road users tax	2,504	7,438
Social tax payable	1,384	1,269
Other	140	129
	37,211	51,305

15. OTHER LIABILITIES

As at December 31, 2023 and 2022 other liabilities of the Company are as follows:

	December 31, 2023	December 31, 2022
Other deferred income	52,471	-
Unused vacation provision	6,836	3,060
Salary payable	5,750	5,423
Accrued union dues	1,303	161
Settlements with employees for other transactions	384	83
Other	13	465
	66,757	9,192

(in thousand Tajik somoni, unless otherwise stated)

The movement in provision for unused vacation for the years ended December 31, 2023 and 2022 are presented as follows:

	2023	2022
at January 1	3,060	3,993
Accrual	8,471	3,182
Repayment of vacation	(4,695)	(4,115)
at December 31	6,836	3,060

16. REVENUE

The Company's revenues from electricity transmission service for the years ended December 31, 2023 and 2022 are presented as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Revenue from electricity transmission service	620,483	532,368
	620,483	532,368

As of December 31, 2023 and 2022, the balances in revenue resulting from transactions with related parties amounted to 620,483 thousand TJS and 532,368 thousand TJS respectively.

17. COST OF SALES

The cost of electricity transmission service for the years ended December 31, 2023 and 2022 are presented as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Depreciation	292,622	284,866
Normative losses of electricity	101,549	104,815
Salary and related taxes	73,064	61,655
Materials	11,375	12,927
Unused vacation provision	7,171	2,779
Services received	4,123	4,818
Fuel	4,035	4,236
Business trip	1,364	1,370
Taxes	640	649
Repairs and maintenance of property, plant and equipment	608	2,096
Other	4,178	3,815
	500,729	484,026

As of December 31, 2023 and 2022, the balances in cost of sales resulting from transactions with related parties amounted to 101,549 thousand TJS and 104,815 thousand TJS respectively.

(in thousand Tajik somoni, unless otherwise stated)

18. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the years ended December 31, 2023 and 2022 are presented as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Salary and related taxes	8,093	14,210
Fines and penalties	7,393	1,442
Audit costs	1,282	-
Electricity	818	1,434
Depreciation	440	370
Unused vacation provision	366	403
Materials	218	265
Stationery	201	81
Business trip	194	212
Fuel	156	179
Bank fees	59	3,129
Repair and maintenance of fixed assets	13	157
Representation expenses	10	48
Taxes other than income tax	5	1,688
Material aid	-	71
Other	1,158	972
	20,406	24,661

As of December 31, 2023 and 2022, the balances in general and administrative expenses resulting from transactions with related parties amounted to 1,136 thousand TJS and 3,049 thousand TJS respectively.

19. ACCRUAL OF ALLOWANCE FOR EXPECTED CREDIT LOSSES ON FINANCIAL ASSETS

Movement of allowance for expected credit losses on financial assets of the Company for the years ended December 31, 2023 and 2022 are presented as follows:

	Allowance for expected credit losses on trade and other receivables	Allowance for expected credit losses on cash and cash equivalents	Total
At December 31, 2021	22,169	62	22,231
Accrual/(recovery)	182,924	(62)	182,862
At December 31, 2022	205,093	-	205,093
Accrual	64,640	-	64,640
At December 31, 2023	269,733	-	269,733

(in thousand Tajik somoni, unless otherwise stated)

20. ACCRUAL OF ALLOWANCE FOR IMPAIRMENT ON NON-FINANCIAL ASSETS

Movement of allowance for impairment on non-financial assets of the Company for the years ended December 31, 2023 and 2022 are presented as follows:

	Provision for impairment of inventories	Provision for impairment of advances granted	Total
At December 31, 2021	26,852	654	27,506
Accrual	454	1,154	1,608
At December 31, 2022	27,306	1,808	29,114
Recovery	(1,785)	(1,539)	(3,324)
At December 31, 2022	25,521	269	25,790

21. NET LOSS FROM FOREIGN CURRENCY OPERATIONS

Net Loss from Foreign Currency Operations for the years ended December 31, 2022, and 2021, is as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Trading Operations	22	(224)
Exchange Rate Differences	1,082	1,334
	1,104	1,110

22. OTHER NON-OPERATING LOSS, NET

Other non-operating gain/(loss), net for the years ended December 31, 2023 and 2022 are as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Other non-operating income		
Income from inventory sales	120	323
Income from disposal of non-current assets	6	-
Other	880	580
	1,006	903
Other non-operating loss		
Impairment expense	9,065	-
Cost of inventory sales	28	187
Other	2,141	358
	11,234	545
	(10,228)	358

(in thousand Tajik somoni, unless otherwise stated)

23. INCOME TAX

The Company measures and records its current income tax payable and its tax bases in its assets and liabilities in accordance with the tax regulations of the Republic of Tajikistan where the Company operates, which may differ from IFRS. For the year ended December 31, 2023 in the territory of the Republic of Tajikistan for companies engaged in the service sector, the income tax rate was 18%.

The Company is subject to certain permanent tax differences due to the non-tax deductibility of certain expenses and certain income being treated as non-taxable for tax purposes.

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences as at December 31, 2023 relate mostly to different methods of income and expense recognition as well as to temporary differences generated by tax – book bases' differences for certain assets and liabilities.

	For the year ended December 31, 2023	For the year ended December 31, 2022 *(Restated)*
Current income tax expenses	26,705	21,974
Changes in deferred income tax	(13,670)	(33,258)
Income tax expenses	13,035	(11,284)

	For the year ended December 31, 2023	Effective tax rate
Profit before income tax	26,700	
Tax at statutory rate	4,806	18%
Tax effect on permanent differences	8,229	30.82%
Income tax expense	13,035	48.82%

	For the year ended December 31, 2022 *(Restated)*	Effective tax rate
Loss before income tax	(161,541)	
Tax at statutory rate	(29,077)	18%
Tax effect on permanent differences	17,793	-11.01%
Income tax expense	(11,284)	6.99%

(in thousand Tajik somoni, unless otherwise stated)

Temporary differences as at December 31, 2023 and 2022, comprise:

	December 31, 2023	December 31, 2022
Deferred income tax assets:		
Allowance for impairment of construction in progress	9,065	-
Expected credit loss for cash in bank account	-	-
Expected credit loss for trade accounts receivable	269,733	205,093
Allowance for doubtful advances paid	269	1,808
Unused vacation provision	6,836	3,060
Total deferred income tax assets	285,903	209,961

	December 31, 2023	December 31, 2022 *(Restated)*
Deferred income tax liabilities:		
Property, plant and equipment	1,146,662	1,242,265
Total deferred income tax liabilities	1,146,662	1,242,265
Net deferred income tax liabilities	860,759	1,032,304
Net deferred income tax liabilities at statutory tax rate (18%)	154,937	185,815

Temporary differences between tax accounting and current financial statement as well as tax losses lead to deferred tax liabilities as at December 31, 2022 and 2021 as a result of the following:

23. INCOME TAX (continued)

	December 31, 2022 *(Restated)*	Recognized in the statement of profit or loss and other comprehensive income	Recognize d in equity	December 31, 2023
Temporary differences:				
Allowance for impairment of constructio in progress	-	(1,632)	-	(1,632)
Expected credit loss for cash in bank account	-	-	-	-
Expected credit loss for trade accounts receivable	(36,916)	(11,635)	-	(48,551)
Allowance for doubtful advances paid	(326)	277	-	(49)
Unused vacation provision	(551)	(680)	-	(1,231)
Property, plant and equipment	223,608	-	(17,209)	206,399
	185,815	(13,670)	(17,209)	154,937

(in thousand Tajik somoni, unless otherwise stated)

	December 31, 2021 *(Restated)*	**Recognized in the statement of profit or loss and other comprehensive income**	**Recognized in equity**	**December 31, 2022**
Temporary differences:				
Allowance for impairment of construction in progress	-	-	-	-
Expected credit loss for cash in bank account	(11)	11	-	-
Expected credit loss for trade accounts receivable	(3,990)	(32,926)	-	(36,916)
Allowance for doubtful advances paid	(118)	(208)	-	(326)
Unused vacation provision	(416)	(135)	-	(551)
Property, plant and equipment	252,506	-	(28,898)	223,608
	247,971	(33,258)	(28,898)	185,815

The company recognized deferred tax assets because it believes it is probable that there will be future taxable profit against which these differences can be offset. Furthermore, electricity tariffs were increased by 15% as of January 1, 2023, in accordance with the Government's decree.

24. LOSS PER SHARE

Loss per share of the Company for the years ended December 31, 2023, and 2022

	For the year ended December 31, 2023	**For the year ended December 31, 2022** *(Restated)*
Profit/(Loss) for the year	13,665	(150,257)
Number of shares in circulation	18,729	18,729
Loss per share	0.73	(8.02)

25. TRANSACTIONS WITH RELATED PARTIES

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Transactions with state companies

The Company applies the exemption from the application of IAS 24, disclosures in respect of related party transactions and balances and transactions, including commitments, because it is associated with the state organization. Accordingly, the Company discloses the nature of their relationship with the Government, the description and the amount of each operation that is significant, individually or in the aggregate.

(in thousand Tajik somoni, unless otherwise stated)

The following amounts in the statement of financial position as at December 31, 2023 and December 31, 2022 arose from transactions with related parties:

	December 31, 2023	
	Related party transactions	Total category as per the financial statements caption
Trade and other accounts receivable	586,708	586,795
Cash and cash equivalents	2,439	7,244
Trade accounts payable	1,634	17,057

	December 31, 2022	
	Related party transactions	Total category as per the financial statements caption
Trade and other accounts receivable	362,734	362,791
Cash and cash equivalents	4,990	5,748
Trade accounts payable	298	19,918

The following amounts were included in the statement of profit or loss and other comprehensive income for the year ended December 31, 2023 and December 31, 2022 which arose due to transactions with related parties:

	2023	
	Related party transactions	Total category as per the financial statements caption
Revenue	620,483	620,483
Cost of sales	101,549	500,729
General and administrative expenses	1,136	20,406

	2022	
	Related party transactions	Total category as per the financial statements caption
Revenue	532,368	532,368
Cost of sales	104,815	484,415
General and administrative expenses	3,049	24,272

For the year ended December 31, 2022 and 2021 the remuneration of key management was as follows:

	December 31, 2023	December 31, 2022
Salary and bonuses	716	377
Contributions to social fund	143	75
	859	452

	Counterparty	Relations
ASSETS		
Trade and other accounts receivable	OJSC "Shabakahoi taqsimoti barq"	Common shareholder
Cash and cash equivalents	SSB "Amonatbank"	Common shareholder
LIABILITIES		
Trade accounts payable	OJSHC "Barqi Tojik", OJSC "Shabakahoi taqsimoti barq"	Common shareholder
PROFIT AND LOSS		
Revenue	OJSC "Shabakahoi taqsimoti barq" OJSHC "Barqi Tojik"	Common shareholder
Cost of sales	OJSHC "Barqi Tojik"	Common shareholder
General and administrative expenses	OJSHC "Barqi Tojik", OJSC "Shabakahoi taqsimoti barq", SSB "Amonatbank"	Common shareholder
- renumeration to key management personnel	Deputy of Chairman, Chairman of Supervisory Board, Member of Supervisory Board	

26. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions As no readily available market exists for large part of the Company's financial instruments, judgment is necessary in arriving at fair value, based on current economic conditions and specific risks attributable to the instrument.

As at December 31, 2023 and December 31, 2022 the following methods and assumptions were used by the Company to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Cash and cash equivalents - The carrying amount represents their fair value.

Trade and other receivables - The carrying amount is considered a reasonable estimate of their fair value as the expected credit losses for trade and other accounts receivable amounts is considered a reasonable estimate of the discount required to reflect the impact of credit risk.

Trade accounts payable - The carrying amount is a reasonable estimate of their fair value due to their current nature.

(in thousand Tajik somoni, unless otherwise stated)

26. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The following tables show the fair values of financial assets and financial liabilities as at December 31, 2023 and December 31, 2022. Other assets and liabilities which are measured at fair value on a recurring basis are cash and cash equivalents. There are no nonrecurring fair value measurements.

	Level 1	Level 2	Level 3	December 31, 2023 Total
FINANCIAL ASSETS:				
Trade and other accounts receivable	-	-	586,795	586,795
Cash and cash equivalents	7,244	-	-	7,244
TOTAL FINANCIAL ASSETS	7,244	-	586,795	594,039
FINANCIAL LIABILITIES:				
Trade accounts payable	-	-	17,057	17,057
Other liabilities	-	-	3,060	3,060
TOTAL FINANCIAL LIABILITIES	-	-	20,117	20,117

	Level 1	Level 2	Level 3	December 31, 2022 Total
FINANCIAL ASSETS:				
Trade and other accounts receivable	-	-	362,791	362,791
Cash and cash equivalents	5,854	-	-	5,854
TOTAL FINANCIAL ASSETS	5,854	-	362,791	368,645
FINANCIAL LIABILITIES:				
Trade accounts Payable	-	-	19,918	19,918
Other liabilities	-	-	3,993	3,993
TOTAL FINANCIAL LIABILITIES	-	-	23,911	23,911

27. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

(a) Social commitments and pensions and retirement plans

The Company incurs expenses on development and maintenance of social objects and welfare of its employees and other social needs.

Employees of the Company receive pension benefits in accordance with the laws and regulations of the Republic of Tajikistan.

As at December 31, 2023 the Company was not liable for any supplementary pensions, post- retirement health care, insurance benefits, or retirement indemnities to its current or former employees.

(in thousand Tajik somoni, unless otherwise stated)

(b) Insurance

As at December 31, 2023 the Company had no insurance coverage in respect of its assets, activities and its public obligations and other risks, to be insured. Since the absence of insurance does not mean reducing

the cost of the assets or incurrence of liabilities, provisions were not considered in the financial statements for uncertain losses.

(c) Environment protection issues

Official laws of the Republic of Tajikistan #58 "On environment protection" dated June 15, 2004, and #228 "On air protection" dated February 1, 1996, are aimed to protect atmosphere from pollution and established maximum permissible level of emission of harmful substances.

Integrated control and permits for allowable emissions of pollutants are conducted in accordance with the article 11 "Basic requirements for the valuation of atmosphere air quality" and article 13 "Measurement and control of emissions into the atmosphere".

The Republic of Tajikistan has acceded to the Kyoto Protocol and ratified it on November 22, 2008. After the ratification of Kyoto Protocol coordination is assigned to Committee for environmental protection under the Government of the Republic of Tajikistan.

Legislation for environmental protection in the Republic of Tajikistan is in the process of development and government agencies continuously revise standards for the application of such legislation. The Company periodically evaluates its obligations under environmental regulations. As obligations are defined, they are recognized immediately in the statements. Potential liabilities that may arise as a result of changes in existing regulations, litigation in civil cases or legislation cannot be estimated with any certainty, but could be significant. Under the existing system of control and penalties for non-compliance with the existing legislation, Management believes that at the moment there are no significant liabilities related to environmental damage.

(d) Technical risks

Reconstruction of the electric power industry is dictated by the current situation in the energy sector due to the rapid deterioration of the technical condition of the fixed assets of the Company. Implementation of current and capital repairs is not enough; new construction, rehabilitation, reconstruction and technical re-equipment are required in accordance with technical progress. Thus, technical risk of impairment is high.

28. FINANCIAL RISKS MANAGEMENT

Main financial liabilities of the Company include trade accounts payable and other liabilities. Main purpose of these financial liabilities is related to Company's operations and support of its activity.

Company has trade and other receivables, cash and cash equivalents which directly arise in the course of Company's operational activity.

	December 31, 2023	December 31, 2022
Financial assets		
Trade and other accounts receivable	586,795	362,791
Cash and cash equivalents	7,244	5,854
Total financial assets	594,039	368,645
Financial liabilities		
Trade accounts payable	17,057	19,918
Other liabilities	12,586	8,483
Total financial liabilities	29,643	28,401

(in thousand Tajik somoni, unless otherwise stated)

28. FINANCIAL RISKS MANAGEMENT (continued)

The Company is subject to current risk, credit risk. All financial assets and liabilities of Company concentrated in Republic of Tajikistan and has maturities up to 1 year.

Management of the Company controls risk management process. Management reviews and approves risk management policy.

Prior to placement of Company's shares, duties of Supervisory Board are performed by the Government of the Republic of Tajikistan. Exclusive powers of Supervisory Board are:

- Determination of main directions of Company's activity, approval of annual reports and financial statements,
- Amending of Company's charter, including change of its share capital,
- Election of members of auditing committee (inspector) of the Company and their dismissal,
- Approval of Audit committee reports,
- Taking decision on acquisition of shares, issued by the Company,
- Taking decision on reorganisation and liquidation of the Company, assignment of liquidation committee and approval of liquidation balance sheet,
- Election of Company's General director and his termination,
- Exercise of other powers, prescribed by laws of the Republic of Tajikistan and charter of the Company.

Currency risk

Currency risk is a risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in exchange rates. The Company's exposure to foreign currency exchange rates is stipulated primarily due to Company's operating activity (when sales or expenses are denominated in currencies, other than the functional currency of the Company).

There are strict restrictions and controls in respect of Somoni conversion into other currencies. Currently Somoni is not convertible currency outside the Republic of Tajikistan.

	TJS	USD	2023 Total
FINANCIAL ASSETS:			
Trade and other accounts receivable	586,795	-	586,795
Cash and cash equivalents	5,001	2,243	7,244
TOTAL FINANCIAL ASSETS	591,796	2,243	594,039
FINANCIAL LIABILITIES:			
Trade accounts payable	17,057	-	17,057
Other liabilities	66,757	-	66,757
TOTAL FINANCIAL LIABILITIES	83,814	-	83,814
Open currency position	507,982	2,243	510,225

(in thousand Tajik somoni, unless otherwise stated)

28. FINANCIAL RISKS MANAGEMENT (continued)

	TJS	USD	2022 Total
FINANCIAL ASSETS:			
Trade and other accounts receivable	362,791	-	362,791
Cash and cash equivalents	5,609	245	5,854
TOTAL FINANCIAL ASSETS	368,400	245	368,645
FINANCIAL LIABILITIES:			
Trade accounts payable	8,936	10,982	19,918
Other liabilities	8,483	-	8,483
TOTAL FINANCIAL LIABILITIES	17,419	10,982	28,401
Open currency position	350,981	(10,737)	340,244

Currency risk sensitivity

The following table details the Company's sensitivity to a 10% increase and decrease in the USD against the TJS for 2023 and 2022. These rates are the sensitivity rates used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign currency exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the period for a 10% change in foreign currency rates.

	2023	
	Official USD exchange rate, +10%	**Official USD exchange rate, -10%**
Impact on profit and loss	224	(224)

	2022	
	Official USD exchange rate, +10%	**Official USD exchange rate, -10%**
Impact on profit and loss	(1,074)	1,074

Credit risk

Credit risk is a risk that the Company will incur financial loss because the counterparties fail to meet their obligations under financial instrument or client contract. The Company is exposed to credit risk related to its operating activity (primarily, trade receivables).

Trade accounts receivable

Credit risk management associated with customer is performed by each subsidiary in accordance with the policies, procedures and control system established by the Company in respect of credit risk management associated with customers. Regular monitoring of outstanding accounts receivable is carried out.

Financial assets of the Company, which are potentially subject to credit risk, compose primarily of trade receivables.

In 2023 the percentage of money collection for the transmission energy in the whole Company was 59,4% (accrued – 710,788 thousand TJS VAT inclusive, paid – 422,174 thousand TJS).

The carrying value of accounts receivable, net of expected credit losses for trade and other accounts receivable, represents the maximum amount exposed to credit risk.

28. FINANCIAL RISKS MANAGEMENT (continued)

Although collection of receivables could be influenced by economic factors, Management believes that there is no substantial risk of loss beyond expected credit losses for trade and other accounts receivable.

Liquidity risk

All financial assets and liabilities of Company has maturities up to 1 year.

Capital management

Capital includes capital owned by the Government of the Republic of Tajikistan.

The main objective of the Company's capital management is to ensure strong credit worthiness and an adequate level of capital to conduct its operations and maximize shareholder value.

The Company manages its capital structure and its changes in response to changes of economic conditions.

For the year ended December 31, 2023 no changes were made in the objectives, policies and processes for managing capital.

29. SUBSEQUENT EVENTS

At the date of the issue of the financial statements of the Company there were no events, except described above that must be disclosed in the financial statements in accordance with IAS 10 "Events after the reporting period".