

# **OPEN JOINT STOCK COMPANY “ROGUN HPP”**

**Financial statements**  
for the year ended December 31, 2022

**and independent auditors' report**

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## OJSC "ROGUN HPP"

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

The following statement, which should be read in conjunction with the independent auditors' responsibilities 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 "Rogun HPP" (the "Company").

Management of the Company is responsible for the preparation of the financial statements that present fairly the financial position of the Company as at December 31, 2022, the results of its operations, cash flows and changes in equity for the year ended December 31, 2022, 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 of the Company 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 and 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, errors, and other irregularities.

The financial statements for the year ended December 31, 2022 were approved and authorized for issue on May 22, 2023 by the Management of the Company.

On behalf of the Management of the Company:

  
Safarzoda Kh.A.  
General Director

May 22, 2023  
Rogun, Republic of Tajikistan

  
Azizov M.  
Chief Accountant

May 22, 2023  
Rogun, Republic of Tajikistan

## **INDEPENDENT AUDITORS' REPORT**

To the Shareholders and the Board of Directors of the OJSC "Rogun HPP":

### **Qualified opinion**

We have audited the financial statements of Open Joint Stock Company "Rogun HPP" (the "Company"), which comprise the statement of financial position as at December 31, 2022, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for qualified opinion paragraph the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### **Basis for qualified opinion**

The financial statements of the Company for the year ended December 31, 2022 do not include the Joint Stock Company "Sokhtmoni asosi" as the Government of the Republic of Tajikistan adopted a Decree on formation and taking into state ownership one hundred percent of the shares of the Joint Stock Company "Sokhtmoni asosi". In accordance with this Decree, the Company disposed of the subsidiary on December 31, 2022 at the historical cost of its net assets without estimating their fair value at the date of disposal.

We did not participate in planned inventories of cash and property, plant and equipment as of December 31, 2022, and we did not participate in the annual inventory count and could not ensure through alternative audit procedures the existence and physical condition of the underlined items at that time.

Any adjustments that might have been considered necessary had we obtained audit evidence about these matters would have affected the statement of financial position as of December 31, 2022, 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.

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' "Code of Ethics for Professional Accountants" ("IESBA Code") and 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 those requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### **Material uncertainty related to going concern**

Without qualifying our opinion, we draw attention to Note "Going concern" to the financial statements which describes that the financial statements have been prepared on a Going Concern basis. The Company is at the construction stage of the Rogun HPP and currently does not receive revenues to cover all costs. The successful completion of the construction and the achievement of profit depends on future events, including obtaining sufficient financing for the construction of the Rogun HPP, constant financial support from the founders of the Company, and achieving a sufficient level of electricity sales to cover the costs of the Company in the future. The Company incurred significant losses for the year ended December 31, 2022 and for the previous periods. In the law on the State Budget of the Republic of Tajikistan, for each fiscal year, a separate caption is pledged to finance the construction of the Rogun HPP, which indicates that the main founder of the Company, represented by the Government of the Republic of Tajikistan, intends to provide financial support to the Company.

## **Paragraphs that draw attention to an aspect**

Without making further reservations in our opinion, we draw your attention to the following points:

We draw attention to Note 12 " Long-term assets classified as held for sale" to the financial statements, which describes that according to the Decree of the Government of the Republic of Tajikistan dated June 1, 2021, the Company received the property of LLC "Umed-88" for the debt of the latter in the amount of TJS 69,631 thousand. These assets were recognized at fair value in accordance with the State Valuation Standards of the Republic of Tajikistan and were classified as non-current assets held for sale. Due to circumstances beyond the Company's control, it was not practicable to measure the fair value of these assets in accordance with IFRS at the date of recognition and subsequent reporting dates.

We note that the financial statements for the year ended December 31, 2021 were audited by another auditor who expressed a modified opinion. During the audit of the financial statements for the year ended December 31, 2022, adjustments and reclassifications were made to the comparative figures for the year ended December 31, 2021, as set forth in Note 6 to the financial statements. In our opinion, these adjustments are appropriate and have been properly made. We have not performed an audit, review, or any other procedures on the Company's financial statements for the year ended December 31, 2021, other than the adjustments set forth in Note 4, and accordingly, we do not express an opinion or any other form of assurance on the financial statements for the year ended December 31, 2021, taken as a whole.

## **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.

May 22, 2023.

Dushanbe, Republic of Tajikistan

Firdavs Khayrulloev

Director, "Baker Tilly Tajikistan", LLC

License No. 0000152 issued by the  
Ministry of Finance of the Republic of Tajikistan



# OJSC "ROGUN HPP"

## STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2022 (in thousands of Tajik somoni)

	Notes	December 31, 2022	December 31, 2021
<b>ASSETS:</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	7,526,248	6,910,616
Construction in progress	8	24,168,615	20,914,811
Long-term advances paid	10	2,757,569	2,979,842
Accounts receivable from founders	11	5,666,725	6,324,954
Long-term assets classified as held for sale	12	69,631	69,631
		<u>40,188,788</u>	<u>37,199,854</u>
<b>CURRENT ASSETS:</b>			
Accounts receivable	13	1,042,580	708,328
Inventories	14	178,572	258,665
Advances paid	10	361,382	162,519
Cash and cash equivalents	15	12,405	102,374
Other assets	16	1,469	1,195
Assets classified as held for sale	17	-	72,693
		<u>1,596,408</u>	<u>1,305,774</u>
<b>TOTAL ASSETS:</b>		<u><b>41,785,196</b></u>	<u><b>38,505,628</b></u>
<b>EQUITY AND LIABILITIES:</b>			
<b>EQUITY</b>			
Share capital	18	34,645,932	31,145,932
Additional capital		30,082	10,373
Accumulated deficit		(1,381,320)	(1,584,207)
		<u>33,294,694</u>	<u>29,572,098</u>
<b>LIABILITIES:</b>			
Accounts payable	19	1,089,434	1,280,313
Borrowings	20	7,304,267	7,283,765
Notes payable	21	-	295,255
Taxes payable	22	88,941	47,947
Other liabilities	23	7,860	14,163
Liabilities classified as held for sale	17	-	12,087
		<u>8,490,502</u>	<u>8,933,530</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>41,785,196</b></u>	<u><b>38,505,628</b></u>

On behalf of the Management of the Company:

Safarzoda Kh.A.  
General Director

May 22, 2023  
Rogun, Republic of Tajikistan

Azizov M.  
Chief Accountant

May 22, 2023  
Rogun, Republic of Tajikistan

The notes on pages 11- 34 form an integral part of the financial statements. The independent auditors' report is on pages 3-5



# OJSC "ROGUN HPP"


## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2022 (in thousands of Tajik somoni)

	Notes.	For the year ended December 31, 2022	For the year ended December 31, 2021
Revenue	24	341,143	284,642
Cost of sales	25	(282,078)	(383,270)
GROSS PROFIT/(LOSS)		59,065	(98,628)
Foreign exchange differences	27	525,733	137,413
General and administrative expenses	26	(27,099)	(38,039)
Recovery of allowance on impaired loans issued		-	69,631
Other non-operating expenses, net	28	(340,073)	(59,239)
PROFIT BEFORE INCOME TAX		217,626	11,138
Income tax		-	-
NET INCOME FROM CONTINUED ACTIVITIES		217,626	11,138
Loss after tax from discontinued activities		(14,739)	(42,437)
PROFIT/(LOSS) FOR THE YEAR		202,887	(31,299)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME/(LOSS)		202,887	(31,299)

On behalf of the Management of the Company:

  
Safarzoda Kh.A.  
General Director

May 22, 2023  
Rogun, Republic of Tajikistan

  
Azizov M.  
Chief Accountant

May 22, 2023  
Rogun, Republic of Tajikistan

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# OJSC "ROGUN HPP"


## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2022 (in thousands of Tajik somoni)

	Notes	Share capital	Additional capital	Accumulated deficit	Total capital
Balance at December 31, 2020	18	<u>26,645,932</u>	<u>-</u>	<u>(1,552,908)</u>	<u>25,093,024</u>
Shares issued	18	4,500,000	-	-	4,500,000
Additional capital		-	10,373	-	10,373
Loss for year		-	-	(31,299)	(31,299)
Balance at December 31, 2021	18	<u>31,145,932</u>	<u>10,373</u>	<u>(1,584,207)</u>	<u>29,572,098</u>
Shares issued	18	3,500,000	-	-	3,500,000
Additional capital		-	19,709	-	19,709
Profit for year		-	-	202,887	202,887
Balance at December 31, 2022	18	<u>34,645,932</u>	<u>30,082</u>	<u>(1,381,320)</u>	<u>33,294,694</u>

On behalf of the Management of the Company:

  
Safarzoda Kh.A.  
General Director

May 22, 2023  
Rogun, Republic of Tajikistan

  
Azizov M.  
Chief Accountant

May 22, 2023  
Rogun, Republic of Tajikistan

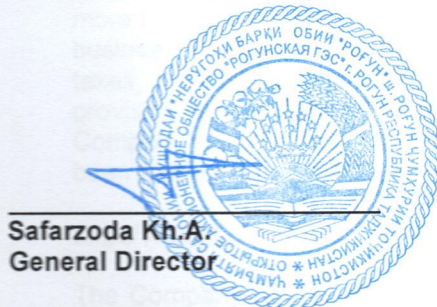
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# OJSC "ROGUN HPP"

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


	Notes	For the year ended December 31, 2022	For the year ended December 31, 2021
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Increase of share capital	18	3,500,000	4,500,000
Increase of additional capital		19,709	10,373
Income from loans received		-	900,000
Principal payments on notes payable		(251,000)	-
Net cash generated from financing activities:		3,268,709	5,410,373
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(93,247)	54,633
Effect of foreign exchange difference		3,278	2,050
CASH AND CASH EQUIVALENTS, at the beginning of the year	15	102,374	45,691
CASH AND CASH EQUIVALENTS, at the end of the year	15	12,405	102,374

On behalf of the Management of the Company:



**Safarzoda Kh.A.**  
General Director

May 22, 2023  
Rogun, Republic of Tajikistan

  
**Azizov M.**  
Chief Accountant

May 22, 2023  
Rogun, Republic of Tajikistan

The notes on pages 11- 34 form an integral part of the financial statements. The independent auditors' report is on pages 3-5

# **OJSC “ROGUN HPP”**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022**

*(in thousands of Tajik somoni, unless otherwise indicated)*

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### **1. GENERAL INFORMATION**

Open Joint Stock Company “Rogun HPP” (the “Company”) was established in accordance with the decision of the Government of the Republic of Tajikistan No. 454 dated August 31, 2007. The Company was registered by the Ministry of Justice of the Republic of Tajikistan on February 9, 2010 as Open Joint Stock Company “Rogun HPP”.

The Company was founded for construction and putting into operation of hydroelectric power plant on the Vakhsh River in the Rogun city, the Republic of Tajikistan. The first hydroelectric generator No. 6 of the Rogun HPP was started to use in November 2018.

Legal address of the Company: 40 Sohtmonchien str., Rogun city, the Republic of Tajikistan.

As at December 31, 2021 and 2022 ultimate control of the Company is carried out by the Government of the Republic of Tajikistan.

The financial statements were approved by the Management of the Company on May 22, 2023.

### **2. OPERATIONAL ENVIRONMENT**

Emerging markets such as the Republic of Tajikistan are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Past experience has shown that both potential and actual financial difficulties, together with an increase in the perceived risks associated with investing in emerging economies, can adversely affect a country's economy in general and its investment climate in particular.

The legal, regulatory, and legislative framework for business activities in the Republic of Tajikistan continues to be subject to change. Tax, currency and customs legislation within the Republic of Tajikistan are subject to varying interpretations, and other legal and fiscal impediments contribute to the challenges faced by entities currently operating in the Republic of Tajikistan. The future economic direction of the Republic of Tajikistan is largely dependent upon economic, fiscal and monetary policies adopted by the government, together with legal, regulatory, and legislative developments.

These financial statements do not include any adjustments that would be necessary to resolve these uncertainties in the future. Possible adjustments may be made in the financial statements in the period when the need for such adjustments becomes apparent and their numerical values can be estimated.

#### *Taxation*

Due to the presence in Tajik commercial legislation, and tax legislation in particular, of provisions allowing more than one interpretation, if a particular treatment based on management's judgment of the Company's business activities was to be challenged by the tax authorities, the Company may be assessed additional taxes, penalties and interest. Such uncertainty may relate to the valuation of financial instruments, the provision for impairment losses and the determination of the market level of transaction prices. The Company's Management believes that it has accrued all tax amounts due and therefore no allowance has been made in the financial statements.

#### *Legal issues*

The Company has been and continues to be subject to legal claims and judgments from time to time, which individually or in aggregate have not had a material adverse effect on the Company. Management believes that the ultimate liability, if any, arising from such actions and complaints will not have a material adverse effect on the Company's financial condition or the results of future operations.

### *Changes in the energy sector*

The sector, as well as the entire system of the Republic of Tajikistan, is undergoing significant reorganization and reform (the process of overall transformation of the country from a state with a planned economy to a state with a market economy), and future directions and results of reforms are currently unknown. Potential reforms in tariff setting policy, debt repayment by state-owned enterprises, reorganization of the wholesale electricity market and measures to promote competition within the wholesale market could have a significant impact on the activities of enterprises in this sector. Due to the uncertainties regarding the ongoing changes in the industry, management is unable to assess the impact of current and future reforms on the Company's financial position. However, Management is confident that these uncertainties will not have a greater impact on operations than other companies operating in the Republic of Tajikistan

## **3. PRESENTATION OF FINANCIAL STATEMENTS**

### **Statement of compliance**

These financial statements have been prepared in accordance with 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.

### **Functional and presentation currency**

Items included in the Company's financial statements are estimated using the currency that best reflects the economic substance of the underlying events and circumstances related to the Company (the "functional currency"). The functional and reporting currency of the accompanying financial statements is Tajik somoni (the "TJS" or "somon").

These financial statements are presented in thousands of Tajik somoni, unless otherwise indicated. These financial statements have been prepared under the historical cost convention, except for the evaluation of certain financial instruments carried at fair value.

### **Going concern**

These financial statements have been prepared based on the assumption that the Company will continue operate on going concern basis.

The Management of the Company is not aware of events or conditions and related business risks that may cast significant doubt on the Company's ability to continue as a going concern. This base may not be acceptable as the Company's accumulated loss as at December 31, 2022 was 1,381,320 thousand somoni. These factors indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

## **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Revenue recognition**

Revenue is recognised only if the 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.

Revenue is recognized when the Company meets its obligation during the period or at a specific moment by transferring the asset or service to the customer. An asset is transferred when it gains control of the asset.



## Expense recognition

Expenses are accounted for at the time the actual flow of the related goods or services occurs, regardless of when cash or its equivalents are paid, and are reported in the financial statements in the period to which they relate.

## Property, plant and equipment

Property, plant and equipment are carried at historical cost less accumulated depreciation and any recognized impairment loss, if any. Property, plant and equipment constructed by the Company itself include cost of materials, direct labor costs and related part of overhead production expenses. When property, plant and equipment include significant components with different useful lives, these components are accounted separately.

Construction in progress comprises costs directly related to the construction of property, plant and equipment including an appropriate allocation of directly attributable variable overheads that are incurred in construction less impairment losses. Depreciation of these assets, on the same basis as for other property assets, commences when the assets are put into operation.

Capitalized cost includes major expenditures for improvements and replacements that extend the useful lives of the assets or increase their revenue generating capacity when used. Expenditures for repairs and maintenance that do not meet the above criteria for capitalization are recognized in the statement of profit or loss and other comprehensive income within operating expenses as incurred.

Depreciation is accrued and recognized using the declining-balance method, which fully coincides with the depreciation method specified in the Tax Code of the Republic of Tajikistan. Depreciation is charged from the moment of assets acquisition or, related to assets constructed by the Company itself, from the moment of completion of construction works and putting into operations. Depreciation rates are as follows:

<b>Fixed assets group</b>	<b>Depreciation rates, %</b>
Buildings and constructions	7
Machinery and equipment	8-15
Furniture and office equipment	15-20
Vehicles	15

The costs of maintenance, repairs, and replacement of minor items of property are charged to maintenance expense. Upon sale or disposal, the cost and related accumulated depreciation are eliminated from fixed assets account. Any resulting gains or losses are included in the statement of profit or loss and other comprehensive income.

## Intangible assets

Intangible assets acquired by the Company are recorded at historical cost less accumulated depreciation and accumulated impairment losses, if any.

Capitalized costs include major expenditures for improvements and replacements that extend the useful life of the assets or increase their revenue generating capacity when used. Other costs that do not meet the above criteria for capitalization are recognized in the statement of profit or loss and other comprehensive income as incurred.

Depreciation is recognized in the statement of profit or loss and other comprehensive income on declining balance method. Depreciation commences on the date of acquisition of the asset and is charged at the rate of 10%.

## Impairment of tangible and intangible assets

On each date the statement of financial position of the Company assesses whether there is any indication that suffered an impairment loss of fixed and intangible assets. If any such indication exists an 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) is carried at a revalued amount. In this case the impairment loss is recognized as a reduction of revaluation of the respective fund.

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.

### **Inventories**

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

### **Recognition and valuation of financial instruments**

Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. The Company reflects purchasing and sale of financial assets and liabilities, which have a regular nature at the date of settlements.

Financial assets and liabilities are initially recognized at fair value. The acquisition cost of financial assets and liabilities that are not financial assets and liabilities at fair value through profit or loss, is adjusted for transaction costs, directly related to the acquisition of a financial asset or financial liability origination. The principles of subsequent valuation of financial assets and liabilities are disclosed in appropriate accounting policies set out below.

The Company classifies financial assets in the following main categories:

- Financial asset measured at amortized cost;
- Financial asset measured at fair value through other comprehensive income (FVOCI);
- Financial asset measured at fair value through profit or loss (FVTPL).

### **Debt instruments**

The classification and subsequent accounting of debt instruments depend on:

- a) Business model of the Company used to manage financial assets;
- b) Characteristics of the financial asset and the contractual cash flows.

Gains or losses on debt instruments measured at fair value through profit or loss are recognized in the statement of profit or loss as part of the "Net trade income"

### **Reclassification**

The Company reclassifies financial assets if and only if the business model objective for its financial assets changes so its previous model assessment would no longer apply. If reclassification is performed, it must be done prospectively from the reclassification date which is defined as the first day of the first reporting period following the change in business model. The Company does not restate any previously recognised gains, losses or interest..

### **Derecognition of financial assets**

The recognition of a financial asset (or, if applicable, part of a financial asset or part of a group of similar financial assets) ceases when:

- the rights to receive cash flows from the asset have ceased;
- the Company transferred its rights to receive cash flows from the asset or reserved the right to receive cash flows from the asset, but became obliged to pay these cash flows without significant delay to a third party under the 'transfer' agreement; and
- the Company either (a) transferred almost all the risks and rewards related to the asset, or (b) did not transfer and did not retain almost all the risks and rewards related to the asset, but transferred a control over the asset.

### **Classification and subsequent accounting of financial liabilities**

The Company classifies all financial liabilities as subsequently measured at amortized cost.

### **Offset of assets and liabilities**

The Company's financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

### **Derecognition of financial liabilities**

A financial obligation (or part of it) is considered extinguished when the debtor:

(a) either fulfils this obligation (or part of it) by paying off the lender, generally in cash, other financial assets, goods or services,

(b) is either legally relieved of primary liability for that obligation (or part of it), as a result of the performance of the legal procedure or as a result of the creditor's decision.

Derecognition of financial liabilities occurs also in the case of significant changes in cash flows, i.e. if the present value of cash flows in accordance with the new conditions, including the payment of commission after deduction of commission received, discounted at the original effective interest rate, differs by at least 10% of the discounted present value of the remaining cash flows of the original financial liability.

### **Impairment of financial assets**

The application of IFRS 9 has not radically changed the accounting treatment used by the Company in respect of impairment losses on financial assets.

IFRS 9 requires the Company to record an allowance for expected credit losses on all loans and other debt financial assets not measured at fair value through profit or loss.

The Company uses a simplified approach to the impairment of trade account receivables.

### **Public and private grants**

Public and private grants are not recognized until there is reasonable assurance that there will be all the conditions required for obtaining grants, and that the grants will be received. Public and private grants, the main condition of which is accepted by the Company obligations to purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the statement of the financial position as deferred income, followed by allocation to the profit or loss on a systematic and rational basis over the useful life of the relevant assets. Other public and private grants are recognized as revenue and allocated to each period so as to relate them to the costs of compensation for which they are intended. Public grants to compensate for losses already incurred costs or provided in the form of financial assistance is due to future costs are charged to income of the period in which they become receivable.

## **Borrowing costs**

Borrowing costs are recognized in the statement of profit or loss and other comprehensive income in the period in which they are incurred. Any discounts or premiums relating to borrowings are recognized in the statement of profit or loss and other comprehensive income based on the effective interest rate method.

Borrowings – All loans and borrowings are initially recognized at the fair value of income received, net of direct transaction costs. After initial recognition, they are measured at amortized cost, calculated considering any discount or premium on the deal.

Borrowing costs – Borrowing costs directly attributable to the acquisition, construction or production of a qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized as an expense in the period incurred.

## **Transactions in foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated to Tajik somoni at the official exchange rates in effect at December 31. Transactions denominated in foreign currencies are recorded at the exchange rates prevailing at the transaction date. Any gains or losses arising from a change in exchange rates after the date of the transaction are recognized in the statement of profit or loss and other comprehensive income.

The official exchange rates at year-end used by the Company during preparation of the financial statements were:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Tajik somoni / US dollar	10.2024	11.3
Tajik somoni / Euro	10.8911	12.7973
Tajik somoni / Russian ruble	0.1445	0.1507

## **Taxation**

Income tax expense represents the sum of the tax current tax payable and deferred tax.

### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

### ***Deferred tax***

Deferred tax is recognized 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 liabilities are generally recognized for all deductible temporary differences, and deferred tax assets are generally recognized 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 recognized if the temporary difference arises from the initial recognition of 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 recognized 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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to 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 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.

The Company conducts netting of deferred tax assets and liabilities and reflects summary difference in the financial statement, 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.

OJSC "Rogun HPP" is exempt from all tax liabilities, except personal income tax and social tax in accordance with the Decree of the Government of the Republic of Tajikistan No. 32 "On exemption from tax obligations" dated January 3, 2014. This exemption does not apply to the Subsidiary JSC "Main Construction"

#### **Non-cash transactions (mutual settlements)**

For certain commercial, industrial and low consumer Company may set off debts in accounts payable for goods and services. To further reduce the risk associated with non-payment of customers, the Company may, by the adoption of the payment of goods and services, which are commonly used by the Company in its core business.

Non-monetary transactions are recorded in the financial statements at the fair value of the goods/services resulting from the calculations.

#### **Contingent assets and liabilities**

Contingent liabilities are not recognized in these financial statements. They are disclosed only if the need arises in any outflow of resources embodying economic benefits resources to fulfill this obligation is probable. A contingent asset is not recognized in the financial statements but disclosed when possible economic benefits.

#### **Share capital**

Share capital is recognized at initial cost.

Dividends are recognized as a decrease in equity in the period in which they are declared. Dividends declared after the reporting date are treated as an event after the reporting date in accordance with IAS 10 "Events after the reporting period" and information about it are disclosed accordingly.

#### **Pension liabilities**

In accordance with the laws of the Republic of Tajikistan the Company withholds the amount of pension contributions from employee's salaries and transfers them to the State pension fund. The existing pension system provides for the calculation of current payments by the employer as a percentage of current gross salary payments. Such expenses are recognized in period, which includes appropriately payment for employees. At retirement, all pension payments are implemented by above mentioned pension fund. The Company does not have any pension arrangements separate from the State pension system of the Republic of Tajikistan. In addition, the Company has no benefits provided to employees upon retirement, or other significant compensated benefits requiring accrual.

## **Provisions**

Provisions are recognized when the Company has a present obligation (legal or implied) resulting from a past event, and it is probable that the Company will be required to repay the obligation, the amount of the obligation can be estimated with reasonable accuracy.

## **Advances paid**

Advances paid are carried at cost less allowance for impairment. Advances paid are classified as a long-term, if the expected date of receipt of goods or services related to it is more than one year or when the advances paid relate to an asset which will be accounted for as non-current upon initial recognition. Advances paid for purchase of the asset is included in the carrying amount of such asset when the Company obtains control over the asset and it is probable that future economic benefits associated with this asset will flow to the Company. Other advances paid are charged to the profit or loss when the Company receives goods or services related to it. If there is an indication that the assets, goods or services relating to advances paid will not be received, the carrying amount of advances paid is written down accordingly and a corresponding impairment loss is recognized in profit or loss.

## **Application of new and revised international financial reporting standards (IFRSs)**

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, 2022:

- The amendment to IFRS 16 «Lease» Covid-19-Related Rent Concessions permits lessees, as a practical expedient, not to assess whether rent concessions that occur as a direct consequence of the covid-19 pandemic and meet specified conditions are lease modifications.
- The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – the changes in Interest Rate Benchmark Reform (IBOR), Phase 2 introduces a practical expedient for modifications required by the reform, explain that hedge accounting is not discontinued solely because of the IBOR reform and disclose information to allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition..

## **Application of new and revised IFRSs in issue but not yet effective**

A number of new Standards and Interpretations has been issued and not yet adopted as at December 31, 2022 and had not been applied in preparation of these financial statements. Following Standards and Interpretations are relevant to operations of the Company. The Company intends to adopt these Standards and Interpretations from their effective dates. The Company has not analyzed potential effect of adoption of these standards on its financial statements.

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 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. Effective for annual periods beginning on or after January 1, 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). Effective for annual periods beginning on or after January 1, 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. Effective for annual periods beginning on or after January 1, 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. Effective for annual periods beginning on or after January 1, 2023.
- The 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 companies 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. Effective for annual periods beginning on or after January 1, 2023.
- The amendments to IAS 1 “Presentation of Financial Statements” and Practice Statement 2 states that an entity is now required to disclose its material accounting policy information instead of its significant accounting policies. Further amendments explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material. To support this 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. Effective for annual periods beginning on or after January 1, 2023.
- IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” replaces the definition of ‘change in accounting estimates’ with the definition of ‘accounting estimates’. Accounting estimates are monetary amounts in the 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. Changes in accounting estimates result from new information or new developments and, accordingly, are not corrections of errors. Effective for annual periods beginning on or after January 1, 2023.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) clarify that the exemption in IAS 12 from recognising the deferred taxes does not apply to transactions where an asset and a liability are recognised at the same time resulting in equal amounts of taxable and deductible temporary differences. Effective for annual periods beginning on or after January 1, 2023.

The adoption of the new or revised standards did not have a significant effect on the financial position or performance of the Company in the financial statements.

## 5. KEY SOURCES OF ESTIMATION UNCERTAINTY

the process of applying the accounting policies of the Company, which is described in Note 3, the management must apply estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be acceptable. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed regularly. Changes in accounting estimates are recognized in the period in which the assessment is reviewed if the change affects only that period or the period of change and future periods if the change affects both current and in the future periods. The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that carry a significant risk of a material adjustment to the carrying amounts of assets and liabilities within the next financial year

### **Allowance for doubtful advances paid, loans issued and obsolete inventories**

Determining the direction of allowance for doubtful advances paid, loans issued and obsolete 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.

### **The useful lives of fixed assets**

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 of the date the financial statements.

## 6. RESTATEMENT AND RECLASSIFICATION

In 2022, the Company retrospectively adjusted the financial statements for the year ended 31 December 2021 in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in connection with error adjustments. Comparative amounts were presented and adjustments were made in the previous period.

The impact of the changes on the Company's financial statements for the year ended 31 December 2021 is set out below:

	December 31, 2021 (originally)	Effect of adjustments / reclassifications	December 31, 2021 (restated)
<b>ASSETS:</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7,024,107	(113,491)	6,910,616
Construction in progress	19,734,751	1,180,060	20,914,811
Long-term advances paid	2,970,600	9,242	2,979,842
Accounts receivable from founders	-	6,324,954	6,324,954
Deferred tax assets	107	(107)	-
Long-term assets classified as held for sale	-	69,631	69,631
	<u>29,729,565</u>	<u>7,470,289</u>	<u>37,199,854</u>
<b>CURRENT ASSETS:</b>			
Accounts receivable	710,178	(1,850)	708,328
Inventories	284,711	(26,046)	258,665
Advances paid	162,808	(289)	162,519
Cash and cash equivalents	103,209	(835)	102,374
Other assets	1,321	(126)	1,195
Assets classified as held for sale	-	72,693	72,693
	<u>1,262,227</u>	<u>43,547</u>	<u>1,305,774</u>
<b>TOTAL ASSETS:</b>	<u><u>30,991,792</u></u>	<u><u>7,513,836</u></u>	<u><u>38,505,628</u></u>
<b>EQUITY AND LIABILITIES:</b>			
<b>EQUITY</b>			
Share capital	28,823,656	2,322,276	31,145,932
Additional capital	10,373	-	10,373
Accumulated deficit	(449,939)	(1,134,268)	(1,584,207)
	<u>28,384,090</u>	<u>1,188,008</u>	<u>29,572,098</u>
<b>LIABILITIES:</b>			
Accounts payable	1,282,324	(2,011)	1,280,313
Borrowings	957,937	6,325,828	7,283,765
Notes payable	295,255	-	295,255
Taxes payable	50,703	(2,756)	47,947
Other liabilities	21,483	(7,320)	14,163
Liabilities classified as held for sale	-	12,087	12,087
	<u>2,607,702</u>	<u>6,325,828</u>	<u>8,933,530</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>30,991,792</u></u>	<u><u>7,513,836</u></u>	<u><u>38,505,628</u></u>



The impact of the changes on the Company's statement of profit or loss and other comprehensive income for the year ended 31 December 2021 is set out below:

	For the year ended December 31, 2021 (initially)	Effect of adjustments / reclassifications	For the year ended December 31, 2021 (restated)
Revenue	294,931	(10,289)	284,642
Cost of sales	<u>(420,590)</u>	<u>37,320</u>	<u>(383,270)</u>
GROSS LOSS	<u>(125,659)</u>	<u>27,031</u>	<u>(98,628)</u>
Foreign exchange differences	137,097	316	137,413
General and administrative expenses	(109,996)	71,957	(38,039)
Recovery of allowance on impaired loans issued	69,631	-	69,631
Other non-operating expenses, net	<u>(1,284)</u>	<u>(57,955)</u>	<u>(59,239)</u>
PROFIT BEFORE INCOME TAX	<u>(30,211)</u>	<u>41,349</u>	<u>11,138</u>
Income tax	<u>(962)</u>	<u>962</u>	<u>-</u>
NET PROFIT FROM CONTINUED ACTIVITIES	(31,173)	42,311	11,138
Loss after tax from discontinued activities	-	(42,437)	(42,437)
PROFIT/(LOSS) FOR THE YEAR	<u>(31,173)</u>	<u>(126)</u>	<u>(31,299)</u>
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME/(LOSS)	<u><u>(31,173)</u></u>	<u><u>(126)</u></u>	<u><u>(31,299)</u></u>

## 7. PROPERTY, PLANT AND EQUIPMENT

As at December 31, 2022 and 2021 property, plant and equipment consisted of the following:

	Buildings and construction s	Machinery and equipment	Furnitur e	Office equipment	Vehicles	Equipment for installation	Total
<b>Cost</b>							
<b>December 31, 2020</b>	3,990,328	3,911,937	20,513	5,143	140,464	354,862	8,423,247
Additions	240,588	134,340	1,299	332	3,106	21,218	400,883
Transfer from inventory	-	32,395	-	3,605	224	(353)	35,871
Internal movement	1,594,838	(1,495,598)	(12,657)	15,542	(86,555)	(15,570)	-
Disposals	(182,637)	(48,849)	-	(15)	(19,182)	(1,125)	(251,808)
<b>December 31, 2021</b>	5,643,117	2,534,225	9,155	24,607	38,057	359,032	8,608,193
Additions	633,682	4,835	2,087	3,006	2,972	34,071	680,653
Internal movement	120,661	(32,893)	(3,554)	1,826	(427)	(85,613)	-
Disposals	(43,503)	(2,846)	(74)	-	(163)	(7,539)	(54,125)
<b>December 31, 2021</b>	6,353,957	2,503,321	7,614	29,439	40,439	299,951	9,234,721
<b>Accumulated depreciation</b>							
<b>December 31, 2020</b>	689,302	539,423	9,496	2,620	89,914	-	1,330,755
Charged for the year	474,157	202,224	2,444	10,060	6,964	-	695,849
Disposals	(150,617)	(90,942)	(8,835)	(10)	(78,624)	-	(329,028)
<b>December 31, 2021</b>	1,012,842	650,705	3,105	12,670	18,254	-	1,697,576
Charged for the year	172,431	78,812	2,650	2,590	1,849	-	258,332
Disposals	(22,700)	(221,572)	(140)	(644)	(2,380)	-	(247,436)
<b>December 31, 2022</b>	1,162,573	507,945	5,615	14,616	17,723	-	1,708,472
<b>Net book value</b>							
December 31, 2021	4,630,275	1,883,520	6,050	11,937	19,803	359,032	6,910,616
December 31, 2022	5,191,384	1,995,376	1,999	14,823	22,716	299,951	7,526,248

As at December 31, 2022 and 2021 the Company did not have property, plant and equipment received on a grant basis.

As at December 31, 2022 and 2021 the Company did not have property, plant and equipment that were pledged as collateral for the obligations.

## 8. CONSTRUCTION IN PROGRESS

	December 31, 2022	December 31, 2021
Construction in progress	24,168,615	20,914,811
	<u>24,168,615</u>	<u>20,914,811</u>

## 9. LOANS ISSUED

Loan issued to the "Umed-88", LLC as at December 31, 2022 and 2021 to the amount of 105,350 thousand somoni and 119,841 thousand somoni is overdue. As at the date of issue of the financial statements, there was a decision of the Supreme Economic Court of the Republic of Tajikistan to satisfy the claim of the Company regarding the return of the abovementioned amount. The Management of the Company considered it necessary to accrue an allowance on the total amount of loan issued to Umed-88 LLC as of the reporting date due to the uncertain timing of the repayment of this amount and in order to reflect the amortized cost.

Movement in allowance for impairment of loans issued for the years ended December 31, 2022 and 2021 is presented as follows:

	December 31, 2022	December 31, 2021
Loan issued		
"Umed 88", LLC	35,719	35,719
Allowance for impairment	<u>(35,719)</u>	<u>(35,719)</u>
	<u>-</u>	<u>-</u>
	<b>2022</b>	<b>2021</b>
Movement in allowance		
As at January 1	35,719	105,350
Recovery	<u>-</u>	<u>(69,631)</u>
As at December 31	<u>35,719</u>	<u>35,719</u>

## 10. ADVANCES PAID

As at December 31, 2022 and 2021 long-term advances paid consisted of the following:

	December 31, 2022	December 31, 2021
Construction agreements paid in advance	2,757,569	2,979,842
	<u>2,757,569</u>	<u>2,979,842</u>

As at December 31, 2022 and 2021, the most significant portion of long-term advances paid is advances to the contractor Webuild SpA in the amount of 2,737,944 thousand somoni and 2,939,778 thousand somoni respectively.

As of December 31, 2022 and 2021, short-term advances to the Company consisted of the following:

	December 31, 2022	December 31, 2021
Advances paid for goods	359,721	159,609
Advances paid for services	932	2,488
Other advances	<u>729</u>	<u>422</u>
	<u>361,382</u>	<u>162,519</u>

## 11. ACCOUNTS RECEIVABLE FROM FOUNDERS

As at December 31, 2022 and 2021, accounts receivable from the Company's founders amounted to 5,666,725 thousand somoni and 6,324,954 thousand somoni, respectively. The balance receivable from founders represents the amount of unpaid part of the authorised capital.

## 12. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

As of December 31, 2022 and 2021, non-current assets classified as held for sale of the Company are as follows:

	December 31, 2022	December 31, 2021
Building and equipment	69,631	69,631
	<u>69,631</u>	<u>69,631</u>

According to the Decree of the Government of the Republic of Tajikistan dated June 1, 2021, the Company received the property of "Umed-88", LLC against the debt of the latter in the amount of 69,631 thousand somoni. These assets were recognised at fair value in accordance with the State Valuation Standards of the Republic of Tajikistan and were classified as non-current assets held for sale. Due to circumstances beyond the control of the Company, it was not practicable to measure the fair value of these assets in accordance with IFRS at the date of recognition and subsequent reporting dates.

## 13. ACCOUNTS RECEIVABLE

As at December 31, 2022 and 2021, the accounts receivable are presented as follows:

	December 31, 2022	December 31, 2021
OJSHC "Barqi Tojik"	938,538	630,453
Constructing companies	104,042	77,875
	<u>1,042,580</u>	<u>708,328</u>

## 14. INVENTORIES

As at December 31, 2022 and 2021 inventories consisted of the following:

	December 31, 2022	December 31, 2021
Construction materials	145,034	221,544
Spare parts	16,032	24,746
Low valuable items	12,326	9,985
Fuel	4,681	2,001
Materials	30	10
Other	469	379
	<u>178,572</u>	<u>258,665</u>

## 15. CASH AND CASH EQUIVALENTS

As at December 31, 2022 and 2021 cash and cash equivalents consisted of the following:

	December 31, 2022	December 31, 2021
Cash in bank accounts	12,035	102,064
Deposits placed in the Ministry of Finance of the Republic of Tajikistan	203	203
Cash on hand	167	107
	<u>12,405</u>	<u>102,374</u>

The Company performs transactions in national and foreign currency by its accounts in OJSC "Orienbank" and SSB "Amonatbank". These settlement accounts are not interest bearing.

Deposits placed in the Ministry of Finance of the Republic of Tajikistan represent demand deposits.

## 16. OTHER ASSETS

As at 31 December 2022 and 2021, the Company's other assets are as follows:

	December 31, 2022	December 31, 2021
Receivables from employees	142	289
Other	1,327	906
	<u>1,469</u>	<u>1,195</u>

## 17. DISCONTINUED ACTIVITIES

The Decree of the Government of the Republic of Tajikistan dated 31 March 2022 approved the formation of the Open Joint Stock Company "Sohtmoni Asosi". In accordance with this resolution, the Company was obliged to urgently carry out the disposal of its subsidiary Joint Stock Company "Sohtmoni Asosi" and transfer assets and liabilities to the newly formed company. As a result of the specific plans to dispose of the subsidiary, its operations were recognised as discontinued operations and classified as a disposal group held for sale.

The subsidiary was disposed of on December 31, 2022. The entire amount of the net assets and accumulated loss of the company was expensed.

The results of operations of the subsidiary for the years ended December 31, 2022 and 2021 are presented below:

	Year ended December 31, 2022	Year ended December 31, 2021
Revenues	55,228	9,934
Cost of sales	<u>(28,863)</u>	<u>(37,320)</u>
OPERATING INCOME/(LOSS)	<u>26,365</u>	<u>(27,386)</u>
Foreign exchange gains/(losses)	55	(17)
General and administrative expenses	(37,939)	(14,084)
Other (expense)/income, net	<u>(3,086)</u>	<u>12</u>
LOSS BEFORE INCOME TAX	<u>(14,605)</u>	<u>(41,475)</u>
Income tax	<u>(134)</u>	<u>(962)</u>
LOSS FROM DISCONTINUED ACTIVITIES	<u>(14,739)</u>	<u>(42,437)</u>



The following assets and liabilities have been classified as a disposal Company held for sale as at December 31, 2021.:

	<b>December 31, 2021</b>
<b>ASSETS:</b>	
NON-CURRENT ASSETS	
Property, plant and equipment	43,859
Deferred tax assets	107
	<u>43,966</u>
CURRENT ASSETS:	
Accounts receivable	1,463
Inventories	26,046
Advances paid	257
Cash and cash equivalents	836
Other assets	125
	<u>28,727</u>
TOTAL ASSETS:	<u><u>72,693</u></u>
<b>LIABILITIES:</b>	
Accounts payable	2,011
Taxes payable	2,756
Other liabilities	7,320
TOTAL LIABILITIES:	<u><u>12,087</u></u>

The disposal was completed on December 31, 2022 and became effective from January 1, 2023. The assets and liabilities, which were recorded as assets/liabilities held for sale from 2021 onwards, were removed from the statement of financial position as at December 31, 2022.

The carrying amounts of assets and liabilities at the date of disposal were as follows:

	<b>December 31, 2022</b>
<b>ASSETS:</b>	
NON-CURRENT ASSETS	
Property, plant and equipment	35,889
	<u>35,889</u>
CURRENT ASSETS:	
Accounts receivable	2,124
Inventories	22,600
Cash and cash equivalents	482
Other assets	7
	<u>25,213</u>
TOTAL ASSETS:	<u><u>61,102</u></u>
<b>LIABILITIES:</b>	
Accounts payable	(1,097)
Taxes payable	(3,836)
Other liabilities	(3,720)
TOTAL LIABILITIES:	<u><u>(8,653)</u></u>
<b>NET ASSETS</b>	<u><u>52,449</u></u>

## 18. SHARE CAPITAL

As at December 31, 2022 and 2021, the Company's declared share capital amounted to TJS 39,560,000 and TJS 36,060,000 thousand, respectively

As at December 31, 2022 and 2021, the paid-in share capital of the Company amounted to 28,257,819 thousand somoni and 24,099,530 thousand somoni, respectively.

These amounts represent the sum of the authorised share capital less recognised revaluation in accordance with the Resolution of the Government of the Republic of Tajikistan № 65 dated February 26, 2010 in the amount of 5,635,456 thousand somoni and the balance of receivables from founders on contributions to the share capital as at December 31, 2022 and 2021.

## 19. ACCOUNTS PAYABLE

As at December 31, 2022 and 2021 accounts payable consisted of the following:

	December 31, 2022	December 31, 2021
Accounts payable for construction works	1,011,820	1,068,922
Accounts payable for goods and services	77,614	211,391
	<u>1,089,434</u>	<u>1,280,313</u>

Most significant creditors of the Company consisted of the following:

	December 31, 2022	December 31, 2021
Webuild SPA	463,373	159,903
OJSC "Tajikhydroelektromontazh"	232,695	418,323
CJSC "Shirkati muhandisii Tunnel Saddi Orieno"	187,562	-
LLC "Vaksh Sokhtmon"	35,263	79,146
"Shirkati muhandisi sokhtmoni Umron Morun"	27,249	27,424

## 20. BORROWINGS

As at December 31, 2022 and 2021 borrowings consisted of the following:

	December 31, 2022	December 31, 2021
Ministry of Finance of the Republic of Tajikistan	5,101,200	5,650,000
Agency for Social Insurance and Pensions	900,000	900,000
Interest payable	<u>1,303,067</u>	<u>733,765</u>
	<u>7,304,267</u>	<u>7,283,765</u>

On March 18, 2021, the Company entered into an agreement with the Agency for Social Insurance and Pensions under the Government of the Republic of Tajikistan on the purchase and sale of bonds of JSC Rogun HPP with a maturity date of March 18, 2031. The interest rate on issued bonds is 7+1%. In case of a delay in payments stipulated by the terms of the agreement, a fine of 0.03% of the overdue amount is charged for each day of delay.

Based on the Decree of the Government of the Republic of Tajikistan dated June 13, 2017 № 292 "On circulation of government securities in the international financial markets" government securities in the amount of 1,000,000 thousand USD should be sold in the international financial markets.

In this regard, the Ministry of Finance of the Republic of Tajikistan (hereinafter "MoF") issued and placed in the international financial markets, Eurobonds in the amount of USD 500,000 thousand. Consecutively on June 14, 2017. MoF signed a sub-loan agreement with JSC "Rogun HPP" (the "Company"), according to which MoF provides the Company with borrowings in the amount of 500,000 thousand US dollars, for a period of 13 years with a grace period of 3 years for interest payments and 6 years for principal payments. The interest rate is 7.125 per cent. The Company agrees to repay the loan and interest semi-annually in accordance with the repayment schedule, each on March 12, and September 12.

## 21. NOTES PAYABLE

As at December 31, 2022 and 2021 notes payable consisted of the following

	December 31, 2022	December 31, 2021
NBT notes payable	-	251,000
Interest payable	-	44,255
	-	295,255

On April 17, 2018, the Company issued notes with a total nominal value of 530,000 thousand somoni with a maturity date of April 10, 2022. These notes were purchased by the National bank of the Republic of Tajikistan on the day of issue. The nominal interest rate on these notes is 2% per annum. The Company recognized a discount from the issuance of these notes using an effective interest rate of 4% per annum.

## 22. TAXES PAYABLE

As at December 31, 2022 and 2021 taxes payable consisted of the following:

	December 31, 2022	December 31, 2021
Value added tax	72,950	30,020
Royalty for water	10,093	3,740
Income tax	3,065	2,886
Social fund	1,355	3,066
Personal income tax	776	1,329
Vehicles tax	593	6,829
Other taxes	109	77
	88,941	47,947

## 23. OTHER LIABILITIES

As at December 31, 2022 and 2021 other liabilities consisted of the following:

	December 31, 2022	December 31, 2021
Salary payable	4,127	9,272
Provision for unused vacation	3,011	4,691
Deferred income	541	-
Other	181	200
	7,860	14,163

## 24. REVENUE

The Company's revenues for the years ended December 31, 2022 and 2021 are as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Selling electricity	200,880	290,601
Others	140,263	8,073
	<u>341,143</u>	<u>298,674</u>

## 25. COST OF SALES

The Company's revenues for the years ended December 31, 2022 and 2021 are as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Cost of electricity	<u>282,078</u>	<u>397,303</u>
	<u>282,078</u>	<u>397,303</u>

## 26. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the years ended December 31, 2022 and 2021 consisted of the following:

	Year ended December 31, 2022	Year ended December 31, 2021
Professional services	15,222	708
Salary and related taxes	3,471	8,758
Depreciation	4,515	6,409
Materials (g&a)	960	1,735
Electricity	431	753
Representation expenses	246	409
Fuel	94	-
Fines and penalties	-	11,143
Unused vacation	-	2,874
Taxes other than income tax	-	1,812
Other	<u>2,160</u>	<u>3,438</u>
	<u>27,099</u>	<u>38,039</u>

## 27. FOREIGN EXCHANGE DIFFERENCES

	Year ended December 31, 2022	Year ended December 31, 2021
Foreign exchange differences, net	<u>525,733</u>	<u>137,413</u>
	<u>525,733</u>	<u>137,413</u>

## 28. OTHER NON-OPERATING EXPENSES, NET

Net other expenses for the years ended December 31, 2022 and 2021 consisted of the following:

	Year ended December 31, 2022	Year ended December 31, 2021
<b>Other income</b>		
Gain on disposal of fixed assets	13,794	2,111
Other	12,169	423
	<u>25,963</u>	<u>2,534</u>
<b>Other expenses</b>		
Losses on disposal of subsidiary	273,921	-
Interest expense	77,107	57,943
Loss on disposal of fixed assets	13,789	1,934
Other	1,219	1,895
	<u>366,036</u>	<u>61,772</u>
	<u>340,073</u>	<u>59,238</u>

## 29. RISK MANAGEMENT

### *Capital risk management*

The Company manages its capital to ensure that the Company will be able to continue as a going concern. The management of the Company reviews the capital structure on a regular basis. Management presumes growth of the Company's revenue and profit in future as a result of the completion of the construction of the Rogun HPP and the sale of electricity.

### *Major categories of financial instruments*

The Company's principle financial liabilities comprise accounts payable, borrowings and other liabilities. The Company has various financial assets such as loans issued, cash and cash equivalents and other assets.

The main risks associated with the Company's financial instruments include credit and liquidity risks

### **Geographical concentration**

Risk management department exercise controls over the risk associated with changes in the norms of the legislation and assess its impact on the Company. This approach allows the Company to minimize potential losses from the investment climate in the Republic of Tajikistan.

The geographical concentration of assets and liabilities is set out below:

	Republic of Tajikistan	OECD countries	Other	Total 2022
<b>FINANCIAL ASSETS:</b>				
Accounts receivable	1,042,580	-	-	1,042,580
Cash and cash equivalents	12,405	-	-	12,405
Other assets	1,469	-	-	1,469
<b>TOTAL FINANCIAL ASSETS</b>	<u>1,056,454</u>	<u>-</u>	<u>-</u>	<u>1,056,454</u>
<b>FINANCIAL LIABILITIES:</b>				
Accounts payable	1,009,103	31,503	48,828	1,089,434
Borrowings	7,304,267	-	-	7,304,267
Other liabilities	7,860	-	-	7,860
<b>TOTAL FINANCIAL LIABILITIES</b>	<u>8,321,230</u>	<u>31,503</u>	<u>48,828</u>	<u>8,401,561</u>



	Republic of Tajikistan	OECD countries	Other	Total 2021
<b>FINANCIAL ASSETS:</b>				
Accounts receivable	708,328	-	-	708,328
Cash and cash equivalents	102,374	-	-	102,374
Other assets	1,195	-	-	1,195
<b>TOTAL FINANCIAL ASSETS</b>	<b>811,897</b>	<b>-</b>	<b>-</b>	<b>811,897</b>
<b>FINANCIAL LIABILITIES:</b>				
Accounts payable	1,196,829	29,745	53,739	1,280,313
Borrowings	7,283,765	-	-	7,283,765
Notes payable	295,255	-	-	295,255
Other liabilities	14,163	-	-	14,163
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>8,790,012</b>	<b>29,745</b>	<b>53,739</b>	<b>8,873,496</b>

### Foreign currency risk

Currency risk is the risk that the financial results of the Company will be adversely impacted by changes in exchange rates to which the Company is exposed. The Company undertakes certain transactions denominated in foreign currencies. The Company does not use any derivatives to manage foreign currency risk exposure, at the same time the management of the Company is trying to mitigate such risk by managing monetary assets and liabilities in foreign currency at the same level.

	Tajik somi	US dollars	Russian ruble	Euro	Total 2022
<b>FINANCIAL ASSETS:</b>					
Accounts receivable	1,042,580	-	-	-	1,042,580
Cash and cash equivalents	4,983	3,462	895	3,065	12,405
Other assets	1,469	-	-	-	1,469
<b>TOTAL FINANCIAL ASSETS</b>	<b>1,049,032</b>	<b>3,462</b>	<b>895</b>	<b>3,065</b>	<b>1,056,454</b>
<b>FINANCIAL LIABILITIES:</b>					
Accounts payable	436,320	632,424	20,434	256	1,089,434
Borrowings	1,035,050	6,269,217	-	-	7,304,267
Other liabilities	7860	-	-	-	7,860
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>1,479,230</b>	<b>6,901,641</b>	<b>20,434</b>	<b>256</b>	<b>8,401,561</b>
<b>OPEN CURRENCY POSITION</b>	<b>(430,198)</b>	<b>(6,898,179)</b>	<b>(19,539)</b>	<b>2,809</b>	<b>(7,345,107)</b>

	Tajik somoni	US dollars	Russian ruble	Euro	Total 2021
<b>FINANCIAL ASSETS:</b>					
Accounts receivable	708,328	-	-	-	708,328
Cash and cash equivalents	27,612	54,757	2,044	17,961	102,374
Other assets	1,195	-	-	-	1,195
<b>TOTAL FINANCIAL ASSETS</b>	<b>737,135</b>	<b>54,757</b>	<b>2,044</b>	<b>17,961</b>	<b>811,897</b>
<b>FINANCIAL LIABILITIES:</b>					
Accounts payable	854,664	375,657	25,811	24,181	1,280,313
Borrowings	1,586,783	5,696,982	-	-	7,283,765
Notes payable	295,255	-	-	-	295,255
Other liabilities	14,163	-	-	-	14,163
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>2,750,865</b>	<b>6,072,639</b>	<b>25,811</b>	<b>24,181</b>	<b>8,873,496</b>
<b>OPEN CURRENCY POSITION</b>	<b>(2,013,730)</b>	<b>(6,017,882)</b>	<b>(23,767)</b>	<b>(6,220)</b>	<b>(8,061,599)</b>

### Currency rate sensitivity

The following table presents a sensitivity analysis of the Company to 10% increase and decrease the US dollar to Tajik somoni in 2022 and 2021. Based on the current economic environment in Tajikistan management of the Company believes that 10% reduction of US dollar to Tajik somoni exchange rate is a realistic change. 10% is a level of sensitivity which is used by companies internally when reporting foreign currency risk to key management personnel of the Company and is an estimate by management as of possible changes in exchange rates. Sensitivity analysis applies only to outstanding foreign currency balances available at the end of the period for conversion of which actual end-of-the-period exchange rate changed by 10% is used.

	Official US dollar exchange rate, +10%	Official US dollar exchange rate, -10%	Official US dollar exchange rate, +10%	Official US dollar exchange rate, - 10%
US dollars	(689,818)	689,818	(601,788)	601,788
Russian ruble	(1,954)	1,954	(2,377)	2,377
Euro	281	(281)	(622)	622

### Credit risk

Credit risk is the risk that a customer of the Company may default or not meet its obligations to the Company on a timely basis, leading to financial losses to the Company.

In case if the probability of payment on accounts receivable and performance of works and services on advances paid is high the Company accrues bad debt allowance for such balances in accordance with historical experience. The Company does not insure such risks.

### Liquidity risk

Liquidity risk is the risk that the Company will not be able to settle all liabilities as they are due. The Company has a detailed budgeting and cash forecasting process in place to help ensure that it has adequate cash available to meet its payment obligations. Management presumes growth of the Company's revenue and profit in the nearest future because of further fare increases. Management of the Company also believes that State Committee on Investments and State Property Management of the Republic of Tajikistan will provide financial and technical support to the Company, when the need arises, to meet its obligations.

The following table presents an analysis of balance sheet liquidity risk:

	Less than 1 month	1 - 3 months	3 months- 1 year	1-5 years	More than 5 years	Un- defined	Total 2022
<b>FINANCIAL ASSETS:</b>							
Accounts receivable	1,042,580	-	-	-	-	-	1,042,580
Cash and cash equivalents	12,405	-	-	-	-	-	12,405
Other assets	1,469	-	-	-	-	-	1,469
<b>TOTAL FINANCIAL ASSETS</b>	<b>1,056,454</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,056,454</b>
<b>FINANCIAL LIABILITIES:</b>							
Accounts payable	1,089,434	-	-	-	-	-	1,089,434
Borrowings	-	-	-	7,304,267	-	-	7,304,267
Other liabilities	7,860	-	-	-	-	-	7,860
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>1,097,294</b>	<b>-</b>	<b>-</b>	<b>7,304,267</b>	<b>-</b>	<b>-</b>	<b>8,401,561</b>
<b>Difference between financial assets and liabilities</b>	<b>(40,840)</b>	<b>-</b>	<b>-</b>	<b>(7,304,267)</b>	<b>-</b>	<b>-</b>	<b>(7,345,107)</b>

	Less than 1 month	1 - 3 months	3 months- 1 year	1-5 years	More than 5 years	Undefined	Total 2021
<b>FINANCIAL ASSETS:</b>							
Accounts receivable	708,328	-	-	-	-	-	708,328
Cash and cash equivalents	27,612	-	-	-	-	-	27,612
Other assets	1,195	-	-	-	-	-	1,195
<b>TOTAL FINANCIAL ASSETS</b>	<b>737,135</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>737,135</b>
<b>FINANCIAL LIABILITIES:</b>							
Accounts payable	1,280,313	-	-	-	-	-	1,280,313
Borrowings	-	-	-	-	7,283,765	-	7,283,765
Notes payable	-	251,000	44,255	-	-	-	295,255
Other liabilities	14,163	-	-	-	-	-	14,163
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>1,294,476</b>	<b>251,000</b>	<b>44,255</b>	<b>-</b>	<b>7,283,765</b>	<b>-</b>	<b>8,873,496</b>
<b>Difference between financial assets and liabilities</b>	<b>(557,341)</b>	<b>(251,000)</b>	<b>(44,255)</b>	<b>-</b>	<b>(7,283,765)</b>	<b>-</b>	<b>(8,136,361)</b>

### 30. TRANSACTIONS WITH RELATED PARTIES

In considering each possible related party of the Company emphasizes substance of the relationship, 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.

The following amounts in the statement of financial position as at December 31, 2022 and 2021 arose from transactions with related parties:

	December 31, 2022		December 31, 2021	
	Related party transactions	Total category as per the financial statements caption	Related party transactions	Total category as per the financial statements caption
Cash and cash equivalents	11,568	12,405	101,877	103,209
Accounts receivable	938,538	1,042,580	630,453	710,178
Advances paid	57,936	412,278	91,148	162,808
Borrowings	7,304,267	7,304,267	7,283,765	7,283,765
Notes payable	-	-	295,255	295,255

### 31. SUBSEQUENT EVENTS

From January 1, 2023 until the date of issue of these financial statements, the Company received funds from the Ministry of Finance of the Republic of Tajikistan in the amount of 1,516,284 thousand somoni to cover the debt of the founders for their contribution to the authorized capital of the Company.

As at the date of issuance of these financial statements, no other significant events or transactions that are required to be disclosed in accordance with IAS 10 "Events after the Reporting Period" have occurred.

### 32. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements have been approved by the Management of the Company and authorized for issue on May 22, 2023.