JSC Uzkimyosanoat

Consolidated Financial Statements for 2021 and Independent Auditors' Report

Contents

KPMG

Independent Auditors' Report

To the Shareholder of Joint Stock Company "Uzkimyosanoat"

Qualified Opinion

We have audited the consolidated financial statements of Joint Stock Company "Uzkimyosanoat" (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Qualified Opinion

We did not observe the counting of inventories stated at UZS 1,094,540 million and UZS 942 144 million as at 31 December 2021 and 31 December 2020 because we were appointed as auditors of the Group only after specified dates. We were unable to satisfy ourselves as to those inventory quantities by alternative means. As a result, we were unable to determine whether adjustments might have been necessary in respect of inventories as at 31 December 2021 and the related elements making up the consolidated statements of financial position, profit or loss and other comprehensive income, changes in equity and cash flows as at and for the year then ended.

Our opinions on the consolidated financial statements as at and for the year ended 31 December 2020 and on the current year's figures have been modified accordingly.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) *(IESBA Code)* together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Uzbekistan, 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 qualified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

The engagement partner on the audit resulting in this independent auditors' report is:

KPMG AUDIT

Saidov S.K.	Vakhidov N.U.
General Director	Engagement partner
AO "KPMG Audit" LLC	
Tashkent, Uzbekistan	
12 December 2022	

UZS mln	Note	2021	2020
Revenue	5	7 918 413	4 634 195
Cost of sales	6	(4 925 029)	(3 810 334)
Gross profit		**2 993 384**	**823 861**
Other income	6	196 365	71 964
Distribution expenses	6	(242 034)	(93 336)
Administrative expenses	6	(333 076)	(198 239)
(Loss from) / reversal of impairment of property, plant and equipment	11	(32 159)	481 971
Other expenses	6	(191 436)	(348 819)
Profit from operating activities		**2 391 044**	**737 402**
Finance income	7	15 952	10 393
Finance costs	7	(1 139 270)	(1 952 673)
Net finance costs		**(1 123 318)**	**(1 942 280)**
Share in income of equity accounted investees	12	292 617	134 958
Profit / (loss) before income tax		**1 560 343**	**(1 069 920)**
Income tax (expense) / benefit	9	(395 213)	94 147
Profit / (loss) for the year		**1 165 130**	**(975 773)**
Other comprehensive loss			
Items that will never be reclassified to profit or loss:			
Equity investments at FVOCI – net change in fair value		(5 050)	(2 692)
Changes in pension liabilities		(30 704)	945
Related income tax		757	391
Other comprehensive loss for the year, net of income tax		**(34 997)**	**(1 356)**
Total comprehensive income / (loss) for the year		**1 130 133**	**(977 129)**
Profit / (loss) attributable to:			
Shareholder of the Company		615 282	(452 864)
Non-controlling interests		549 848	(522 909)
		1 165 130	**(975 773)**
Total comprehensive income / (loss) attributable to:			
Shareholder of the Company		595 685	(453 611)
Non-controlling interests		534 448	(523 518)
		1 130 133	**(977 129)**

These consolidated financial statements were approved by management on 12 December 2022 and were signed on its behalf by:

Deputy of Management Board Chairman on economics and finance

Tukhtaev A.K.

Chief Accountant

Babayev B.B.

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 11 to 51.

UZS mln	Note	31 December 2021	31 December 2020
ASSETS			
Property, plant and equipment	11	10 577 329	11 145 669
Intangible assets		9 566	5 060
Equity-accounted investments	12	804 201	438 541
Other investments		55 989	51 419
Non-current trade and other receivables	14	10 459	2 507
Deferred tax assets	9	1 305 053	1 408 334
Non-current assets		**12 762 597**	**13 051 530**
Inventories	13	1 094 540	942 144
Trade and other receivables	14	748 347	533 239
Other investments	25	393 885	7 053
Current income tax assets		13 484	11 634
Cash and cash equivalents	15	672 186	146 956
Current assets		**2 922 442**	**1 641 026**
Total assets		**15 685 039**	**14 692 556**
Equity	16		
Share capital		904 344	913 074
Reserves		(37 027)	(17 430)
Accumulated loss		(4 891 428)	(5 667 021)
Total equity attributable to the shareholder of the Company		**(4 024 111)**	**(4 771 377)**
Non-controlling interests	22	(2 727 604)	(3 258 006)
Total equity		**(6 751 715)**	**(8 029 383)**
Liabilities			
Loans and borrowings	18	14 500 957	15 288 039
Non-current trade and other payables	19	304 770	-
Other long-term liabilities		136 139	81 409
Deferred tax liabilities	9	27 205	13 839
Non-current liabilities		**14 969 071**	**15 383 287**
Loans and borrowings	18	5 320 673	5 151 751
Trade and other payables	19	1 305 130	1 957 691
Other taxes payable		771 648	219 334
Current income tax liabilities		70 232	9 876
Current liabilities		**7 467 683**	**7 338 652**
Total liabilities		**22 436 754**	**22 721 939**
Total equity and liabilities		**15 685 039**	**14 692 556**

The consolidated statement of financial position is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 11 to 51.

UZS mln	Equity attributable to shareholder of the Company				Non-controlling interests	Total
	Share capital	Reserves	Accumulated loss	Total		
Balance at 1 January 2020	534 015	(16 683)	(5 296 960)	(4 779 628)	(2 744 208)	(7 523 836)
Total comprehensive loss						
Loss for the year	-	-	(452 864)	(452 864)	(522 909)	(975 773)
Other comprehensive loss						
Equity investments at FVOCI – net change in fair value	-	(1 420)	-	(1 420)	(1 272)	(2 692)
Changes in pension liabilities	-	473	-	473	472	945
Related income tax	-	200	-	200	191	391
Total other comprehensive loss	-	(747)	-	(747)	(609)	(1 356)
Total comprehensive loss for the year	-	(747)	(452 864)	(453 611)	(523 518)	(977 129)
Transactions with the shareholder of the Company						
Dividends	-	-	(30 563)	(30 563)	(38 487)	(69 050)
Issue of ordinary shares	379 059	-	-	379 059	-	379 059
Acquisition of non-controlling interests without change in control	-	-	83 146	83 146	24 343	107 489
Other transactions with the shareholder	-	-	30 220	30 220	23 864	54 084
Total transactions with the shareholder of the Company	379 059	-	82 803	461 862	9 720	471 582
Balance at 31 December 2020	913 074	(17 430)	(5 667 021)	(4 771 377)	(3 258 006)	(8 029 383)

The consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 11 - 51.

	Equity attributable to shareholder of the Company					
UZS mln	Share capital	Reserves	Accumulated loss	Total	Non-controlling interests	Total
Balance at 1 January 2021	**913 074**	**(17 430)**	**(5 667 021)**	**(4 771 377)**	**(3 258 006)**	**(8 029 383)**
Total comprehensive income						
Profit for the year	-	-	615 282	**615 282**	549 848	**1 165 130**
Other comprehensive loss						
Equity investments at FVOCI – net change in fair value	-	(2 555)	-	**(2 555)**	(2 495)	**(5 050)**
Changes in pension liabilities	-	(17 425)	-	**(17 425)**	(13 279)	**(30 704)**
Related income tax	-	383	-	**383**	374	**757**
Total other comprehensive loss	-	**(19 597)**	-	**(19 597)**	**(15 400)**	**(34 997)**
Total comprehensive income for the year	-	**(19 597)**	**615 282**	**595 685**	**534 448**	**1 130 133**
Transactions with the shareholder of the Company						
Dividends	-	-	(30 487)	**(30 487)**	(72 719)	**(103 206)**
Decrease in share capital	(8 730)	-	-	**(8 730)**	-	**(8 730)**
Change in ownership without losing control	-	-	62 387	**62 387**	(62 387)	-
Obtaining controlling interest by decision of the shareholder	-	-	(31 080)	**(31 080)**	(27 728)	**(58 808)**
Other transactions with the shareholder	-	-	159 491	**159 491**	158 788	**318 279**
Total transactions with the shareholder of the Company	**(8 730)**	-	**160 311**	**151 581**	**(4 046)**	**147 535**
Balance at 31 December 2021	**904 344**	**(37 027)**	**(4 891 428)**	**(4 024 111)**	**(2 727 604)**	**(6 751 715)**

The consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 11 - 51.

UZS mln	2021	2020
Cash flows from operating activities		
Profit / (loss) for the year	1 165 130	(975 773)
Adjustments:		
Depreciation	790 039	386 493
Loss from / (reversal of) impairment of property, plant and equipment	32 159	(481 971)
Gain on disposal of property, plant and equipment	(2 492)	(14 123)
Provision for inventories impairment	75 774	29 242
Changes in allowance for impairment and previously written-off financial assets	9 370	117 287
Net finance costs	1 123 318	1 942 280
Share in income of equity accounted investees	(292 617)	(134 958)
Income tax (benefit) / expense	395 213	(94 147)
Accrual of penalties and tax liabilities	482 776	363 489
Other	(2 937)	24 284
	3 775 733	**1 162 103**
Changes in:		
Inventories	(148 921)	30 513
Trade and other receivables	(215 689)	(214 934)
Trade and other payables	9 308	136 901
Other tax liabilities	67 875	(16 205)
Cash flows from operations before income tax and interest paid	**3 488 306**	**1 098 378**
Income tax paid	(225 942)	(82 885)
Interest paid	(646 973)	(524 518)
Net cash flows from operating activities	**2 615 391**	**490 975**
Cash flows from investing activities		
Proceeds from sale of investments	1 458	2 424
Acquisition of property, plant and equipment	(320 951)	(376 478)
Proceeds from sale of property, plant and equipment	38 290	36 654
Dividends from equity accounted investees	12 950	50 098
Acquisition of other investments	(485 021)	(13 479)
Net cash used in investing activities	**(753 274)**	**(300 781)**
Cash flows from financing activities		
Proceeds from loans and borrowings	965 878	535 316
Dividends paid	(133 769)	(43 960)
Repayment of loans and borrowings	(2 168 996)	(728 558)
Net cash used in financing activities	**(1 336 887)**	**(237 202)**
Net increase / (decrease) in cash and cash equivalents	**525 230**	**(47 008)**
Cash and cash equivalents at 1 January	146 956	193 964
Cash and cash equivalents as at 31 December	**672 186**	**146 956**

The consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 11 to 51.

1 Reporting entity

(a) Uzbekistan business environment

JSC Uzkimyosanoat (hereinafter the "Company") and its subsidiaries (hereinafter the "Group") operations are primarily located in the Republic of Uzbekistan. Consequently, the Group is exposed to the economic and financial markets of the Republic of Uzbekistan which display characteristics of an emerging market. The legal, tax, and regulatory frameworks continue to be developed and are subject to varying interpretations and frequent changes which, together with other legal and fiscal impediments, add to the challenges faced by entities operating in the Republic of Uzbekistan. The COVID-19 coronavirus pandemic has further increased uncertainty in the business environment.

Uzbekistan continued reforms initiated by the President under the program *Action on five priority directions of development of the Republic of Uzbekistan in 2017-2021*. In the recent years the major currency conversion restrictions have been repealed, mandatory sale of foreign currency generated by export sales has been abolished, settlement period for export transactions has been increased, one-stop-shop of government services has been introduced and other positive changes have been implemented.

The consolidated financial statements reflect management's assessment of the impact of the Uzbekistan business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

(b) Organisational structure and operations

The Group comprises mainly companies registered in the Republic of Uzbekistan. The Company was established in 2001 as a state-owned enterprise.

The Group's companies produce the main chemical products: mineral fertilizers, calcinated soda, caustic soda, plant protection chemicals, plastic products, other chemicals, including special chemicals, tires and rubber products, as well as low-tonnage chemicals.

The Group's products are sold in the Republic of Uzbekistan and abroad.

The Company is registered at 38 Navoi street, Tashkent, Republic of Uzbekistan, 100011.

As at 31 December 2021, the Government of the Republic of Uzbekistan, represented by the Ministry of Finance of the Republic of Uzbekistan (31 December 2020: the Agency for Management of State Assets) is the ultimate controlling party of the Company.

The policy of the Government of the Republic of Uzbekistan in the economic, social and other spheres may have material effect on the operations of the Group. The Group's counterparties (customers, suppliers and contractors, etc.) include significant number of state-related companies. Details of transactions with related parties, including state-controlled companies, are disclosed in Note 25.

2 Basis of accounting

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

(b) Going concern

As at 31 December 2021, current liabilities of the Group exceeded current assets by UZS 4 545 241 million. In 2021 the Group breached covenants under several loan agreements, the debt on which as at 31 December 2021 amounted to UZS 2 704 714 million, the Group's negative net assets equaled to UZS 6 751 715 million.

These financial results are mainly caused by significant amount of financial liabilities nominated in foreign currency that were attracted by subsidiaries JSC Navoiyazot and JSC Dehkanabad potash plant for realization of investment projects in 2007-2018. Since then national currency significantly devaluated against USD and JPY, in which the above loans are denominated. The Group's foreign exchange loss for 2021 and 2020 amounted to UZS 165 052 million and UZS 1 553 822 million, respectively.

As at 31 December 2021, the Group's financial liabilities due in 2022 and 2023 amounted to UZS 9 468 118 million. As at the date of approval of these consolidated financial statements, the following measures have been taken to ensure that the Group's obligations are fulfilled:

1. In 2021, a Resolution of the Cabinet of Ministers of the Republic of Uzbekistan was issued, according to which loans of JSC Navoiyazot amounting to UZS 1 066 361 million as at 31 December 2021 will be capitalized into equity through an additional issue of shares. Based on this decision the Group did not make repayments of the respective loans in 2021 - 2022. The conversion of these loans is expected to be completed in 2022;
2. In accordance with a Resolution of the President of Republic Uzbekistan loans of JSC Dehkanabad potash plant in the amount of UZS 1 638 353 million as at 31 December 2021 will be converted into equity through additional issue of shares. Based on this decision the Group did not make repayments of the respective loans in 2021 - 2022. The conversion of these loans is expected to be completed in 2022;
3. At the end of 2020, new production facilities of the Group's subsidiary JSC Navoiyazot were put into operation, which together with a number of other factors, led to a significant increase of the Group's operating performance in 2021 compared to 2020:

- the Group's revenue increased to UZS 7.9 trillion or by 71% compared to 2020;
- the Group's export revenue for 2021 amounted to UZS 2.7 trillion or USD 256 million (2020: UZS 985 billion or USD 98 million). The Group's export revenue for 2022 is expected to exceed 2021 figures. Growing export revenue increases the Group's ability to repay loans nominated in foreign currencies and reduces the Group's exposure to currency risks;
- operating profit for 2021 amounted to UZS 2.4 trillion exceeding the figures for 2020 by 3.2 times;
- operating cash flow in 2021 amounted to UZS 2.6 trillion compared to UZS 491 billion in 2020;

In accordance with the Group's budgets, cash flows from operating activities in 2022 and 2023 should exceed UZS 3 trillion per annum.

The major part of the Group's financial debt, which is payable in 2022 and 2023, consists of payments on received loans. As at the date of approval of these consolidated financial statements, the Group has made payments on the loans for more than UZS 1.9 trillion. Payments are made by the Group in accordance with the contractual terms.

The Group is a state owned enterprise. All of the Group's bank loans are secured by government guarantees or sureties of related parties. The Group' s management consider the risk of default under the loan agreements, which may result in the Group's business interruption, to be low.

Based on these factors, management has a reasonable expectation that the Group has sufficient liquidity. Therefore, management concluded that there is no material uncertainty that may cast significant doubt about its ability to continue as a going concern and management reasonably applied the going concern basis of accounting in the preparation of the Group's consolidated financial statements for the year 2021.

3 Functional and presentation currency

The national currency of the Republic of Uzbekistan is Uzbekistani som ("UZS"), which is the Groups' companies functional currency and the currency in which these consolidated financial statements are presented. All financial information presented in UZS has been rounded to the nearest million, except otherwise indicated.

4 Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the Note 11 – impairment test of property, plant and equipment, Note 24 – litigations and claims and Note 18 – fair value of loans and borrowings.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group involves independent appraiser if complex calculations of fair values are required. Key assumptions used in valuations are agreed with the Group's management.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

— Note 11 – property, plant and equipment;

— Note 20 – financial instruments.

5 Revenue

The Group generates its revenue mainly from the sale of mineral fertilizers, chemical and related products.

UZS mln	2021	2020
Ammonium nitrate	2 514 530	1 658 870
Carbamide	1 938 297	626 103
Polyvinyl chloride	800 496	421 184
Potassium chloride	642 941	442 715
Sodium cyanide	600 932	414 750
Potash	422 998	341 409
Other organic chemistry products	358 482	164 443
Other nitrogen products	160 336	143 987
Rubber products	111 458	140 907
Other products	367 943	279 827
Total revenue	**7 918 413**	**4 634 195**

Almost all revenues relate to contracts with customers.

In 2021, approximately 34% of revenues related to export (2020: 21%).

The Group's revenue from operations with one customer, whose individual share in total revenue exceeds 10% in 2021 amounted to UZS 1 076 246 million (2020: UZS 1 627 502 million from two customers).

As at 31 December 2021 and 31 December 2020 information about the remaining performance obligations with the initial expected duration of one year or less is not disclosed as permitted by IFRS 15.

6 Income and expenses

(a) Cost of sales

UZS mln	2021	2020
Purchases of services (including gas, electricity and heat)	1 382 462	1 466 461
Raw materials and supplies	1 218 449	862 854
Wages and salaries	803 547	511 876
Depreciation	774 014	386 493
Property tax	424 678	209 503
Social contributions	88 427	58 319
Changes in inventories of finished goods and work in progress	(28 541)	68 374
Other	261 993	246 454
	4 925 029	**3 810 334**

(b) Distribution expenses

UZS mln	2021	2020
Railway services	178 247	30 847
Wages and salaries	10 500	8 496
Other	53 287	53 993
	242 034	**93 336**

(c) Administrative expenses

UZS mln	2021	2020
Wages and salaries	86 621	52 326
Social expenses	59 159	39 719
Consulting services	47 691	12 595
Bank charges	18 069	9 426
Social contributions	9 437	6 563
Other	112 099	77 610
	333 076	**198 239**

(d) Other expenses

UZS mln	2021	2020
Penalties	82 793	153 986
Changes in allowance for impairment and previously written-off financial assets	9 370	117 287
Taxes	809	9 457
Other	98 464	68 089
	191 436	**348 819**

(e) Other income

UZS mln	2021	2020
Gain on recognition of inventories as a result of equipment cleaning	53 765	-
Penalties	35 300	4 703
Gain on disposal of inventories	11 078	5 876
Gain on disposal of property, plant and equipment	2 492	14 123
Gain on write-off of accounts payable	1 711	7 923
Other	92 019	39 339
	196 365	**71 964**

7 Net finance costs

UZS mln	**2021**	**2020**
Interest income on loans issued	12 418	6 497
The effect from discounting of non-current receivables	3 486	3 053
Other	48	843
Total finance income	**15 952**	**10 393**
Interest expense	(944 574)	(394 558)
Net foreign exchange loss	(165 052)	(1 553 822)
The effect from discounting of non-current payables	(18 099)	-
Other	(11 545)	(4 293)
Total finance costs	**(1 139 270)**	**(1 952 673)**
Net finance costs recognised in profit or loss	**(1 123 318)**	**(1 942 280)**

8 Employee benefits

UZS mln	**2021**	**2020**
Wages and salaries	900 668	572 698
Social contributions	97 864	64 882
	998 532	**637 580**

9 Income tax (expense) / benefit

(a) Amounts recognised in profit or loss

The Group's applicable tax rate in 2021 is 15% (2020: 15%) and represents the income tax rate for Uzbek companies.

	2021	**2020**
UZS mln		
Current income tax		
Accrued in the reporting period	(280 724)	(85 398)
Under accrued in previous periods	(3 724)	(4 573)
	(284 448)	**(89 971)**
Deferred income tax		
Origination and reversal of temporary differences	(98 121)	184 118
Correction of deferred tax of prior years	(12 644)	-
	(110 765)	**184 118**
Total income tax (expense) / benefit	**(395 213)**	**94 147**

(b) Reconciliation of effective tax rate:

	2021		2020	
	UZS mln	%	UZS mln	%
Profit / (loss) before income tax	1 560 343	100	(1 069 920)	100
Income tax at applicable tax rate	(234 051)	(15)	160 488	15
Tax exempt income	67 894	4	48 443	5
Under accrued in previous periods	(3 724)	-	(4 573)	-
Correction of deferred tax of prior years	(12 644)	(1)	-	-
Non-deductible expenses	(212 688)	(14)	(110 211)	(11)
	(395 213)	**(26)**	**94 147**	**9**

(c) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
UZS mln	**31 December 2021**	**31 December 2020**	**31 December 2021**	**31 December 2020**	**31 December 2021**	**31 December 2020**
Property, plant and equipment	1 611 628	1 633 506	(326 115)	(202 473)	1 285 513	1 431 033
Intangible assets	823	1 097	-	-	823	1 097
Other investments	20 801	11 800	(1 608)	(1 954)	19 193	9 846
Inventories	26 619	20 384	-	(963)	26 619	19 421
Trade and other receivables	47 119	49 481	-	-	47 119	49 481
Loans and borrowings	81 079	39 780	(174 644)	(186 160)	(93 565)	(146 380)
Trade and other payables	6 981	41 710	(14 835)	(11 713)	(7 854)	29 997
Tax assets / (liabilities)	**1 795 050**	**1 797 758**	**(517 202)**	**(403 263)**	**1 277 848**	**1 394 495**
Set-off of tax	(489 997)	(389 424)	489 997	389 424	-	-
Net tax assets / (liabilities)	**1 305 053**	**1 408 334**	**(27 205)**	**(13 839)**	**1 277 848**	**1 394 495**

Major part of recognized deferred tax assets relate to JSC Navoiyazot. Management of the Group expects significant taxable profits of JSC Navoiyazot as a result of new production facilities put in use, reduction of production costs due to stoppage of energy-intensive production, and increase in sales prices for finished goods of this subsidiary.

(d) Movement in deferred tax balances

UZS mln	1 January 2021	Recognized in profit or loss	Recognized in other comprehensive income	Recognised directly in equity	31 December 2021
Property, plant and equipment	1 431 033	(145 520)	-	-	1 285 513
Intangible assets	1 097	(274)	-	-	823
Other investments	9 846	1 819	757	6 771	19 193
Inventories	19 421	7 198	-	-	26 619
Trade and other receivables	49 481	(2 812)	-	450	47 119
Loans and borrowings	(146 380)	52 815	-	-	(93 565)
Trade and other payables	29 997	(23 991)	-	(13 860)	(7 854)
	1 394 495	(110 765)	757	(6 639)	1 277 848

UZS mln	1 January 2020	Recognized in profit or loss	Recognized in other comprehensive income	Recognised directly in equity	31 December 2020
Property, plant and equipment	1 296 633	134 400	-	-	1 431 033
Intangible assets	1 371	(274)	-	-	1 097
Other investments	6 801	2 654	391	-	9 846
Inventories	22 659	(3 238)	-	-	19 421
Trade and other receivables	32 656	16 075	-	750	49 481
Loans and borrowings	(175 493)	39 507	-	(10 394)	(146 380)
Trade and other payables	35 003	(5 006)	-	-	29 997
	1 219 630	**184 118**	**391**	**(9 644)**	**1 394 495**

10 Adjusted earnings before interest, taxes, depreciation and depreciation (adjusted EBITDA)

Management of the Group provided information on the adjusted EBITDA. This indicator is used by management to assess the financial performance of the Group and, therefore, management believes that its presentation is appropriate. Adjusted EBITDA is calculated by adjusting profit / loss before tax to exclude the impact of net finance costs, depreciation and impairment of property, plant and equipment.

Adjusted EBITDA is not a prescribed measure of financial performance under IFRS. Accordingly, the procedure for calculating the adjusted EBITDA applied by the Group may not correspond to the procedure for calculating the same indicator used by other entities.

Reconciliation of adjusted EBITDA to profit / (loss) before income tax

UZS mln	2021	2020
Profit / (loss) before income tax	1 560 343	(1 069 920)
Adjustments:		
Net finance costs	1 123 318	1 942 280
Loss from / (reversal of) impairment of property, plant and equipment	32 159	(481 971)
Depreciation	790 039	386 493
Adjusted EBITDA	**3 505 859**	**776 882**

11 Property, plant and equipment

UZS mln	Buildings and constructions	Machinery and equipment	Vehicles	Other	Construction in progress	Total
Cost or deemed cost						
Balance as at 1 January 2020	2 501 706	3 657 479	71 723	278 164	4 740 519	11 249 591
Additions	16 000	36 499	1 539	43 455	278 985	376 478
Put in use	4 998 535	346 301	1 247	278	(5 346 361)	-
Capitalized interest and foreign exchange differences on loans and borrowings	-	-	-	-	623 334	623 334
Disposals	(1 981)	(4 468)	(708)	(1 797)	(19 528)	(28 482)
Balance as at 31 December 2020	**7 514 260**	**4 035 811**	**73 801**	**320 100**	**276 949**	**12 220 921**
Balance as at 1 January 2021	7 514 260	4 035 811	73 801	320 100	276 949	12 220 921
Additions	1 845	9 346	866	52 679	300 573	365 309
Put in use	21 181	91 328	12 855	63 448	(188 812)	-
Reclassification between groups of property, plant and equipment	(3 369 370)	3 230 205	897	4	138 264	-
Acquisition of inventories under investment projects using advances	-	-	-	-	(75 653)	(75 653)
Disposals	(24 169)	(15 467)	(672)	(234)	(5 718)	(46 260)
Balance as at 31 December 2021	**4 143 747**	**7 351 223**	**87 747**	**435 997**	**445 603**	**12 464 317**

UZS mln	**Buildings and constructions**	**Machinery and equipment**	**Vehicles**	**Other**	**Construction in progress**	**Total**
Depreciation and impairment losses						
Balance as at 1 January 2020	333 480	719 990	30 646	92 565	-	1 176 681
Depreciation for the year	101 184	258 559	6 792	19 958	-	386 493
Reversal of previously accrued impairment	(143 181)	(337 902)	(670)	(218)	-	(481 971)
Disposals	(361)	(3 368)	(657)	(1 565)	-	(5 951)
Balance as at 31 December 2020	**291 122**	**637 279**	**36 111**	**110 740**	-	**1 075 252**
Balance as at 1 January 2021	291 122	637 279	36 111	110 740	-	1 075 252
Depreciation for the year	172 506	514 754	10 152	92 627	-	790 039
Impairment	1 331	2 232	2	1	28 593	32 159
Disposals	(5 804)	(4 381)	(214)	(63)	-	(10 462)
Balance as at 31 December 2021	**459 155**	**1 149 884**	**46 051**	**203 305**	**28 593**	**1 886 988**
Carrying amount						
As at 31 December 2020	**7 223 138**	**3 398 532**	**37 690**	**209 360**	**276 949**	**11 145 669**
As at 31 December 2021	**3 684 592**	**6 201 339**	**41 696**	**232 692**	**417 010**	**10 577 329**

The capitalisation rate in 2020 was 16%.

In 2020, the Group completed construction of new production facilities and commenced output of finished goods, therefore related construction in progress was transferred to property, plant and equipment. As at 31 December 2020, the transfer from construction in progress was made based on expected distribution of cost between property, plant and equipment groups. In 2021, the Group received actual information of fixed assets allocation between the groups and made respective adjustment in the table above. The adjustment did not have significant impact on the balance of property, plant and equipment as at 31 December 2020.

(a) Impairment test of property, plant and equipment of LLC BIRINCHI REZINOTEXNIKA ZAVODI

As at 31 December 2021, the Group identified indicators of impairment related to the low utilization of the entity's production assets.

The management of the Group engaged an independent appraiser to perform an impairment test for property, plant and equipment as at 31 December 2021. The recoverable amount of property, plant and equipment as at 31 December 2021 was determined at UZS 1 380 831 million and corresponds to its value in use.

The entity's assets represent one cash generating unit for the production of automobile and agricultural tires, as well as conveyor belts. The value in use of items of property, plant and equipment was determined using the income approach (discounted cash flow method).

The valuation was based on the data from internal information sources and results of analytical review of Uzbek and international markets for similar items of property, plant and equipment. Market data was obtained from various published sources, catalogues, statistical reference books, etc.

The following key assumptions were used in the cash flow analysis as at 31 December 2021:

	2022	2023	2024	2025	2026
Sales volumes:					
Automobile tires (pcs)	*1 000 000*	*1 300 000*	*1 615 167*	*2 426 000*	*2 850 000*
Agricultural tires (pcs)	*2 979*	*20 855*	*125 131*	*190 000*	*190 000*
Conveyor belts (linear meters)	*38 515*	*46 218*	*73 950*	*95 000*	*95 000*
Sales prices for the domestic market (thousands of UZS / pieces or linear meters):					
Automobile tires (pcs)	*376*	*416*	*457*	*497*	*536*
Agricultural tires (pcs)	*841*	*931*	*1 023*	*1 113*	*1 200*
Conveyor belts (linear meters)	*1 650*	*1 826*	*2 005*	*2 181*	*2 352*
Sales prices for export (thousands of UZS / pieces or linear meters):					
Automobile tires (pcs)	*500*	*554*	*608*	*661*	*713*
Agricultural tires (pcs)	*806*	*892*	*980*	*1 066*	*1 149*
Conveyor belts (linear meters)	*514*	*569*	*624*	*679*	*732*

— gross margin varies from 10% to 30% during the forecast period;

— a post-tax discount rate of 19.6% was used for discounting purposes. The discount rate was calculated based on the industry average WACC, which was based on a debt to equity ratios of 60.7% and 39.3%, respectively.

— the terminal value was determined at the end of the 5-year interim period. When calculating the terminal value of the property, plant and equipment being valued, a terminal growth rate of 5% was used.

Management identified key assumptions that could result in an increase of the impairment loss:

UZS mln	31 December 2021
Increase of discount rate by 2%	129 813
Reduction of sales prices by 5%	339 723
Reduction of sales volumes by 10%	682 138

(b) Security

At 31 December 2021, property, plant and equipment with a carrying amount of UZS 819 409 million (31 December 2020: UZS 982 357 million) was pledged as collateral for bank loans (see Note 18).

12 Equity-accounted investments

UZS mln	31 December 2021	31 December 2020
Participation in joint ventures	677 062	400 073
Participation in associates	127 139	38 468
	804 201	**438 541**

(a) Joint ventures

JSC Ammofos-Maxam

JSC Ammofos-Maxam is a joint venture in which the Group has joint control and has 51% ownership interest. In accordance with the shareholder agreement between the shareholders of JSC Ammofos-Maxam, decisions on the key relevant activities of the company are taken jointly. Both shareholders have equal representation on the management board of the company. Accordingly, the Group classified its interest in JSC Ammofos-Maxam as interest in the joint venture.

JSC Ammofos-Maxam produces complex nitrogen-alpha fertilizers based on materials from Kyzylkumskoe deposit. Main types of products of the company are ammophos, ammonium sulfate phosphate, suprefos, sulfate of ammonium, fibreboard, electrolyte, sulfuric acid, fodder phosphate of ammonium, trinatriyfosfat (TNF) and others.

JSC Ammofos-Maxam is not a public company.

The table below summarizes financial information of JSC Ammofos-Maxam as presented in the entity's own financial statements, adjusted for differences in accounting policies. In addition, the table below reconciles the summary financial information of JSC Ammofos-Maxam to the carrying amount of the Group's interest in the entity.

UZS mln	31 December 2021	31 December 2020
Participation share (%)	51%	51%
Non-current assets	438 388	333 159
Current assets	210 097	266 715
	648 485	599 874
Non-current liabilities	(82 584)	(74 268)
Current liabilities	(172 330)	(244 136)
	(254 914)	(318 404)
Net assets (100%)	393 571	281 470
Book value of the share in the joint venture	**200 721**	**143 550**
Revenue	1 062 998	842 489
Profit and other comprehensive income	137 493	21 354
Group's share in profit and other comprehensive income	70 121	10 891
Dividends received by the Group	(12 950)	-

JSC Maxam-Chirchiq

JSC Maxam-Chirchiq is a joint venture in which the Group has joint control and has 51% ownership interest. In accordance with the shareholder agreement between the shareholders of JSC Maxam-Chirchiq, decisions on the key relevant activities of the company are taken jointly. Both shareholders have equal representation on the management board of the company. Accordingly, the Group classified its interest in JSC Maxam-Chirchiq as interest in the joint venture.

JSC Maxam-Chirchiq is a major producer of mineral fertilizers and other chemical products in the Republic of Uzbekistan. The main products of the enterprise are carbamide, ammonium nitrate, ammonia, nitrous acid and etc.

JSC Maxam-Chirchiq is not a public company.

The table below summarizes financial information of JSC Maxam-Chirchiq as presented in the entity's own financial statements, adjusted for differences in accounting policies. In addition, the table below reconciles the summary financial information of JSC Maxam-Chirchiq to the carrying amount of the Group's interest in the entity.

UZS mln	**31 December 2021**	**31 December 2020**
Participation share (%)	**51%**	**51%**
Non-current assets	358 446	213 725
Current assets	782 114	584 914
	1 140 560	**798 639**
Non-current liabilities	(18 595)	(24 178)
Current liabilities	(187 963)	(271 475)
	(206 558)	**(295 653)**
Net assets (100%)	**934 002**	**502 986**
Book value of the share in the joint venture	**476 341**	**256 523**
Revenue	2 196 035	1 817 938
Profit and other comprehensive income	**431 015**	**238 647**
Group's share in profit and other comprehensive income	**219 818**	**121 710**
Dividends received by the Group	-	(50 098)

13 Inventories

UZS mln	**31 December 2021**	**31 December 2020**
Raw materials and consumables	748 116	548 487
Work in progress	51 845	54 201
Finished products and goods for resale	474 728	443 831
Allowance for inventories impairment	(180 149)	(104 375)
	1 094 540	**942 144**

14 Trade and other receivables

UZS mln	31 December 2021	31 December 2020
Trade receivables	329 687	117 732
Advances to suppliers	329 268	148 037
Other taxes receivable	61 727	84 166
Other receivables	50 662	189 065
Allowance for expected credit losses	(12 538)	(3 254)
	758 806	**535 746**

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables is disclosed in Note 20.

15 Cash and cash equivalents

UZS mln	31 December 2021	31 December 2020
Bank balances	671 990	146 827
Cash in transit	186	81
Cash on hand	10	48
	672 186	**146 956**

Bank balances are held in state-controlled banks.

Deposits are callable deposits with maturities of up to three months from the placement date.

The fair value of cash and cash equivalents is equal to their carrying amount. Bank balances and term deposits are neither overdue nor impaired. Cash balances are held in state-owned banks with a credit rating of at least BB- on the Moody's scale.

The Group's exposure to interest rate risk and a sensitivity analysis for cash and cash equivalents are disclosed in Note 20.

16 Equity and reserves

(a) Share capital

Shares, unless other specified	31 December 2021	31 December 2020
Issued shares	789 819 770	797 444 749
Par value per share (UZS)	1 145	1 145
Total issued and fully paid shares as at the year end	**789 819 770**	**797 444 749**

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meetings of the Company.

In 2021, by decision of the sole shareholder, the share capital of the Company was reduced by cancelling 7 624 979 ordinary shares with a total nominal value of UZS 8 730 million.

(b) Dividends

Dividends declared in 2021 amounted to UZS 30 487 million or UZS 38.60 per share (2020: UZS 30 563 million or UZS 38.33 per share). As at 31 December 2021 there are no outstanding dividends payable (31 December 2020: dividends payable amounted to UZS 30 563 million) and was included in other payables (see Note 19).

(c) Other transactions with shareholder

The most significant transactions for 2021, accounted for as other transactions with a shareholder, are represented by the effect of rescheduling the Group's debt repayment to state-controlled energy suppliers without the imposition of penalties for late payment of the debt, in accordance with the decision of the Government of the Republic of Uzbekistan. The effect of discounting long-term account payables and recovering previously accrued penalties amounted to UZS 318 367 million (net of tax effect).

In 2021, by decision of the Cabinet of Ministers of the Republic of Uzbekistan, the Group received, free of charge, a controlling interest in SAMARKAND-NPK LLC, which was under common control by the state. Negative net assets at the date of transfer of UZS 58 808 million were recognized directly in equity.

Change in ownership without losing control

In 2021, by decision of the Cabinet of Ministers of the Republic of Uzbekistan, the Group reduced its participation interest in the subsidiaries JSC Navoiyazot and JSC FARG'ONAAZOT by transferring assets to government and local executive bodies free of charge. Negative net assets of UZS 62 387 million were recognized directly in equity.

(d) Reserves

Reserves relate to recognition of pension liabilities and accounting for equity investments measured at fair value through other comprehensive income.

17 Capital management

The Group has no formal policy for capital management. Measures taken to increase equity of the Group are described in Note 2(b).

18 Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risks, see Note 20.

UZS mln	31 December 2021	31 December 2020
Non-current liabilities		
Secured bank loans	13 508 391	15 070 121
Loans	902 123	150 112
Unsecured bank loans	90 443	67 806
	14 500 957	**15 288 039**
Current liabilities		
Secured bank loans	5 242 985	5 005 297
Loans	77 688	146 454
	5 320 673	**5 151 751**

(a) Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

UZS mln	Currency	Nominal interest rate	Year of maturity	31 December 2021 Carrying amount	31 December 2020 Carrying amount
Bank loans and borrowings	USD	2.3%-2.5%	2021-2036	9 916 990	9 721 692
	JPY	3%	2020-2030	4 962 164	5 812 016
	UZS	2.3%-8%	2021-2025	1 764 770	2 080 286
	UZS	12%-18%	2019-2027	1 877 332	929 420
	USD	USD LIBOR + 1.5% / 3%	2019-2028	1 013 162	1 147 697
	UZS	Refinancing rate	2022-2027	141 371	230 091
	JPY	JPY LIBOR 6m + 1.45%	2020-2023	108 231	167 931
	UZS	0%	2019-2023	25 634	298 933
	USD	USD LIBOR + 4.85% / 6%	2020-2024	10 393	46 682
	UZS	20%-26%	2019-2021	1 583	2 870
	USD	4.5%-7.0%	2020-2024	-	2 172
				19 821 630	**20 439 790**

Bank loans are secured by property, plant and equipment with carrying amount of UZS 819 409 million (31 December 2020: UZS 982 357 million), see Note 11.

A number of loans outstanding at year end contain certain restrictive covenants relating to improper execution of obligations.

As at 31 December 2021 and 31 December 2020, the Group breached covenants under several bank loan agreements. Total amount of such loans as at 31 December 2021 amounted to UZS 2 704 714 million (31 December 2020: UZS 2 774 842 million). Respective liabilities were classified as short term.

The Group considers interest rates for USD bank loans of 2.3-2.5% as market rates given that loans were received through state banks from foreign banks, including export, for realization of investment projects. The loans are secured by state guarantees.

(b) Reconciliation of movements of liabilities to cash flows arising from financing activities

UZS mln	
Balance as at 1 January 2020	**19 096 216**
Proceeds from loans and borrowings	535 316
Repayment of loans and borrowings	(728 558)
Modifications of loan agreements recognized as other transactions with the shareholder	(69 293)
Conversion of debt under a loan agreement into the share capital	(379 059)
Interest expense	394 558
Interest paid	(524 518)
Capitalized foreign exchange differences and borrowing costs	623 334
Offset of loans and receivables	(33 562)
Other movements	(24 715)
The effect of changes in foreign exchange rates	1 550 071
Balance as at 31 December 2020	**20 439 790**
Proceeds from loans and borrowings	965 878
Repayment of loans and borrowings	(2 168 996)
Loans of a subsidiary received free of charge from a shareholder	93 593
Interest expense	944 574
Interest paid	(646 973)
Offset of loans and receivables	(14 437)
Other movements	14 384
The effect of changes in foreign exchange rates	193 817
Balance as at 31 December 2021	**19 821 630**

19 Trade and other payables

UZS mln	31 December 2021	31 December 2020
Trade payables	876 883	1 346 020
Other payables	468 714	544 072
Advances received	264 303	67 599
	1 609 900	**1 957 691**

The Group's exposure to currency and liquidity risks related to trade and other payables is disclosed in Note 20.

20 Fair values and risk management

(a) Accounting classifications and fair value

The Group has no financial assets and liabilities measured at fair value other than investments in equity instruments measured at fair value through other comprehensive income. These investments are classified as Level 1. Their fair value is determined based on quoted market prices.

As at 31 December 2021 and 31 December 2020, the carrying amounts of the Group's financial assets and liabilities were not materially different from their fair values.

As at 31 December 2021 and 31 December 2020, the fair values of financial assets (excluding investments referred to above) and liabilities were determined on the basis of discounted cash flows from these instruments using market interest rate, thus the fair values of financial assets and liabilities are classified as Level 3 in the fair value hierarchy.

(b) Measurement of fair values

(i) *Valuation techniques and significant unobservable inputs*

The following table shows the valuation techniques used in measuring Level 1, 2 and 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type of financial instrument	Valuation technique
Equity investments	Quoted market price method

Financial instruments not measured at fair value

Type of financial instrument	Valuation technique
Cash and cash equivalents	Discounted Cash Flow
Other investments	Discounted Cash Flow
Trade and other receivables	Discounted Cash Flow
Other financial liabilities	Discounted Cash Flow

* Other financial liabilities include bank loans, borrowings, trade and other payables.

(c) Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- credit risk (Note 20(c)(ii));
- liquidity risk (Note 20(c)(iii));
- market risk (Note 20(c)(iv)).

(i) *Risk management framework*

The Supervisory Board has overall responsibility for the establishment and oversight of the Group's risk management framework.

Formalised risk management policies are in the process of being established and approved. Key risk management decisions are taken by the Supervisory Board.

(ii) *Credit risk*

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

The credit risk exposure related to trade and other receivables in terms of markets was as follows:

	Carrying amount	
UZS mln	31 December 2021	31 December 2020
Export	258 431	33 813
Domestic	109 380	269 730
	367 811	**303 543**

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of the Group's customer base, including the default risk of the industry and country in which customers operate.

As at 31 December 2021, 28% (31 December 2020: 18%) of receivables relate to state-controlled companies. The Group derecognises accounts receivable when the payment is overdue by more than 1 year as the recoverability of the receivable is low. For the remaining receivables, the Group recognises an impairment allowance based on its available credit ratings or calculated by itself.

The credit risk exposure related to trade and other receivables at the reporting date by group of counterparties by credit rating was as follows:

UZS mln	**31 December 2021**	**31 December 2020**
External credit rating Caa	278 945	252 681
Sovereign credit rating of the Republic of Uzbekistan	101 404	54 116
Total gross carrying amount	**380 349**	**306 797**
Expected credit losses	(12 538)	(3 254)
Total net carrying amount	**367 811**	**303 543**

(iii) *Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

31 December 2021		**Contractual cash flows**				
UZS mln	**Carrying amount**	**Total**	**Up to 1 year**	**1 - 3 years**	**3 - 5 years**	**Over 5 years**
Bank loans and borrowings	19 821 630	22 365 157	5 458 377	5 656 837	4 507 294	6 742 649
Trade and other payables	1 345 597	1 426 303	1 088 531	238 754	99 018	-
	21 167 227	**23 791 460**	**6 546 908**	**5 895 591**	**4 606 312**	**6 742 649**

31 December 2020		**Contractual cash flows**				
UZS mln	**Carrying amount**	**Total**	**Up to 1 year**	**1 - 3 years**	**3 - 5 years**	**Over 5 years**
Bank loans and borrowings	20 439 790	25 625 728	5 727 557	3 325 880	7 136 995	9 435 296
Trade and other payables	1 890 092	1 890 092	1 890 092	-	-	-
	22 329 882	**27 515 820**	**7 617 649**	**3 325 880**	**7 136 995**	**9 435 296**

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(iv) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on investments.

Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between currencies in which sales, purchases and borrowings are denominated and the respective functional currency of the Group entities. The functional currencies of the Group companies is Uzbekistani soms (UZS). The currency in which the above transactions are primarily denominated are USD and JPY.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Exposure to currency risk

The Group's exposure to currency risk, based on nominal values, was as follows:

	USD-denominated		**JPY-denominated**	
UZS mln	**31 December 2021**	**31 December 2020**	**31 December 2021**	**31 December 2020**
Trade receivables	63 243	-	-	-
Other investments	384 803	-	-	-
Loans and borrowings	(10 940 545)	(10 918 243)	(5 070 395)	(5 979 947)
Trade payables	(229 853)	(463 715)	-	-
Net exposure	**(10 722 352)**	**(11 381 958)**	**(5 070 395)**	**(5 979 947)**

The following main foreign exchange rates have were applied during the year:

UZS	**Average rate**		**Reporting date spot rate**	
	2021	**2020**	**31 December 2021**	**31 December 2020**
USD 1	10 612	10 065	10 838	10 477
JPY 1	96	94	94	101

Sensitivity analysis

A reasonably possible strengthening (weakening) of the UZS, as indicated below, against all other currencies at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss before taxes by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales revenue and purchases.

	Strengthening		**Weakening**	
UZS mln	**Equity**	**Profit or loss**	**Equity**	**Profit or loss**
31 December 2021				
UZS (10% movement) to USD	1 072 235	1 072 235	(1 072 235)	(1 072 235)
UZS (10% movement) to JPY	507 040	507 040	(507 040)	(507 040)
31 December 2020				
UZS (10% movement) to USD	1 138 196	1 138 196	(1 138 196)	(1 138 196)
UZS (10% movement) to JPY	597 995	597 995	(597 995)	(597 995)

Interest rate risk

Interest rate risk is caused by changes in interest rates, which may affect the Group's financial results or the amount of the Group's equity. Changes in interest rates may lead to changes in interest income and expense.

The Group performs interest rate risk management with the objective of ensuring the sustainability of the net financial result of interest-bearing items.

The Group does not hedge interest rate risk.

Exposure to interest rate risk

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was as follows:

	Carrying amount	
UZS mln	**31 December 2021**	**31 December 2020**
Fixed rate instruments		
Financial assets	441 176	51 419
Financial liabilities	(18 548 473)	(18 847 389)
	(18 107 297)	**(18 795 970)**
Variable rate instruments		
Financial assets	8 698	7 053
Financial liabilities	(1 273 157)	(1 592 401)
	(1 264 459)	**(1 585 348)**

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial instruments as FVTPL or FVOCI. Therefore, a change in interest rates at the reporting date would not have an effect in profit or loss or in equity.

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss before taxes by the amounts presented below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss for the period		Equity	
UZS mln	**100 bp increase**	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
Variable rate instruments as at 31 December 2021	(12 645)	12 645	(12 645)	12 645
Variable rate instruments as at 31 December 2020	(15 853)	15 853	(15 853)	15 853

21 Significant subsidiaries of the Group

	Ownership share, %		Voting shares, %	
	31 December 2021	**31 December 2020**	**31 December 2021**	**31 December 2020**
JSC Navoiyazot	50.59%	51%	50.59%	51%
JSC FARG'ONAAZOT	49.87%	51%	50.36%	51.49%
JSC Dehkanabad potash plant	100%	100%	100%	100%
LLC Kundgrad soda plant	90.36%	100%	90.36%	100%

Information on non-controlling interest is provided in Note 22.

There were no acquisitions and disposals of significant subsidiaries during the reporting period.

22 Non-controlling interests

The following tables summarise the information relating to each of the Group's subsidiaries that has material NCI, before any intra-group eliminations.

31 December 2021 **UZS mln**	**JSC Navoiyazot**	**JSC FARG'ONAAZOT**	**Other**	**Total**
Non-controlling interest, %	**49.41%**	**50.13%**		
Non-current assets	8 383 107	794 337		
Current assets	1 142 473	703 792		
Non-current liabilities	(11 845 706)	(102 171)		
Current liabilities	(4 361 531)	(302 612)		
Net assets/(liabilities)	**(6 681 657)**	**1 093 346**		
Non-controlling interests carrying amount	(3 301 407)	548 094	25 709	(2 727 604)
Revenue	4 577 787	1 979 020		
Profit for the year	522 024	587 657		
Other comprehensive loss	(27 801)	(3 015)		
Total comprehensive income	**494 223**	**584 642**		
Profit/(loss) attributable to non-controlling interests	257 932	294 592	(2 676)	**549 848**
Other comprehensive loss attributable to non-controlling interests	(13 736)	(1 511)	(153)	**(15 400)**
Other transactions with shareholders attributable to non-controlling interests	97 016	(127 744)	26 682	**(4 046)**

31 December 2020 **UZS mln**	**JSC Navoiyazot**	**JSC FARG'ONAAZOT**	**Other**	**Total**
Non-controlling interest, %	**48.6%**	**49.0%**		
Non-current assets	8 871 238	574 597		
Current assets	455 414	538 232		
Non-current liabilities	(12 064 686)	(12 970)		
Current liabilities	(4 757 066)	(318 723)		
Net assets/(liabilities)	**(7 495 100)**	**781 136**		
Non-controlling interests carrying amount	**(3 642 619)**	**382 757**	**1 856**	**(3 258 006)**
Revenue	2 160 355	1 504 012		
Profit / (loss) for the year	(1 395 829)	312 804		
Other comprehensive income / (loss)	1 317	(2 549)		
Total comprehensive income / (loss)	**(1 394 512)**	**310 255**		
Profit/(loss) attributable to non-controlling interests	(678 373)	153 274	2 190	**(522 909)**
Other comprehensive income / (loss) attributable to non-controlling interests	640	(1 249)	-	**(609)**
Other transactions with shareholders attributable to non-controlling interests	7 703	(20 356)	22 373	9 720

23 Commitments

As at 31 December 2021, the Group has entered contracts for the acquisition of machinery and equipment for the amount of UZS 14 403 million (31 December 2020: UZS 277 479 million).

24 Contingencies

(a) Insurance

The insurance industry in the Republic of Uzbekistan is in a developing stage and many forms of insurance protection common in other parts of the world are not yet generally available in Uzbekistan. The Group does not have full coverage for its plant facilities, business interruption, or third-party liability in respect of property or environmental damage arising from accidents on Group property or relating to Group operations. Until the Group obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Group's operations and financial position.

(b) Litigations

As at 31 December 2021, the Group participates in a number of litigations. The amount of claims under pending litigations, where based on the Group's estimate negative result is probable, amounts to UZS 194 312 million (31 December 2020: UZS 187 844 million). Respective liabilities were recognized within trade and other payables (see Note 19).

(c) Tax risks

Taxation contingencies in Uzbekistan

The taxation system in the Republic of Uzbekistan continues to evolve and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities.

Taxes are subject to review and investigation by various levels of authorities, which have the authority to impose severe fines, penalties, and interest charges. A tax year generally remains open for review by the tax authorities during the five subsequent calendar years.

All these circumstances may create tax risks in the Republic of Uzbekistan that are more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Uzbekistan tax legislation, official pronouncements and court decisions. However, the interpretations of the tax authorities and courts, especially due to reform of the supreme courts that are resolving tax disputes, could differ and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

In 2021, the Group did not accrue property tax on a part of construction projects and property, plant and equipment under investment projects. The management of the Group believes that the inclusion of these objects in the base for property tax calculations meets the current requirements of tax legislation and the decision of the Government of the Republic of Uzbekistan, however, there is a risk that the Group will incur additional costs if the management's position on the amount of the tax base for property tax is challenged by the tax authorities. The potential amount of additional charges as at 31 December 2021 amounts to UZS 209 080 million.

The Group's subsidiary JSC FARG'ONAAZOT incurs property tax expense. While management believes that the classification of property, plant and equipment as movable and immovable property is consistent with current tax legislation, there is a risk that JSC FARG'ONAAZOT will incur additional expense if management's position regarding classification of property, plant and equipment is challenged by the tax authorities. The classification depends on a number of criteria, in particular, location of the equipment on foundations or solidly connected with the ground trestles, possibility of dismantling without damage, possibility of usage at other production facilities. The evaluation of these criteria for all fixed assets from the category "machinery and equipment" cannot be made with a sufficient degree of reliability. Residual value of all fixed assets in this category according to tax accounting is UZS 422 855 million, property tax rate in 2021 is 2%.

In 2021, the tax base for income tax calculation included depreciation expenses of property, plant and equipment under investment projects put into operation in 2021. There is a risk that the tax authorities may challenge the amount of accrued depreciation included in the income tax base. The potential amount of additional charges as at 31 December 2021 amounts to UZS 44 431 million.

The Group acquires property, plant and equipment as part of its investing activities. Management of the Group believes that depreciation expense on items of property, plant and equipment is in compliance with current tax legislation, however, there is a risk that the Group will incur additional expenses if management's position regarding the tax treatment of these expenses is challenged by the tax authorities in the event of insufficient documentation of expenses on the acquisition of items of property, plant and equipment. Amount of depreciation expense recognized for tax purposes for 2021 amounted to UZS 87 068 million (2020: UZS 92 606 million). Management of the Group believes that it is not possible to determine the financial implications of potential tax liabilities which may arise for the Group due to the variety of approaches by the tax authorities inspection.

25 Related parties

(a) Parent company and ultimate controlling party

The Ministry of finance of the Republic of Uzbekistan is 100% shareholder of the Company. The Group's ultimate controlling party is the Republic of Uzbekistan.

(b) Transactions with key management personnel

(i) Key management remuneration

Key management received the following remuneration during the year, which is included in employee benefit expenses (see Note 8):

UZS mln	2021	2020
Salaries and bonuses, and Contributions to State pension fund	17 677	16 021
	17 677	**16 021**

(c) Other related party transactions

	Transaction amount for the year ended 31 December	
UZS mln	**2021**	**2020**
Sales of goods and services:		
Companies under state control	1 690 134	1 898 382
Other related parties	17 906	15 633
Purchase of goods and services:		
Companies under state control	1 981 320	2 246 821
Other related parties	193 430	52 917
Finance cost		
Companies under state control	929 875	355 213

	Outstanding balance as at	
UZS mln	**31 December 2021**	**31 December 2020**
Sales of goods and services:		
Companies under state control	74 465	49 950
Other related parties	(64 442)	52 345
Purchase of goods and services:		
Companies under state control	573 988	1 044 131
Other related parties	52 152	95 166
Other investments		
Companies under state control	385 421	13 614
Loans issued:		
Companies under state control	24 984	40 597
Other related parties	2	2 002
Loans received:		
Companies under state control	19 290 046	19 704 978
Other related parties	50	3 837

All outstanding balances except for loans and borrowings (see Note 2(b) and Note 18) with related parties are to be settled in cash within 12 months of the reporting date. None of the balances are secured except for loans and borrowings.

As at 31 December 2021, the Group's investments are mainly represented by a USD deposit in a state bank maturing in November 2022 at a rate of 1.5%.

In 2021, the Group agreed with state-controlled energy suppliers deferral of previously recognized accounts payable repayment and cancelation of previously accrued penalties for late payment. The effect of accounting for the related changes was recognised in other transactions with the shareholder of the Group, see Note 15.

26 Subsequent events

The special military operation undertaken by the Russian Federation in Ukraine in 2022 led to a decrease in the sale of manufactured products through a trade representative office in Ukraine, the volume of which in 2021 amounted to UZS 600 billion. However, the sanctions imposed against the Russian Federation by the United States of America, the European Union and some other countries led to an increase in global inflation and the bankruptcy of the largest producers of mineral fertilizers in Europe. In this regard, the Group's management believes that these circumstances will lead to further growth in export revenue, and, accordingly, to an improvement in operating performance.

No subsequent events other than those disclosed above and in Note 2(b) have been identified.

27 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

Set out below is a list of the significant accounting policies, the details of which are available on the pages that follow:

(a) Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (see Note 27(a)(ii)). In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group (see Note 27(a)(iii)).

The Group measures goodwill at the acquisition date as:

— The fair value of the consideration transferred; plus

— The recognised amount of any non-controlling interests in the acquiree; plus

— If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquire; less

— The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(ii) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated in full to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(iv) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for at the date that common control was established, with the assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity except that any share capital of the acquired entities is recognised as part of additional paid-in capital. Any cash paid for the acquisition is recognised directly in equity.

(v) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as measured at FVOCI financial asset depending on the level of influence retained.

(vi) Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share in the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued, except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Revenue

(i) Sale of goods

The Group generates revenue mainly from the sale of mineral fertilisers, chemicals and low-tonnage chemical products. Other revenue includes provision of services and sales of other finished goods (see Note 5).

Generally, the Group recognises revenue when there is compelling evidence (usually in the form of an executed sales contract) that control over the goods has been transferred to the customer. The moment of transfer of control and payment terms vary depending on the specific terms of the purchase agreement and characteristics of the buyer. As a rule, settlements under a specific contract with a customer take place over a period of less than a year, which is why the Group applies a practical expedient and does not calculate a significant financing component for such contracts.

The Group does not offer discounts, bonuses or premiums to its customers.

The Group grants standard warranties on the quality of its products. There is no separate obligation to provide product warranties under contracts with customers.

(ii) Services

Revenue from services rendered is recognised in proportion to the stage of completion of works under the agreement as at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

(c) Finance income and finance costs

The Group's finance income and costs include:

— interest income;

— interest expense;

— dividend income;

— profit or loss on revaluation of financial assets and financial liabilities in foreign currency;

— effect of discounting of receivables and payables.

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

— the gross carrying amount of the financial asset; or

— the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

— an investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss).

(e) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

To the extent that the Group's contributions to social programs benefit the community at large and are not restricted to the Group's employees, they are recognised in profit or loss as incurred.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions to a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions.

Obligations for contributions to defined contribution pension plans, including Russia's State pension fund, are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(iii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(f) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(i) *Current tax*

Current income tax comprises the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from dividends.

(ii) *Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realised simultaneously.

In accordance with the tax legislation of the Republic of Uzbekistan, tax losses and current tax assets of a company in the Group may not be set off against taxable profits and current tax liabilities of other Group companies. In addition, the tax base is determined separately for each of the Group's main activities and, therefore, tax losses and taxable profits related to different activities cannot be offset.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes, penalties and late-payment interest may be due. The Group's management believes that its tax liabilities are recognised to the full extent for all open tax years based on its assessment of many factors, including interpretations of Uzbek tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available causing the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact the tax expense in the period in which such judgment is made.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted-average cost method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of self-manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment at 1 January 2019, the Group's date of transition to IFRSs, was determined by reference to their fair value at that date.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure increases the cost of items of property, plant and equipment only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Items of property, plant and equipment are depreciated from the date they are installed and ready for use or, in respect of internally constructed assets, from the date that the asset is completed and ready for use. Depreciation is based on the cost of an asset less its estimated residual value.

Depreciation is generally recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land is not depreciated.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods were as follows:

— buildings	7-50 years;
— plant and equipment	7-30 years;
— vehicles	7-20 years;
— others	7-20 years.

Depreciation methods, estimated useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(i) Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instruments.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are reclassified after their initial recognition only if the Group changes the financial assets management business model, in which case the affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

— it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

— its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

— it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

— its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – business model assessment

The Group is assessing the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected;
- the frequency, volume and timing of financial assets sales in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest (SPPI criterion), the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different (referred to as 'substantial modification'), then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

The Group performs a quantitative and qualitative evaluation of whether the modification is substantial, i.e. whether the cash flows of the original financial asset and the modified or replaced financial asset are substantially different. The Group assesses whether the modification is substantial based on quantitative and qualitative factors in the following order: qualitative factors, quantitative factors, combined effect of qualitative and quantitative factors. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset deemed to have expired. In making this evaluation the Group analogizes to the guidance on the derecognition of financial liabilities.

The Group concludes that the modification is substantial as a result of the following qualitative factors:

— change in the currency of the financial asset;

— change in collateral or other credit enhancement;

— change of terms of a financial asset that lead to non-compliance with the SPPI criterion (e.g. inclusion of conversion feature).

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. The gross carrying amount of the financial asset is recalculated as the present value of the revised or modified contractual cash flows that are discounted at the financial asset's original effective interest rate. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

Financial liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

If a modification (or exchange) does not result in the derecognition of the financial liability the Group applies accounting policy consistent with the requirements for adjusting the gross carrying amount of a financial asset when a modification does not result in the derecognition of the financial asset, i.e. the Group recognises any adjustment to the amortised cost of the financial liability arising from such a modification (or exchange) in profit or loss at the date of the modification (or exchange).

Changes in cash flows on existing financial liabilities are not considered as a modification if they result from existing contractual terms, e.g. changes in fixed interest rates initiated by banks due to changes in the CB of the Republic of Uzbekistan key rate, if the loan contract entitles banks to do so and the Group has an option to redeem the loan early at par without a material penalty. The Group treats the modification of an interest rate to a current market rate using the guidance on floating-rate financial instruments. This means that the effective interest rate is adjusted prospectively.

Group performs a quantitative and qualitative evaluation of whether the modification is substantial considering qualitative factors, quantitative factors and combined effect of qualitative and quantitative factors. The Group concludes that the modification is substantial as a result of the following qualitative factors:

— change in the currency of the financial liability;

— change in collateral or other credit enhancement;

— inclusion of conversion option;

— change in the subordination of the financial liability.

For the quantitative assessment the terms are substantially different if the discounted present value of cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

(iv) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flow from that asset expire or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

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

(v) Offsetting

Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to sell the asset and settle the liability simultaneously.

(j) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Repurchase, disposal and reissue of share capital (treasury shares)

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in additional paid-in capital.

(k) Impairment

(i) Non-derivative financial assets

Financial instruments and contract assets

The Group recognises loss allowances for ECLs on:

— financial assets measured at amortised cost;

— debt investments measured at FVOCI; and

— contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, for which they are measured as 12-month ECLs:

— debt securities that are determined to have low credit risk at the reporting date, and

— other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and an analysis based on the Group's historical experience and a reasonable credit assessment, including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

— the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

— the financial asset is more than 90 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment-grade'. The Group considers it to be Baa3 or higher per Moody's rating agency.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period during which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets recognised at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

— significant financial difficulty of the borrower or issuer;

— a breach of contract such as a default or being more than 90 days past due;

— the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

— it is probable that the borrower will enter bankruptcy or other financial reorganisation; or

— the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the consolidated statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. For individuals the Group has a policy of writing off the gross carrying amount when a financial asset is 180 days past due based on historical experience of recovering amounts on similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group does not expect significant recoveries of amounts written off. However, financial assets that were written off could still be subject to enforcement activities to comply with the Group's procedures for recovery of amounts due.

Equity-accounted investees

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each reporting date.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

28 New standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

(a) *Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)*

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated. The Group has determined that all existing contracts as at 31 December 2021 will be performed prior to the effective date of the amendments.

(b) *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)*

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities.

The amendments apply for annual reporting periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

(c) *Other standards*

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements:

— COVID-19-Related Rent Concessions beyond 30 June 2020 (Amendment to IFRS 16).

— *Annual Improvements to IFRS Standards 2018-2020 Cycle – various standards.*

— Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 *Property, Plant and Equipment*).

— References to Conceptual Framework for Financial Statements (Amendments to IFRS 3).

— Classification of Liabilities as Current or Non-current (Amendments to IAS 1).

— IFRS 17 *Insurance contracts.*

— Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).

— Definition of Accounting Estimates (Amendments to IAS 8).