Ammofos-Maxam JSC

Financial Statements
for 2021
and Independent Auditors' Report

Contents

Independent Auditors' Report

***To the Shareholders of Joint Stock Company* «Ammofos-Maxam»**

Qualified Opinion

We have audited the financial statements of Joint Stock Company Ammofos-Maxam (the "Company"), which comprise the statement of financial position as at 31 December 2021, the 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 effect of the matter described in the first paragraph of the *Basis for Qualified Opinion* section of our report, and except for the possible effect of the matter described in the second paragraph of the *Basis for Qualified Opinion* section of our report on comparative information presented as at and for the year ended 31 December 2020, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its 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 117 860 million as at 31 December 2021 and UZS 174 617 million as at 31 December 2020 because we were appointed as auditors of the Company 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 statements of financial position, profit or loss and other comprehensive income, changes in equity and cash flows as at and for the years then ended. Our opinion on the current year's financial statements is also modified because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures.

The financial statements of the Company as at and for the year ended 31 December 2020 were audited by other auditors whose report dated 30 June 2022 expressed a qualified opinion on those statements because they were appointed auditors of the Company during 2021 and thus were not able to observe the counting of inventories as at 31 December 2020 and as at 31 December 2019. The other auditors were unable to satisfy themselves as to those inventory quantities by alternative means. As a result, they were unable to determine whether adjustments might have been found necessary in respect of elements making up the statements of profit or loss and other comprehensive income, changes in equity and cash flows as at and for the year ended 31 December 2020.

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 Financial Statements* section of our report. We are independent of the Company 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 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 Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

— Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

KPMG AUDIT
O'ZBEKISTON RESPUBLIKASI TOSHKENT SHAHAR MAS'ULIYATI CHEKLANGAN JAMIYATI SHAKLIDAGI AUDITORLIK TASHKILOTI

Saidov S.K.
General Director
AO "KPMG Audit" LLC
Tashkent, Uzbekistan
7 November 2022

Vakhidov N.V.
Engagement partner

UZS mln	Note	2021	2020 restated*
Revenue	5	1 062 998	842 489
Cost of sales	6(a)	(829 722)	(760 250)
Gross profit		**233 276**	**82 239**
Other income		6 462	5 088
Distribution expenses	6(c)	(24 949)	(19 822)
Administrative expenses	6(b)	(34 268)	(20 457)
Other expenses	6(d)	(35 530)	(10 035)
Profit from operating activities		**144 991**	**37 013**
Finance income	7	4 007	2 980
Finance costs	7	(4 026)	(16 801)
Net finance costs		**(19)**	**(13 821)**
Profit before income tax		**144 972**	**23 192**
Income tax expense	9	(21 180)	(3 479)
Profit for the year		**123 792**	**19 713**
Other comprehensive income/(loss)			
Items that will never be reclassified to profit or loss:			
Equity investments at FVOCI – net change in fair value	12	17 915	1 794
Changes in pension liabilities		(4 213)	(154)
Other comprehensive income/(loss) for the year, net of income tax		**13 702**	**1 640**
Total comprehensive income for the year		**137 494**	**21 353**

*The comparative information is restated on account of correction of errors, see Note 25.

These financial statements were approved by management on 07 November 2022 and were signed on its behalf by:

Chairman of the Management Board

A. T. Tursunov

Chief accountant

I. S. Khamzaev

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 10 to 44.

UZS mln	Note	31 December 2021	31 December 2020 restated*
ASSETS			
Property, plant and equipment	11	308 423	319 352
Intangible assets		187	328
Investments	12	129 778	13 479
Non-current assets		**438 388**	**333 159**
Inventories	13	117 860	174 617
Trade and other receivables	14	37 100	48 147
Cash and cash equivalents	15	55 137	43 951
Current assets		**210 097**	**266 715**
Total assets		**648 485**	**599 874**
Equity	16		
Share capital		4 939	4 939
Reserves		24 998	11 296
Retained earnings		363 633	265 234
Total equity		**393 570**	**281 469**
Liabilities			
Loans and borrowings	18	35 202	48 081
Other non-current liabilities		24 866	633
Deferred tax liabilities	9	22 516	25 554
Non-current liabilities		**82 584**	**74 268**
Loans and borrowings	18	26 900	31 245
Trade and other payables	19	140 072	207 359
Other taxes payable		4 861	3 016
Current tax liabilities		498	2 517
Current liabilities		**172 331**	**244 137**
Total liabilities		**254 915**	**318 405**
Total equity and liabilities		**648 485**	**599 874**

* The comparative information is restated on account of correction of errors, see Note 25.

The statement of financial position is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 10 to 44.

UZS mln	Share capital	Reserves	Retained earnings	Total
	Attributable to equity holders of the Company			
Balance at 1 January 2020 (restated*)	**4 939**	**9 656**	**245 521**	**260 116**
Total comprehensive loss				
Loss for the year	-	-	19 713	19 713
Other comprehensive loss				
Equity-accounted investees – share of other comprehensive income	-	1 794	-	1 794
Changes in pension liabilities	-	(154)	-	(154)
Total other comprehensive income (restated*)	**-**	**1 640**	**-**	**1 640**
Total comprehensive loss for the year (restated*)	**-**	**1 640**	**19 713**	**21 353**
Transactions with shareholders of the Company				
Dividends	-	-	-	-
Total transactions with shareholders of the Company	**-**	**-**	**-**	**-**
Balance at 31 December 2020	**4 939**	**11 296**	**265 234**	**281 469**
Balance at 1 January 2021	**4 939**	**11 296**	**265 234**	**281 469**
Total comprehensive loss				
Loss for the year	-	-	123 792	123 792
Other comprehensive income				
Equity-accounted investees – share of other comprehensive income	-	17 915	-	17 915
Changes in pension liabilities	-	(4 213)	-	(4 213)
Total other comprehensive income	**-**	**13 702**	**-**	**13 702**
Total comprehensive loss for the year	**-**	**13 702**	**123 792**	**137 494**
Transactions with shareholders of the Company				
Dividends	-	-	(25 393)	(25 393)
Total transactions with shareholders of the Company	**-**	**-**	**(25 393)**	**(25 393)**
Balance at 31 December 2021	**4 939**	**24 998**	**363 633**	**393 570**

* The comparative information is restated on account of correction of errors, see Note 25.

The statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 10 - 44.

UZS mln	2021	2020 restated*
Cash flows from operating activities		
Profit for the reporting year	123 792	19 713
Adjustments:		
Depreciation and amortisation	38 722	47 949
Accrual of allowance for expected credit losses	9 919	5 214
Interest expense	4 026	7 178
(Income)/expenses from foreign currency differences, net	(7)	9 202
Provision for pensions and holiday benefits	20 545	(154)
Income tax expense	21 180	3 479
Other	8 401	(3 375)
Change in:		
Inventories	56 757	45 147
Trade and other receivables	3 363	(29 104)
Trade and other payables	(69 231)	(12 854)
Cash flows from operations before income taxes and interest paid	**217 467**	**92 395**
Income tax paid	(31 497)	(5 717)
Interest paid	(4 330)	(25 144)
Net cash flows from operating activities	**181 640**	**61 534**
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	-	9 088
Acquisition of property, plant and equipment and intangible assets	(33 211)	(17 715)
Acquisition of other investments	(100 000)	(726)
Dividends received	2 682	2 960
Interest received	838	2
Net cash used in investing activities	**(129 691)**	**(6 391)**
Cash flows from financing activities		
Proceeds from borrowings	-	36 710
Other transactions with shareholders	(23 074)	-
Repayment of borrowings	(18 427)	(60 655)
Net cash used in financing activities	**(41 501)**	**(23 945)**
Net increase in cash and cash equivalents	**10 448**	**31 198**
Cash and cash equivalents at 1 January	43 951	12 753
Effect of movements in exchange rate on cash and cash equivalents	738	-
Cash and cash equivalents at 31 December	**55 137**	**43 951**

* The comparative information is restated on account of correction of errors, see Note 25.

The statement of cash flows is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 10 - 44.

1 Reporting entity

(a) Business environment

Ammofos-Maxam JSC (hereinafter the “Company”) operations are located in the Republic of Uzbekistan. Consequently, the Company 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 financial statements reflect management’s assessment of the impact of the Uzbekistan business environment on the operations and the financial position of the Company. The future business environment may differ from management’s assessment. The Company's financial statements are prepared on a going concern basis.

(b) Organisation and operations

Ammofos-Maxam JSC is one of the largest enterprises of the Republic of Uzbekistan which was put into operation in 1969 and which is currently producing complex nitric-phosphoric mineral fertilisers based on Kyzyl-Kum phosphorites.

The Company was incorporated as a result of the reorganisation of the former production association “Ammophos” into a joint-stock company pursuant to Order No.229k-PO of the State Committee for State Property Management and Support of Entrepreneurship of the Republic of Uzbekistan of 15 August 2001.

The Company is registered at: Industrial zone, Almalyk, Tashkent region, Republic of Uzbekistan, 110100.

The Company's core business is the production of mineral fertilisers, chemical reagents and other low-tonnage chemical products. The Company's operations are primarily carried in Almalyk. The Company’s products are sold in the Republic of Uzbekistan and abroad.

The principal shareholders of the Company are:

	Ownership, %	
	31 December 2021	**31 December 2020**
Uzkimeosanoat JSC	51%	51%
MAXAM CORP International SL	49%	49%

The Company is controlled jointly by JSC Uzkimyosanoat and MAXAM CORP International SL. Details of transactions with related parties, including state-controlled entities, are disclosed in Note 23.

2 Basis of accounting

(a) Statement of compliance

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

3 Functional and presentation currency

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

4 Use of estimates and judgments

The preparation of the 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.

Detalis of the most significant estimations formed in the process of applying the accounting policies that have the most significant effect on the amounts recognized in the financial statements is presented in the following notes:

Notes 11 and 26(g)(iii) – useful life of property, plant and equipment;

Note 20 – allowances for trade receivables.

Measurement of fair values

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

The Company engages independent valuation specialists if complex calculations of fair values are required. Key assumptions used in valuations are agreed with the Company's management.

When measuring the fair value of an asset or a liability, the Company 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 Company 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 Note 20 – Fair values and risk management.

5 Revenue

(a) Revenue streams

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

UZS mln	2021	2020
Ammophos	982 268	729 630
Ammonium sulphate	30 828	-
Ammonium Phosphate Sulfate	19 714	30 453
Tolling	15 410	-
Agro	10 929	64 867
Suprefos	2 983	16 340
Other products	866	1 199
	1 062 998	**842 489**

Main geographical markets:

UZS mln	2021	2020
Domestic market	888 113	776 584
Export	174 885	65 905
	1 062 998	**842 489**

Almost all revenues relate to contracts with customers. The majority of domestic sales are made through the Uzbek Commodity Exchange, and export operations are performed through a related party LLC "Uzkimyoimpeks".

In 2021, the Company started to provide tolling services.

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.

(b) Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in the contract with the customer. The Company recognises revenue as it transfers control over a good or service to a customer.

The following table shows information on the nature and timing of performance obligations in contracts with customers, including significant terms of payment and the corresponding revenue recognition policy.

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition
Nitrogen-phosphate fertilisers	The Company sells its products on the domestic market through a commodity exchange. The customer obtains control over the nitrogen-phosphate products at the moment the products are dispatched. At this point in time, a shipping document or invoice is drafted and revenue is recognised. The products are delivered after full pre-payment within 90 working days. Export shipments of nitrogen-phosphate products are made through a commission agent. The customer obtains control over nitrogen-phosphate products at the time the products are dispatched by the Company. The products shall be shipped within 3 working days.	Revenue is recognised when the products are dispatched by the Company.
Tolling	The contract for the processing of phosphate rock is concluded with the sole counterparty OOO NAVOIY MILLIMG directly. The basis of delivery under the contracts is Ex works or Free carrier depending on the type of contract. Invoices are issued in accordance with the terms of the contract and are usually payable within 5 banking days after the acceptance of the batch of raw materials for processing.	Revenue is recognised on a pro rata basis to the stage of completion of contract work as at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

6 Expenses

(a) Cost of sales

UZS mln	2021	2020
Materials costs	489 215	483 613
Wages and salaries	130 890	80 770
Utility services	83 487	82 259
Depreciation	35 952	41 973
Services purchased	17 951	13 890
Social contributions	12 529	8 722
Railway services	9 332	8 520
Other taxes	8 702	7 416
Other	6 057	6 720
Changes in balances of finished goods and construction in progress	35 607	26 367
	829 722	**760 250**

(b) Administrative expenses

UZS mln	2021	2020
Wages and salaries	23 719	14 200
Social contributions	2 843	1 227
Costs for meals	2 229	62
Depreciation	2 045	3 854
Material costs	1 005	1 114
Other	2 427	-
	34 268	**20 457**

(c) Distribution expenses

UZS mln	2021	2020
Storage of cargo	13 251	10 472
Commission fee	3 587	2 334
Materials costs	2 672	3 543
Wages and salaries	1 810	1 645
Social contributions	215	192
Depreciation	156	1 629
Other	3 258	7
	24 949	**19 822**

(d) Other expenses

UZS mln	2021	2020
Accrual of allowance for expected credit losses	9 919	5 214
Charity	7 150	652
Accruals in terms of long-term settlements with employees	5 564	-
Pension liabilities	1 005	-
Depreciation	569	474
Penalties	354	1 006
Other employee benefits	3 645	2 333
Social contributions	-	356
Other	7 324	-
	35 530	**10 035**

7 Net finance costs

UZS mln	2021	2020
Dividend income	2 682	2 960
Interest income on loans issued	1 085	2
Foreign currency difference	7	-
Other	233	18
Total finance income	**4 007**	**2 980**
Foreign currency difference	-	(9 202)
Interest expense	(4 026)	(7 178)
Other	-	(421)
Total finance costs	**(4 026)**	**(16 801)**
Net finance costs recognised in profit or loss	**(19)**	**(13 821)**

8 Employee benefits

UZS mln	2021	2020
Wages and salaries	158 082	100 717
Social contributions	15 587	11 324
	173 669	**112 041**

Expenses on employee benefits of UZS 1 663 million for 2021 are included in the cost of property, plant and equipment (2020: expenses on employee benefits of UZS 2 596 million are included in the cost of property, plant and equipment).

9 Income tax

(a) Amounts recognised in profit or loss

The applicable tax rate for the Company as at 31 December 2021 was 15% (31 December 2020: 15%) and represents the income tax rate for Uzbek companies.

UZS mln	2021	2020
Current income tax		
Accrued in the reporting period	(26 773)	(6 260)
	(26 773)	**(6 260)**
Deferred income tax		
Origination and reversal of temporary differences	5 593	2 781
	5 593	**2 781**
Total income tax expense	**(21 180)**	**(3 479)**

(b) Reconciliation of effective tax rate:

	2021		2020	
	UZS mln	**%**	**UZS mln**	**%**
Profit before income tax	144 972	100%	23 192	100%
Income tax at applicable tax rate	(21 746)	(15%)	(3 479)	(15%)
Non-deductible expenses	(1 970)	(1%)	-	-
Tax exempt income	402	0%	-	-
Tax incentives	4 066	3%	-	-
Under/(over) provided in prior years	(1 932)	(1%)	-	-
	(21 180)	**(14)%**	**(3 479)**	**(15%)**

(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	-	-	(24 497)	(26 828)	(24 497)	(26 828)
Investments	-	-	(3 768)	(1 151)	(3 768)	(1 151)
Inventories	353	-	-	-	353	-
Trade and other receivables	1 570	788	-	-	1 570	788
Employee benefits	3 826	95	-	-	3 826	95
Trade and other payables	-	-	-	(391)	-	(391)
Tax losses carried forward	-	1 933	-	-	-	1 933
Tax assets/(liabilities)	**5 749**	**2 816**	**(28 265)**	**(28 370)**	**(22 516)**	**(25 554)**
Set-off of tax	(5 749)	(2 816)	5 749	2 816	-	-
Net tax assets/(liabilities)	**-**	**-**	**(22 516)**	**(25 554)**	**(22 516)**	**(25 554)**

(d) Movement in deferred tax balances

UZS mln	1 January 2021	Recognised in profit or loss	Recognised in other comprehensive income	31 December 2021
Property, plant and equipment	(26 828)	2 331	-	(24 497)
Intangible assets	-	-	-	-
Investments	(1 151)	545	(3 162)	(3 768)
Inventories	-	353	-	353
Trade and other receivables	788	782	-	1 570
Employee benefits	95	3 124	607	3 826
Trade and other payables	(391)	391	-	-
Tax loss carry-forwards	1 933	(1 933)	-	-
	(25 554)	**5 593**	**(2 555)**	**(22 516)**

UZS mln	1 January 2020	Recognised in profit or loss	Recognised in other comprehensive income	31 December 2020
Property, plant and equipment	(27 784)	956	-	(26 828)
Intangible assets	2	(2)	-	-
Investments	-	(1 151)	-	(1 151)
Trade and other receivables	(793)	1 581	-	788
Employee benefits	240	(145)	-	95
Trade and other payables	-	(391)	-	(391)
Tax loss carry-forwards	-	1 933	-	1 933
	(28 335)	**2 781**	**-**	**(25 554)**

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

Management of the Company provided information on the adjusted EBITDA. This indicator is used by management to assess the financial performance of the Company and, therefore, management believes that its presentation is appropriate. Adjusted EBITDA is calculated by adjusting profit/loss to exclude the impact of taxation, net finance costs, depreciation and amortisation.

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

Reconciliation of adjusted EBITDA to profit for the period

UZS mln	Note	2021	2020
Profit before tax		**144 972**	**23 192**
Adjustments for:			
Net finance costs	7	19	13 821
Depreciation	11	38 722	47 930
Write-off of construction in progress to expenses for the period	6	5 564	-
Accrual / (reversal) of allowance for expected credit losses	6	9 919	5 214
Adjusted EBITDA		**199 196**	**90 157**

11 Property, plant and equipment

UZS mln	Buildings and constructions	Machinery and equipment	Vehicles	Equipment for installation	Capital investments	Advances for capital construction	Other	Total
Initial cost								
Balance at 1 January 2020	133 955	170 195	57 314	27 299	9 464	-	2 725	400 952
Additions	-	-	-	1 153	16 526	-	-	17 679
Commissioning	3 126	7 875	2 550	(879)	(13 361)	-	689	-
Disposals	-	(1 628)	-	-	-	-	(60)	(1 688)
Balance at 31 December 2020	**137 081**	**176 442**	**59 864**	**27 573**	**12 629**	**-**	**3 354**	**416 943**
Balance at 1 January 2021	137 081	176 442	59 864	27 573	12 629	-	3 354	416 943
Additions	-	-	-	17 286	16 541	2 099	-	35 926
Commissioning	5 884	37 710	5 003	(39 198)	(9 432)	-	33	-
Disposals	(22)	(2 758)	(485)	(5 564)	(1 747)	-	(107)	(10 683)
Balance at 31 December 2021	**142 943**	**211 394**	**64 382**	**97**	**17 991**	**2 099**	**3 280**	**442 186**

UZS mln	Buildings and constructions	Machinery and equipment	Vehicles	Equipment for installation	Capital investments	Advances for capital construction	Other	Total
Depreciation								
Balance at 1 January 2020	12 977	29 832	7 698	-	-	-	842	51 349
Depreciation for the year	11 544	26 971	8 729	-	-	-	686	47 930
Disposals	-	(1 628)	-	-	-	-	(60)	(1 688)
Balance at 31 December 2020	**24 521**	**55 175**	**16 427**	**-**	**-**	**-**	**1 468**	**97 591**
Balance at 1 January 2021	24 521	55 175	16 427	-	-	-	1 468	97 591
Depreciation for the year	9 992	19 116	9 250	-	-	-	364	38 722
Disposals	(9)	(2 285)	(188)	-	-	-	(68)	(2 550)
Balance at 31 December 2021	**34 504**	**72 006**	**25 489**	**-**	**-**	**-**	**1 764**	**133 763**
Carrying amount								
At 1 January 2020	**120 978**	**140 363**	**49 616**	**27 299**	**9 464**	**-**	**1 883**	**349 603**
At 31 December 2020	**112 560**	**121 267**	**43 437**	**27 573**	**12 629**	**-**	**1 886**	**319 352**
At 31 December 2021	**108 439**	**139 388**	**38 893**	**97**	**17 991**	**2 099**	**1 516**	**308 423**

In 2021, depreciation expense of UZS 35 952 million (2020: UZS 41 973 million) has been charged to cost of sales and UZS 2 770 million (2020: UZS 5 957 million) – to administrative and distribution expenses.

(a) Security

At 31 December 2021, property, plant and equipment with a carrying amount of UZS 2 976 million (31 December 2020: UZS 3 070 million) was pledged as collateral for bank loans.

12 Investments

UZS mln	31 December 2021	31 December 2020
Long-term bank deposits	100 000	-
Securities	32 282	11 283
Contributions to share capitals of companies	2 196	2 196
Expected credit losses	(4 700)	-
	129 778	**13 479**

The securities represent investments in equity instruments not held for trading. The Company has elected the method of accounting for changes in their fair value based on quoted market prices in other comprehensive income

The securities are represented by shares in the Uzbek Commodity Exchange, Uzpromstroybank JSCB, IpotekaBank JSCMB, Microcreditbank JSCB controlled by the Republic of Uzbekistan.

The deposit was placed with ANOR BANK JSC with a credit rating determined by the Moody's rating agency as B1.

13 Inventories

UZS mln	31 December 2021	31 December 2020
Finished products and goods for resale	70 990	104 837
Raw materials and consumables	48 616	69 630
Other	13	150
Allowance for impairment of obsolete or slow-moving inventories	(1 759)	-
	117 860	**174 617**

In 2021, an allowance for impairment was accrued for Superphosphate and PS-Agro products due to a significant decrease in consumer demand and lack of sales plans. No allowance was accrued in 2020.

14 Trade and other receivables

UZS mln	31 December 2021	31 December 2020
Trade receivables	23 042	7 953
Advances to suppliers	16 597	36 494
Other taxes receivable	6 731	8 552
Other receivables	1 200	399
Allowance for doubtful debts	(10 470)	(5 251)
	37 100	**48 147**

The Company'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	48 379	39 419
Cash held for trading on a commodity exchange	6 555	3 999
Other	203	533
Cash and cash equivalents	**55 137**	**43 951**

The fair value of cash and cash equivalents is equal to their carrying amounts. Bank and other cash balances are not past due or impaired.

UZS mln	31 December 2021	31 December 2020
From BBB- to AAA	48 582	39 952
From BB- to BB+	6 555	3 999
	55 137	**43 951**

The Company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 20.

16 Capital and reserves

(a) Share capital and additional paid-in capital

Number of shares unless otherwise stated	31 December 2021	31 December 2020
Authorised shares	987 872	987 872
Value per share, UZS	5 000	5 000
Issued at the beginning of the year	987 872	987 872
Issued at the end of the year, fully paid	**987 872**	**987 872**

All ordinary shares rank equally with regard to the Company's residual assets. As at 31 December 2021 and 31 December 2020, the share capital was fully paid by all shareholders.

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 shareholders' meetings of the Company.

(b) Dividends

In 2021, dividends for 2019 and 2020 were declared in the amount of UZS 6 639 million and UZS 18 754 million respectively. The amount of dividends per share was UZS 6 720 for 2019 and UZS 18 984 for 2020. In 2021, the Company paid UZS 23 074 million and accrued dividend tax of UZS 1 892 million, as well as made offsets on settlements with shareholders in the amount of UZS 427 million. As at 31 December 2021, there were no dividend payables. No dividends were declared in 2020.

(c) Provisions

Provisions relate to the recognition of pension liabilities and changes in the value of investments at FVOCI.

17 Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of business.

The Company seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company has no formal policy for capital management, but management seeks to maintain a sufficient capital base for meeting the Company's operational and strategic needs, and to maintain confidence of market participants. This is achieved with efficient cash management, constant monitoring of the Company's revenues and profits, and planning of long-term investments. With these measures the Company aims for steady profits growth.

There were no changes in the Company's approach to capital management during the year.

18 Loans and borrowings

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

UZS mln	**31 December 2021**	**31 December 2020**
Non-current liabilities		
Non-current portion of secured bank loans	35 202	48 081
	35 202	**48 081**
Current liabilities		
Loans	11 800	12 030
Current portion of secured bank loans	15 100	19 215
	26 900	**31 245**

(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	US Dollar	USD LIBOR (6 months) + 4.85%	2025	39 965	50 028
	US Dollar	8%	2025	10 337	12 831
	US Dollar	USD LIBOR (6 months) + 4.25%	2021	-	3 549
	US Dollar	8%	2021	-	888
	Som	Interest-free	on demand	11 800	11 800
Secured loans	US Dollar	Interest-free	2021	-	230
				62 102	**79 326**

The collateral value of property held as security for loans received is disclosed in Note 11.

A number of loans outstanding at year end contain certain restrictive covenants relating to improper execution of obligations with a certain level of ratios, in particular, the principal amount service ratio, and compliance with other non-financial requirements.

As at 31 December 2021 and 31 December 2020, the Company was in compliance with the restrictive covenants of its loan agreements.

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

UZS mln	
Carrying amount at 1 January 2020	**114 446**
Proceeds from loans and borrowings	36 710
Repayment of borrowings	(60 655)
Foreign currency exchange differences in the Statement of Profit or Loss	6 791
Interest expense	7 178
Interest paid	(25 144)
Carrying amount at 31 December 2020	**79 326**
Repayment of borrowings	(18 427)
Interest expense	4 026
Interest paid	(4 330)
Foreign currency exchange differences in the Statement of Profit or Loss	1 738
Other movements	(231)
Carrying amount at 31 December 2021	**62 102**

19 Trade and other payables

UZS mln	31 December 2021	31 December 2020
Trade payables	126 493	197 980
Other payables	11 616	8 967
Advances received	1 963	412
	140 072	**207 359**

The Company'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) Fair value and its hierarchy

The Company 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 Company'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 of the hierarchy.

Type of financial instrument	Valuation technique	Level
Equity investments	Quoted market price method	Level 1

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, trade and other payables.

(c) Financial risk management

The Company 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 Company's risk management framework.

Formalised risk management policies are pending drafting and approval. Key risk management decisions are made by the Supervisory Board.

(ii) Credit risk

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

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**
Domestic market	12 108	8 274
Export	12 134	78
Expected credit losses	(9 580)	(4 060)
	14 662	**4 292**

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer/client. However, management also considers the factors that may influence the credit risk of the Company's customer base, including the default risk of the industry and country in which customers operate. Detailed information on the revenue concentration is provided in Note 5.

As at 31 December 2021, 22% (31 December 2020: 55%) of receivables are from state-controlled companies. The Company derecognises accounts receivable when the payment is overdue for more than 1 year as the recoverability of the receivable is low. For the remaining receivables, the Company recognises an impairment allowance for expected credit losses based on available official credit ratings or ratings calculated by the Company itself.

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

UZS mln	**31 December 2021**	**31 December 2020**
Caa external credit rating by Moody's	13 781	3 282
Sovereign credit rating of the Republic of Uzbekistan	1 822	5 070
Credit rating D	8 631	-
Total gross carrying amount	**24 242**	**8 352**
Expected credit losses	(9 580)	(4 060)
Total net carrying amount	**14 662**	**4 292**

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company'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 Company'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	(62 102)	(66 660)	(28 788)	(31 579)	(6 293)	-
Trade and other payables	(138 109)	(138 109)	(136 839)	-	-	(1 270)
	(200 211)	**(204 769)**	**(165 627)**	**(31 579)**	**(6 293)**	**(1 270)**

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	(79 326)	(86 770)	(33 735)	(32 030)	(21 005)	-
Trade and other payables	(206 947)	(206 947)	(206 947)	-	-	-
	(286 273)	**(293 717)**	**(240 682)**	**(32 030)**	**(21 005)**	**-**

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 Company'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.

Currency risk

The Company 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 currencies of Company entities. The functional currency of the Companies is Uzbekistani som (UZS). The currency in which the above transactions are primarily denominated is US Dollar.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company'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 Company's exposure to currency risk, based on nominal values, was as follows:

UZS mln	**USD-denominated**	**EUR-denominated**	**RUB-denominated**	**USD-denominated**	**EUR-denominated**
	31 December 2021			**31 December 2020**	
Loans and borrowings	(50 302)	-	-	(67 526)	-
Trade payables	(133)	-	-	(3)	-
Trade receivables	12 113	-	-	-	-
Cash and cash equivalents	38 098	433	62	27 545	453
Net exposure	**(224)**	**433**	**62**	**(39 984)**	**453**

The following significant exchange rates have been applied during the year:

in UZS	Average rate		Reporting date spot rate	
	2021	2020	31 December 2021	31 December 2020
USD 1	10 623	10 065	10 838	10 477
EUR 1	12 534	11 485	12 225	12 786
RUB 1	144	140	147	141

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.

UZS mln	Strengthening		Weakening	
	Equity	Profit or loss	Equity	Profit or loss
31 December 2021				
UZS (10% movement) against USD	(22)	(22)	22	22
UZS (10% movement) against EUR	43	43	(43)	(43)
UZS (10% movement) against RUB	6	6	(6)	(6)
31 December 2020				
UZS (10% movement) against USD	(3 998)	(3 998)	3 998	3 998
UZS (10% movement) against EUR	45	45	(45)	(45)

Interest rate risk

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

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

The Company does not hedge interest rate risk.

Exposure to interest rate risk

As at the reporting date, the structure of the Company's interest-bearing financial instruments grouped by types of interest rates were as follows:

UZS mln	31 December 2021	31 December 2020
Fixed rate instruments		
Financial assets	100 000	-
Financial liabilities	(10 337)	(13 719)
	89 663	**(13 719)**
Variable rate instruments		
Financial assets	-	-
Financial liabilities	(39 965)	(53 577)
	(39 965)	**(53 577)**

Fair value sensitivity analysis for fixed rate instruments

The Company 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 for the period by the amounts shown 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 at 31 December 2021	(400)	400	(400)	400
Variable rate instruments at 31 December 2020	(536)	536	(536)	536

21 Assumed liabilities

As at 31 December 2021, the Company concluded contracts for acquisition of machinery and equipment in the amount of UZS 3 290 million (31 December 2020: UZS 3 571 million).

22 Contingencies

(a) Insurance

The insurance industry in the Republic of Uzbekistan is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Company 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 Company property or relating to Company operations. Until the Company obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Company’s operations and financial position.

(b) Litigations

During the year, the Company has been involved in a number of legal proceedings arising in the normal course of business, both as a plaintiff and a defendant. As at the reporting date, a number of legal proceedings in which the Company was involved were not settled. Management believes that the Company is not involved in any legal proceedings that could have a material adverse effect on the Company's operating results, financial position, or cash flows, and which have not been disclosed in these financial statements or the notes thereto.

(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 could differ and the effect on these financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

23 Related parties

(a) Parent company and ultimate controlling party

Control over the Company is carried out jointly by Uzkimeosanoat JSC and MAXAM CORP International SL.

(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 the State pension fund	1 472	1 011
	1 472	**1 011**

(ii) Other related party transactions

	Transaction value for the year ended 31 December	
UZS mln	**2021**	**2020**
Sales of goods and services:		
Companies under state control	98 261	299 736
Companies under control of Uzkimeosanoat JSC	177 207	66 469
Other related parties	-	528
Purchases of goods and services:		
Companies under state control	472 244	223 599
Companies under control of Uzkimeosanoat JSC	20 367	247 915
Other related parties	50 637	47 722
Interest expense:		
Companies under state control	4 026	7 178

UZS mln	Outstanding balance as at 31 December 2021	31 December 2020
Accounts receivable		
Companies under state control	4 046	4 433
Companies under control of Uzkimeosanoat JSC	13 356	42
Other related parties	460	474
Provision for expected credit losses	(5 761)	(4 060)
Accounts payable		
Companies under state control	125 635	176 165
Companies under control of Uzkimeosanoat JSC	571	4 040
Other related parties	320	15 064
Investments		
Companies under state control	2 466	2 466
Companies under control of Uzkimeosanoat JSC	2 196	3 262
Loans and borrowings		
Companies under state control	62 102	79 096
Companies under control of Uzkimeosanoat JSC	-	230
Debt on advances given		
Companies under state control	15 125	19 570
Companies under control of Uzkimeosanoat JSC	-	14 423
Provision for impairment of advances paid	(890)	(1 190)
Debt on advances received		
Companies under state control	364	274
Companies under control of Uzkimeosanoat JSC	36	22
Guarantees received		
Other related parties	97 878	96 470

All outstanding balances with related parties are to be settled in cash within 12 months after the reporting date. None of the balances are secured. The Company did not issue guarantees to related parties. The Company's bank loans are secured by guarantees issued of other related parties.

(c) Transactions with government

The Government of Uzbekistan owns 51% of the shares and voting rights in the Group (2020: 51%) and this grants the Government to exercise joint control over the Company's operations. Additionally, the Company transacts with a number of entities that are either controlled or jointly controlled by the Government of Uzbekistan.

24 Subsequent events

No subsequent events have been identified that had a material effect on the financial statements disclosures.

25 Changes in certain items of the financial statements related to previous periods

During 2021, the following circumstances were revealed:

1) The policy on presentation of Workshop maintenance costs during downtime has been changed, this expense is recognised within the cost of production. The 2020 comparative figures have been adjusted accordingly.

2) Accounts receivable in the Statement of Financial Position mistakenly included cash in the accounts with the exchange which are blocked upon the completion of trading against future deliveries, as well as other cash in the accounts with the exchange, as a result of which the amount of Accounts receivable as at 31 December 2020 was overstated, and the amount of Cash and cash equivalents was understated.
3) In other comprehensive income for the year 2020 in the line item Net change in fair value of equity investments measured at FVOCI the accumulated amount of revaluation of securities to market value was incorrectly recognised instead of the current period revaluation and as a result the amount of Other comprehensive income for the year 2020 has been overstated.
4) Commercial Expenses in 2020 were incorrectly recorded as Railroad Expenses for the transportation of empty cars from under the purchased raw materials for processing, which resulted in an underestimation of the Cost of Production and an overestimation of Commercial Expenses and Gross Profit.

Errors were corrected by restating each affected item of the prior periods' financial statements. The table below summarises the impact of these changes on the Company's financial statements.

(a) Statement of Financial Position

UZS mln	**Effect of correction of errors**		
31 December 2020	**As previously reported**	**Adjustments**	**As restated**
Trade and other accounts receivable (current)	52 146	(3 999)	48 147
Cash and cash equivalents	39 952	3 999	43 951
Other assets	507 776	-	507 776
Total assets	**599 874**	**-**	**599 874**

(b) Statement of Profit or Loss and Other Comprehensive Income

UZS mln	**Effect of correction of errors**		
For the year ended 31 December 2020	**As previously reported**	**Adjustments**	**As restated**
Cost of sales	742 725	17 525	760 250
Gross profit	99 764	(17 525)	82 239
Distribution expenses	28 342	(8 520)	19 822
Other expenses	19 040	(9 005)	10 035
Profit for the reporting year	**19 713**	**-**	**19 713**
Net change in fair value of equity instruments at FVOCI	8 739	(6 945)	1 794
Other comprehensive income/(loss) for the reporting year, net of income tax	8 585	(6 945)	1 640
Total comprehensive income for the reporting year	**28 298**	**(6 945)**	**21 353**

(c) Statement of Cash Flow

UZS mln	**Effect of correction of errors**		
For the year ended 31 December 2020	**As previously reported**	**Adjustments**	**As restated**
Change in Trade and other accounts receivable	(19 812)	3 999	(15 813)
Cash and cash equivalents at 31 December	**39 952**	**3 999**	**43 951**

These errors did not have a material impact on basic or diluted earnings per share or cash flows from operating, investing and financing activities for the years ended 31 December 2021 and 31 December 2020.

26 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

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

(a) Revenue

(i) Sale of goods

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

Generally, the Company 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 Company applies a practical expedient and does not calculate a significant financing component for such contracts.

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

The Company 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.

(b) Finance income and finance costs

The Company'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.

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date that the Company'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.

(c) Foreign currency

(i) *Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates as 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).

(d) 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 Company 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 Company's contributions to social programs benefit the community at large and are not restricted to the Company'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 Company'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 Company'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 Company, 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 Company. An economic benefit is available to the Company 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 Company 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), considering 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 Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(e) 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 Company 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 Company. 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 Company 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 requirements of the tax legislation of Uzbekistan, the tax base is determined for each of the Company's main activities and tax losses and taxable profit to different activities cannot be offset.

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes, penalties and late-payment interest may be due. The Company'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 Company 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.

(f) 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.

(g) 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 Company'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 expenditures

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 and amortisation

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 4 - 50 years;
- plant and equipment 3 - 38 years;
- vehicles 3 - 25 years;
- other 3 - 15 years.

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

(h) 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 Company 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 Company 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 Company 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 (see Note 20(b)). On initial recognition, the Company 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 Company 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 Company'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 Company'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 Company 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 Company 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 Company'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 Company 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 Company 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 Company 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 Company analogizes to the guidance on the derecognition of financial liabilities.

The Company 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 Company 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 Company 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 Company 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 Company 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 Company has an option to redeem the loan early at par without a material penalty. The Company 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.

The Company 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 Company 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 Company 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 Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its 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 Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Company 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 statement of financial position when, and only when, the Company 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.

(i) 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.

(j) Impairment

(i) Non-derivative financial assets

Financial instruments and contract assets

The Company recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

The Company 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 Company 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 Company's historical experience and a reasonable credit assessment, including forward-looking information.

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

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

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Company 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 Company 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 Company 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 Company in accordance with the contract and the cash flows that the Company expects to receive).

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

Credit-impaired financial assets

At each reporting date, the Company 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 Company on terms that the Company 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 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 Company has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. For individuals the Company 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 Company 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 Company 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 Company'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 Company'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 Company'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.

(k) Provisions

A provision is recognised if, as a result of a past event, the Company 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.

27 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 Company has not early adopted the new or amended standards in preparing these 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 Company 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 Company's 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).