Auditing Company "Kreston Tashkent" L.L.C.
An independent member of KRESTON INTERNATIONAL

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FE «INDORAMA KOKAND TEXTILE» JOINT STOCK COMPANY

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

FE «INDORAMA KOKAND TEXTILE» JSC

has received _______________copy(ies) *of the Independent Auditor's Report*
(in writing)

"________" _____________________________2021

____________________ (surname and initials) ________________ (signature)
Seal

KRESTON TASHKENT

CONTENT

Foreign Enterprise "Indorama Kokand Textile" Joint Stock Company
“Indorama Kokand Textile” Aksiyadorlik jamiyat Xorijiy Korxonasi
150706, O’zbekiston Respublikasi, Farg’ona viloyati, Qoqon shahri, Alisher Navoiy Ko’chasi №205
Office in Tashkent: Amir Temur 11/1, Mirabad district, Tashkent, Uzbekistan, 100000
T.+998 71 233 22 64/67/68
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STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

The following statement, which should be read in conjunction with the independent auditors' responsibilities with a view to distinguishing the respective responsibilities of management and those of the independent auditors in relation to the financial statements of the FE JSC “Indorama Kokand Textile” (the “Company”).

Management of the Company is responsible for the preparation of the financial statements that present fairly the financial position of the Company as at December 31, 2020, the results of its operations, cash flows and changes in capital for the year ended December 31, 2020 in accordance with the International Financial Reporting Standards (the “IFRS”).

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

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

The financial statements for the year ended December 31, 2020 were approved and authorized for issue on January 25, 2021 by the Management of the Company.

On behalf of the Management of the Company:

INDORAMA KOKAND TEXTILE 1

Deepak Raina	Gaurav Aggarwal
General Director	Chief Finance Officer

INDEPENDENT AUDITOR'S REPORT

To the shareholders of FE JSC «Indorama Kokand Textile»

Opinion

We have audited the accompanying financial statements of FE JSC «Indorama Kokand Textile» (the "Company") which comprise the Statement of Financial Position as at 31 December 2020 and the Statement of Profits or Loss and Other Comprehensive Income, the Statement of Changes in Equity and Cash Flow Statement for the period from 1 January 2020 to 31 December 2020 and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present truly and fairly, in all material respects, the financial position of the Company as of 31 December 2020 and its financial performance and its cash flows for the period from 1 January 2020 to 31 December 2020 in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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 independence requirements that are relevant to our audit of the financial statements in with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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 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 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company 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 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.

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

Auditor:

Andrey Pak
General Director

KRESTON TASHKENT, LLC

15, Istikbol Street,
100047, Tashkent,
Republic of Uzbekistan

KRESTON TASHKENT

January 26, 2021

FE “INDORAMA KOKAND TEXTILE” JSC

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

In USD	Note	31 December 2020	31 December 2019 (Revised)*
ASSETS			
Non-current Assets			
Property, plant and equipment	8	110,858,076	118,280,973
Total non-current assets		**110,858,076**	**118,280,973**
Current Assets			
Inventories	9	20,667,151	14,809,004
Trade and other receivables	10	21,637,553	16,596,907
Cash and cash equivalents	11	756,651	2,137,731
Total current assets		**43,061,355**	**33,543,643**
TOTAL ASSETS		**153,919,431**	**151,824,616**
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital		50,334,436	50,334,436
Retained earnings		20,025,948	17,381,608
Total equity		**70,360,384**	**67,716,044**
Non-Current Liabilities			
Government grant	14	690,332	773,664
Deferred tax liabilities (net)	15	15,715,674	15,297,393
Borrowings	12	13,136,063	20,082,724
Total non-current liabilities		**29,542,068**	**36,153,781**
Current Liabilities			
Borrowings	12	32,666,667	30,970,242
Trade and other payables	13	763,613	2,454,649
Advance received	16	20,586,699	14,529,899
Total current liabilities		**54,016,979**	**47,954,791**
Total liabilities		**83,559,047**	**84,108,572**
TOTAL EQUITY AND LIABILITIES		**153,919,431**	**151,824,616**

** Revised Financial Statements for the year ended 31 December 2019 (see Note 6)*

Approved for issue and signed on 26 January 2021

Deepak Raina
General Director

INDORAMA KOKAND TEXTILE

Gaurav Aggarwal
Chief Finance Officer

The accompanying notes on page 10 to 31 are an integral part of these financial statements

FE "INDORAMA KOKAND TEXTILE" JSC

STATEMENTS PROFIT OR LOSS AND OTHER COMPREHENCIVE INCOME
AS AT 31 DECEMBER 2020

In USD	Note	2020	2019 (Revised)*
Revenue	17	91,528,069	110,844,543
Cost of sales	18	(80,177 478)	(89,699,098)
Gross profit		**11,350,590**	**21,145,445**
Other Income	19	413,912	118,368
Selling and distribution expenses	20	(5,617,779)	(5,861,978)
Administrative expenses	21	(1,456,837)	(1,377,735)
Finance costs	22	(1,627,265)	(3,950,556)
Profit before income tax		**3,062,621**	**10,073,543**
Income tax expense			
- current year	23	0	0
- differed tax	23	(418,281)	(4,197,360)
Profit for the year		**2,644,340**	**5,876,184**

** Revised Financial Statements for the year ended 31 December 2019 (see Note 6)*

Approved for issue and signed on 26 January 2021

Deepak Raina
General Director

INDORAMA KOKAND TEXTILE

Gaurav Aggarwal
Chief Finance Officer

The accompanying notes on page 10 to 31 are an integral part of these financial statements

FE “INDORAMA KOKAND TEXTILE” JSC

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

In USD	Share Capital	Retained Earning	Total
Balance as at 1 January 2019	**50,334,436**	**11,505,424**	**61,839,860**
Issued during the year			**0**
Profit for the year		5,876,184	**5,876,184**
Balance as at 31 December 2019 (revised)*	**50,334,436**	**17,381,608**	**67,716,044**

	Share Capital	Retained Earning	Total
Balance as at 1 January 2020	**50,334,436**	**17,381,604**	**67,716,044**
Issued during the year			
Profit for the year		2,644,340	**2,644,340**
Balance as at 31 December 2020	**50,334,436**	**20,025,944**	**70,360,384**

** Revised Financial Statements for the year ended 31 December 2019 (see Note 6)*

Approved for issue and signed on 26 January 2021

Deepak Raina
General Director

Gaurav Aggarwal
Chief Finance Officer

The accompanying notes on page 10 to 31 are an integral part of these financial statements

FE “INDORAMA KOKAND TEXTILE” JSC

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

In USD	2020	2019
Cash flow from operating activities:		
Profit before income tax	3,062,621	10,073,544
Adjustments for:	**9,170,159**	**10,775,064**
Amortisation and depreciation expense	7,655,745	6,918,361
Finance costs	1,165,571	3,091,074
Foreign exchange loss	461,694	859,483
Amortisation of government grant	(83,335)	(83,332)
(Gain)/Loss on disposal of PPE	(29,516)	(10,522)
Operating profit before working capital changes	**12,232,781**	**20,848,608**
Decrease/(Increase) Changes in inventories	(5,858,147)	2,089,937
(Increase)/Decrease in accounts receivable and prepayments	(5,040,646)	(10,432,759)
(Decrease)Changes in trade and other payables	(1,835,341)	(4,830,058)
(Decrease)/Increase in advances received	6,056,798	9,530,224
Cash from operations	**(6,677,336)**	**(3,642,656)**
Net cash generated from operating activities	**5,555,445**	**17,205,952**
Cash flows from investing activities		
Purchase of property, plant and equipment	(252,168)	(273,964)
Proceeds from sale of property, plant and equipment	48,837	10,522
Net cash used in investing activities	**(203,331)**	**(263,442)**
Cash flows from financing activities		
Interest paid	(1,604,836)	(2,910,767)
Proceed from long term borrowings		
Proceeds from borrowings net off refinancing	2,000,000	
Repayment of long term borrowings	(6,666,668)	(14,019,823)
Net cash from / (used in) financing activities	**(6,271,504)**	**(16,930,590)**
Net movements in cash and cash equivalents	**(919,390)**	**11,920**
Cash and cash equivalent at beginning of year	**2,137,731**	**2,598,217**
Net foreign exchange differences	(461,694)	(472,407)
Cash and cash equivalents at the end of the year	**756,651**	**2,137,731**
Cash and cash equivalents comprise of:		
Cash and bank balances	756,651	2,137,731
Cash and cash equivalents at the end of the year	**756,651**	**2,137,731**

Approved for issue and signed on 26 January 2021

Deepak Raina
General Director

INDORAMA KOKAND TEXTILE

Gaurav Aggarwal
Chief Finance Officer

The accompanying notes on page 10 to 31 are an integral part of these financial statements

FE "INDORAMA KOKAND TEXTILE" JSC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

1. GENERAL

FE «Indorama Kokand Textile» Joint Stock Company (the "Company") was incorporated in the Republic of Uzbekistan in April 2010, and started its main operations from July 2011. On 16 April 2019 the Company changed its form of organization from a limited liability to Joint Stock Company by issuing 1,043,370,717 shares with USZ 405 par value and allocated all shares to the same participant.

The Company's participants and their respective shares in the charter capital were as follows:

Owners	**31 December 2020**	**31 December 2019**
Indorama Industry PTE.LTD (the «Immediate Parent»)	100.00%	100.00%
Total	**100.00%**	**100.00%**

The Company's ultimate parent and ultimate controlling party is PT Indo-Rama Synthetics Tbk.

Principal activity. The Company is a producer of spun yarn products in the region. The Company manufactures cotton yarn using raw material cotton, harvested in Uzbekistan. The Company's annual processing capacity is 35,000 – 50,000 tons of cotton fiber with actual production of approximately 32,000 – 36,000 tons.

Registered address and place of business. The Company's registered address and principal place of business is 205, Navoi street, Kokand City, Fergana region, Republic of Uzbekistan.

Presentation currency. These financial statements are presented in US Dollars ("USD"), unless otherwise stated.

2. OPERATING ENVIRONMENT OF THE COMPANY

Republic of Uzbekistan. The Uzbekistan economy displays characteristics of an emerging market, including but not limited to a currency that is not freely convertible outside of the country and a low level of liquidity in debt and equity markets. Economic stability in Uzbekistan is largely dependent upon the effectiveness of economic measures undertaken by the Government of Uzbekistan, together with other legal, regulatory and political developments, all of which are beyond the Company's control. During the year entire world business has been affected by COVID-19 and same affected Uzbekistan Economy Uzbekistan's economy is proving relatively resilient to the impact of Covid-19. Compared with other countries in Central Asia,

The Company's financial position and operating results will continue to be affected by future political and economic developments in Uzbekistan including the application and interpretation of existing and future legislation and tax regulations which greatly impact Uzbek financial markets and the economy overall. Management is unable to predict all developments which could have an impact on the cotton yarn manufacturing sector generally and on the financial position of the Company in particular.
Uzbekistan experienced following key economic indicators in 2020:

- Inflation: 11.1% (2019: 13%);
- GDP growth: 0.8% (2019: -2%);
- Central Bank refinancing rate: 14% (2019: 16%).

Under Investment Agreement dated 30 March 2010 between the Immediate Parent and the Government of the Republic of Uzbekistan, construction of a spinning plant through development of existing Kokand Textile Plant was envisaged in two phases. According to Supplemental Investment Agreement No. 1 dated 15 September 2012 Phase I included investment by the Immediate Parent of USD 39,000 thousand to finance construction and installation works necessary for the commissioning of the plant with an annual capacity of at least 30,000 spindles. The commissioning date of Phase I per Investment Agreement was 31 August 2011.

Phase II included additional investment by the Immediate Parent of USD 31,000 thousand to finance construction of the plant with an annual capacity of at least 30,000 spindles. The commissioning date of Phase II per Investment Agreement was 31 December 2013.

According to Supplemental Investment Agreement No. 2 dated 9 October 2013, the parties agreed to increase the investments by the Immediate Parent. The investment under Phase III of the project shall be for not less than USD 20,000 thousand to finance all related construction and installation works for the commissioning of at least 3,500 rotors. At 31 December 2014, construction in progress was mainly comprised of expenditures in respect of Phase III of the Investment Project.

According to Supplemental Investment Agreement No. 3 dated 7 May 2015, the parties agreed to increase the investments by the Immediate Parent. The investment under Phase IV of the project shall be for not less than USD 51,000 thousand, including USD 10,000 thousand in form of equity contribution by Indorama and USD 41,000 thousand as loan from Indorama Group to finance all related construction and installation works for the commissioning of at least 40,000 spindles. At 31 December 2015, construction in progress was mainly comprised of expenditures in respect of Phase IV of the Investment Project. Commissioning date of Phase IV per was June 2017.

At 31 December 2020 and 2019, the parties to the Investment Agreement and Supplemental Agreements were largely on track with their respective part of investment obligations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation. These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) under the historical cost convention, as modified by the initial recognition of financial instruments based on fair value. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated (refer to Note 5 for new and amended standards adopted by the Company).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Financial instruments - key measurement terms. Financial instruments of the Company are carried at amortized cost as described below.

Amortized cost is the amount at which the financial instrument was recognized at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any write-down for incurred impairment losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortized discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related items in the statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the net carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortized over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

Classification of financial assets. The Company classifies its financial assets into loans and receivables.
Loans and receivables are unquoted non-derivative financial assets with fixed or determinable payments other than those that the Company intends to sell in the near term.

FE “INDORAMA KOKAND TEXTILE” JSC

Classification of financial liabilities. The Company classifies its financial liabilities into financial liabilities carried at amortized cost.

Initial recognition of financial instruments. Financial assets and liabilities are initially recorded at fair value plus/less transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

De recognition of financial assets. The Company derecognizes financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Company has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control.

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Property, plant and equipment. Property, plant and equipment are stated at cost, less accumulated depreciation and provision for impairment, where required. Property, plant and equipment includes assets under construction for future use as property, plant and equipment.

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Costs of minor repairs and day-to-day maintenance are expensed when incurred. Cost of replacing major parts or components of property, plant and equipment items are capitalized and the replaced part is retired.

At the end of each reporting period management assesses whether there is any indication of impairment of property, plant and equipment. If any such indication exists, the management estimates the recoverable amount, which is determined as the higher of an asset’s fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognized in the profit or loss for the year.

Construction in progress is carried at cost less provision for any impairment in value. Upon completion, assets are transferred to property, plant and equipment at their carrying value. Construction in progress is not depreciated until the asset is available for use.

Gains and losses on disposals determined by comparing proceeds with carrying amount are recognized in profit or loss.

Depreciation. Depreciation on items of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

	Useful lives in years
Buildings and premises	35
Machinery and equipment	20
Other	5-10

The residual value of an asset is the estimated amount that the Company would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The residual value of an asset is nil if the Company expects to use the asset until the end of its physical life. The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Income taxes. Taxation has been provided for in the financial statements in accordance with Uzbekistan legislation enacted or substantively enacted by the end of the reporting period.

The income tax charge comprises current tax and deferred tax and is recognized in profit or loss for the year except if it is recognized in other comprehensive income or directly in equity because it relates to transactions that are also recognized, in the same or a different period, in other comprehensive income or directly in equity.

Current tax is the amount expected to be paid to, or recovered from, the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if financial statements are authorised prior to filing relevant tax returns. Taxes other than on income are recorded within general and administrative expenses.

Deferred income tax is provided using the balance sheet liability method, for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

Deferred tax assets and liabilities are presented net in the statement of financial position, since there is a legally enforceable right to offset current tax assets against current tax liabilities and the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Inventories. Inventories are recorded at the lower of cost and net realisable value. Cost of inventory is determined on a weighted average basis. The cost of finished goods and work in progress comprises raw material, direct labour, other direct costs and related production overheads (based on the normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

Prepayments. Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company. Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognized in profit or loss for the year.

Trade and other receivables. Trade and other receivables are recognized initially at fair value and are subsequently carried at amortized cost using the effective interest method.

Cash and cash equivalents. Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortized cost using the effective interest method.

Restricted cash. Restricted cash is comprised of funds in UZS held for conversion to USD, which the Company has no intention to call back prior to conversion.

Charter capital. The Company participant’s ownership interest is classified as equity since the Company has an unconditional right to refuse redemption of the member's interest, based on its charter and local legislation.

Charter capital is represented by monetary and non-monetary contributions at fair value from the Company’s participants, and is equal to the amount registered in the foundation documents of the Company. Increase or decrease of the charter capital can only be made based on participants’ decision after introducing respective changes to the foundation documents of the Company.

Additional paid in capital. Additional paid in capital is comprised of contributions from participants to the Company’s charter capital, which were not yet formally registered with relevant regulatory state authorities at the end of a reporting period.

Dividends. Dividends are recorded as a liability and deducted from equity in the period in which they are declared and approved. Any dividends declared after the reporting period and before the financial statements are authorised for issue are disclosed in the subsequent events note.

Value added taxes. Output value added tax related to sales is payable upon earlier of (a) collection of the receivables from customers or (b) delivery of the goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognized in the statement of financial position on a gross basis and disclosed separately as an asset and liability.

Borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred and are subsequently carried at amortized cost using the effective interest method

Capitalisation of borrowing costs. Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial time to get ready for intended use or sale (qualifying assets) are capitalised as part of the costs of those assets from 1 January 2013.

The commencement date for capitalisation is when (a) the Company incurs expenditures for the qualifying asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale. Capitalisation of borrowing costs continues up to the date when the assets are substantially ready for their use or sale.

The Company capitalises borrowing costs that could have been avoided if it had not made capital expenditure on qualifying assets. Borrowing costs capitalised are calculated at the Company’s average funding cost (the weighted average interest cost is applied to the expenditures on the qualifying assets), except to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. Where this occurs, actual borrowing costs incurred less any investment income on the temporary investment of those borrowings are capitalised.

Government grants. Grants from the government in the form of a transfer of a non-monetary assets are recognized at their nominal amount where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to receipt of premises are included in liabilities and are credited to profit or loss on a straight line basis over the expected useful lives of related assets.

Trade and other payables. Trade payables are accrued when the counterparty performs its obligations under the contract and are recognized initially at fair value and subsequently carried at amortized cost using the effective interest method.

Provisions for liabilities and charges. Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as an interest expense.

Foreign currency translation. The functional currency of the Company is the currency of the primary economic environment in which it operates. The Company’s functional and presentation currency is US Dollars (“USD”).

Monetary assets and liabilities in foreign currencies are translated into the Company’s functional currency at the official exchange rate of the Central Bank of Uzbekistan (“CBU”) at the respective end of the reporting period.

Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into Company’s functional currency at year-end official exchange rates of the CBU are recognized in profit or loss as finance income or costs. Translation at year-end rates does not apply to non-monetary items that are measured at historical cost.

At 31 December 2020 the official rate of exchange, as determined by the CBU, was US Dollar (“USD”) 1 = UZS 10,476.92 (2019: USD 1 = UZS 9,507.56). Average exchange rate for the year ended 31 December 2020 was USD 1 = UZS 10,055.70 (2019: USD 1 = UZS 8,848.70).The UZS is not a freely convertible currency outside of Uzbekistan.

Revenue recognition. Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company’s activities, as described below.
Revenues from sales of goods are recognized at the point of transfer of risks and rewards of ownership of the goods, normally when the goods are shipped. If the Company agrees to transport goods to a specified location, revenue is recognized when the goods are passed to the customer at the destination point.

Employee benefits. Wages, salaries, contributions to the state pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Company. The Company has no legal or constructive obligation to make pension or similar payments beyond the payments to the statutory defined contribution scheme.

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

Determination of functional currency. The functional currency is the currency of the primary economic environment in which the entity operates (Note 3). The primary economic environment in which an entity operates is normally the one in which it primarily generates and expends cash.
The Company's management considers various factors in determining its functional currency:

- the currency that mainly influences sales prices for goods and services,
- the currency that mainly influences material and other costs of providing goods,
- the currency in which the Company's finances are denominated, as well as other factors as required by International Accounting Standard 21 *The Effects of Changes in Foreign Exchange Rates*.

In determination of the functional currency, the management also considered the underlying economic conditions of the Company’s operations. This determination of what the specific underlying economic conditions are requires judgement. In making this judgement, the Company evaluates among other factors, the sources of revenue and risks associated with activities. Specifically, in determination of the functional currency, the Company based its judgement on the fact that the Company operate internationally on markets mainly influenced by the USD (not UZS) and their major activities include export sales to foreign customers. Moreover, the USD is the currency in which the business risks and exposures are managed, and the performance of their business is measured.

Overall, the factors relevant for determination of functional currency provide mixed evidence. Primary indicators are mixed while secondary indicators are generally in favor of USD. According to IAS 21, when indicators are mixed and the functional currency is not obvious, management uses its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. Management of the Company believes that USD provides more faithful presentation of the financial statements.

4. CRITICAL ACCOUNTING ESTIMATES, AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Presentation of charter capital contributions prior to registration with Ministry of Justice. Under Uzbekistan legislation, contributions to the Company’s charter capital can be made once a decision to increase charter capital is made at an annual general meeting of the Company’s participants ("AGM"). Subsequently, this increase in charter capital undergoes formal registration with the Ministry of Justice of Uzbekistan. Participants can make contributions once the decision to increase charter capital is approved at the AGM, but before the increase is registered with the Ministry of Justice. In this case, the entity recognises increase in “Additional paid in capital” along with a corresponding increase in a respective asset, until the increase is formally registered with the Ministry of Justice. Although the contributing participant is not legally entitled to related dividends before the increase in charter capital is formally registered, the Company’s management believes that its presentation of such contributions within equity (rather than liability) is justified because once the contribution to the Company’s charter capital is made, the participant(s) have no legal ability to call the contribution back. That is, there should be a separate approval to that end at the AGM by the Company’s participants.

Useful lives of property, plant and equipment. The estimation of the useful lives of items of property, plant and equipment is a matter of judgment based on the experience with similar assets. The future economic benefits embodied in the assets are consumed principally through use.

However, other factors, such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets. Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Company. The following primary factors are considered: (a) expected usage of the assets; (b) expected physical wear and tear, which depends on operational factors and maintenance programme; and (c) technical or commercial obsolescence arising from changes in market conditions.

Tax legislation. Uzbekistan tax, currency and customs legislation is subject to varying interpretations. Refer to Note 23.

5. NEW ACCOUNTING PRONOUNCEMENTS, AMENDED STANDARDS AND INTERPRETATIONS

Certain new standards and interpretations have been issued that arc mandatory for the annual periods beginning on or after 1 January 2020 or later, and which the Company has not adopted. The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements.

- IASB: Amendment to IFRS 16 regarding COVID-19-related rent concessions (May 28, 2020)
- IASB: Amendments to IAS 16 regarding proceeds before intended use (May 14, 2020)
- IASB: Amendments to IAS 1 to clarify the classification of liabilities (January 23, 2020)
- IASB: Amendments to IFRS 3 to update a reference to the Conceptual Framework (May 14, 2020)
- IASB: Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) (August 27, 2020)
- IASB: Amendments to IFRS 17 to address concerns and implementation challenges (June 25, 2020)
- IASB: Amendments to IAS 37 regarding onerous contracts (May 14, 2020)

6. ADJUSTMENTS TO THE OPENING BALANCE

In 2017, the Company made changes to the financial statements for the year ended December 31, 2019. The corresponding adjustments reflected in the financial statements are summarized below:

Statement of Financial Position as at 31 December 2019

In USD	**31 December 2019**	**Adjustments**	**31 December 2019 (revised)**
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	50,334,436	0	50,334,436
Retained earnings	20,896,640	(3,515,632)	17,381,608
Total equity	**71,231,076**	**(3,515,632)**	**67,716,044**
Non-Current Liabilities			
Government grant	773,664	0	773,664
Deferred tax liabilities (net)	11,782,362	3,515,632	15,297,394
Borrowings	20,082,724	0	20,082,724
Total non-current liabilities	**32,638,750**	**3,515 632**	**36,153,782**
Total liabilities	**80,593,540**	**3,515,632**	**84,108,572**

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Statements Profit or Loss for the year ended 31 December 2019

In USD	2019	Adjustments	2019 (revised)
Profit before income tax	**10,073,543**	**0**	**10,073,543**
Income tax expense			
- current year	0	0	0
- differed tax	(682,328)	(3,515,032)	(4,197,360)
Profit for the year	**9,391,216**	**(3,515,032)**	**5,876,184**

Statement of changes in equity for the year ended 31 December 2019

In USD	31 December 2019	Adjustments	31 December 2019 (revised)
Profit for the 2019	9,391,216	(3,515,032)	5,876,184
Balance as at 31 December 2019	20,896,640	(3,515,032)	17,381,608

Changes in the financial statements resulted from recalculated deferred tax. In 2019, when calculating deferred tax, the current income tax rate of 12% was erroneously applied, while the deferred tax must be calculated from 15%

7. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions, which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties. Related parties of the Company predominantly comprise parties under the control of the Company’s controlling owners.

The outstanding balances with related parties were as follows:

	Relation ship	31 December 2020	31 December 2019
Receivable	Entities under common control		11,845
Prepayments for purchase of Raw material	Entities under common control	9,081,988	1,465,124
Advances received	Entities under common control	18,538,447	14,158,850
Borrowings	Ultimate parent	26,000,000	24,000,000

The income and expense items with related parties for 2020 and 2019 were as follows:

Nature of transaction	Relation ship	31 December 2020	31 December 2019
Sales	Entities under common control	53,384,824	63,135,320
Purchase of property, plant and equipment	Entities under common control	142,963	74,100
Sale of property ,plant and equipment	Entities under common control	17,305	-
Finance cost	Ultimate parent	513,160	1,317,084
Purchase of Raw materail	Entities under common control	22,998,558	1,581,720
Borrowing repaid	Ultimate parent	6,000,000	6,250,000
Borrowing taken	Ultimate parent	8,000,000	-

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Related party Details for the period January - December 2020 were as follows:

Name	Country	Nature of transaction	Purchase/ Expenses USD	Sales/ Income USD	Payable USD	Receivable USD
Indorama Agro	Uzbekistan	Purchase of cotton	22,998,558	694,719		9,081,988
Indorama Agro	Uzbekistan	Sale of Fixed assets		17,305		
PT Indo-Rama Synthetics Tbk	Indonesia	Interest in PL	513,160			
PT Indo-Rama Synthetics Tbk	Indonesia	Interest to be capitalised				
PT Indo-Rama Synthetics Tbk	Indonesia	Loan			26,000,000	
«IRS UNIVERSAL PTE. LTD» (Singapore)	Singapore	Sales		52,690,105	18,538,447	
«IRS UNIVERSAL PTE. LTD» (Singapore)	Singapore	Purchase asset	142,963			
Total			**23,654,411**	**53 402 129**	**44 538 447**	**9 081 988**

Key management compensation is presented below:

	2020 USD	2019 USD
Short-term benefit:		
- Salaries including bonuses	459 025	492 700

Key management includes five members of the Company’s management team composed of General Director, Finance Director, Commercial Manager, Chief Accountant, Deputy General Director Plant (2019: Five members).

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8. PROPERTY, PLANT AND EQUIPMENT

Movement in the carrying amount of Property, plant and equipment were as follows:

In USD	Land & Building	Plant, Equipment and Machinery	Motor Vehicles	Fixtures & Fittings	Construction and FA in stock	Total
Cost						
Cost As at 1 January 2019	**43,212,024**	**119,123,103**	**548,863**	**3,368,076**	**33,398**	**166,285,464**
Addition					378,955	**378,955**
Disposal			(28,720)			**(28,720)**
Reclassification	23,605	266,347	57,928	51,089	(398,970)	-
As at 31 December 2019	**43,235,630**	**119,389,449**	**578,071**	**3,419,165**	**13,384**	**166,635,699**
Cost As at 1 January 2020	**43,235,630**	**119,389,449**	**578,071**	**3,419,165**	**13,384**	**166,635,699**
Addition				298	251,869	252,168
Disposal			(224,215)			(224,215)
Reclassification	2,090	205,570		37,062	(244,722)	-
As at 31 December 2020	**43,237,720**	**119,595,020**	**353,856**	**3,456,526**	**20,531**	**166,663,652**

In USD	Land & Building	Plant, Equipment and Machinery	Motor Vehicles	Fixtures & Fittings	Construction and FA in stock	Total
Accumulated depreciation						
As at 1 January 2019	**9,502,044**	**29,373,479**	**532,673**	**2,056,888**		**41,465,085**
Charge for the year	1,129,289	5,775,777	(55,216)	68,512		6,918,361
Disposal			(28,720)			(28,720)
Reclassification						
As at 31 December 2019	**10,631,333**	**35,149,256**	**448,736**	**2,125,400**	**-**	**48,354,726**
Accumulated depreciation						
As at 1 January 2020	**10,631,333**	**35,149,256**	**448,736**	**2,125,400**	**-**	**48,354,726**
Charge for the year	1,236,539	5,970,263	70,771	378,172		7,655,745
Disposal			(204,895)			(204,895)
As at 31 December 2020	**11,867,872**	**41,119,520**	**314,612**	**2,503,572**	**-**	**55,805,576**
Carrying amount						
As at 31 December 2019	**10,631,333**	**35,149,256**	**448,736**	**2,125,400**	**-**	**48,354,726**
As at 31 December 2020	**11,867,872**	**41,119,520**	**314,612**	**2,503,572**	**-**	**55,805,576**

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In USD	Land & Buildings	Plant & Machinery	Fixtures & Fittings	Motor Vehicles	Construction and FA in stock	Total
Cost						
At 1 January 2019	**43 212 024**	**119 123 103**	**3 368 076**	**548 863**	**33 398**	**166 285 464**
Addition	23 605	266 347	51 089	29 208	(20 014)	350 235
As at 31 December 2019	**43 235 630**	**119 389 449**	**3 419 165**	**578 071**	**13 384**	**166 635 699**
Accumulated amortisation						
At 1 January 2019	**9 502 044**	**29 373 479**	**2 056 888**	**532 673**		**41 465 085**
Charge for the year	1 129 289	5 775 777	68 512	(83 937)		6 889 641
As at 31 December 2019	**10 631 333**	**35 149 256**	**2 125 400**	**448 736**	**-**	**48 354 726**
Carrying amount						
As at 31 December 2019	**32 604 297**	**84 240 193**	**1 293 765**	**129 335**	**13 384**	**118 280 973**

In USD	Land & Buildings	Plant & Machinery	Fixtures & Fittings	Motor Vehicles	Construction and FA in stock	Total
Cost						
At 1 January 2020	**43 235 630**	**119 389 449**	**3 419 165**	**578 071**	**13 384**	**166 635 699**
Addition	**2 090**	**205 570**	**37 360**	**(224 215)**	**7 147**	**20 805**
As at 31 December 2020	**43 237 720**	**119 595 020**	**3 456 526**	**353 856**	**20 531**	**166 663 652**
Accumulated amortisation						
At 1 January 2020	**10 631 333**	**35 149 256**	**2 125 400**	**448 736**		**48 354 726**
Charge for the year	1 236 539	5 970 263	(134 124)	378 172		7 450 850
As at 31 December 2020	**11 867 872**	**41 119 520**	**1 991 276**	**826 908**	**-**	**55 805 576**
Carrying amount						
As at 31 December 2020	**31 369 848**	**78 475 500**	**1 465 250**	**(473 053)**	**20 531**	**110 858 076**

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9. INVENTORY

	31 December 2020 USD	31 December 2019 USD
Raw Material	17 334 080	11 505 382
Work in progress	709 169	701 857
Finished goods	997 286	1 143 259
Spares and consumables	883 413	1 015 840
Goods in transit	-	-
Cotton waste	743 203	442 666
	20 667 151	**14 809 004**

Raw materials are mainly comprised of cotton fibre purchased from entity under same control 'FE Indorama Agro LLC' & Different Cotton cluster. The cost of inventories (raw materials) recognized as an expense and included in 'cost of sales' amounted to USD 60,011,391 thousand (2019: USD 67,122,918). During the year Company also Purchased cotton from entity under same control 'FE Indorama Agro LLC' of USD 22,998,558 Thousand (2019: USD1,581,720)

10. TRADE & OTHER RECEIVABLE

	31 December 2020 USD	31 December 2019 USD
Trade Receivables		
Third parties	9 892 177	9 397 616
Related parties	9 081 988	1 476 969
	18 974 165	**10 874 585**
Other Receivables		
Government subsidy	-	-
Recoverable tax and value-added tax receivables	2 489 189	5 507 848
Others TAX	174 199	214 474
	2 663 388	**5 722 322**
Total Trade & Other receivable	**21 637 553**	**16 596 907**

At 31 December 2020 and 2019 the financial assets are neither past due nor impaired. The carrying amount of financial assets approximates their fair value. Other receivables are mainly comprised of prepayments for materials and services.
The Company's exposure to credit and currency risks and impairment losses related to trade and other receivables is disclosed in Note 25.

11. CASH AND CASH EQUIVALENT:

	31 December,2020 USD	31 December,2019 USD
Cash on hand		
Cash at bank	**756 651**	**2 137 731**
Short term fixed and call deposits		
Total	**756 651**	**2 137 731**

Included in bank balances payable on demand is USD 630,311 (31 December 2019: USD 372,498) held predominantly in USD. The remaining balances were held in UZS and other currencies.
As at 31 December 2020 and 2019, cash and cash equivalents as well as restricted cash balances were neither past due nor impaired with S&P's B+ rated local bank.

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12. BORROWINGS

	31 December,2020 USD	31 December,2019 USD
- Current	32,750,000	30,970,242
- Non-current	13,136,063	20,082,724
Total Borrowings	**45,886,063**	**51,052,966**

As at 31 December 2020, the Company’s borrowings were denominated in USD and include, loan from outstanding loan from IFC USD19,802,730 (2019: USD 26,749,391) at an interest rate of 3 month labor plus 2.65 percent. Principal shall be repaid in equal proportion each quarter after a grace period of 2 years. The loan matures in 2023.

And loan working capital loan from ‘PT-Indorama synthetics Tbk’, at an interest rate of 3 month labor plus 1.5 percent.
Agreement dated 7th March,2011: Outstanding amount: 12,000,000
Agreement dated 18th September,2018: Outstanding amount: 14,000,000

In 2020, the Company repaid the loan balances as at 31 December 2019, received from PT Indo-Rama Synthetics Tbk in the amount of USD 6,000,000. And repayment made to IFC in 2019 was USD 6,666,667 thousand.

During 2020, the company taken borrowing from PT Indo-Rama Synthetics Tbk for USD 6,000,000. As at 31 December 2020 and 2019 the carrying value of borrowings approximated their fair value.

Long term borrowings:

Particular	*Loan Currency*	*Interest period (Month)*	*Bench Mark*	*Repayment Type*	*Maturity*	*2020 USD*
IFC	USD	3	Libor	Quarterly	Oct-23	19,802,730
Total						**19,802,730**

Working capital Borrowing:

Particular	*Loan Currency*	*Interest period (Month)*	*Bench Mark*	*Repayment Type*	*Maturity*	*2020 USD*
Revolving credit from PT-Indorama Synthetic Ltd.						
7th Mar 2011	USD	3	Libor	5 Quarters	Jun-20	12,000,000
18th Sept 2018	USD	3	Libor	5 Quarters	Jun-20	14,000,000
Total						**26,000,000**

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13. TRADE & OTHER PAYABLE:

Trade & Other Payable	31 December 2020 USD	31 December 2019 USD
Trade Payables		
Trade Payables	135,462	1,922,399
	135,462	**1,922,399**
Other Payables		
Accrued expenses	-	-
Advances from customers	-	-
Accurued employee Benefits	390,670	332,376
Interest payables	144,303	-
government Grant	83,333	83,333
Other taxes and fees	9,845	116,542
	628,151	**532,251**
Total Trade & Other Payable	**763,613**	**2,454,650**

Trade and other payable of USD 135,462 (31 December 2019: USD 37,113) are denominated in USD and mainly include payable for freight forwarding services. The remaining trade payable are denominated in UZS and EURO.

14. GOVERNMENT GRANT

Government Grant	31 December 2020 USD	31 December 2019 USD
Government grant at 1 January	856,996	940,328
Amortisation of government grant	(83,332)	(83,332)
Total government grant at 31 December	**773,664**	**856,996**
Non-current portion	690,332	773,664
Current portion	83,332	83,332
Total government grant at 31 December	**773,664**	**856,996**

In June 2010, the Company received property (main building of Kokand Textile Plant and land use rights) from the Government of Uzbekistan free of charge with a precondition of fulfilment by the Immediate Parent of its investment obligations under Investment Agreement dated 30 March 2010. The Company accounted for the transfer of these assets as a government grant. Building and land use rights were valued by a local valuation firm at USD 2,078,000. The Company amortises the asset on a straight line basis over the period of 20 years (i.e. USD 83,332 annually).

15. DEFERRED TAX

Deferred tax assets/(liabilities) are attributable to the following:	Assets USD	Liabilities USD	Net USD
2020			
Depreciation and amortization of property, plant and equipment and intangible assets	**0**	**15,715,674**	**(15,715,674)**
Other items			
Tax assets / (liabilities)	**0**	**15,715,674**	**(15,715,674)**

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2019	**0**	**15,297,393**	**(15,297,393)**
Depreciation and amortization of property, plant and equipment and intangible assets			
Other items			
Tax assets / (liabilities)	**0**	**15,297,393**	**(15,297,393)**

Details of movement of deferred tax assets/(liabilities) are as follow:

	2020 USD	**2019** USD
At beginning of the year	**15,297,393**	**11,100,034**
Allowance of doubtful debts		
Depreciation and amortisation of property, plant and equipment and intangible assets	418,281	4,197,359
At the end of the year	**15,715,674**	**15,297,393**

In accordance with Investment Agreement between the Immediate Parent and the Government of the Republic of Uzbekistan dated 30 March 2010, the Company is exempt from corporate income tax, property tax, infrastructure development tax as well as mandatory contributions to the Republican Road Fund up to 1 May 2022.

Income tax expense recorded in profit or loss is comprised of deferred tax charges only. These expenses stem from recognition of deferred tax as related to temporary differences on property, plant and equipment that are expected to reverse after the exemption period.

In, 2020 the income tax rate applicable to the Company’s income is 15%.

16. ADVANCE RECEIVED

Advance received of USD 20,586,697 (31, December 2019: USD 14,476,964) are denominated in USD and mainly include prepayment received from customer for cotton yarn. The remaining advance received are denominated in UZS AND EURO (137,457 USD and 55,165 USD respectively).

17. REVENUE

	2020 USD	**2019** USD
Type of goods and service		
- Yarns	82,861,089	99,976,103
- Waste	8,666,979	10,868,440
Total Revenue	**91,528,069**	**110,844,543**

	2020 USD	**2019** USD
Revenue from Export Sales	81,227,588	99,976,103
Revenue from Domestic Sales	10,300,480	10,868,440
Total Revenue	**91,528,069**	**110,844,543**

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	2020 USD	2019 USD
Geographical markets		
Indonesia	-	-
Asia	73,677,417	100,656,653
Europe	16,634,806	9,311,968
North America	1,026,813	313,408
South America		562,514
Other countries	189,033	
Total Revenue	**91,528,069**	**110,844,543**

18. COST OF SALES

	2020 USD	2019 USD
Changes in inventories of finished goods and work in progress	(161,876)	3,492,775
Raw materials and consumables used	60,001,391	67,122,918
Depreciation and amortisation	7,206,802	6,905,066
Labour	4,062,528	4,019,158
Packaging and material consumptions	1,826,257	2,353,254
Power, gas and fuel	4,838,790	3,386,760
Repair and maintenance	30,213	-
Removal and transportation	-	-
Storage and spares	2,360,372	2,419,167
Others	-	-
Total Cost of sales	**80,177,478**	**89,699,098**

19. OTHER INCOME

	2020 USD	2019 USS
Deferred Income -Government Grant	83,333	83,333
Subsidy Received	301,124	
Miscellaneous income	29,455	35,035
Total other income	**413,912**	**118,368**

On the basis of the Presidential Decree "On measures for further support of export activities" the Company was provided with subsidies to compensate for 50 percent of transportation costs when exporting products. The total amount of compensation proceed was 301,124.

20. SELLING & DISTRIBUTION EXPENSES

	2020 USD	2019 USD
Freight & transportation expense	5,614,176	5,582,055
Advertisement & promotion	3,603	78,879
Others		201,044
Total Selling & Distribution expenses	**5,617,779**	**5,861,978**

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21. ADMINISTRATIVE EXPENSES

	2020 USD	2019 USD
Administrative expenses		
Auditors' remuneration	50,682	34,192
Bank charges	147,731	-
Corporate Social Responsibility	58,716	39,890
Communication expense	19,146	-
Directors' remuneration	-	-
Insurance expenses	286,616	358,863
Legal & professional fees	67,129	122,015
Printing and stationary	13,929	-
Rental expenses	-	-
Repair and maintenance	69,196	100,905
Salaries, wages and other benefits	-	-
Security expenses	57,808	-
Subscription fees	67,023	26,252
Transportation and travelling	43,043	59,896
Others	575,814	608,722
Total Administrative expenses	**1,456,837**	**1,377,735**

22. FINANCE COST

	2020 USD	2019 USD
Interest expense on borrowings	1,165,571	3,091,074
Interest expense on lease liabilities	-	-
Interest expense on retention considerations	-	-
Exchange loss foreign currency	461,694-	859,482
Total Finance Cost	**1,627,265**	**3,950,556**

23. INCOME TAX EXPENSES

	2020 USD	2019 USD
Current tax	0	0
Deferred tax	418,281	4,197,359
Income tax expense for the year	**418,281**	**4,197,359**

Verification of profit tax amount, calculated according to the Uzbek tax rate, and pre-tax profit and actual profit tax amount presented in the Report of comprehensive income is in the table below:

	2020 USD	2019 USD
Profit (loss) before tax	**3,062,621**	**10,073,543**
Profit tax rate	15%	12%
Profit tax calculated according to the Uzbek tax rate	(459,393)	(1,208,825)
Tax effect of change of profit tax rate	0	(3,059,479)
Unrecognized deferred tax assets as a result of difference between functional and tax accounting currency	41,112	70,945
Tax effect of items which are not deductible or assessable for taxation purposes:		
Non-taxable income		
Non-deductible expenses		
Expense/(income) on profit tax	**(418,281)**	**(4,197,360)**

Deferred taxes are recognized by the Company only on temporary differences arising from property, plant and equipment.

24. CONTINGENCIES AND COMMITMENTS

Legal proceedings. From time to time and in the normal course of business, claims against the Company may be received. Management is not aware of any existing or potential claims that could significantly affect these financial statements.

Tax contingencies. Uzbek tax, currency and customs legislation, which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Company. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged tax authorities. As a result, the Company may be assessed additional taxes, penalties and interest. Fiscal periods remain open to review by the authorities in respect of taxes for five calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

In accordance with Investment Agreement between the Immediate Parent and the Government of the Republic of Uzbekistan dated 30 March 2010, the Company has the right to export its products to the Indorama Group of companies without the need for any prior authorization, subject to the requirements established by the Uzbek legislation.

The Company’s management believes its interpretation of the relevant legislation is appropriate and the Company‘s tax, currency and customs positions will be sustained. Accordingly, at 31 December 2020 and 2019 no provision for potential tax liabilities had been recorded. In addition, the Company estimates that it has no potential obligations from exposure to other than remote tax risks.

Contractual commitments. At 31 December 2020, the Company has no contractual capital expenditure commitments in respect of property, plant and equipment (31 December 2019: USD NIL thousand).

Environmental matters. The enforcement of environmental regulation in the Republic of Uzbekistan is evolving. The Company periodically evaluates its obligations under environmental regulations. As obligations are determined, they are recognized immediately. Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be material. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

Compliance with covenants. The Company is subject to certain covenants related primarily to its borrowings. Non-compliance with such covenants may result in negative consequences for the Company including growth in the cost of borrowings and declaration of default. The Company was in compliance with covenants at 31 December 2020 and 31 December 2019.

25. MANAGEMENT OF CAPITAL

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The amount of capital that the Company managed as of 31 December 2020 was USD 70,360,386 (2019: USD 71,231,076).

26. FINANCIAL RISK MANAGEMENT

The risk management function within the Company is carried out in respect of financial risks, operational risks and legal risks. Financial risk comprises market risk (including foreign exchange risk and price risk), credit risk and liquidity risk. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures in order to minimise operational and legal risks.

Credit risk. The Company takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
The Company is exposed to concentration of credit risk primarily as a result of placing the Company’s cash and cash equivalents with one local commercial bank. However, this bank is deemed to have a minimal risk of default, since it is ultimately controlled by the Government of Uzbekistan. The Company sells its yarn products on a 100% prepayment basis or under letter of credit terms, hence, there is no associated credit risk.

The Company’s maximum exposure to credit risk by class of assets is as follows:

	Note	31 December 2020	31 December 2019
Cash and cash equivalents	10	756 651	2 137 731
Financial assets within accounts receivable and prepayments	9	37 551	1 725 360
Total maximum exposure to credit risk		**794 202**	**3 863 091**

Market risk. The Company takes on exposure to market risks. Market risks arise from open positions in (a) foreign currencies and (b) interest bearing assets and liabilities.
Sensitivities to market risks included below are based on a change in a factor while holding all other factors constant. In practice this is unlikely to occur and changes in some of the factors may be correlated – for example, changes in interest rate and changes in foreign currency rates.

Currency risk. The tables below summarize the Company’s exposure to foreign currency exchange rate risk at the end of the reporting period:

	31 December 2020			31 December 2019		
	Monetary assets	Monetary liabilities	Net balance sheet position	Monetary assets	Monetary liabilities	Net balance sheet position
UZS	21 945 208	16 394 942	5 550 266	15 589 058	2 394 116	13 194 942
Currencies other than UZS	448 996	201 965	247 031	3 145 580	60 534	3 085 046
Total	**22 394 204**	**16 596 907**	**5 797 297**	**18 734 638**	**2 454 650**	**16 279 988**

The following table presents sensitivities of profit and loss and equity to reasonably possible changes in exchange rates applied at the statement of financial position date, with all other variables held constant:

The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the Company.

	31 December 2020	31 December 2019
In USD	**Impact on profit or loss and equity**	**Impact on profit or loss and equity**
UZS strengthening by 6% (2019- 14%)	14 822	431 906
UZS weakening by 6% (2019 -14%)	(14 822)	(431 906)

Interest rate risk. The Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The table below summarizes the Company’s exposure to interest rate risks on interest bearing financial instruments. The table presents the aggregated amounts of the Company’s financial assets and liabilities at carrying amounts, categorized by the earlier of contractual interest repricing or maturity dates.

The Company does not have formal policies and procedures in place for management of interest rate risks arising from its borrowings granted by the related party.

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In USD	Demand less than and 1 month	From 1 to 6 months	From 6 to 12 months	More than 1 year	More than 5 years	Total
Liabilities						
Borrowings	1,666,667	27,666,667	5,000,001	11,469,395	0	**45,802,730**
Total future payments, including future principal and interest payments	**1,666,667**	**27,666,667**	**5,000,001**	**11,469,395**	**-**	**45,802,730**

	Demand less than and 1 month	From 1 to 6 months	From 6 to 12 months	More than 1 year	More Than 5 years	Total
Liabilities						
Borrowings	1,970,243	24,665,667	4,334,966	20,082,090	-	**51,052,966**
Total future payments, including future principal and interest payments	**1,970,243**	**24,665,667**	**4,334,966**	**20,082,090**	**-**	**51,052,966**

At 31 December 2020, if interest rates at that date had been 200 basis points lower (2019: 200 basis points lower) with all other variables held constant, profit for the year and equity would have been USD 1,114,068 (2019: USD 1,276,327) higher, mainly as a result of lower interest expense on variable interest liabilities.

Liquidity risk. Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to daily calls on its available cash resources. Liquidity risk is managed by the top management of the Company.

The tables below show liabilities at 31 December 2020 and 2019 by their remaining contractual maturity. The amounts disclosed in the maturity tables are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount included in the statement of financial position because the statement of financial position amount is based on discounted cash flows.

When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the respective reporting period.

The maturity analysis of financial liabilities at 31 December 2020 and 31 December 2019 is as follows:

In USD 31 December 2020	Demand less than and 1 month	From 1 to 6 months	From 6 to 12 months	More than 1 year	More Than 5 years	Total
Liabilities						
Borrowings	1,666,667	27,666,667	5,000,001	11,469,395	-	**45,802,730**
Trade and other payables	135,462	-	-	-	-	**135,462**
Total future payments, including future principal and interest payments	**1,802,129**	**27,666,667**	**5,000,001**	**11,469,395**	**-**	**45,938,192**

In USD 31 December 2019	Demand less than and 1 month	From 1 to 6 months	From 6 to 12 months	More than 1 year	More Than 5 years	Total
Liabilities						
Borrowings	1,970,243	24,665,667	4,334,966	20,082,090	-	**51,052,966**
Trade and other payables	1,922,399	-	-	-	-	**1,922,399**
Total future payments, including future principal and interest payments	**3,892,642**	**24,665,667**	**4,334,966**	**20,082,090**	**-**	**52,975,365**

27. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value measurements are analyzed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorizing financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

Assets and liabilities not measured at fair value but for which fair value is disclosed

Fair values analyzed by level in the fair value hierarchy and the carrying value of assets and liabilities not measured at fair value at 31 December 2020 were as follows:

	Level 1	Level 2	Level 3	Carrying value
Assets				
Cash and cash equivalents	-	756,651	-	756,651
Restricted cash	-	-	-	-
Trade and other financial receivables	-	-	37,331	37,331
Total financial assets	**-**	**756,651**	**37,331**	**793,982**
Liabilities				
Borrowings	-	-	45,802,730	45,802,730
Financial payables within trade and other payables	-	-	680,280	680,280
Total financial liabilities	**-**	**-**	**46,483,010**	**46,483,010**

Fair values analyzed by level in the fair value hierarchy and the carrying value of assets and liabilities not measured at fair value at 31 December 2019 were as follows:

	Level 1	Level 2	Level 3	Carrying value
Assets				
Cash and cash equivalents	-	2,137,731	-	2,137,731
Restricted cash	-	-	-	-
Trade and other financial receivables	-	-	1,725,360	1,725,360
Total financial assets	**-**	**2,137,731**	**1,725,360**	**3,863,091**
Liabilities				
Borrowings	-	-	51,052,966	51,052,966
Financial payables within trade and other payables	-	-	1,922,399	1,922,399
Total financial liabilities	**-**	**-**	**52,975,365**	**52,975,365**

The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risks and remaining maturities. Discount rates used depend on the credit risk of the counterparty. The fair value of floating rate instruments is normally their carrying amount.

28. EVENTS AFTER THE REPORTING PERIOD

The evaluation of subsequent events has been carried out up to 22nd January, 2020, the date these financial statements were authorized for issuance. The company has determined that there are no items to disclose.

29. COVID-19 AFFECTS

Impact of COVID-19 on operation. The operations were not much impacted. Plant was shut down partially in the month of May/June 2020 which result in the loss of approx. 2000 MT of final product. So loss of estimated USD 6.0 mln of revenue (which is about 5% of FY19 turnover). Although stock levels had gone up from June to August 2020 but normalized by September as demands pick up and also prices had been improved.
Company have been benefited because of price rise in cotton starting from Apr/May 20 onwards as final product price is linked to cotton prices. Cotton prices had been increased from 50 cents/lbs to 67 cents/lbs by Sept'20 and further to 78 cents/lbs by Dec'20. Currently trading at 82 cents/lbs.
Company had not reduced/retrenched any of its employee. Rather they had given normal increments to all employees.
Above is the result of entity's effort on safety and security measures to deal with COVID'19. They have spent good money on safety measures and awareness.
Company also received support from government by way of reduction in advance of electricity from 100% to 30%, Freight and transport subsidy, quick VAT refund.