



## INDEPENDENT AUDITOR'S REPORT

For Shareholders and the Supervisory Board of Joint-Stock Company "KVARTS": The Republic of Uzbekistan, Fergana region, 150900, Kuvasay city, st. Mustakillik, 2a

### Our opinion

In our opinion, the accompanying consolidated financial statements reflect reliably in all material respects the consolidated financial position of the JSC "KVARTS" Group (hereinafter - the "Group") on December 31, 2018, as well as its consolidated financial results for the year ended on December 31, 2018, in accordance with International Financial Reporting Standards (IFRS).

### Subject of audit

We conducted an audit of the Group's consolidated financial statements, which includes:

- Consolidated statement of financial position;
- Consolidated statement of profit or loss and other comprehensive income;
- Consolidated statement of changes in equity;
- Consolidated cash flow statement;
- Notes to the financial statements, including key accounting policies and other explanatory information.

### Basis for expression

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibility in accordance with these standards is further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence obtained by us is sufficient and appropriate to serve as a basis for the expression of our opinion.

### Independence

We are independent in relation to the Group in accordance with the Code of Ethics of Professional Accountants of the Council on International Ethics Standards for Accountants ("SMSEB Code"), as well as ethical requirements of the Code of Professional Ethics of Auditors of the Republic of Uzbekistan and independence requirements relating to the audit of financial statements in the Republic of Uzbekistan. We have fulfilled other ethical obligations in accordance with the ISBE Code.

### Responsibility of management and those responsible for corporate governance for financial reporting

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS and for the internal control system that management considers necessary for the preparation of consolidated financial statements that do not contain material misstatements due to fraud or errors.

In preparing the consolidated financial statements, management is responsible for assessing the ability of the Group to continue to operate continuously, for disclosing, as appropriate, information relating to continuing operations, and for reporting on the basis of the continuity assumption, unless management intends to liquidate the Groups, stop its activities or when it has no other real alternative than liquidation or termination of activities. The Supervisory Board is responsible for overseeing the process of preparing the consolidated financial statements of the Group.

### Auditor's responsibility for auditing consolidated financial statements

Our goal is to obtain reasonable assurance that the consolidated financial statements are free from material misstatement due to fraud or error, and to issue an audit report containing our opinion. Reasonable assurance is a high degree of certainty, but does not guarantee that an audit conducted in accordance with the ISA always reveals significant distortions, if any. Distortions can be the result of fraud or error, and are considered significant if it is reasonable to assume that, individually or collectively, they can affect the economic decisions of users based on these consolidated financial statements.

As part of an audit conducted in accordance with the ISA, we apply professional judgment and maintain professional scepticism throughout the audit. In addition, we do the following:

- we identify and assess the risks of material misstatement of the financial statements due to unfair actions or errors; we develop and conduct audit procedures in response to these risks; We obtain audit evidence that is sufficient and appropriate to serve as a basis for expressing our opinion. The risk of not detecting material misstatement as a result of fraud is higher than the risk of not detecting material misstatement as a result of an error, as bad faith actions may include collusion, forgery, intentional omission, distorted information or actions to bypass the internal control system;
- we gain an understanding of the internal control system that is relevant for an audit in order to develop audit procedures appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control system;
- we evaluate the proper nature of the accounting policies used and the reasonableness of accounting estimates and corresponding disclosures prepared by management;
- make a conclusion about the legitimacy of the management's use of the business continuity assumption, and on the basis of the audit evidence obtained - a conclusion about whether there is a significant uncertainty due to events or conditions that may result in significant doubts about the ability of the Group to continue to operate continuously. If we conclude that there is significant uncertainty, we must draw attention in our audit report to appropriate disclosures in the financial statements or, if such disclosures are inappropriate, modify our opinion. Our findings are based on audit evidence obtained prior to the date of our audit report. However, future events or conditions may cause the Group to lose its ability to continue to operate continuously;

We assess the presentation of the financial statements as a whole, its structure and content, including the disclosure of information, as well as whether the financial statements represent the underlying operations and events so that their reliable presentation is ensured. We carry out informational interaction with persons responsible for corporate governance, bringing to their attention, among other things, information on the planned scope and timing of the audit, as well as significant remarks on the audit results, including significant deficiencies in the internal control system, which we identify in audit process.

  
Tatyana Salnikova  
General director  
Certified auditor № 03886  
Issued on August 4, 2009



  
Bakhtiyor Khamdamov  
Auditor  
Certified auditor № 05362  
Issued on January 16, 2016

Audit organization «AMULET-AUDIT» LLC  
27 May, 2019  
Kuvasay city, Fergana region, Uzbekistan

