



To: TSENGUUN .G,
CHAIRMAN OF THE BOARD OF
DIRECTORS, AND SHAREHOLDERS
OF "MAKH IMPEX" JSC

10F, Ikh Naiman Sharga, Tumurchnii street,
Chingeltei district, Ulaanbaatar, 13170
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www.dumaudit.mn

Date: March 04, 2024

Number: 15/01

INDEPENDENT AUDITOR'S REPORT

Receiving address: Own building, Khunschidiin street,
4th khoroo, Songinokhairkhan district, 18100,
Ulaanbaatar city, Mongolia

Conclusion:

We have audited the financial statements of Makh Impex JSC, consisting of the statement of financial position as of December 31, 2023, detailed statement of year-end income, statement of changes in equity, statement of cash flows, and notes to the financial statement containing a summary of significant accounting policies.

In our opinion, the detailed income and cash flow and change in equity statements of Makh Impex JSC for the fiscal year ended December 31, 2023 are in accordance with international financial reporting standards in all material respects and are accurately expressed in accordance with the guidelines approved by the Ministry of Finance of Mongolia.

Basis for this conclusion:

We have provided the auditing service according to the International Standards on Auditing (ISAs). Our responsibilities as set forth in the standards have described in the auditor's responsibilities for the financial statement section in the report. According to the ethical requirements related to this auditing service of the financial statements, we have fulfilled the service for observing the ethics and other obligations as being independent from the company. We consider that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit conclusion.

Other information:

This company does not prepare annual reports of other information or activities. Our opinion in the financial statements does not refer to any other information and we do

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not express any assurance about that information. Because we are responsible for reading other information in connection with an audit of financial statements, we consider whether that information is materially consistent with the financial statements. If, based on our work, we conclude that other information is materially misstated, we must reflect this in our report. During the audit, we did not need to report on this.

Management’s responsibility for the financial statements:

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal controls as it determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

When preparing financial statements, unless management plans to cease operations or liquidate the company or has no real alternative to do so, when preparing the financial statements, management shall assess the company's ability to continue as a going concern and, if possible, clarify issues related to the going concern principle, assumes responsibility for accounting continuity.

Persons with governing authority are responsible for monitoring the Company's financial reporting process.

Auditor’s responsibility:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our independent opinion on the financial statements. Reasonable evidence is a high level of evidence, but not evidence that an audit conducted in accordance with International Standards on Auditing would consistently detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, alone or in the aggregate, they are likely to influence the economic decisions of users based on the financial statements.

In addition to the audit scope, timing, and other related issues, we have presented to the management with recommendations the issues of deficiencies and violations found in the documents submitted by the company regarding the major important issues revealed by the audit and the internal control weaknesses observed during the audit.

About report usage

This report is prepared for the company’s shareholders in accordance with article 94.1 and 95.1 of the Company Law and we will not bear any responsibility for any third party in the contents of the report scope. We do not accept any liability to any third party for the content of this report.

Yours faithfully,

DIRECTOR of DUNDMANKHAIDAI AUDIT” LLC /sealed and signed/

Address: 5F, Orshil 2 Center, Bakula Rinpoche Street, 2nd khoroo, CHD, Ulaanbaatar

Date: 04.03.2024

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BALANCE

“Makh Impex” JSC

Reporting period: Jan 01, 2023 – Dec 31, 2023

/name of legal entity, form of responsibility/

/in thousand tugrik/

	Type of Balance	Balance as of December 31, 2020	Balance as of December 31, 2021
1	PROPERTY	0.00	0.00
1.1	Circulating capital	0.00	0.00
1.1.1	Monetary sale of capital investment activities	645,395,368.37	332,084,923.02
1.1.2	Receivable of account	9,218,195,730.51	8,757,770,199.29
1.1.3	Debt of tax and fee of social insurance	646,213,771.82	676,563,269.71
1.1.4	Other receivable	0.00	0.00
1.1.5	Other financial property	0.00	0.00
1.1.6	Goods and materials	13,437,854,950.47	21,833,497,535.06
1.1.7	Cost and calculation of deposits	2,038,608.77	2,038,608.77
1.1.8	Other circulating capital	0.00	0.00
1.1.9	Current assets held for sale /Group of assets for sale/	0.00	0.00
1.1.10			
1.1.11	Total of circulating capital	23,949,698,429.94	31,601,954,535.85
1.2	Non circulating capital	0.00	0.00
1.2.1	Basic capital	3,664,051,076.75	3,322,541,398.73
1.2.2	Non real capital	4,810,351.40	4,810,351.40
1.2.3	Biological capital	0.00	0.00
1.2.4	Long- term investment	0.00	0.00
1.2.5	Capital of exploration and evaluation	0.00	0.00
1.2.6	Deferred tax capital	0.00	0.00
1.2.7	Real estate of Investment	0.00	0.00
1.2.8	Other non circulating capital	0.00	0.00
1.2.9			
1.2.10	Total non circulating capital	3,668,861,428.15	3,327,351,750.13
1.3	TOTAL OF PROPERTY	27,618,559,858.09	34,929,306,285.98
2	Total of payment and owner property	0.00	0.00
2.1	Payment	0.00	0.00
2.1.1	Short term payment	0.00	0.00
2.1.1.1	Accounts payable	20,293,862,010.26	24,586,645,230.54
2.1.1.2	Payment of debt	76,748,652.00	93,364,689.00
2.1.1.3	Taxes payment	97,209,731.35	391,377,345.74
2.1.1.4	Payable of Social Insurance	12,478,457.17	66,424,450.28
2.1.1.5	Short term credit of bank	0.00	0.00
2.1.1.6	Interest payment	0.00	0.00
2.1.1.7	Payment of dividend	1,353,714,865.40	1,704,857,094.40
2.1.1.8	Deposit income	0.00	0.00
2.1.1.9	Resources /payment/	0.00	0.00
2.1.1.10	Other short-terms payment	40,870,638.00	61,494,806.00
2.1.1.11	Liabilities related to assets held for sale Group	0.00	0.00
2.1.1.12			
2.1.1.13	Total of short-terms payment	21,874,884,354.18	26,904,163,615.96
2.1.2	Long-term payment	0.00	0.00
2.1.2.1	Credit of long-term	0.00	0.00
2.1.2.2	Resources /payment/	0.00	0.00
2.1.2.3	Deferred tax payment	0.00	0.00
2.1.2.4	Other long-term payment	0.00	0.00
2.1.2.5			
2.1.2.6	Total of long-term of payment	0.00	0.00
2.2	Total payment	21,874,884,354.18	26,904,163,615.96
	Owner's property	0.00	0.00
2.3	Property	0.00	0.00
2.3.1	- State		
2.3.2	- private	377,820,983.84	377,820,983.84

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2.3.3	- share hold	0.00	0.00
2.3.4	Treasury stock	0.00	0.00
2.3.5	Additional paid-in capital	0.00	0.00
2.3.6	Property revaluation	1,402,398,070.25	1,402,398,070.25
2.3.7	Foreign currency translation reserve	0.00	0.00
2.3.8	Property owners in other parts	0.00	0.00
2.3.9	Accrued interest	3,963,456,449.82	6,244,923,615.93
2.3.10			
2.3.11	Total of owner's property	5,743,675,503.91	8,025,142,670.02
2.4	Total payment and sum of owner's equity	27,618,559,858.09	34,929,306,285.98

(Sealed with the Stamp)

Executive Director (signed) G.Budragchaa

Chief Accountant (signed) S.Munkhjargal



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BALANCE OF INCOME

Detailed income statement

“Makh Impex” JSC

Reporting period: Jan 01, 2023 – Dec 31, 2023

/name of legal entity, form of responsibility/

/in thousand tugrik/

Number of line	Index	Dec 31, 2020	Dec 31, 2021
1	Income of selling (net.)	32,218,052,823.61	65,273,738,312.71
2	Cost of selling	30,036,524,171.40	61,751,025,840.58
3	Total benefit (losing's)	2,181,528,652.21	3,522,712,472.13
4	Income of Rent	0.00	0.00
5	Interest income	0.00	0.00
6	Dividend income	0.00	0.00
7	Royalty income	0.00	0.00
8	Other income	3,856,831,805.68	3,549,542,524.97
9	Cost of selling and marketing	243,984,175.51	489,936,679.64
10	Cost of General management	1,874,672,629.84	890,061,508.54
11	Financial cost	0.00	0.00
12	Other cost	2,686,583,533.99	2,693,221,131.68
13	Gain / loss on foreign exchange differences	-1,645,142.14	-41,769,826.01
14	Gain / loss deduction of the fixed assets disposal	0.00	0.00
15	Gain / loss on the deduction of intangible assets disposal	0.00	0.00
16	Capital gains / losses on sale of investments	0.00	0.00
17	Other cost	0.00	0.00
18	Pre-benefit of tax /deficit /	1,231,474,976.41	2,957,265,851.23
19	Cost of income's tax	123,147,497.64	295,726,585.12
20	Net benefit of tax /deficit/	1,108,327,478.77	2,661,539,266.11
21	Dividend portent	0.00	0.00
22	Net profit or loss for the period	1,108,327,478.77	2,661,539,266.11
23	Other income	0.00	0.00
	Stock differences surplus	0.00	0.00
	Foreign exchange difference	0.00	0.00
	Other gains and losses	0.00	0.00
24	Total of income	1,108,327,478.77	2,661,539,266.11
25	Basic earnings (loss) per share	0.00	0.00

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Chief Accountant (signed) S.Munkhjargal



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BALANCE OF MONETARY SALE

“Makh Impex” JSC

Reporting period: Jan 01, 2023 – Dec 31, 2023

/name of legal entity, form of responsibility/

/in tugriks/

Number of line	Index	December 31, 2022	December 31, 2023
1	Monetary sale of basic activities	0.00	0.00
1.1	Monetary income of basic activities (+)	49,174,500,465.52	74,488,022,467.13
1.1.1	Revenue from sales of goods and services	48,487,088,794.50	74,094,203,778.95
1.1.2	Revenue from fees, premiums and charges	0.00	0.00
1.1.3	Money received from insurance coverage	0.00	0.00
1.1.4	Tax refund	121,414,052.54	25,993,691.36
1.1.5	Revenues from subsidies and financing	0.00	0.00
1.1.6	Other cash income	565,997,618.48	367,824,996.82
1.2	Amount of operating monetary expenses (-)	-50,303,917,674.35	-74,788,441,691.48
	Providing money to worker's	-1,382,114,620.00	-1,869,508,859.00
	Payment money to social insurance department	-544,812,583.62	-535,652,404.00
	Purchase money to raw materials	-46,268,692,406.93	-71,172,495,689.69
	Paid for operating expenses	0.00	-60,000.00
	Money of fuel , transportation and spare parts	-10,268,430.00	-9,818,955.45
	Payment Interest	-1,028,634,731.53	-20,800,484.96
	Paid to the tax authorities	-312,464,681.79	-215,669,549.54
	Insurance fee	0.00	0.00
	Other expenses	-756,930,220.48	-964,435,748.84
1.3	Total net- monetary sale of basic activities	-1,129,417,208.83	-300,419,224.35
2	Monetary sale of capital investment activities	0.00	0.00
2.1	Total income (+)	523,213,990.28	60,532,000.18
	Income from fixed assets sale	0.00	0.00
	Income from intangible assets sale	0.00	0.00
	Income from investment sales	0.00	0.00
	Income from other long-term assets sale	0.00	0.00
	Repayment of loans and advances to others	0.00	0.00
	Received interest income	523,213,990.28	60,532,000.18
	Received dividends	0.00	0.00
		0.00	0.00
2.2	Monetary total cost /-/	0.00	0.00
	Paid for acquisition and possession of fixed assets	0.00	0.00
	Paid for acquisition of intangible assets	0.00	0.00
	Paid for investment acquisition	0.00	0.00
	Paid to acquire other long-term investments	0.00	0.00
	Loans and advances to others	0.00	0.00
		0.00	0.00
2.3	Total net-monetary sale of capital investment activities	523,213,990.28	60,532,000.18
3	Cash flows from financing activities	0.00	0.00
3.1	Monetary sale of financial activities (+)	0.00	991,646.65
	Received from borrowing and issuing debt securities	0.00	0.00
	Received from the issuance of shares and other government securities	0.00	0.00
	Various donations	0.00	0.00
	Profit from exchange rate equation	0.00	991,646.65
3.2	Amount of monetary expenses (-)	-73,955,320.85	-74,414,867.83
	Paid for the payment of loans and debt securities	0.00	0.00
	Paid for financial lease payments	0.00	0.00
	Paid for repurchase of shares	0.00	0.00

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	Dividends paid	-73,955,320.85	-74,414,867.83
	Loss from exchange rate equation	0.00	-47,598,614.83
3.3	Total net-monetary sale of financial activities	-73,955,320.85	-73,423,221.18
4	Total net-monetary sale	-680,158,539.40	-313,310,445.18
5	Initial balance of cash and cash equivalents	1,325,553,907.77	645,395,368.37
6	The final balance of cash and cash equivalents	645,395,368.37	332,084,923.02

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Chief Accountant (signed) S.Munkhjargal



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