

## STATE AUDIT OFFICE IN UMNUGOVI PROVINCE



### FINANCIAL STATEMENT AUDIT

Audit report on financial statements of Tavantolgoi JSC for 2024

**Audit Code:** ΘMA-2025/028/HA-CTA-OHӨYГ

**Website:**

[www.Umnugovi@audit.mn](http://www.Umnugovi@audit.mn)

Umnugovi Province  
2025

Head of the State Audit Office, Umnugovi  
Province

Audit Manager

Senior Auditor

Subcontractor Company

Chief Executive Officer

Usukhbayar.Ts

Khongorzul.T

Bolormaa.J

Solid Unity Audit LLC

Munkhtogtokh.E

For additional information related to this audit report, please refer to the above contact.



Translated and verified by "Mon Thai Sino Group" translation bureau.

Tel: 76101010, Email: info@orchuulga.mn

Website: <https://orchuulga.mn> Facebook: [Orchuulga.mn](https://www.facebook.com/Orchuulga.mn)

Address: #701, 7F, City Tower, north side of Ministry of Foreign Affairs,  
Sukhbaatar Square, 5th Khoroо, Sukhbaatar District, Ulaanbaatar city



## Audit report on financial statements of Tavantolgoi JSC for 2024

## 1. INDEPENDENT AUDITOR'S OPINION

TO: GUNJDAGVA.CH, CHIEF EXECUTIVE  
OFFICER OF TAVANTOLGOI JSC**STATE AUDIT OFFICE OF  
UMNUGOVI PROVINCE**Room 304, Citizens' Representative Palace,  
3rd Bag, Dalanzadgad Soum, Umnugovi  
Province, 46083

Phone: (976) 7053 3539

Website: [www.audit.mn](http://www.audit.mn)Email: [umnugovi@audit.gov.mn](mailto:umnugovi@audit.gov.mn)

Date: March 17, 2025 No. 285

**Qualified Opinion**

In accordance with Article 6.3.1 of the Law on State Audit and Article 8.9.8-d of the Law on the Budget, we conducted an audit of the financial statements of Tavantolgoi JSC as of December 31, 2024. The audit covered the financial position, income statement, statement of changes in equity, cash flow statement, and the explanatory notes prepared based on the accounting policies of the entity.

In our opinion, except for the effects of the matters described in the "Basis for Qualified Opinion" section, the financial position of Tavantolgoi JSC as of December 31, 2024, its financial performance and cash flows for the year that ended have been presented fairly in all material respects, under the Law on Accounting and International Financial Reporting Standards (IFRS) based on materiality.

**Basis for Qualified Opinion**

In conducting the audit, the State Audit Institution followed the International Standards of Supreme Audit Institutions (ISSAIs), and the procedures and guidelines approved by the Auditor General of Mongolia. The audit was performed independently, in compliance with professional ethical responsibilities. The audit evidence we have collected is sufficient and appropriate to provide a basis for our qualified opinion.

Of the total liabilities reported in the financial statements, 31% or 5,513.4 million MNT remained as outstanding balances, and 49% or 29,641.0 million MNT of accounts receivable and other receivables were not confirmed by reconciliation acts. No movements have been recorded in the dividend payable account since 2022, and the names of creditors and repayment dates remain unclear. Security costs for mine sites were not accumulated as part of the extracted coal's cost. One-time allowances were not recognized and disbursed in accordance with the standard. Repair and maintenance services were contracted directly without procurement procedures. Previous audit recommendations were not implemented. These issues individually or collectively exceed our materiality threshold and have a material, but not pervasive, impact on the financial statements.

It does not comply with the Law on Accounting, the Law on the Budget, the Law on Procurement of Goods, Works, and Services with State and Local Property, International Public Sector Accounting Standard (IPSAS) 9, and National Accounting Standard (NAS) 19. Therefore, it fails to ensure the reliability of the financial statements in terms of accuracy, occurrence, valuation and allocation, completeness, presentation, classification, rights and obligations, compliance, and reasonable representation.



Translated and verified by "Mon Thai Sino Group" translation bureau.

Tel: 76101010, Email: [info@orchuulga.mn](mailto:info@orchuulga.mn)Website: <https://orchuulga.mn> Facebook: [Orchuulga.mn](https://www.facebook.com/Orchuulga.mn)Address: #701, 7F, City Tower, north side of Ministry of Foreign Affairs,  
Sukhbaatar Square, 8th Khoroо, Sukhbaatar District, Ulaanbaatar city

**Emphasis of Matter**

The TOP-20 index of the Mongolian Stock Exchange has been updated, ranking the company second in the index, and its market capitalization has reached 1.7 trillion MNT.

**Key Audit Matter**

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the audit as a whole and in forming our audit opinion. We do not provide a separate opinion on these matters.

In terms of economic targets, total revenue was planned at 3,458,044.3 million MNT and expenses at 2,019,835.8 million MNT. As per the actual performance, 1,165,127.7 million MNT in revenue was generated, 616,003.7 million MNT in expenses were incurred, and profit before tax amounted to 549,159.6 million MNT.

**Other Matters**

In the second half of the previous year, based on the resolution of the Board of Directors, a contract was signed with "Solid Unity Audit" LLC, which performed audits of the 2022 and 2023 financial statements.

**Responsibilities of Management and Those Charged with Governance**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Law on Accounting and the International Public Sector Accounting Standards (IPSAS).

Management is also responsible for determining and implementing the internal controls necessary to ensure the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Responsibilities of the State Audit Institution**

The role of the State Audit Institution is to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement due to fraud or error, and to issue an audit report with opinions and recommendations. Reasonable assurance is the highest level of assurance, but it is not absolute assurance, and an audit conducted in accordance with ISSAIs cannot guarantee that all material misstatements will be detected.

Misstatements may arise from either fraud or error, and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Chairman, Senior Auditor (signed & sealed) Usukhbayar.Ts



Translated and verified by "Mon Thai Sino Group" translation bureau.

Tel: 76101010, Email: info@orchuulga.mn

Website: <https://orchuulga.mn> Facebook: [Orchuulga.mn](https://www.facebook.com/Orchuulga.mn)

Address: #701, 7F, City Tower, north side of Ministry of Foreign Affairs, Sukhbaatar Square, 5th Khoroо, Sukhbaatar District, Ulaanbaatar city



## 2. AUDITED FINANCIAL STATEMENT

### 2.1 Audited balance statement

(in MNT)

Row number	Items	December 31, 2023	December 31, 2024
1.1.1	Cash and Cash Equivalents	718,428,614,942.77	373,701,070,884.89
1.1.3	Accounts Receivable	65,920,588,194.87	47,685,035,980.09
1.1.4	Tax and Social Insurance Receivables	438,833,228.20	4,537,003,911.17
1.1.5	Other Receivables	43,910,793.90	1,005,114,885.92
1.1.6	Inventories	35,908,436,551.62	219,319,588,089.11
1.1.7	Prepaid Expenses and Advances	12,958,640,738.01	68,825,671,911.73
1.1.8	Other Current Assets	-	17,967,142.86
1.1.9	Total Current Assets	<b>833,699,024,449.37</b>	<b>715,091,452,805.78</b>
1.2.1	Property, Plant and Equipment	20,895,059,846.13	26,577,999,980.90
1.2.2	Intangible Assets	6,322,801,239.42	6,593,329,434.69
1.2.3	Biological Assets	19,770,000.00	43,707,142.85
1.2.4	Long-term Investments	434,179,457.49	434,179,457.49
1.2.5	Deferred Tax Assets	-	3,325,464,613.89
1.2.6	Other Non-current Assets	-	31,358,326,886.25
1.2.7	Total Non-current Assets	<b>27,671,810,543.04</b>	<b>68,333,007,516.07</b>
1.3	TOTAL ASSETS	<b>861,370,834,992.41</b>	<b>783,424,460,321.85</b>
2.1.1	Accounts Payable	7,285,146,072.37	18,074,449,920.88
2.1.2	Salaries Payable	8,083.66	1,096,680,246.66
2.1.3	Tax Payable	282,406,987,651.93	22,573,244,443.95
2.1.4	Social Insurance Payable	-	79,857,499.78
2.1.5	Dividends Payable	658,515,350.94	658,515,350.94
2.1.6	Unearned Revenue	160,739,640,528.70	202,309,176,909.15
2.1.7	Other Short-term Liabilities	1,353,517,164.38	16,636,153,436.63
2.1.8	Total Current Liabilities	<b>452,443,814,851.98</b>	<b>261,428,077,807.99</b>
2.2.1	Provisions and Liabilities	-	8,218,026,827.94
2.2.2	Deferred Tax Liabilities	-	4,451,524,250.96
2.2.3	Total Non-current Liabilities	-	<b>12,669,551,078.90</b>
2.2.4	Total Liabilities	<b>452,443,814,851.98</b>	<b>274,097,628,886.89</b>
2.3.1	Equity	94,487,644.09	94,487,644.09
2.3.3	Revaluation Reserve of Assets	5,876,231,609.00	5,876,231,609.00
2.3.4	Retained Earnings (Deficit)	402,956,300,887.34	503,356,112,181.86
2.3.5	Total Shareholders' Equity	<b>408,927,020,140.43</b>	<b>509,326,831,434.95</b>
2.4	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<b>861,370,834,992.41</b>	<b>783,424,460,321.85</b>



Translated and verified by "Mon Thai Sino Group" translation bureau.

Tel: 76101010, Email: info@orchuulga.mn

Website: <https://orchuulga.mn>, Facebook: [Orchuulga.mn](https://www.facebook.com/Orchuulga.mn)

Address: #701, 7F, City Tower, north side of Ministry of Foreign Affairs, Sukhbaatar Square, Sth Khoro, Sukhbaatar District, Ulaanbaatar city

## 2.2 Detailed Statement of Audited Revenue

(in MNT)

Row number	Items	December 31, 2023	December 31, 2024
1	Net Sales Revenue	1,094,131,211,392.88	1,158,398,002,569.02
2	Cost of Goods Sold	216,473,677,251.22	589,030,425,656.49
3	<b>Gross Profit</b>	<b>877,657,534,141.66</b>	<b>569,367,576,912.53</b>
4	Rental Income		35,536,762.73
5	Interest Income	1,080,208,252.95	4,146,634,873.50
7	Other Income	2,151,531,351.12	2,583,139,636.12
8	Sales and Marketing Expenses	355,531,258,389.05	4,368,300,610.58
9	General and Administrative Expenses	3,835,602,899.21	16,575,572,532.76
10	Finance Costs	996,904.44	-
11	Other Expenses	15,600,305,930.42	2,711,170,054.27
12	Foreign Exchange Gain (Loss)	(991,110,540.99)	(3,318,263,996.02)
14	<b>Profit Before Tax</b>	<b>504,929,999,081.62</b>	<b>549,159,580,991.25</b>
15	Income Tax Expense	129,070,544,963.08	136,804,310,675.46
16	<b>Net Profit for the Reporting Year</b>	<b>375,859,454,118.54</b>	<b>412,355,270,315.78</b>

## 2.3 Audited Statement of Changes in Equity

(in MNT)

Items	Equity	Revaluation Surplus of Assets	Retained Earnings (Deficit)	Owner's equity
<b>Balance as of December 31, 2022</b>	<b>94,487,644.09</b>	<b>468,414,309.00</b>	<b>318,384,260,606.89</b>	<b>318,947,162,559.98</b>
Effect of Changes in Accounting Policy and Error Correction			8,911,999.99	8,911,999.99
Restated Balance	<b>94,487,644.09</b>	<b>468,414,309.00</b>	<b>318,393,172,606.88</b>	<b>318,956,074,559.97</b>
Other Comprehensive Income		5,407,817,300.00		5,407,817,300.00
Declared Dividends	-		291,278,501,838.10	291,278,501,838.10
Net Profit (Loss) for the Reporting Period	-		375,859,454,118.54	375,859,454,118.54
<b>Balance as of December 31, 2023</b>	<b>94,487,644.09</b>	<b>5,876,231,609.00</b>	<b>402,956,300,887.34</b>	<b>408,927,020,140.43</b>
Effect of Changes in Accounting Policy and Error Correction		-	17,240,999,821.26	17,240,999,821.26
Restated Balance	<b>94,487,644.09</b>	<b>5,876,231,609.00</b>	<b>385,715,301,066.08</b>	<b>391,686,020,319.17</b>
Declared Dividends	-	-	294,714,459,200.00	294,714,459,200.00
Net Profit (Loss) for the Reporting Period	-	-	412,355,270,315.78	412,355,270,315.78
<b>Balance as of December 31, 2024</b>	<b>94,487,644.09</b>	<b>5,876,231,609.00</b>	<b>503,356,112,181.86</b>	<b>509,326,831,434.95</b>



Translated and verified by "Mon Thai Sino Group" translation bureau.

Tel: 76101010, Email: info@orchuulga.mn

Website: <https://orchuulga.mn>, Facebook: [Orchuulga.mn](https://www.facebook.com/orchuulga.mn)

Address: #701, 7F, City Tower, north side of Ministry of Foreign Affairs, Sukhbaatar Square, 5th Khoro, Sukhbaatar District, Ulaanbaatar city

**Audit report on financial statements of Tavantolgoi JSC for 2024**
**2.4 Audited Statement of Cash Flows**

(in MNT)

Row number	Items	December 31, 2023	December 31, 2024
<b>1.1</b>	<b>Cash Inflows from Operating Activities:</b>	<b>1,173,768,433,481.55</b>	<b>1,282,218,696,341.70</b>
1.1.1	Revenue from sale of goods and services	1,170,865,174,657.83	1,231,077,607,090.20
1.1.2	Tax refunds received		1,875,000,000.00
1.1.3	Other cash inflows	2,903,258,823.72	49,266,089,251.50
<b>1.2</b>	<b>Cash Outflows from Operating Activities:</b>	<b>588,725,746,145.94</b>	<b>1,337,437,747,557.11</b>
1.2.1	Payments to employees	11,434,182,175.18	69,593,006,681.44
1.2.2	Payments to the Social Insurance Authority	3,328,312,315.68	5,273,835,060.00
1.2.3	Payments for inventory purchases	868,118,931.00	2,614,334,654.22
1.2.4	Payments for utility expenses	560,820,547.25	412,755,261.65
1.2.5	Payments for fuel, transportation, and spare parts	162,848,901,824.34	2,710,293,436.85
1.2.6	Taxes paid	120,319,620,388.73	525,995,783,572.83
1.2.7	Insurance payments	-	106,752,820.00
1.2.8	Other payments	289,365,789,963.76	730,730,986,070.12
<b>1.3</b>	<b>Net Cash Flows from Operating Activities</b>	<b>585,042,687,335.61</b>	<b>2,619,656,443,898.81</b>
2.1.3	Interest income received	1,080,208,252.95	6,944,385,376.17
2.2	Payments for acquisition of property, plant, and equipment	1,916,390,246.00	5,943,910,902.39
2.2.1	Payments for acquisition of intangible assets	7,150,000.00	
<b>2.3</b>	<b>Net Cash Flows from Investing Activities</b>	<b>(843,331,993.05)</b>	<b>1,000,474,473.78</b>
3.1.2	Dividends paid	278,094,537,258.86	287,327,016,429.84
3.1.3	Others		4,722,302,173.75
<b>3.2</b>	<b>Net Cash Flows from Financing Activities</b>	<b>278,094,537,258.86</b>	<b>292,049,318,603.59</b>
3.3	Foreign exchange rate differences	3,781,073,259.66	7,904,253,059.26
<b>4</b>	<b>Net increase (decrease) in cash and cash equivalents</b>	<b>309,885,891,343.36</b>	<b>(344,727,544,057.88)</b>
<b>5</b>	<b>Beginning balance of cash and cash equivalents</b>	<b>408,542,723,599.41</b>	<b>718,428,614,942.77</b>
<b>6</b>	<b>Ending balance of cash and cash equivalents</b>	<b>718,428,614,942.77</b>	<b>373,701,070,884.89</b>



Translated and verified by "Mon Thai Sino Group" translation bureau.

Tel: 76101010, Email: info@orchuulga.mn

Website: <https://orchuulga.mn> Facebook: [Orchuulga.mn](https://www.facebook.com/Orchuulga.mn)

Address: #701, 7F, City Tower, north side of Ministry of Foreign Affairs, Sukhbaatar Square, Sth Khoro, Sukhbaatar District, Ulaanbaatar city