"Prime Capital" LLC

Financial Statements and
Independent Auditor's Report
For the year ended 31 December 2022

March 2023
Yerevan

Contents

Legal Form:	Limited Liability Company
Principal Activities:	Investment Fund Management
Executive Director	Asya Khalatyan

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Independent Auditor's Report

To the shareholder of Prime Capital LLC

Opinion

We have audited the financial statements of *"Prime Capital" LLC* ("the Company"), which comprise the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respect, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards (IFRSs).

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Responsibilities of the management and those charged with governance for the Financial Statements

Management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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's ability to continue as 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 operation or has no realistic alternative but to do so.
Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guaranty that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements arise from fraud and 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.

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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's internal control.

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

- Conclude on the appropriateness of management's use of going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's 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.

31 March 2023
"BDO Armenia" CJSC

Vahagn Sahakyan, FCCA
Managing Partner

Sergey Yakovlev, FCCA
Task leader

"Prime Capital" LLC

Statement of profit or loss and other comprehensive income
for the year ended 31 December 2022

	Note	2022 AMD'000	2021 AMD'000
Management fee	5	9,159	11,613
Net gain (loss) on financial assets at fair value through profit or loss		(12,847)	(1,393)
Operating expenses	6	(31,642)	(32,325)
Other loss, net		(383)	(196)
Loss before tax		**(35,713)**	**(22,301)**
Income tax (expense)/reimbursement	7	(3,982)	1,897
Loss of the year		**(39,695)**	**(20,404)**
Other comprehensive income		-	-
Total comprehensive result		**(39,695)**	**(20,404)**

The financial statements from pages 6 to 26 were approved by the Management of "Prime Capital" LLC on 31 March 2023 and signed by:

Asya Khalatyan
Executive Director

«PRIME CAPITAL»
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«ПРАЙМ КАПИТАЛ»
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Arthur Harutyunyan
Chief Accountant
«AN Audit» CJSC authorised representative

"Prime Capital" LLC

Statement of financial position
As at 31 December 2022

	Note	2022 AMD'000	2021 AMD'000
Assets			
Cash and cash equivalents	8	986	3,116
Financial assets at fair value through profit or loss	9	71,210	115,340
Property and equipment	10	1,586	2,647
Intangible asset	11	3,546	4,053
Deferred tax asset	7	685	4,667
Other assets	12	3,973	3,299
Total assets		**81,986**	**133,122**
Liabilities			
Provisions	13	4,130	6,356
Other payables		704	119
Total liabilities		**4,834**	**6,475**
Equity			
Share capital		80,000	80,000
General reserve		2,800	2,800
Accumulated (Loss)/Profit		(5,648)	43,847
Total share capital	14	**77,152**	**126,647**
Total Liabilities and Equity		**81,986**	**133,122**

"Prime Capital" LLC
Statement of cash flows
for the year ended 31 December 2022

	Note	2022 AMD'000	2021 AMD'000
Cash flows from operating activities			
Management fee received		9,476	11,978
Proceeds from settlement of financial assets at fair value through profit or loss, net		31,283	55,235
Other operating income		54	138
Profit tax payment		(51)	(7,588)
Salaries and benefits paid		(17,798)	(14,215)
Other operating expenses paid		(15,071)	(15,555)
Net cash from operating activities		**7,893**	**29,993**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		-	(2,039)
Net cash used in investing activities		**-**	**(2,039)**
Cash flows from financing activities			
Dividends payment		(9,800)	(41,053)
Net cash flows from financing activities		**(9,800)**	**(41,053)**
Net decrease in cash and cash equivalents		**(1,907)**	**(13,099)**
Cash balances at the beginning of the year		**3,116**	**16,255**
Effect of currency revaluation on cash and cash equivalents		**(223)**	**(40)**
Cash at the end of the year	**8**	**986**	**3,116**

"Prime Capital" LLC

Statement of changes in owners' equity
for the year ended on December 31, 2022

	Share Capital	General Reserve	Retained Earnings	Total
As at 01.01.2022	80,000	2,800	43,847	126,647
Comprehensive income for the year				
Loss for the year	-	-	(39,695)	(39,695)
Total comprehensive loss for the year	-	-	(39,695)	(39,695)
Contribution by and distribution to owners				
Dividends	-	-	(9,800)	(9,800)
Total as at 31.12.2022	80,000	2,800	(5,648)	77,152

	Share Capital	General Reserve	Retained Earnings	Total
As at 01.01.2021	80,000	2,800	105,304	188,104
Comprehensive income for the year				
Loss for the year	-	-	(20,404)	(20,404)
Total comprehensive result for the year	-	-	(20,404)	(20,404)
Contribution by and distribution to owners				
Dividends	-	-	(41,053)	(41,053)
Total As at 31.12.2021	80,000	2,800	43,847	126,647

"Prime Capital" LLC
Index to notes forming part of the financial statements
For the year ended 31 December 2022

Contents

1. About the Company

"Prime Capital" LLC (Company) is the legal successor of "Prime Capital" Investment LLC. "Prime Capital" Investment" LLC was established in the Republic of Armenia as a limited liability company on 14 November 2013.

The Company was re-registered and re-licensed as a fund manager on 6 December 2019 (license N 0006). The Company implemented non-public investment fund management activities together with trust management during the years 2022 and 2021. The company's operations are regulated by the Central Bank of Armenia (CBA).

All the assets and liabilities of the Company are located in the Republic of Armenia.
The legal address of the Company is 7 Argishti Street, Yerevan, Republic of Armenia.

The Company's sole shareholder is Nerses Sarinian.

The average number of company employees as of 31 December 2022 is 6 (in 2021 - 7).

Business environment

The Company's operations are located in Armenia. Consequently, the Company is exposed to the effects of changes in the economic and financial markets of Armenia.

The legal, tax and legislative systems continue to evolve, but are subject to different interpretations and frequent changes, which, along with other legal and financial obstacles, creates additional complications for organizations operating in Armenia.

The wide geographical spread of the coronavirus (COVID-19), the war in the Republic of Artsakh and the ongoing political developments surrounding disputed territories have had a significant impact on the economy of Armenia. The current stage can be characterized as a period of stable recovery.

Such an operating environment has a significant impact on the Company's financial situation. The Company takes the necessary measures to ensure the stability of the Company's operations, however, due to the unpredictability of developments, the Management does not able to make a reliable assessment of how such circumstances will affect the financial condition of the Company in the coming years.

Financial statements reflect management's assessment of the impact of the business environment on the Company's operations and financial condition. The future business environment may differ from management's estimate.

Taking into account the above factors, the Company has adopted a moderately-active strategy to avoid unnecessary risks.

2. Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs).

The principal accounting policies adopted in the preparation of the financial statements are set out in note 17. The policies have been consistently applied to all the years presented unless otherwise stated.

The financial statements are presented in Armenian Drams (AMD), which is also the Company's functional currency. Amounts are rounded to the nearest thousand, unless otherwise stated.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates and judgments. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

Basis of measurement

The financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss that are measured at fair value.

Changes in accounting policies

a. New standards, interpretations and amendments effective from 1 January 2022

1) IFRS annual reforms 2018-2020

In May 2020, the IASB issued minor amendments to IFRS 1: First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and IFRS 16 Leases in the accompanying demos.

2) IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" (Amendment - Unfavorable Contracts - Contract Performance Costs)

In May 2020, the IASB issued amendments to IAS 37, adding paragraph 68A to specify the costs to be included in the assessment when recognizing a contract as an unfavorable contract. As a result of these changes, it is expected that a greater number of contracts will be considered unfavorable, as the changes expand the scope of costs that are included in the evaluation of unfavorable contracts.

3) **IAS 16 Key Intermediates (Amendment - Inputs received prior to intended use)**

In May 2020, the IASB issued amendments to IAS 16, which prohibit companies from deducting receipts received in the course of preparing the asset for use from the original cost of the relevant property, plant and equipment. Instead, companies should recognize the relevant receipts from sales and related expenses in income and expenses and not as a deduction from the original cost of the property.

The new standards, interpretations and amendments that came into force after 01.01.2022 do not have a significant impact on the Company's financial statements.

b. New standards and amendments to IFRSs issued but not yet effective

1) IFRS 17 Insurance Contracts:

IFRS 17 introduced an internationally consistent approach to accounting for insurance contracts. Prior to IFRS 17, there were significant differences around the world related to the accounting and disclosures of insurance contracts, as IFRS 4 allowed the continuation of many of the previously used (non-IFRS) approaches. The application of IFRS 17 will require significant changes for many insurance companies, requiring adjustments to existing systems and procedures.: The new standard considers insurance contracts as a combination of a financial instrument and a service contract, a significant portion of which generates income that varies significantly over time. So it adopts the following approaches.

- Combines the present measurement of future cash flows with the recognition of revenue over the period in which the contracted services are rendered
- Represents the separation of the results of insurance services (including insurance income) from financial income and expenses of insurance, and
- Requires the entity to make an accounting policy choice for each portfolio as to whether to recognize

all insurance finance income and expenses in income and expense or to recognize some in other comprehensive income.

Since the issuance of IFRS 17, amendments and delays in application have been made.

2) **Disclosures of accounting policies (Amendment to IFRS 1 and IFRS Practice Statement 2)**

In February 2021, the IASB issued an amendment to IAS 1, which changed the disclosure requirements relating to accounting policies from "significant accounting policies" to "material information about accounting policies". The amendments contain guidance on the circumstances in which accounting information is likely to be considered material.

The amendments to IAS 1 are effective for periods beginning on or after 1 January 2023. Early application is also allowed. As IFRS Operational Statements are non-mandatory guidance, there is no mandatory effective date for IFRS Operational Statement 2.

3) ***Definition of Accounting Estimates (Amendment to IAS 8)***

In February 2021, the IASB issued an amendment to IAS 8, through which the definition of accounting estimates was added to IAS 8. The amendments also clarified that changes in input data and measurement methods are also considered changes in accounting estimates, unless they are the result of correcting an error in prior years.

4) ***Lease liability in case of "Sale and subleaseback" (Amendment to IFRS 16)***

In June 2020, the IFRS Interpretations Committee issued an agenda decision: Sale and sublease in the case of variable payments. This problem has been addressed in several ways by the IASC. The IASC issued the final amendments in September 2022. The amendments require the seller-lessee to determine "lease payments" or "revised lease payments" so that the seller-lessee does not recognize any gain/loss related to the right of use it retains.

5) ***IAS 1 "Presentation of Financial Statements" (Amendment - Presentation of liabilities as current or non-current)***

In January 2020, the IASB issued IAS 1, the amendment to the classification of liabilities as current or non-current, which was subsequently partially amended by the amendment "Non-current liabilities with covenants" issued in October 2022. The amendments require that the company's right to defer repayment of the liability for at least 12 months after the reporting period must be meaningful and exist at the reporting date. The classification of the liability is not affected by the probability that the entity will exercise the right to defer the settlement of the liability for at least 12 months after the reporting period. As a result of the COVID-19 pandemic, the Board has delayed application of the amendment for one year for annual reporting periods beginning on or after January 1, 2024.

6) ***IAS 1 "Presentation of Financial Statements" (Amendment - Non-current liabilities with restrictive covenants)***

Following the change in the presentation of liabilities as current or non-current, the IASB issued additional amendments to IAS 1 in October 2022. If the company's right to defer repayment is linked to compliance with certain conditions, such conditions affect the existence of the right to defer at the reporting date if the company should have ensured compliance with those conditions before or after the reporting date and do not affect if the conditions compliance must be ensured after the reporting date. The amendments also clarify the meaning of the term "settlement" for the purposes of classifying liabilities as current or non-current.

New standards, interpretations and amendments published, but not yet effective, do not have a material impact on the Company's future financial statements.

3. Critical Accounting Estimates and Judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, the actual outcome may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and assumptions

Going concern

Management has prepared the financial statements on a going concern basis. In making this assessment, management considered the Company's financial condition, current intentions, operating profitability, and availability of financial resources.
The management of the Company does not expect a discrepancy in the assessment of the going concern basis, due to positive expectations on the of the activation of the investment market.

Factors affecting going concern

The Company's ability to continue to operate has been primarily affected by increased political risks due to the Pandemic (COVID-19) as well as war, general economic instability, and increased uncertainty about the future. The uncertainty partly affects the government and corporate bond markets, as well as the willingness of investors to be active in the financial markets.

The above-mentioned circumstances caused a reduction in financial investments, as a result of which the Company's management fee in 2022 significantly decreased compared to 2021 and 2020.

The company has adopted a moderately active policy at this stage and after making assessments, the Company's management has a reasonable expectation that the Company is able to continue its operational existence in the foreseeable future. The Company, therefore, continues to adopt the going concern basis in preparing its financial statements, therefore these financial statements do not include any adjustments that would result if the Company was unable to continue as a going concern

Fair value measurement

A number of assets and liabilities included in the Company's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Company's financial and non-financial assets and liabilities utilizes market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique utilized are (the 'fair value hierarchy'):

- *Level 1:* Quoted prices in active markets for identical items (unadjusted)
- *Level 2:* Observable direct or indirect inputs other than Level 1 inputs
- *Level 3:* Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognized in the period they occur.

The Company measures some assets at fair value (Note 9).

4. Financial instruments - Risk Management

The Company is exposed through its operations to the following financial risks:

- Credit risk,
- Fair value or cash flow interest rate risk,
- Liquidity risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.
There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods.

(a) Principal financial instruments

The principal financial instruments used the Company, from which financial instrument risks arise, are as follows:

- Financial assets at fair value through profit or loss
- Trade receivables
- Cash and cash equivalents
- Trade payables

(b) Financial instruments by category

Financial asset

	Fair value measurement		Amortized cost	
	2022 AMD'000	2021 AMD'000	2022 AMD'000	2021 AMD'000
Cash and cash equivalents	-	-	986	3,116
Financial assets at fair value through profit or loss	71,210	115,340	-	-
Trade receivables	-	-	2,240	2,556
Total	71,210	115,340	3,226	5,672

Financial liabilities

	2022 AMD'000	2021 AMD'000	2022 AMD'000	2021 AMD'000
Trade payables	-	-	704	119
Total	-	-	704	119

(c) Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade receivables and trade payables.
Due to their short-term nature, the carrying value of cash and cash equivalents, trade receivables and trade payables approximates their fair value.

(d) Financial instruments measured at fair value

Financial Instruments fair value hierarchy is presented below

	Level 2	
December 31	2022	2021
	AMD'000	AMD'000
Financial assets at fair value through profit or loss	71,210	115,340
	71,210	115,340

Appendix A details the fair value hierarchy and significant unobservable inputs relating to valuation techniques that are included in Level 3 of the fair value hierarchy.

During the reporting period, there were no changes in the levels. The valuation techniques and significant observable inputs used in determining the fair value of investment property, as well as the primary observable inputs and fair value relationships are presented below.

Financial instrument	Measurement method
Financial assets at fair value through profit or loss	Units measured at fair value of respective funds as at the reporting date published by the Funds.

There was no change in the valuation technique used to measure the fair value during the reporting period.

Common goals, policies and processes

Company management has overall responsibility for risk management, goals and policies. The management receives monthly reports from the Company's chief accountant, thereby verifying the effectiveness of the processes and compliance with the stated goals and policies.

The management aims to define policies that minimize risk while avoiding the Company's competitiveness and flexibility. Details of this policy are described below.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company bears credit risk primarily on investing activities and bank balances.
The Company seeks to control its credit risks by applying a monitored investment strategy as well as reasonable judgment in the selection of servicing banking partners. The Company may enter into secured financing transactions such as sale and repurchase agreements or purchase and resale agreements. For secured transactions involving repurchase and resale agreements, the Company is permitted to sell or repledge the securities held as collateral and use these securities to enter into securities lending arrangements or to deliver to counterparties to cover any short positions.

The Company adopted policy and procedures for credit risk management (both for recognized financial assets and unrecognised contractual commitments).
Maximum exposure to credit risk is generally reflected in the carrying amounts of financial assets (in the statement of financial position) and in unrecognized contractual liabilities. The effect of the possible mutual repayment of assets and liabilities to reduce potential exposure to credit risk is not significant

The amount of exposure of financial assets to debt risk as of the reporting date is presented below:

	2022 AMD'000	2021 AMD'000
Cash and cash equivalents	986	3,116
Financial assets at fair value through profit or loss	71,210	115,340
Trade receivables	2,240	2,556
	74,436	121,012

Cash at bank

The Company believes that the risk of cash and cash equivalents at bank can be deemed as insignificant since the financial institutions selected for the investment of the Company's funds are reliable and authoritative.

A significant amount of cash is kept in financial entities in amounts as follows.

	2022 AMD'000	2021 AMD'000
Bank 1	978	1,667
Bank 2	8	9
Other accounts	-	1,440
	986	3,116

Liquidity risk

Liquidity risk arises on Company's current capital management.

It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The factors which impact the position of the cash and cash flows are including investment activities with securities, temps of subscriptions, and maturity of shares. The combination of other factors can cause essential fluctuations in the cash position of a certain period of time.

The Company's policy is to ensure that it will always have sufficient cash available to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements in a reasonable timeframe.
The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

Up to 3 months	2022 31 December AMD'000	2021 31 December AMD'000
Trade payables	704	119
	704	119

Capital risk management

The Company manages its capital to ensure the continuity of the Company's activities while maximizing the value of the stakeholders by optimizing the balances of the involved and own funds. The Central Bank of RA defines and controls the capital requirements for the Company. According to the current capital requirements set by the Central Bank of Armenia, investment organizations in 2022 as of December 31, they must provide a minimum total capital of AMD 50,000 thousand (as of 31 December 2021: 50,000 thousand AMD).

5. Management fee

	2022 AMD'000	2021 AMD'000
Management fee and bonus from trust management	102	755
Management fee from investment funds	9,057	10,858
	9,159	11,613

Company revenue from the trust management services is recognized on a regular basis over the management period based on the remuneration for the management service and the results of that period.

Management fees are recognized on the basis of applicable service agreements, as a rule, in time proportions.

6. General operating expenses

	2022 AMD'000	2021 AMD'000
Employee benefit expenses	15,032	15,620
Audit and other consulting services	6,360	5,820
Short-term lease expenses	5,440	5,400
Office and administrative expenses	1,486	2,370
Depreciation and amortization	1,548	1,369
Communication expenses	807	849
Other operating expenses	969	897
	31,642	32,325

7. Income tax

	2022 AMD'000	2021 AMD'000
Current tax		
Current tax expenses		
Adjustment of prior year tax expense	-	1,813
	-	1,813
Deferred tax		
Origination and reversal of temporary differences	3,982	(3,710)
Total deferred tax expense/(income)	**3,982**	**(3,710)**
Total tax expense/(income)	**3,982**	**(1,897)**

The reasons for the difference between the actual tax expenses of the year and the profit tax rate in the Republic of Armenia are as follows:

	2022 AMD'000	%	2021 AMD'000	%
Profit before tax (IFRS)	**(35,713)**		**(22,301)**	
Profit tax using the Company's profit tax rate of 18.0% (2021 - 18.0%)	(6,428)	18%	(4,014)	18%
Effect of non-deductible expenses (non-taxable income), net	2,356	(7%)	304	(1%)
Unrecognized tax loss	8,054	(23%)	-	-
Adjustment of previous year tax expense	-	-	1,813	8%
Total effective tax expense and effective tax rate	**3,982**	**11%**	**(1,897)**	**9%**

Deferred tax on temporary differences is calculated entirely according to the liability method, using a tax rate of 18% (as of 31.12.2021: 18%). The movement of deferred tax assets is presented below:

	2022 AMD'000	2021 AMD'000
At 1 January	**4,667**	**957**
Tax expense recognized in profit or loss	(3,982)	3,710
At 31 December	**685**	**4,667**

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the directors believe it is probable that these assets will be recovered.

The movements in deferred tax assets and liabilities during the period are shown below.

	Balance as at 31.12.2021 AMD'000	2022 recognized in profit or loss AMD'000	Balance as at 31.12.2022 AMD'000
Deferred tax assets, including	**1,144**	**(401)**	**743**
Provisions	1,144	(401)	743
Deferred tax liabilities, including	**(79)**	**21**	**(58)**
Property and equipment	(79)	21	(58)
Net deferred tax asset	***1,065***	***(380)***	***685***
Tax losess carried forward	3,602	4,452	8,054
Total net deferred tax asset	**4,667**	**4,072**	**8,739**
Total recognized net deferred tax asset	**4,667**	**3,982**	**685**

	Balance as at 31.12.2020 AMD'000	2021 recognized in profit or loss AMD'000	Balance as at 31.12.2021 AMD'000
Deferred tax assets, including	**1,050**	**94**	**1,144**
Provisions	1,050	94	1,144
Deferred tax liabilities, including	**(93)**	**14**	**(79)**
Property and equipment	(93)	14	(79)
Net deferred tax asset	***957***	***108***	***1,065***
Tax loss carried forward	-	3,602	3,602
Total net deferred tax asset	**957**	**3,710**	**4,667**

The company has a tax loss carried forward for future years, for which no deferred tax asset has been recognized.

	Accumulated tax loss	18%
- 31 December 2026	(20,010)	(3,602)
- 31 December 2027	(24,736)	(4,452)
	(44,746)	**(8,054)**

8. Cash and cash equivalents

Cash and cash equivalents as at the end of the year are presented below:

	2022 AMD'000	2021 AMD'000
Cash at bank	986	1,676
Other accounts	-	1,440
	986	**3,116**

9. Financial assets at fair value through profit or loss

	2022 AMD'000	2021 AMD'000
Fund units	**71,210**	115,340
	71,210	**115,340**

10. Property and equipment

	Computer equipment	Office equipment	Total
	AMD'000	AMD'000	AMD'000
Cost			
At 1 January 2021	**3,650**	**1,819**	**5,469**
Additions	779	191	**970**
At 31 December 2021	**4,429**	**2,010**	**6,439**
At January 2022	**4,429**	**2,010**	**6,439**
Disposals	(603)	(17)	(603)
At 31 December 2022	**3,843**	**1,993**	**5,836**
Accumulated depreciation			
At 1 January 2021	**(2,116)**	**(756)**	**(2,872)**
Additions	(748)	(172)	**(920)**
At 31 December 2021	**(2,864)**	**(928)**	**(3,792)**
At 1 January 2022	**(2,864)**	**(928)**	**(3,792)**
Depreciation for the year	(862)	(179)	**(1,041)**
Disposals	566	17	**583**
At 31 December 2022	**(3,160)**	**(1,090)**	**(4,250)**
Net book value			
At 01 January 2021	1,534	1,063	2,597
At 31 December 2021	1,565	1,082	2,647
At 31 December 2022	**683**	**903**	**1,586**

Fully depreciated items of Property, plant, and equipment

	31.12.2022	31.12.2021
	AMD'000	AMD'000
Computer equipment	1,397	1,791
Office equipment	1,791	580
	1,883	**2,371**

The Property and equipment of the company are not pledged as of December 31 2021 and 2022.

11. Intangible assets

	Software
Cost	AMD'000
At 1 January 2021	4,000
At 31 December 2021	5,070
At 1 January 2022	5,070
At 31 December 2022	5,070
Accumulated amortisation	
At 1 January 2021	(568)
Amortisation	(449)
At 31 December 2021	(1,017)
At 1 January 2022	(1,017)
Amortisation	(507)
At 31 December 2022	(1,524)
Net book value	
At 01 January 2021	3.432
At 31 December 2021	4,053
At 31 December 2022	3,546

12. Other assets

	2022	2021
	AMD'000	AMD'000
Trade receivables from customers	2,240	2,556
Other	1,733	743
	3,973	3,299

The fair value of trade and other receivables classified at amortized cost does not differ materially from the carrying amount.

The Company uses the simplified approach of IFRS 9 to estimate expected credit losses on trade receivables using an estimate of lifetime expected credit losses. To measure credit solvency losses on a collective basis, receivables are grouped based on similar risk levels and maturities.

The Company's trade receivables are current and have a maturity of up to 30 days.

As of 31 December 2021 and 2022, the effect of non-collection of receivables is not material.

13. Provisions

	2022 AMD'000	2021 AMD'000
Opening balance	**6,356**	**5,834**
Reserve growth	3,339	2,442
Decrease in reserve	(5,565)	(1,920)
Closing balance	**4,130**	**6,356**
Vacation leave	**2,090**	**4,856**
Audit	**2,040**	**1,500**

14. Share capital and reserves

Issued share

The declared, issued and outstanding share capital consists of 80,000 ordinary shares (80,000 in 2021). As of 31 December 2022, the nominal value of the share was 1,000 drams (1,000 drams in 2021).

Holders of ordinary shares have the right to receive the declared dividends and to vote at the General Meetings of the Company - one share by one vote.

Dividends

Dividends payable are limited by the amount of the maximum retained earnings of the Company as defined by the legislation of the Republic of Armenia.

In 2022, the Company declared and paid dividends of 9,800 thousand AMD (2021: AMD 41,053 thousand).

Reserves

The Company established a reserve capital target at 15% of the share capital for covering future losses and makes 5% transfers from the annual net profit each year until the amount reaches the mentioned target according to requirements of RA Law on "Stock share companies". The Company has made cumulative 2,800 thousand drams as at the end of 2022 (2,800 thousand dram as at the end of 2021).

15. Related party transactions

In accordance with IAS 24 Related Party Disclosures, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.
The ultimate controlling party of 100% shares of the Company is Nerses Sarinyan.
Transactions with related parties at the end of the reporting period are as follows:

Key Management Personnel Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including the Company's Director.
The costs related to remuneration of key management personnel are presented below:

	2022 AMD'000	2021 AMD'000
Salary, other compensation	6,913	6,434
	6,913	6,434

16. Contingent Liabilities

As of 31 December 2022, the Company had no liabilities related to equity investments (as well as, as of 31 December 2021).

As of 31 December 2022, the Company has provided no guarantees regarding repayment of liabilities of any party (the same applies to 31 December 2021).

As of 31 December 2022, there were no legal actions against the Company (the same applies to 31 December 2021).

17. Accounting Policy

Income from main activity

Revenue from trust management services is recognized on a regular basis over the management period based on the formula of remuneration for the management service and the results for that period.

Company revenue from the fund management services is recognized on a quarterly basis and calculated base on net asset values of funds.

Asset management and administration fees relate to fees earned on fiduciary activities where the Company holds or invests assets on behalf of its clients, and provides other asset-based financial services. These fees are based upon daily balances of client assets invested in these funds. The fair values of client assets included in funds are based on quoted market prices and other observable market data.

Management fees are recognized on the basis of applicable service agreements, as a rule, in time proportions. Asset management fees in connection with investments are recognized proportionally during the service provision period.

Foreign currency transactions

Transactions in foreign currency are converted into the functional currency at the closing exchange rate as of the day of the transaction, and at the average exchange rate announced by the CBA in case of closing price absence.
Monetary assets and liabilities in foreign currency are converted into the functional currency at the exchange rate as of the last day of the reporting period.
Non-monetary assets and liabilities in foreign currencies that are measured at fair value are recalculated at the current exchange rate at the date the fair value of the functional currency is determined.
Exchange differences arising from the foreign currency items account are recognized in profit or loss as net gains/losses on foreign exchange differences, except for financial instruments measured at fair value through profit or loss that are recognized at fair value, the element of net profit or loss arising from the revaluation of financial instruments measured through profit or loss.

Financial instruments

The Company recognizes the financial assets and liabilities in the statement of financial position when it becomes a party to the financial instrument contract. Regular way purchases and sales of financial assets and liabilities are accounted for at the end of the reporting period. Regular way purchases or sales of financial instruments are the purchase or sale of financial assets that require delivery of the assets within the time frame established generally by regulation or convention in the marketplace concerned.
Financial assets or liabilities are initially measured at fair value. In the case of financial assets or liabilities that are not classified in the group of financial instruments measured at fair value through profit or loss, the transaction costs are added (or removed) to the fair value, which are directly attributable to the purchase or issue of a financial asset or liability. Transaction costs that are directly attributable to acquisition of financial assets or financial liabilities "measured at fair value through profit or loss" are recognized immediately in profit or loss.

Financial assets

Financial assets are classified in the following categories: (a) financial assets measured at fair value through profit or loss (FVTPL);
(b) financial assets measured at fair value through other comprehensive income (FVOCI);
c) financial assets measured at amortized cost.
The classification depends on the nature of the cash flows resulting from the financial assets and the business model, under which the asset is held and designated at the time of initial recognition.

Financial assets measured at fair value through profit or loss.

Financial asset is classified as "measured at fair value through profit or loss" if it is classified neither as measured at amortized cost (as described below) nor as measured at FVOCI (as described below). Additionally, at initial recognition, the Company may irrevocably designate any financial asset (which meets the criteria for being measured at amortized cost or at FVOCI) as measured at FVTPL, if this eliminates or essentially reduces the accounting mismatch that could otherwise have arisen.

A financial asset is classified as measured "at fair value through other comprehensive income" (FVOCI) if:

• It is held under a business model, which aims at collecting contractual cash flows and selling financial assets; and
• At initial recognition, it forms a part of the portfolio of certain financial instruments managed jointly by the Company and has a realistic possibility of short-term profit making; or
• Its contractual terms give rise to cash flows on the specified dates, which are solely interest payments on principal and outstanding principal.

A financial asset is classified as measured "at amortized cost" if it complies with the following two conditions and has not been designated as measured at FVTPL:
• It is held under a business model, which aims at holding assets to collect contractual cash flows; and
• Its contractual terms give rise to cash flows on the specified dates, which are solely interest payments on principal and outstanding principal.

Financial assets, which are debt instruments and are not classified as measured at FVPOL, are subject to impairment test using the expected credit loss model. According to this model, a credit loss provision should be recognized in the amount of expected credit losses (ECL) during 12 months after the reporting date. However, if the instrument's credit risk has significantly increased since its initial recognition, the provision should be recognized for the whole life of the instrument in the amount of ECL.

Financial liabilities

Financial liabilities are classified as measured "at fair value through profit or loss" (FVTPL) or as measured "at amortized cost".

Property and equipment

Property and equipment are measured at cost less accumulated depreciation and impairment losses. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.
The estimated useful lives for the current and comparative periods are as follows:

Computer equipment - 1-5 years
Household and office equipment, other fixed assets - 5-8 years.

Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

Software- 10 years.

Deferred taxation

The amount of the deferred asset or liability is determined using tax rates that are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past events and it would appear, that the Company will be required to meet the liability and the amount of the liability can be assessed accurately.

Securities purchased and redeemed under the REPO agreement

Securities received under REPO agreements shall be credited off-balance sheet as collateral security. Amounts paid for securities received under repurchase agreements are credited as secured loans. Interest earned on that basis is recognized on an accrual basis in profit or loss and is included in other operating income. Securities issued under REPO agreements are accounted for in their balance sheet. The amounts received for securities issued by the REPO agreements are recorded as received loans. Interest paid on them is recognized on an accrual basis in the profit or loss as interest expenses.

Annex A. Fair Value measurement disclosures

The following table sets out the valuation techniques used in the determination of fair values including the key unobservable inputs used and the relationship between unobservable inputs to fair value.

Item	Fair value, AMD'000	Valuation technique	Fair value hierarchy Level	Significant unobservable inputs
Fund units	71,210	The fair value of the fund units is measured as the net asset value of the funds at the reporting date	Level 2	
Trade payables	704	The carrying amount of short-term (less than 12 months) payable approximates its fair values.	Level 3	N/A
Trade receivables	2,240	The carrying amount of short-term (less than 12 months) receivable approximates its fair values.	Level 3	N/A