“Prime Capital” LLC
Financial statements
and Independent Auditor’s Report
For the year ended 31 December 2019

Contents

Legal Form:	Limited Liability Company
Principal Activities:	Fund Management
Executive Director	Amalya Hakobyan

Independent Auditor's Report

To the shareholder of Prime Capital LLC

Opinion

We have audited the accompanying financial statements of *"Prime Capital" LLC* ("the Company"), which comprise the statement of financial position as at 31 December 2019, and 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 2019, 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' *Code of Ethics for Professional Accountants (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 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.

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.

Among other issues, we inform those charged with governance/management about the scope and timing of the audit task, as well as significant matters identified during the audit, including significant shortcomings in the internal control system.

'BDO Armenia" CJSC

Vahagn Sahakyan, FCCA
Managing Partner

Silvie Hyusyan
Auditor

13 March, 2020
Yerevan

“Prime Capital” LLC

Statement of profit or loss and other comprehensive income
for the year ended 31 December, 2019

	Note	2019 AMD'000	2018 AMD'000
Management fee	5	96,103	13,526
Net gain on financial assets at fair value through profit or loss		21,159	8,286
Operating expenses	6	(31,094)	(29,293)
Other gain/(loss), net		44	(7)
Profit/(loss) before tax		**86,212**	**(7,488)**
Income tax (expense)/reimbursment	7	(13,011)	3,123
Profit/(loss) for the year		**73,201**	**(4,365)**
Other comprehensive income		-	-
Total comprehensive result		**73,201**	**(4,365)**

The financial statements from pages 5 to 22 were approved by the Management of Prime Capital LLC on 13 March 2020 and signed by:

Executive Director
Amalya Hakobyan

Chief Accountant
Arthur Harutyunyan
«AN Audit» CJSC authorised representative

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“Prime Capital” LLC

Statement of financial position
As at 31 December 2019

	Note	2019 AMD'000	2018 AMD'000
Assets			
Cash and cash equivalents		28,199	7,275
Financial assets at fair value through profit or loss	8	97,965	86,807
Property and equipment		653	207
Intangible asset	12	3,832	-
Deferred tax asset	9	813	3,687
Other assets	10	56,477	5,514
Total assets		187,939	103,490
Liabilities			
Income tax payable		10,137	-
Provisions	11	4,500	3,889
Other payables		518	18
Total liabilities		15,155	3,907
Equity			
Share capital		80,000	80,000
General reserve		1,650	1,650
Retained earnings		91,134	17,933
Total share capital		172,784	99,583
Total liabilities and equity		187,939	103,490

"Prime Capital" LLC

Statement of cash flows
for the year ended 31 December 2019

	2019 AMD'000	2018 AMD'000
Cash flows from operating activities		
Management fee received	**42,538**	35,155
Proceeds from settlement of financial assets at fair value through profit or loss	**10,000**	9,436
Salaries and benefits paid	**(12,052)**	(13,953)
Other operating expenses paid	**(14,951)**	(14,564)
Net cash from operating activities	**25,535**	16,074
Cash flows from investing activities		
Purchase of property,plant and equipment	**(4,611)**	(74)
Net cash used in investing activities	**(4,611)**	(74)
Cash flows from financing activities		
Dividends paid	**-**	(30,000)
Net cash from financing activities	**-**	(30,000)
Net increase/(decrease) in cash	**20,924**	(14,000)
Cash at the beginning of the year	**7,275**	21,275
Cash at the end of the year	**28,199**	7,275

"Prime Capital" LLC

Statement of changes in owners' equity
for the year ended on December 31, 2019

	Share Capital	General Reserve	Retained Earnings	Total
As at 01.01.2019	**80,000**	**1,650**	**17,933**	**99,583**
Comprehensive income for the year				
Profit for the year	-	-	73,201	73,201
As at 31.12.2019	**80,000**	**1,650**	**91,134**	**172,784**

	Share Capital	General Reserve	Retained Earnings	Total
As at 01.01.2018	80,000	1,150	52,798	133,948
Comprehensive income for the year				
Loss for the year	-	-	(4,365)	(4,365)
	-	-	(4,365)	(4,365)
Contribution by and distribution to owners				
Transfer to General reserve	-	500	(500)	-
Dividends	-	-	(30,000)	(30,000)
	-	500	(30,500)	(30,000)
As at 31.12.2018	80,000	1,650	17,933	99,583

"Prime Capital" LLC
Index to notes forming part of the financial statements
For the year ended 31 December 2019

Contents

«Prime Capital» LLC

Notes forming part of the financial statements
for the year ended December 31, 2019

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 November 14, 2013.
The company was re-registered and re-licensed as a fund manager on December 06, 2019. The Company plans to implement non-public investment fund management activities together with trust management. The company's operations are regulated by the Central Bank of Armenia (CBA). The Company obtained Fund Management License number 0006.
All the assets and liabilities of the Company are in the Republic of Armenia. The Company legal address is 7 Argishti Street, Yerevan, Republic of Armenia. The Company sole shareholder is Nerses Sarinyan.
The average number of company employees as of 31 December constitutes 6 people (in 2018 - 6 people).

2. Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out in note 14. 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.
These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs).
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 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 2019

- IFRS 16 Leases (IFRS 16);
- IFRIC 23 Uncertainty over income tax treatment (IFRIC 23).

None of the above mentioned had significant effect on the Company's financial statements.

b) New standards, interpretations and amendments not yet effective

There were no new standards, interpretations and amendments that are not yet effective that will have or may have an 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, actual experience 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

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 a number of fund units assets at fair value (Note 8).

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:

- Finasial 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	
	2019 AMD'000	2018 AMD'000	2019 AMD'000	2018 AMD'000
Cash and cash equivalents	-	-	28,199	7,275
Finacial assets at fair value through profit or loss	97,965	86,807	-	-
Trade receivables	-	-	56,473	2,908
Total	97,965	86,807	84,672	10,183

Financial liabilities

	2019 AMD'000	2018 AMD'000	2019 AMD'000	2018 AMD'000
Trade payables	-	-	518	18
Total	-	-	518	18

(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

December 31	Level 2	
	2019 AMD'000	2018 AMD'000
Finacial assets at fair value through profit or loss	97,965	86,807
	97,965	86,807

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
Finacial 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 has adopted the policy of credit risk assessment before signing a contract with the new customer.
The Company has policies and procedures for the management of credit exposures.

The Company continuously monitors the performance of individual credit exposures and regularly reassesses the solvency of its customers.

The maximum exposure to credit risk is generally reflected in the carrying amounts of financial assets in the statement of financial position and in unrecognised contractual commitments. The impact of possible netting of assets and liabilities to reduce potential credit exposure is not significant.

As at December 31, 2019 and 2018 credit risk exposure of financial assets are presented in the table below:

	2019 AMD'000	2018 AMD'000
Cash and cash equivalents	28,199	7,275
Finacial assets at fair value through profit or loss	97,965	86,807
Trade receivebles	56,473	2,908
	182,637	96,990

Cash at bank

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

A significant amount of cash is held with the following institutions:

	2019 AMD'000	2018 AMD'000
Bank	28,199	7,275
	28,199	7,275

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

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 reasonable timeframe.
The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

Up to 3 months	31 December 2019 AMD'000	31 December 2018 AMD'000
Trade payables	518	18
	518	18

Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balances. The CBA sets and monitors capital requirements for the Company. Under the current capital requirements set by the CBA, investment organizations as at December 31, 2019 have to maintain a minimum share capital of AMD 50,000 thousand (AMD 50,000 thousand on December 31, 2018).

5. Management Fee

	2019 AMD'000	2018 AMD'000
Trust management fee and compensation	96,103	13,511
Other commissions	-	15
	96,103	13,526

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. Asset management fees associated with investments are recorded proportionally during the period. The Company typically collects revenue from its trust management services within the month following the quarter.

6. Other operating expenses

	2019 AMD'000	2018 AMD'000
Employee benefit expenses	15,716	15,301
Audit and other consulting services	7,120	6,120
Short-term lease expenses	5,400	5,400
Office and administrative expenses	1,731	1,283
Communication expenses	579	562
Depreciation and amortization	333	477
Other operating expenses	215	150
	31,094	29,293

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.

	2019 AMD'000	2018 AMD'000
Salary, other compensation	5,184	2,514

7. Income tax

	2019 AMD'000	2018 AMD'000
Current tax		
Current tax expenses		
Current tax expense	13,041	-
Compensation for tax loss carried forward	(2,904)	-
Total current tax expense	10,137	-
Deferred tax		
Origination and reversal of temporary differences	(30)	(219)
Compensation for tax loss	2,904	(2,904)
Total deferred tax expense/(income)	2,874	(3,123)
Total tax expense/(income)	13,011	(3,123)

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:

	2019 AMD'000	Effective rate	2018 AMD'000	Effective rate
Profit/ (loss) before tax	86,212		(7,488)	
Profit tax using the Company's profit tax rate of 20.0% (2018 - 20.0%)	17,242	20	(1,498)	20
Effect of non-deductible expenses/(non-taxable income), net	(4,231)	5	(1,625)	22
Total effective tax expense/(income) and effective rate	13,011	15	(3,123)	42

8. Financial assets at fair value through profit or loss

	2019 AMD'000	2018 AMD'000
Fund units	97,965	86,807
	97,965	86,807

9. Deferred tax assets

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 18% (2018: 20%).

	2019 AMD'000	2018 AMD'000
At 1 January	3,687	564
Tax expense recognized in profit or loss	(2,874)	3,123
Recognized in other comprehensive income	-	-
At 31 December	813	3,687

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 (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12) during the period are shown below.

	Balance as at 31.12.2018	2019 recognized in profit or loss	Balance as at 31.12.2019
Deferred tax assets, including	778	122	900
In terms of created reserves	778	122	900
Deferred tax liabilities, including	5	(92)	(87)
In terms of property and equipment	5	(92)	(87)
Net deferred tax asset/(liability)	783	30	812
Tax loss carryforward	2,904	(2,904)	-
Total movement of net deferred tax asset/(liability)	3,687	(2,874)	813

10. Other assets

	2019 AMD'000	2018 AMD'000
Trade receivables from customers	56,473	2,908
Tax prepayments	-	2,025
Other	4	581
	56,477	5,514

11. Provisions

	2019 AMD'000	2018 AMD'000
Opening balance	3,889	3,109
Accruals	2,674	2,906
Utilised in year	(2,063)	(2,126)
Closing balance	4,500	3,889
Vacation leave	3,000	2,089
Audit	1,500	1,800

12. Intangible asset

	Software AMD'000
(a) Cost	
At 1 January 2018	-
At 31 December 2018	-
At January 2019	-
Addition	4,000
At 31 December 2019	4,000
(b) Accumulated amortisation	
At 1 January 2018	-
At 31 December 2018	-
At January 2019	-
Amortisation charge	168
At 31 December 2019	168
c) Net book value	
At 1 January 2018	-
At 31 December 2018	-
At 31 December 2019	3,832

13. Contingent Liabilities

As of December 31, 2019 the Company had no liabilities related to equity investments (as well as, as of December 31, 2018)

As of December 31, 2019 the Company has provided no guarantees regarding repayment of liabilities of any party (the same applies to 31.12.2018)

As of 31 December 2019 there were no legal actions against the Company (the same applies to 31.12.2018)

14. 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.
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.
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.

Interest income and expense

Interest income and expense, including interest income from non-derivative financial assets measured at fair value through profit or loss, are recognized in profit or loss, respectively, as interest income or expense.

Stock transactions and investment income

Stock transactions are accounted for at the date of the transaction (sale or purchase of securities). Interest income is accounted on an accrual basis. Dividends are accounted on the date of the previous dividends. Value of securities is calculated based on weighted average cost.

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.

Derecognition of financial assets

The Company derecognises financial assets when the contractual rights with respect to cash flows resulting from the financial asset become void, or when these rights are transferred to a third party. If the Company substantially neither transfers nor retains all the risks and returns related to ownership of the financial asset, but retains control over the transferred asset, the Company continues to recognize the financial asset, as well as its associated liability to the extent that its involvement in the financial asset is kept. If the Company substantially retains all the risks and returns related to ownership of the financial asset, the Company shall continue to recognize the financial asset, as well as the borrowing pledged as collateral for the received return.

Financial liabilities

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

Financial liabilities measured at fair value through profit or loss.

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for sale or classified as measured at fair value through profit or loss.

A financial liability is classified as held for sale if:

- it has been acquired primarily for a short-term repurchase; or
- 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
- it is a derivative instrument that is not intended or used as a hedging tool.

A financial liability not held for trading purposes may be classified as measured at FVTPL at the time of recognition, if:

- such classification excludes or significantly reduces the measurement or recognition mismatch that would otherwise have occurred; or

• a financial liability forms a part of financial assets or financial liabilities or the group of assets and liabilities, which is managed and whose performance is evaluated on a fair value basis in accordance with the Company's documented risk management or investment strategy, and the grouping information is provided internally on theses grounds; or

• It is a part of the contract, that contains one or more of the embedded derivatives, and the entire contract (assets or liabilities) is classified as measured at FVTPL.

Financial liabilities measured at FVTPL are presented at fair value, and the gain or loss arising from their remeasurement is recognized in profit or loss except for the change in the fair value from the part attributable to the credit risk, which is presented in other comprehensive income.

Other financial liabilities

Other financial liabilities are initially measured at fair value, less transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, recognizing the interest expense on the basis of efficiency.

Derecognition of financial liabilities

The Company derecognizes a financial liability only when the Company's obligations are repaid, canceled, or become void. When a financial liability to the same lender is replaced by another financial liability (the terms of which substantially vary from the previous one), or there has been a material change in the terms of the present liability, such replacement or change is recognized as derecognition of the original liability and recognition of a new liability. The difference between the carrying amount of the derecognized financial liability and compensation paid and payable is recognized in the statement of comprehensive income.

Property and equipment

Property and equipment are measured at cost less accumulated depreciation and impairment losses. The initial cost comprises any costs directly attributable to acquisition and bringing the asset to the location and condition necessary for it to be capable of operating in the intended manner.

If an asset comprises two or more major components with different useful lives, then each component should be accounted for as separate items of property, plant and equipment (major components).

Replacement costs for a separate item of property, plant and equipment are recognized in the carrying amount of that fixed asset if it is probable that the future economic benefits embodied in that part will flow to the Company and its value can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

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 equipement - 1-5 years
Household and office equipment, other fixed assets - 5-8 years:

Depreciation methods, useful lives and residual values are reviewed at the end of each financial year and are adjusted if appropriate.

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.

Softwares- 10 years.

Dividends

Dividends are recognized when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the AGM.

Deferred taxation

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- The initial recognition of goodwill,
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit, and
- Investments in subsidiaries and jointly controlled entities where the Company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the temporary difference can be utilized.
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).

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

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.
The amount recognized as a reserve is the best estimate at the end of the reporting period that will be required to settle an existing obligation, taking into account the associated risks and uncertainties.
If the effect of the monetary value is significant over time, the amount of the provision should the present value of the costs that would be required to pay the arrears.
If any other party is expected to fully or partially compensate for expenses, required to discharge the provision, the compensation should be treated as a separate asset when it is certain that in the event of settlement of arrears by the Company, the reimbursement will be satisfied and the recoverable amount can be measured reliably.

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	97,965	Units measured at fair value of respective funds as reporting date published by the Funds.	Level 2	
Trade payables	518	The carrying amount of short term (less than 12 months) payable approximates its fair values.	Level 3	N/A
Trade receivables	56,473	The carrying amount of short term (less than 12 months) receivable approximates its fair values.	Level 3	N/A