Harry Qelm Baabsman Ltd

Financial statements

for the year ended December 31, 2022
with independent auditors' report

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Астана қ., Z10H9E3
Қазақстан Республикасы
Сарыарқа даңғылы, 6
«Арман» БО, 317 кеңсе
Тел.: + 7 717 2792 586

Республика Казахстан
г. Астана, Z10H9E3 пр.
Сарыарка, 6
БЦ «Арман», офис 317
Тел.: + 7 717 2792 586

6 Saryarka ave.
BC Arman, office 317
Astana, Z10H9E3
Republic of Kazakhstan
Tel.: + 7 717 2792 586

INDEPENDENT AUDITOR'S REPORT

To the Participants and Management of Harry Qelm Baabsman Ltd.

Opinion

We have audited the financial statements of Harry Qelm Baabsman Ltd (the "Company"), which comprise the statement of financial position as at December 31, 2022, the statement of comprehensive income, the statement of changes in equity and the 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 respects, the financial position of the Company as at December 31, 2022, and its financial performance and its cash flows for the year then 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 responsibility 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* (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with 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 management for the financial statements

Management 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 a 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 operations, or has no realistic alternative but to do so.

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 guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or 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 the 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, 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.

The partner in charge of the audit resulting in this independent auditor's report is Nurbol Tleuov.

Тлеуов Нурбол Лесханович
АУДИТОР
Біліктілік куәлігі
МФ № - 0001029
Қазақстан Республикасының Аудиторы

Nurbol Tleuov
Auditor/Director
TGS Saryarqa Ltd.

Auditor qualification certificate No. МФ-0002029 dated February 20, 2020

ҚАЗАҚСТАН РЕСПУБЛИКАСЫ АСТАНА Қ. ЖЕКЕ КОМПАНИЯ
РЕСПУБЛИКА КАЗАХСТАН Г. АСТАНА ЧАСТНАЯ КОМПАНИЯ
TGS
Saryarqa
Limited
БИН 200340900188
Think Global Sustainability

Audit license for audit activities on the territory of the Astana International Finance Centre No. AFSA-A-LA-2020-0014 issued by the Astana Financial Service Authority on March 31, 2020

6, Saryarka Ave., BC Arman, office 317, Astana
Z10H9E3, Republic of Kazakhstan

April 24, 2023

STATEMENT OF FINANCIAL POSITION

In thousands of US Dollars	Notes	**December 31, 2022**	December 31, 2021
ASSETS			
Current assets			
Financial assets at fair value through profit or loss	5	**150**	–
Other current assets		**6**	–
Cash and cash equivalents	6	**23**	67
Total current assets		**179**	67
TOTAL ASSET		**179**	67
EQUITY AND LIABILITIES			
Equity			
Shareholders' capital	7	**230**	69
Accumulated loss		**(59)**	(4)
Total equity		**171**	65
Current liabilities			
Other tax liabilities		**1**	2
Other current liabilities		**7**	–
Total current liabilities		**8**	2
TOTAL EQUITY AND LIABILITIES		**179**	67

Chief Executive Officer

Babanazarov D.

Harry Qelm Baabsman Ltd. 211240900159

Chief Financial Officer

Batayev A.

STATEMENT OF COMPREHENSIVE INCOME

In thousands of US Dollars	**Notes**	**2022**	For the period from Registration date to December 31, 2021
Management fee income		**2**	–
Administrative expenses	8	**(62)**	(4)
Operating loss		**(60)**	
Net trading income		**5**	–
Net foreign currency gains or losses		**5**	
Net gains on financial assets at fair value through profit or loss		**(5)**	–
Profit before tax		**(55)**	(4)
Income tax expenses		**–**	–
Profit for the period		**(55)**	(4)
Other comprehensive income		**–**	–
Total comprehensive income for the period		**(55)**	(4)

Chief Executive Officer

Babanazarov D.

Chief Financial Officer

Batayev A.

STATEMENT OF CASH FLOWS

In thousands of US Dollars	Notes	2022	For the period from Registration date to December 31, 2021
Cash flows from operating activities			
Cash receipts from management fee		**1**	–
Cash payments to suppliers		**(11)**	–
Payments to employees		**(35)**	(2)
Taxes and payments to the budget		**(12)**	–
Net cash flows used in operating activities		**(57)**	(2)
Cash flows from investing activities			
Purchase of financial assets at fair value		**(150)**	–
Net cash flows used in investing activities		**(150)**	–
Cash flows from financing activities:			
Proceeds from shareholders	7	**161**	69
Net cash received from financing activities		**161**	69
Net change in cash and cash equivalents		**(46)**	67
Exchange gains/(losses) on cash and cash equivalents		2	–
Cash and cash equivalents at the beginning of the period		67	–
Cash and cash equivalents at the end of the period		**23**	67

Chief Executive Officer

Babanazarov D.

Chief Financial Officer

Batayev A.

STATEMENT OF CHANGES IN EQUITY

In thousands of US Dollars	Notes	Shareholders' capital	Retained earnings	Total
As at December 9, 2021		–	–	–
Profit for the period		–	(4)	(4)
Other comprehensive income		–	–	–
Total comprehensive income for the period		–	(4)	(4)
Contribution to the Shareholders' capital	7	69	–	69
As at December 31, 2021		**69**	**(4)**	**65**
Profit for the year		–	**(55)**	**(55)**
Other comprehensive income		–	–	–
Total comprehensive income for the year		–	**(55)**	**(55)**
Contribution to the Shareholders' capital	7	**161**	–	**161**
As at December 31, 2022		**230**	**(59)**	**171**

Chief Executive Officer

Babanazarov D.

Chief Financial Officer

Batayev A.

1. GENERAL INFORMATION

Harry Qelm Baabsman Ltd. (“Company”) was registered in accordance with the Constitutional Law of the Republic of Kazakhstan “On the Astana International Finance Centre” (“AIFC”) and the Laws and Regulations of AIFC on December 9, 2021 (“Registration date”).

The Company’s legal address is the Republic of Kazakhstan, Astana, Mangilik El ave, building 55/20 , office 351-352.

As at December 31, 2022 the participants of the Company were as follows:

	2022	**2021**
Damir Babanazarov	**57%**	57%
Arman Batayev	**43%**	43%
	100%	**100%**

The Company is responsible for managing the fund known as The Steppe Eagle ("Fund”).

These financial statements were authorized for issue and signed by the Chief executive officer and Chief financial officer on 24 April 2023.

2. BASIS FOR PREPARING FINANCIAL STATEMENTS AND BASIC PROVISIONS OF ACCOUNTING POLICIES

Basis of preparing financial statements

The financial statements of the Company are prepared in accordance with International Financial Reporting Standards (IFRS) as amended by the International Accounting Standards Board (“IASB”).

These financial statements have been prepared in accordance with historical cost basis. Financial statements are presented in USD and all amounts are rounded to the nearest thousands, except where otherwise indicated.

3. SIGNIFICANT ACCOUNTING POLICIES

New and amended standards and interpretations

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

An onerous contract is a contract under which the unavoidable of meeting the obligations under the contract costs (i.e., the costs that the Company cannot avoid because it has the contract) exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments did not have any impact on the financial statements.

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments replace a reference to a previous version of the IASB’s Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

New and amended standards and interpretations (continued)

Reference to the Conceptual Framework – Amendments to IFRS 3 (continued)

In accordance with the transitional provisions, the Company applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

These amendments had no impact on the financial statements of the Company as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the period.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 Leases

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

In accordance with the transitional provisions, the Company applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application).

These amendments had no impact on the financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

IFRS 1 *First-time Adoption of International Financial Reporting Standards* – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the financial statements of the Company as it is not a first-time adopter.

IFRS 9 *Financial Instruments* – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 *Financial Instruments: Recognition and Measurement*.

In accordance with the transitional provisions, the Company applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). These amendments had no impact on the financial statements of the Company as there were no modifications of the Company's financial instruments during the period.

IAS 41 *Agriculture* – Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. These amendments had no impact on the financial statements of the Company as it did not have assets in scope of IAS 41 as at the reporting date. These amendments did not have any impact on the financial statements.

Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards issued but not yet effective (continued)

IFRS 17 *Insurance Contracts.*

In May 2017, the IASB issued IFRS 17 *Insurance Contracts* (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 *Insurance Contracts* (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Company.

Amendments to IAS 1: *Classification of Liabilities as Current or Non-current*

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Company's financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements*, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards issued but not yet effective (continued)

Definition of Accounting Estimates - Amendments to IAS 8

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. The Company is currently assessing the impact of the amendments.

Foreign currency translation

(i) *Functional and presentation currency*

These financial statements are expressed in thousands of US Dollars, unless stated otherwise. The functional currency of the Company is Tenge. These financial statements have been prepared in US Dollars to comply with the AIFC reporting rules for PRU Investment firms.

(ii) *Transactions and balances in foreign currencies*

Transactions in foreign currencies are translated into functional currency at exchange rates at the dates of the transactions. Foreign exchange gains or losses resulting from the settlement of these transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss for the year.

Classification of assets and liabilities as current and non-current

In the statement of financial position, the Company presents assets and liabilities based on their classification as current and non-current in the statement of financial position. An asset is current if:

- it is supposed to be realized or it is intended for sale or consumption within the normal operating cycle;
- it is intended primarily for trading purposes;
- it is supposed to be implemented within 12 (twelve) months after the end of the reporting period; or
- it represents cash or cash equivalents, unless there are restrictions on its exchange or use to pay off obligations for at least 12 (twelve) months after the end of the reporting period.

All other assets are classified as non-current.

Liabilities are current, if:

- it is supposed to be extinguished within the normal operating cycle;
- it is held mainly for trading purposes;
- it is repayable within 12 (twelve) months after the end of the reporting period; or
- the Company does not have an unconditional right to defer repayment of the obligation for at least 12 (twelve) months after the end of the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Fair value measurement

For the purpose of fair disclosure, the Company has classified assets and liabilities based on their nature, inherent characteristics and risks, and the applicable level in the fair value hierarchy, as set out below.

All assets and liabilities for which fair value is disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quotes (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which inputs the lowest level that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 - Valuation techniques for which inputs the lowest level that is significant to the fair value measurement is unobservable.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Classification of assets and liabilities as current and non-current (continued)

Financial instruments

A financial instrument is a contract that results in the simultaneous creation of a financial asset for one company and a financial liability or an equity instrument for another.

A) Financial assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OSI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied practical expediency, the Company initially measures financial assets at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transactions costs.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that the contractual terms of this asset determine the receipt of cash flows, which are "payments exclusively on principal and interest" on the outstanding part principal amount of debt.

This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets.

Purchase or sale of financial assets that require delivery of assets within a frame time established by regulation and convention in the marketplace (regular way trades) are recognized on the date, i.e., the date that the Company commits to purchase or sell the asset.

As of the reporting date, the Company's financial assets are represented by equity, commodity securities and cash and cash equivalents.

Subsequent measurement - Financial assets at amortized cost

This category is the most relevant to the Company. The company measures financial assets at amortized cost if both of the following conditions are met: (1) the financial asset is held in the business model with the objective to hold financial assets in order to collect contractual cash flows; and (2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets amortized cost is subsequently measured using the effective interest method (EIR) and are subject to impairment. Finance income is recognized as interest accrues (using EIR method, which result the expected future cash flows over the expected life of the financial instrument to the net book value of the financial asset). Gains or losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Cash and cash equivalents

Cash and cash equivalents include cash on current bank accounts and idle cash on brokerage accounts. Cash and cash equivalents are carried at amortized cost using the effective interest method.

Derecognition

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's statement of financial position) if:

- The rights to receive cash flows from the asset have expired; or
- The company has transferred its rights to receive its cash flows from the asset or has assumed an obligation to pay the received cash flows in full and without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments(continued)

A) Financial assets (continued)

Derecognition (continued)

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In this case, the Company also recognizes the associated liability. The transferred asset and the related liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancement that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of exposure, irrespective of the timing of the default (a lifetime ECL).

B) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans, borrowings and payables, net of directly attributable transaction costs. Company's financial liabilities include trade payables.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of original liability and the of recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

C) Offsetting financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is currently enforceable legal right to offset recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

The Company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, or if annual impairment testing of an asset is required, the Company makes an estimate of the asset's recoverable amount.

The recoverable amount of an asset is the greater of the fair value of the asset or cash generating unit (CGU) less costs to sell and the asset's value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those generated by other assets or groups of assets.

If the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In value in use, future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market estimate of the time value of money and the risks inherent in the asset. In determining fair value less costs to sell, recent market transactions are taken into account. In their absence, the appropriate valuation model is applied.

Impairment calculations are based on detailed plans and forward-looking calculations, which are prepared separately for each of the Company's cash-generating units to which individual assets relate. These plans and forecast calculations, as a rule, are made for five years. For longer periods, a long-term growth rate is calculated and applied to projected future cash flows beyond the fifth year.

An assessment is made at each reporting date as to whether there is any indication that an impairment loss previously recognized may no longer exist or may have decreased. If such indication exists, then the recoverable amount is estimated. A previously recognized impairment loss is only reversed if there has been a change in the estimate used to determine the asset's recoverable amount since the last impairment loss was recognised. Recovery is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor can it exceed the carrying amount, less depreciation, at which the asset would have been recognized if no impairment loss had been recognized in prior years. Such recovery is recognized in the statement of comprehensive income.

After the reversal entry is made, the depreciation expense in subsequent periods is adjusted to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Shareholders’ capital

Assets contributed into Shareholders’ capital are recognized at fair value at the time of contribution. Any excess of the fair value of the contributed assets over the nominal value of contribution into the Shareholders’ capital is attributed directly to equity.

Payroll expenses and payroll related deductions

Payroll expenses, pension contributions, contributions to the social insurance fund, paid annual vacations and sick leaves, bonuses and non-cash benefits are charged upon completion of certain types of works by employees of the Company. The Company pays pension and retirement benefits stipulated by the legislation of the Republic of Kazakhstan on behalf of its employees. Such expenses and payments are shown in separate statements of comprehensive income as incurred.

Upon retirement of employees, the financial liabilities of the Company are derecognized and all subsequent payments to retired employees are made by state and private savings pension funds.

Taxation of AIFC participants

In accordance with the Constitutional Law of the Republic of Kazakhstan “On the Astana International Finance Centre” participants of the AIFC are exempt from the obligation to pay corporate income tax from following sources:

- Islamic banking services;
- reinsurance and insurance brokerage services;
- services for the investment management of the assets of investment funds, their accounting and storage, as well as ensuring the issuance, placement, circulation, redemption and redemption of securities of investment funds.

In connection with the provided CIT benefits (0% rate), the Company does not have deferred tax positions on temporary differences on assets and liabilities, and tax losses carried forward.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions at the end of the reporting period that affect the reported amounts of revenue, expenses, assets and liabilities, and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Taxation

When assessing tax risks, management considers as potential risks those areas of non-compliance with tax laws that the Company is unable to challenge or does not believe it will be able to successfully challenge if additional taxes are assessed by the tax authorities. Such a determination requires significant judgment and is subject to change as a result of changes in tax laws and regulations, the determination of expected outcomes in pending tax proceedings and the outcome of due diligence by the tax authorities.

As of December 31, 2022 and 2021, management believes that all obligations of the Company as a AIFC participant and the provisions of the Tax Code of the Republic of Kazakhstan regarding the requirements for participants in the AIFC are fully met.

Measurement of financial instruments at fair value

Where the fair value of financial assets recognized in the statement of financial position cannot be determined based on quoted prices in active markets, they are determined using valuation techniques. Observable markets are used as input to these models whenever possible, but where this is not practicable, a certain amount of judgment is required to establish fair value. Judgments include taking into account inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors may affect the fair value of financial instruments as reported in the financial statements.

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

In thousands of US Dollars	**December 31, 2022**	December 31, 2021
Stocks	**82**	–
Exchange traded funds (ETF)	**62**	–
Cash	**6**	
	150	–

6. CASH AND CASH EQUIVALENTS

In thousands of US Dollars	**December 31, 2022**	December 31, 2021
Current bank accounts, USD	**12**	–
Current bank accounts, KZT	**10**	–
Cash on deposit accounts, KZT	**1**	67
Less: estimated allowance for expected credit losses	–	–
	23	67

7. SHAREHOLDERS' CAPITAL

As of December 31, 2022 and 2021 the registered Capital of the Company was 230 thousand US Dollars and 69 thousand US Dollars, respectively.

In 2022 and 2021, the participants made contributions to the Shareholders' capital in the form of cash in the amount of 161 thousand US Dollars and 69 thousand US Dollars.

8. ADMINISTRATIVE EXPENSES

In thousands of US Dollars	**2022**	For the period from Registration date to December 31, 2021
Payroll and related taxes	**46**	4
AFSA services	**8**	–
Consulting services	**2**	–
Bank services	**2**	–
Rent	**2**	–
Other	**2**	–
	62	4

9. RELATED PARTIES

For the purposes of these financial statements, related parties are considered to be parties, one of which able to control or exercise significant influence over the financial and operational decisions of the party as designed in IAS 24 “Related Party Disclosures”. When deciding whether the parties are related, the content of the relationship between parties is considered, rather than solely on their legal basis.

Key management personnel remuneration

The Company paid to the key management personnel in amount of 11 thousand USD and 1 thousand USD in 2022 and 2021, respectively.

Management fee

The Harry Qelm Baabsman Ltd provides investment management services to The Steppe Eagle OEIC in accordance with the Fund's Constitution. The Management receives compensation for its services based on the Net asset value (NAV) of the Fund, which is calculated in accordance with the Fund’s Constitution. The fee, that is 0.5% of the NAV, is paid on a monthly basis. The total management fees for the year ended on December 31st, 2022 amounted to USD 1,690.

Success fee

The Harry Qelm Baabsman Ltd provides investment management services to The Steppe Eagle OEIC in accordance with the Fund's Constitution. The Fund manager receives a Success fee that is 25% if the Fund’s return exceeds the mark of 7%, accrued daily, paid once a year within 20 business days after the conclusion of the year. For the year ended on December 31st, 2022 the Fund manager did not receive Success fee.

10. FINANCIAL RISK MANAGEMENT POLICY

The Company's principal financial instruments include cash and cash equivalents and financial assets. The main risk arising from the Company's financial instruments is market risk and credit risk. The Company also monitors the liquidity risk arising from financial liabilities.

Market risk

Market risk is that the risk the company’s earnings or capital or its ability to meet business objectives will be adversely affected by changes in the level or volatility of market rates prices. Market risk covers financial assets at fair value through profit or loss.

Credit risk

Credit risk is the risk that the Company will incur financial losses because the counterparties will not meet their obligations under the financial instrument or the client agreement. Financial instruments that may expose Companies to credit risk consist of cash receivables and finance lease receivables.

The maximum amount of risk is the present value, as disclosed in *Note 6*.

10. FINANCIAL RISK MANAGEMENT POLICY (continued)

Credit risk (continued)

The following table shows the balance of cash, not including provision on expected credit loss, placed in banks at the reporting date using credit rating of "Standard & Poor's".

	Rating		**December 31**	December 31
Bank	**2022**	2021	**2022**	2021
"Bank CenterCredit" JSC	**B1/positive**	B/stable	**13**	–
"First Heartland Jysan Bank" JSC	**B1/positive**	B1/stable	**10**	–
"Bereke Bank" JSC	**–**	–	–	67
			23	**67**

Operating environment

Kazakhstan continues economic reforms and the development of legal, tax and administrative infrastructure that would meet the requirements of a market economy. The future stability of the Kazakhstani economy will largely depend on the progress of these reforms, as well as on the effectiveness of the measures taken by the Government in the field of economy, financial and monetary policy.

11. CAPITAL RISK MANAGEMENT

Introduction

Risk management is inherent in the Company's activities and is an essential element of the Company's operations. The major risks faced by the Company are those related to market risk, liquidity risk and operational risks.

The Company's risk management policies aim to identify, analyse and manage the risks faced by the Company, to set appropriate risk limits and controls, and to monitor continuously risk levels and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions.

Risk Committee

The purpose of the Risk Committee is to oversee the risk management matters including other compliance matters that have direct effect on the risk management of the Harry Qelm Baabsman Ltd.

The Risk Committee is established to ensure that the Company has robust operational risk management framework with appropriate systems and controls to identify, monitor and manage operational risks that key participants, service providers (including outsources) and utility providers might pose to itself. Its main functions are:

- Overseeing and revision of risk management, compliance, anti-money laundering, counter-terrorism financing and sanctions management policies and manual and Code of Conduct for their further approval by the Board of the Company;
- Coordinating activities for implementation of legal requirements for sanctions, compliance and combating legalization (laundering) of proceeds of crime and terrorist financing;
- Monitoring of the integrity and compliance of the financial statements and reporting of the Company, including its annual and half-yearly reports, preliminary results announcements and any other formal reporting relating to its regulated activity.

11. CAPITAL RISK MANAGEMENT

Requirements of Investment companies according to the AIFC PRUDENTIAL RULES FOR INVESTMENT FIRMS

The below tables summarize the regulatory capital composition and capital adequacy ratios of the Company for the year ended December 31, 2022. During this year, the Company complied with all of the externally imposed capital requirements to which it is subject to.

Capital Resources

In thousands of US Dollars	**December 31, 2022**	December 31, 2021
The ordinary equity share capital of Company, to the extent fully paid up	**230**	69
Loss for the year	**(59)**	(4)
TOTAL CAPITAL	**171**	65

Minimum Capital Requirements

Capital requirement	**31 December 2022**
Base	**50**
Credit risk	–
Market risk	–
Operational risk	–
TOTAL MINIMUM	**50**
Capital Resources/ Capital Requirements	**3**

Liquid Assets Requirements

In thousands of US Dollars	**December 31, 2022**	December 31, 2021
Cash and cash equivalents	**23**	67
Financial assets at fair value through profit or loss	**150**	–
Total liquid assets	**173**	67
Annual operating expenditures	**67**	4
LIQUID ASSETS RATIO	**258%**	1675%

12. CONTINGENT LIABILITIES

Taxation

Kazakhstani tax laws and regulations are subject to constant change and varying interpretations. There are frequent cases of divergence of opinions between local, regional, and republican tax authorities, including approaches to the recognition of income, expenses and other items in the financial statements under IFRS. The currently applied system of fines and penalties for detected offenses based on the laws in force in Kazakhstan is very severe. Due to the inherent uncertainty of the Kazakhstani taxation system, the potential amount of taxes, penalties and interest, if any, could exceed the amount expensed to date and accrued as at December 31, 2022.

Management believes that as at December 31, 2022 its interpretation of applicable law is appropriate and it is probable that the Company's tax position will be sustained.