iX Brent Oil SPC Limited
Financial Statements
for the year ended 31 December 2021
with Independent Auditor's Report

Contents

Statement of Management's Responsibility for the Preparation and Approval of the Financial Statements for the year ended 31 December 2021

Independent Auditor's Report

Financial Statements of iX Brent Oil SPC Limited

Statement of Financial Position ---- 1

Statement of Comprehensive Income ---- 2

Statement of Cash Flows ---- 3

Statement of Changes in Equity ---- 4

Notes to the Financial Statements ---- 5-19

IX BRENT OIL SPC LIMITED

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

The management of iX Brent Oil SPC Limited (hereinafter the "Company") is responsible for the preparation of financial statements that present fairly in all material respects the financial position of the Company as at 31 December 2021, as well as its financial performance, cash flows and changes in equity for the year ended 31 December 2021 in accordance with International Financial Reporting Standards (IFRS).

In preparing the financial statements, the management of the Company is responsible for:

- selecting appropriate accounting principles and applying them consistently;
- presentation, including accounting policies, in the way that ensures appropriate, reliable, compatible and intelligible information;
- making additional disclosures where compliance with IFRS requirements is not enough for the readers of the financial statements to understand the effect that any particular transactions, as well as other events and conditions, have on the Company's financial position and financial performance; and
- estimating the Company's ability to continue as a going concern in foreseeable future.

The management is also responsible for:

- designing, implementing and maintaining an effective and reliable system of internal controls, throughout the Company;
- maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRS;
- maintaining statutory accounting records in compliance with the legislation of the Republic of Kazakhstan and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- detecting and preventing fraud and other irregularities.

These financial statements for the year ended 31 December 2021 were approved for issuance by the management of the Company on **February 17, 2022.**

On behalf of the management of the Company:

Director

Zharas Mussabekov

Nur-Sultan, Kazakhstan

Russell Bedford
taking you further

INDEPENDENT AUDITOR'S REPORT

To the Shareholder and the Management of iX Brent Oil SPC Limited

Opinion

We have audited the financial statements of **iX Brent Oil SPC Limited** (hereinafter the "Company"), which comprise the statement of financial position as at 31 December 2021, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended 31 December 2021, as well as notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements fairly present in all material respects the financial position of the Company as at 31 December 2021, and its financial performance and cash flows for the year ended 31 December 2021 in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). 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 within the meaning of the *Code of Ethics for Professional Accountants* of the International Ethics Standards Board of Accountants (the Code) and ethical requirements that are relevant to our audit of the financial statements in the Republic of Kazakhstan. We have also fulfilled our other responsibilities in accordance with these ethical requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

Responsibilities of the Management and Those Charged with Governance for the Financial Statements

The Company management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS, and for such internal control as the 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 have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities 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 the International Standards on Auditing (ISA) 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 ISA, we exercise professional judgment and maintain professional scepticism 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. Detection risk of 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 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.

Shyngysbek Sartayev
Audit Partner
IAC Russell Bedford A+ Partners LLP

Auditor Qualifying Certificate
№ MF-0000297 dated November 9, 2015

Sholpanay Kudaibergenova
General Director
IAC Russell Bedford A+ Partners LLP

State Audit License No. 18013076
issued by the Committee for Internal Government Audit of the Ministry of Finance of the Republic of Kazakhstan on 2 July 2018

202 Al-Farabi Ave.,
Almaty A15E2X0, Kazakhstan

17 February 2022

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

KZT'000	Note	31 December 2021	31 December 2020
Assets			
Cash and cash equivalents		599	881
Financial assets at fair value through profit or loss	4	147,108	121,244
Total assets		**147,707**	**122,125**
Equity			
Share capital		1	1
Retained earnings/(accumulated loss)		–	–
Total equity		**1**	**1**
Liabilities			
Financial liabilities at fair value through profit or loss	5	147,694	122,124
Other liabilities		12	–
Total liabilities		**147,706**	**122,124**
Total equity and liabilities		**147,707**	**122,125**

These financial statements of the Company for the year ended 31 December 2021 were approved for issue on 17 February 2022 by the Management of the Company:

Zharas Mussabekov

Director

Russell Bedford A+ Partners

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

KZT'000	Note	2021	2020
Net gain/(loss) from changes in fair value of financial assets	4	70,360	(20,637)
Net gain/(loss) from changes in fair value of financial liabilities	5	(70,209)	20,718
Operating income		**151**	**81**
Administrative expenses	6	(1,382)	(947)
Other income	7	1,230	867
Net gain/(loss) from foreign currencies		1	–
Profit before income tax expense		**–**	**1**
Income tax expense		–	(1)
Profit for the period		**–**	**–**
Other comprehensive income for the period		–	–
Total comprehensive income for the period		**–**	**–**

These financial statements of the Company for the year ended 31 December 2021 were approved for issue on 17 February 2022 by the Management of the Company:

Zharas Mussabekov

Director

Russell Bedford A+ Partners

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

KZT'000	Note	2021	2020
Operating activities			
Management fee		(140)	(81)
Net cash flows from operating activities		**(140)**	**(81)**
Financing activities			
Placement of exchange traded notes	4	–	526
Redemption of exchange traded notes	4	(163)	–
Net cash flows from financing activities		**(163)**	**526**
Net increase/(decrease) in cash and cash equivalents		**(303)**	**445**
Effect of exchange rates changes on cash and cash equivalents		21	59
Cash and cash equivalents, at the beginning of the period		881	377
Cash and cash equivalents, at the end of the period		**599**	**881**

These financial statements of the Company for the year ended 31 December 2021 were approved for issue on 17 February 2022 by the Management of the Company:

Zharas Mussabekov

Director

Notes on pages from 5 to 19 are the integral part of these financial statements.

Russell Bedford A+ Partners

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

KZT'000	Share capital	Retained earnings	Total equity
As at 31 December 2019	1	–	1
Total comprehensive income for the period	–	–	–
As at 31 December 2020	1	–	1
Total comprehensive income for the period	–	–	–
As at 31 December 2021	**1**	–	**1**

These financial statements of the Company for the year ended 31 December 2021 were approved for issue on 17 February 2022 by the Management of the Company:

Zharas Mussabekov

Director

Russell Bedford A+ Partners

1 General Information

IX Brent Oil SPC Limited (hereinafter the "Company") was registered on 29 October 2019 as a Special Purpose Company at the Astana International Financial Centre (AIFC) under the identification number 191040900244 in accordance with the Constitutional Law of the Republic of Kazakhstan "On the Astana International Financial Centre" and the legislation of AIFC. Company operates under the legislation of AIFC, which is a financial hub based in Nur-Sultan, Kazakhstan.

The sole shareholder is AIX FM Limited, which is, in turn, owned and managed by Astana International Exchange Limited (AIX Limited), a private company registered at AIFC. The owners of AIX Limited are AIFC Authority JSC – 68.43%, Shanghai Stock Exchange – 21.18% and others. The ultimate owner is the Government of the Republic of Kazakhstan represented by National Bank of the Republic of Kazakhstan.

Legal address of the Company is: 55/19, Mangilik El Ave., Block C 3.4, Expo Center, Nur-Sultan, Republic of Kazakhstan.

As a Special Purpose Company, the activity of the Company is mostly limited to issuing exchange traded notes and holding foreign financial assets received for the sale of the former. Exchange traded notes are then placed on AIX stock exchange and mirror the market value of Company's financial assets.

The financial statements of the Company for year ended 31 December 2021 were approved for release by the management of the Company on 17 February 2022.

2 Basis of preparation

Statement of compliance with IFRS

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), and the interpretations issued by the International Financial Reporting Interpretations Committee (hereinafter "IFRIC"), IASB.

Basis for measurement

These financial statements have been prepared on a historical cost basis adjusted for the initial recognition of financial instruments at fair value, except for financial instruments that have been measured at fair value.

Functional and presentation currency

The functional currency of the Company is the Kazakhstani tenge (hereinafter "KZT" or "tenge"), which, being the key currency of the Company's activities, best reflects the economic substance of most of the transactions carried out by the Company and related circumstances affecting its activities. The Kazakhstani tenge is also the presentation currency for the purposes of these financial statements.

All financial statements have been rounded to the nearest thousand tenge.

Russell Bedford A+ Partners

2 Basis of preparation (continued)

Exchange rates

Weighted average exchange rates established on the Kazakhstan Stock Exchange ("KASE") are used as official exchange rates in the Republic of Kazakhstan.

As at 31 December 2021, the currency exchange rate of KASE was 431.8 tenge to 1 US dollar. These rate were used for translation of monetary assets and liabilities denominated in US Dollar at 31 December 2021 (2020: denominated in US dollar, which was 420.91 tenge).

Going Concern

The financial statements of the Company have been prepared in accordance with the going concern principle, which involves the sale of assets and the settlement of liabilities and contractual obligations in the ordinary course of business.

The Company's ability to sell its assets, as well as its future activities, may be significantly affected by the current and future economic conditions in Kazakhstan.

These financial statements do not contain any adjustments that would be required if the Company were not able to continue on a going concern basis.

The management of the Company expects that the Company will continue as a going concern and in the process of making this assessment the management took into account the current intentions and financial position of the Company.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Taxation

In assessing tax risks, management considers as possible liabilities certain areas of tax positions that the Company is not able to challenge or does not believe that it is able to successfully challenge if assessed by tax authorities. Such definitions involve significant judgments and may change as a result of changes in tax laws and regulations, the determination of expected results from tax revenues and the results of tax audits by tax authorities.

AIFC tax exemption

Until 1 January 2066, in accordance with paragraph 3 of article 6 of the Constitutional Law of the Republic of Kazakhstan "On the Astana International Financial Centre", companies which fall into the list of specific activities are exempt from corporate income tax on income received from providing the financial services in the AIFC among AIFC participants. Management estimated that Company's activity doesn't' fall into that list. Accordingly, the Company calculates income tax according to Kazakhstan tax legislation.

Russell Bedford A+ Partners

2 Basis for preparation (continued)

Significant Accounting Judgments, Estimates and Assumptions (continued)

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in a voluntary transaction between market participants at the measurement date. When measuring fair value of financial instruments, the Company takes into account quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Financial assets' fair value is determined according to market value on active financial exchange markets.

The market value of financial liabilities (exchange traded notes) is calculated as a cost of Company's financial assets less Company's expenses.

Effect of Covid-19 pandemic

Following the rapid spread of COVID-19 pandemic in 2020, which continued in 2021, many governments, including the Kazakhstan Government, have introduced various measures to combat the outbreak, including travel restrictions, quarantines, closure of business and other venues and lockdown of certain areas. These measures have affected the global supply chain, demand for goods and services, as well as scale of business activity. It is expected that pandemic itself as well as the related public health and social measures may influence the business of the entities in a wide range of industries.

Support measures were introduced by the Government to counter the economic downturn caused by the COVID-19 pandemic. These measures include, among others, subsidized lending to affected industries and individuals, payment holidays and easing of certain regulatory restrictions to help the financial sector maintain its capabilities to provide resources and to help customers avoid liquidity shortages as a result of the COVID-19 containment measures.

The Company continues to assess the effect of the pandemic and changing economic conditions on its activities, financial position and financial results.

State of emergency in Kazakhstan

On January 1, 2022, peaceful rallies began in the Mangystau region to a range of topics in economic issues in the region. On January 4, the rallies have turned into armed conflict between protesters and government forces throughout the country.

In connection with the protests in all regions of Kazakhstan, a state of emergency was declared with restriction of the right to move until January 19, 2022. Individual small and medium-sized businesses and municipalities suffered significant damage as a result of protests.

These events had no impact on the Company's operations.

Management will continue to monitor possible future impact of the events that have occurred on the Company's operations and on the industry as a whole.

Management has also reviewed the impact of the current situation on the Company's financial instruments in accordance with IFRS 9 due to the risk of an increase in expected credit losses. This risk did not have a material effect on the financial statements.

3 Summary of significant accounting policies

New and amended standards and interpretations

The Company applied for the first time certain amendments to the standards, which are effective for annual periods beginning on or after 1 January 2021. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Interest Rate Benchmark Reform – Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (IBOR reform Phase 2).

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued;
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

COVID-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued COVID-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the COVID-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Company has not received COVID-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

The Company is permitted to hold only cash and shares as its assets.

Financial assets

Initial recognition and measurement

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

3 Summary of significant accounting policies (continued)

Financial assets (continued)

Financial assets at fair value through other comprehensive income (continued)

For debt instruments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost.

The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

At the reporting date, the Company has no financial assets (debt instruments) measured at fair value through other comprehensive income.

Financial assets designated at fair value through other comprehensive income

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at fair value through other comprehensive income are not subject to impairment assessment.

At the reporting date, the Company has no financial assets measured at fair value through other comprehensive income.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates or significantly reduces an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

3 Summary of significant accounting policies (continued)

Financial assets (continued)

Financial assets at fair value through profit or loss (continued)

Derecognition

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

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full 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 risk and rewards of the asset, but has transferred control of the asset.

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 of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability.

The transferred asset and the associated 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 recognises an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the 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 enhancements that are integral to the contractual terms.

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

For funds in credit institutions (cash and cash equivalents), the Company calculated expected credit losses for a 12-month period. The 12-month expected credit losses are part of the lifetime credit losses, which are expected credit losses that arise as a result of defaults on the financial instrument, possible within 12 months after the reporting date. However, in the event of a significant increase in the credit risk of a financial instrument since its initial recognition, the provision is estimated at an amount equal to the lifetime expected credit losses.

3 Summary of significant accounting policies (continued)

Financial assets (continued)

Impairment of financial assets (continued)

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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 as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include financial liabilities at fair value through profit or loss.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at fair value through profit and loss;
- Financial liabilities at amortised cost.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or has expired. 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 the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

3 Summary of significant accounting policies (continued)

Cash

Cash reported in the statement of financial position includes cash on current bank accounts.

Income Tax

Income tax expense includes current income tax payable and deferred income tax.

Current income tax

Current income tax is the tax payable on the taxable profit for the year. Taxable profit differs from net profit reported in the statement of comprehensive income, as it includes neither income and expenses taxable or deductible in other reporting periods, nor amounts that will never be taxable or deductible. Company's current income tax liabilities are calculated at the tax rate effective as at the date of the statement of financial position.

Deferred Tax

Deferred tax is recognised for differences between present value of assets and liabilities in the financial statements and relevant amounts recognised to measure taxable profit, and is calculated using the liability method. Deferred income tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised only to the extent that it is probable that the taxable profit will be available against which the deductible temporary differences can be utilised. Such assets and liabilities are not recognised when the temporary difference arises from goodwill or the initial recognition of assets or liabilities in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Deferred income tax assets and liabilities are measured at the tax rates that are expected to be applied in the year when the asset is realised or the liability is settled.

Russell Bedford A+ Partners

4 Financial assets at fair value through profit or loss

As at 31 December 2021 financial assets at fair value through profit or loss include investment in the form of exchange traded funds.

		31 December 2021		31 December 2020	
Issuer	**Currency**	**Number of shares**	**Market value**	Number of shares	Market value
United States Brent Oil Fund LP	US Dollar	**16,293**	**147,108**	22,375	121,244
		16,293	**147,108**	22,375	121,244

All financial assets are units in exchange traded fund ("ETF") acquired in the transaction with related party Astana International Exchange Market Liquidity Services Ltd ("AIX MLS Ltd.").

4 August 2021 the Company redeemed the ETNs and reduced number of ETF by 6,082 in amount of 48,452 thousand tenge.

Changes in financial assets are as follow:

	1 January	**Redemption**	**ETF/ETN exchange**	**Changes in fair value**	**Foreign exchange**	**31 December**
2021	**121,244**	**(48,452)**	**–**	**70,360**	**3,956**	**147,108**
2020	74,668	**–**	56,102	(20,637)	11,111	121,244

5 Financial liabilities at fair value through profit or loss

		31 December 2021		31 December 2020	
Issuer	**Currency**	**Number of ETNs**	**Market value**	Number of ETNs	Market value
iX Brent Oil SPC Limited	US Dollar	**16,293**	**147,694**	22,375	122,124
		16,293	**147,694**	22,375	122,124

Financial liabilities at fair value through profit or loss include exchange traded notes ("ETN") issued by the Company and sold to the related party AIX MLS Ltd.

4 August 2021 the Company redeemed the ETN by 6,082 in amount of 48,452 thousand tenge.

The ETNs are unsecured and can be redeemed by the Company prior to maturity, which is 5 December 2029.

5 Financial liabilities at fair value through profit or loss (continued)

Changes in financial liabilities are as follow:

	1 January	Cash outflow/inflow	ETF/ETN exchange	Redemption	Changes in fair value	Foreign exchange	31 December
2021	**122,124**	**(162)**	**–**	**(48,452)**	**70,209**	**3,975**	**147,694**
2020	75,044	526	56,102	**–**	(20,718)	11,170	122,124

6 Administrative expense

	2021	2020
Audit	937	571
Custodian service	293	290
Management fee	152	86
	1,382	**947**

7 Other income

Other income is a reimbursement of administrative expenses by Parent company according to management agreement in amount of 1,230 thousand tenge (2020: 867 thousand tenge).

8 Related Party Transactions

The parties, one of which is in the position to exercise control over the other, may have significant influence on operational and financial decisions of the other party, or which are under joint control, are considered related. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form.
The major transactions with related parties for the years ended 31 December 2021 and 2020 were as follows:

	2021	2020
Redemption of ETN		
AIX MLS Ltd.	**(48,452)**	–
Administrative expenses		
AIX FM Ltd.	**(152)**	(86)
Other income		
AIX FM Ltd.	**1,230**	867

The Company has no staff and is entirely managed by parent company AIX FM Ltd.

9 Commitments and contingencies

Operating environment

The Company's activities are carried out in the Republic of Kazakhstan. The Republic of Kazakhstan continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

The economy of Kazakhstan has been negatively impacted by a decline in oil prices. The Tenge interest rates remained high. The combination of the above resulted in reduced access to capital, a higher cost of capital, increased inflation and uncertainty regarding economic growth, which could negatively affect the Company's future financial position, results of operations and business prospects. Management believes it is taking appropriate measures to support the sustainability of the Company's business in the current circumstances.

As the COVID-19 outbreak continues there remains uncertainty about further developments of pandemic duration and the extent of the possible economic recovery in the nearest future. Government responses, their corresponding effects are still evolving and the Company's management continues its estimation of increased risks and effects of the pandemic and the measures taken by the government.

Legal processes and actions

In the ordinary course of business, the Company may constitute as a target of different legal processes and actions. The Company evaluates the likelihood of significant liabilities with due account for particular circumstances and reflects relevant provision in the financial statements only when it is likely that an outflow of resources will be required to settle liabilities and the amount of liability can be reliably estimated.

The Company Management believes that actual liabilities, if any, will not affect the current financial position and financial performance of the Company. Due to the circumstances stated above no provisions were formed in these financial statements.

Taxation

The Company currently has a Constitutional Statute on AIFC and a Tax Code of the Republic of Kazakhstan that regulates main taxation matters. Tax environment in the Republic of Kazakhstan is subject to change and inconsistent application and interpretations. Differences in the interpretation of Kazakhstan laws and regulations of the Company and Kazakh authorities may lead to the accrual of additional taxes, fines and penalties.

Kazakhstan legislation and taxation practices are in a state of continuous development, and therefore subject to varying interpretations and frequent changes that may have retroactive effect. In some cases, in order to determine the taxable base, tax legislation refers to IFRS provisions, while interpretation of the relevant provisions of IFRS by Kazakhstan tax authorities may differ from the accounting policies, judgments and estimates applied by management in preparing these financial statements, which can lead to origination of additional tax liabilities of the Company. Tax authorities may conduct a retrospective audit during five years after the end of the tax year.

The Company's management believes that its interpretations of the relevant legislation are appropriate and the Company's tax position will be sustained.

10 Financial risk management

The Company's operations are exposed to various financial risks: market risk, credit risk and liquidity risk. The Company's risk management program focuses on unpredictability of financial risks and is aimed at minimising the potential adverse impact on the Company's financial performance. The Company does not use derivative financial instruments to hedge its risk exposure.

Categories of financial instruments

	31 December 2021	31 December 2020
Financial assets		
Cash and cash equivalents	**599**	881
Financial assets at fair value through profit or loss	**147,108**	121,244
Financial liabilities		
Financial liabilities at fair value through profit or loss	**(147,694)**	(122,124)
Other liabilities	**(12)**	–

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The Company is exposed to credit risk from its operating activities. Maximum credit risk exposure is shown below:

	31 December 2021	31 December 2020
Cash and cash equivalents	**599**	881
Financial assets at fair value through profit or loss	**147,108**	121,244

Credit risk associated with balances of the accounts in financial institutions is controlled by the Company's management in accordance with the Company's cash management policy. The maximum extent of the Company's sensitivity to the credit risk arising from the default of financial institutions is equal to the carrying amount of these financial assets.

The following table shows the balance of financial assets in banks at the reporting date using the credit ratings of Standard and Poor's:

Bank	Location	Rating	31 December 2021	31 December 2020
Raiffeisenbank	Russia	BBB/Stable	**147,108**	121,244
China Construction Bank	Kazakhstan	A/Stable	**599**	881

Liquidity risk

The liquidity risk management objective is to ensure that the Company always has adequate funds. Due to the dynamic nature of the operating activities, the Company seeks to maintain flexibility of financing by ensuring sufficient funds.

Financial liabilities at fair value through profit or loss should be paid within 9-10 years after the reporting date.

Russell Bedford A+ Partners

10 Financial risk management (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

Market risk limits are set and continuously reviewed by the parent company AIX Ltd. As a part of their established market risk management process, the market risk department also monitors early signs of possible changes in market conditions such as: anticipated and actual changes to interest rates; socioeconomic factors driving mortgage prepayment behaviors; and economic and geopolitical factors driving currency and equity price movements. Market risk limits are ultimately approved by the AIX Ltd. Board of Directors.

At an operational level, market risk is primarily managed by AIX Ltd., which is responsible for ensuring that the Company's exposures are in compliance with market risk limits approved by the AIX Ltd. Board of Directors and to take adequate actions when necessary.

Company's total market risk exposure as follows:

	Carrying amount	Traded risk	Non-traded risk	Primary risk sensitivity
2021				
Financial assets				
Cash and cash equivalents	**599**	**–**	**599**	**FX**
Financial assets at fair value through profit or loss	**147,108**	**147,108**	**–**	**Equity Price, FX**
Financial liabilities				
Financial liabilities at fair value through profit or loss	**(147,694)**	**(147,694)**	**–**	**Equity Price, FX**
Other liabilities	**(12)**	**–**	**(12)**	**FX**
2020				
Financial assets				
Cash and cash equivalents	881	–	881	FX
Financial assets at fair value through profit or loss	121,244	121,244	–	Equity Price, FX
Financial liabilities				
Financial liabilities at fair value through profit or loss	(122,124)	(122,124)	–	Equity Price, FX

Currency risk

A 10% strengthening of financial instruments' market equity prices as at 31 December would have the following effect on the capital and profit/(loss) before tax. This analysis was performed based on the assumption that all other variables remain unchanged.

	31 December 2021	31 December 2020
Financial assets at fair value through profit or loss	**14,711**	12,124
Financial liabilities at fair value through profit or loss	**(14,770)**	(12,212)

10 Financial risk management (continued)

Interest rate risk

As at the reporting date, the Company has no assets or liabilities with floating interest rates, therefore Management does not disclose analysis of sensitivity to changes in interest rates.

Fair Value of financial instruments

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value measurement at the end of reporting period by level of the fair value hierarchy:

	31 December 2021	31 December 2020
Financial instruments		
Level 1		
Financial assets at fair value through profit or loss	**147,108**	121,244
Financial liabilities at fair value through profit or loss	**(147,694)**	(122,124)
Level 2		
Cash and cash equivalents	**599**	881
Other liabilities	**(12)**	–

Management believes that the inputs it uses to determine fair value of financial assets and liabilities at fair value belongs to Level 1 inputs, as its shares are traded on reputed international stock exchanges. All financial assets at amortized cost belong to Level 2 inputs due to short-term nature.

Capital management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to the participants and benefits to other stakeholders as well as to maintain optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company can adjust the amount of dividends paid to the participants, ensure return on the participants' investment, issue new capital and sell assets in order to reduce the debt.

11 Subsequent events

There were no material events after the reporting date.