



**“TsESB-Audit”  
LLC**

**AUDIT ON FINANCIAL STATEMENT**

---

Audit on the financial statement of “Darkhan Sheepskin” JSC as of 2023

Audit code: DAA-CTA-2024/05

Email: <a href="mailto:www.tsesb.audit@gmail.com">www.tsesb.audit@gmail.com</a> Darkhan soum 2024	Director auditor: Ch.Tserennadmid Phone: 95112689 Audit manager: E.Erdenebat Phone: 99155251 Auditor: Sh.Ganchimeg Phone: 99377360
--	---

Contact the address above for additional information related to this audit report.



Translated by:  Ya.Zoya  
*I certify that the translation is true, complete and correct, and is made in good faith.*

Verified by the Member of the Union of Mongolian Translators (UMT)  
“ZOYA'S” TRANSLATION BUREAU in Darkhan, Mongolia  
E-mail address: [zoyastranlation@gmail.com](mailto:zoyastranlation@gmail.com)  
Date: June 13, 2024



**TO THE MANAGEMENT OF  
"DARKHAN SHEEPSKIN" JSC**

**"TSEB-AUDIT" LLC**

Independent organization accredited  
in accounting and inspection

F2 Room 65, "LKHA" TV Building, khoroo 5 Bagh 10,  
Darkhan soum, Darkhan-Uul province 4256743

February 22, 2024 Ref no: 2/012

**INDEPENDENT AUDITOR'S REPORT**

We have audited financial statements of "Darkhan Sheepskin" JSC consisting of financial notes including Balance Sheet, Detailed Income Statement, Statement of Changes in Ownership, Cash Flow Statement and summaries of significant accounting policies as of December 31, 2023.

**Conclusion**

According to our conclusion, the attached financial statements present the financial status of the company as of December 31, 2023, financial performance and cash flow as of this date in accordance with the basic principles of the International Financial Reporting Standards (IFRS) truly and correctly in all material respects.

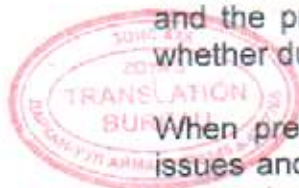
**Conclusion rationale**

We conducted our audit in accordance with the International Standards on Auditing (IAS). Responsibilities in accordance with these standards are described in the Auditor's Responsibilities in the Audit of Financial Statements section of this report. We are independent from the company in accordance with the ethical requirements for the audit of financial statements by the Auditing Law of Mongolia, and we have fully fulfilled our ethical responsibilities in accordance with these legal requirements. We believe that the audit evidence we have obtained provides a sufficient and appropriate basis for our conclusions.

**Other information**

Management is responsible for the preparation of financial statements in accordance with IFRS and for determining such internal control as is necessary for fair presentation and the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

When preparing financial statements, management is responsible for going concern issues and using the going concern principle of accounting, unless the company plans to continue operations as a going concern, assess and clarify the company's capabilities, and, if necessary, liquidate the company, or if there is no other realistic alternative.





Governance is responsible for monitoring the Company's financial reporting process.

In accordance with IAS, we use professional judgment as part of the audit and maintain a position of professional disbelief throughout the audit. Also we identify and assess the risks of material misstatement of the financial statements due to fraud or error, and design and perform audit procedures appropriate to those risks to obtain sufficient and appropriate audit evidence to provide a basis for conclusions. The risk of material misstatement due to fraud is higher than the risk of material misstatement due to error because it involves fraud, deception, intentional omissions, misrepresentations, and disregard for internal control.

Evaluate the appropriateness of management's use of the going concern basis of accounting based on the evidence obtained about the existence of relevant events and conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material misstatement exists, we may need to include in the auditor's report a concern related to the disclosures in the financial statements, or change our opinion if the disclosures are inadequate. Our conclusion is based on evidence obtained up to the date of the audit report. In addition, future events and conditions may cause the company to cease operations as a going concern.

#### **Responsibilities of the auditors**

It is our responsibility to make an independent opinion on these financial statements based on the audit we have performed and not to any other person, but to you, the legal entity specified in Article 91 of the "Company Law" of Mongolia. We shall not be liable to any third party for the content of this report.

We performed our audit in accordance with the International Auditing Standards. Those standards require us to plan and perform our audits to obtain reasonable assurance about our compliance with ethical requirements and whether the financial statements are free of material misstatement. Our main goal is to obtain reasonable assurance about whether the financial statements are free from material misstatement due to fraud or error, and to express our opinion. Reasonable assurance is a high level of assurance, but does not provide assurance that an audit performed in accordance with IAS will consistently detect material misstatements that exist. A material misstatement can arise from fraud or error and, individually or together becomes material, those misstatements are material enough to influence the economic decisions of users based on the financial statements. It is when the material misstatement is considered.

DIRECTOR Ch.TSERENNADMID

*(signed and sealed)*



Translated by:

Ya.Zoya

*I certify that the translation is true, complete and correct, and is made in good faith.*

Verified by the Member of the Union of Mongolian Translators (UMT)

"ZOYA'S" TRANSLATION BUREAU in Darkhan, Mongolia

E-mail address: [zoyastranslation@gmail.com](mailto:zoyastranslation@gmail.com)

Date: June 13, 2024



### **1.1. Legal rationale for conducting the audit**

Within the mandate of the audit organization stipulated in Article 15 of the Law on Audit, we have audited the year-end consolidated financial statements of "Darkhan Sheepskin" JSC as of December 31, 2023.

The audit was conducted in accordance with the plans and programs developed at the planning stage in accordance with the principles of the International Auditing Standards within the framework of the Laws on Accounting and other related laws and regulations.

The 2023 consolidated financial statements of "Darkhan Sheepskin" JSC are true in accordance with the Law on Accounting and the International Accounting Standards /IAS/, as well as the accounting policies, instructions and procedures of businesses and organizations approved by the order of the Minister of Finance. The objective of this audit was to provide an opinion on the correctness and fairness of the presentation.

Directors and chief accountants of organizations are responsible for preparing their financial statements accurately and objectively in accordance with the IAS, relevant regulations of the Minister of Finance, accounting policies and software.

It is the responsibility of the auditing organization to give an opinion on whether the financial report is presented in accordance with the Law on Accounting, generally accepted principles of accounting, and IAS, without material errors, and is accurately and fairly presented.

The audit of the 2023 consolidated financial statements of "Darkhan Sheepskin" JSC was planned to be conducted between February 5, 2024 and February 25, 2024, and was carried out by the auditor of "TSESB-AUDIT" LLC.

### **1.2. Audit criteria, audit methodology, implemented regime, control test and detailed regime and its results:**

Generally accepted accounting principles, IAS, Accounting Law and other relevant laws were used as criteria for the audit.

In order to make a conclusion on the 2023 consolidated financial statements of "Darkhan Sheepskin" JSC, and to obtain reasonable evidences that the financial statements prepared by the management are not presented with material misstatements, the traditional risks of the accounts and the control risks were determined, and the internal control of the organization was evaluated and documented.

Evaluated the policies and principles used in the preparation of the financial statements and performed a detailed audit procedure and test 6 on a sample of large accounts with significant transactions.

The materiality base is set at 230,223.7 thousand MNT, calculated as 1% of the total expenses of the organization's 2023 year-end consolidated financial income statement.





The organization's accounting policy and system is consistent with the accounting policy document used in financial operations.

The audit was carried out directly as it was assessed that the complexity of the computer system used in the financial operations of "Darkhan Sheepskin" JSC was low or that it did not require the involvement of an IT specialist.

### **1.3. Internal control**

We have re-examined financial controls and re-reviewed internal controls to the extent necessary to ensure that the financial statements are free of material misstatements. In this way, the internal control system of "Darkhan Sheepskin" JSC was analyzed in comparison with its own database on financial risk and control. This allowed us to identify key controls that should be effective throughout the year to prevent material misstatements.

### **1.4. Income and expense performance, its explanations:**

In the reporting year, "Darkhan Sheepskin" JSC earned 19,353,241.3 thousand MNT, rental income of 1,710,992.8 thousand MNT, interest income of 664,294.7 thousand MNT, dividend income of 46,679.0 thousand MNT, other income of 6,760,736.9 thousand MNT, a total of 28,535,944.7 thousand MNT with income, 16,189,615.0 thousand MNT cost, 1,635,299.1 thousand MNT for management expenses, 2,073,367.3 thousand MNT for other expenses, 2,364,401.1 thousand MNT for sales and marketing expenses, 759,688.6 thousand MNT for financial expenses, total expenses of 23,022,371.1 thousand MNT, 4,766.4 thousand MNT for other profit and loss, and 5,518,340.0 thousand MNT for profit.

## **CLARIFICATION TO THE AUDIT REPORT**

### **1. Company introduction**

#### **1.1. Brief introductions**

"Darkhan Sheepskin" JSC was registered at the State registration department of Darkhan soum, Darkhan-Uul province on September 09, 1992.

It started its activities in own premise on the territory of industrial zone in bagh 13, Darkhan soum, Darkhan-Uul province.

We produce products made from leather and hides that have reached the level of international quality standards and are highly competitive in the market, using new and updated technologies, and sell them to domestic and foreign markets.



Audit report  
(sealed)



**2. Rationale for preparing the financial statement**

**2.1. Compliance of financial statements.**

The company's financial report has been prepared in accordance with the International Financial Reporting Standards (IFRS) and the International Accounting Standards in accordance with the "Instructions and Procedures for the Preparation of Financial Statements and Disclosures Applicable to Enterprises and Organizations" approved by Order No. 361 of 2017 of the Minister of Finance.

**2.2. Basis for preparation of financial statements**

The Company's financial statements are based on historical cost. The company has prepared the components of the financial statements other than cash flows based on the accrual basis.

**2.3. Debts and liabilities**

Payables are obligations for the purchase of goods and services, and are reflected in the actual cost of future payments.

**2.4. Property of owners**

Expressed as the sum of capital invested and earned by owners.

**2.5. Income recognition**

Income is recognized on an accrual basis when it is clear that it can be accurately determined and the economic benefit will flow to the organization, i.e. the net amount less sales discounts, returns, and value-added tax from the amount of products delivered or shipped to customers.

**2.6. Expense recognition**

Cost of goods sold is the cost of goods sold divided by sales revenue. Cost of goods sold is calculated based on cost allocated to finished goods based on product quantity from cost centers. All expenses related to the company's main and sub- activities are reflected in the income statement, and these expenses are recorded on an accrual basis.

**2.7. Statement of Cash Flows**

The cash flow statement shows the net cash flow from operating, investing, and financing activities during the reporting period.

**2.8. Financial instruments**

For the company, cash and cash equivalents, accounts receivable and payable are financial instruments. Based on the rights of the contract for the acquisition of a specific type of financial instrument, the financial instrument is entered in the register at the initial cost, including the operational costs of concluding the contract.

**2.9. Income tax**

The Company's income tax expense for the reporting period is calculated at the tax rate in effect on the balance sheet date per the current year's taxable income, and is the expected tax liability adjusted for the tax liability of previous years.



TSES-B-AUDIT LLC

Audit report  
(sealed)



## 3. About indicators of the financial statement

## 3.1. Clarification – Cash

(in MNT)

Indicator	December 31, 2022	December 31, 2023
Cash –MNT		
Current – MNT	2,809,829,045.34	2,718,161,016.55
USD		
<b>Total</b>	<b>2,809,829,045.34</b>	<b>2,718,161,016.55</b>

The last balance of the reported period was increased by the net cash transaction of the reported period.

## 3.2. Clarification – Accounts receivable

Indicator	December 31, 2022	December 31, 2023
Accounts receivables	1,712,965,981.13	1,710,649,554.15
Tax, Social Insurance receivables	47,460.0	126,687.70
Other receivables	523,400,571.80	660,367,407.85
<b>Total</b>	<b>2,236,414,012.93</b>	<b>2,371,143,649.70</b>

## 3.3. Clarification – Inventories

Indicator	December 31, 2022	December 31, 2023
Raw material	199,670,332.72	196,673,787.12
Supply material	297,402,478.83	352,819,566.07
Unfinished production	3,261,787,563.06	4,161,224,724.14
Processed hides	3,221,822,584.76	2,000,708,699.06
Chemicals otm/food	3,258,330,924.50	3,355,317,682.00
Finished products	6,498,972,715.25	7,073,464,292.11
<b>Total</b>	<b>16,737,986,579.12</b>	<b>17,140,208,750.57</b>

## 3.4. Prepaid costs/expenses

Indicator	December 31, 2022	December 31, 2023
Prepaid costs	3,852,250,348.43	3,340,832,092.03
<b>Total</b>	<b>3,852,250,348.43</b>	<b>3,340,832,092.03</b>

## 3.5. Fixed assets

Indicator	December 31, 2022	December 31, 2023
Land improvements	257,732,804.14	955,352,726.40
Buildings and facilities	27,327,882,272.44	25,656,175,049.67
Machines, mechanisms	3,286,061,629.01	3,535,247,989.71
Transportation vehicles	283,032,407.37	225,999,429.81
Furniture	839,898,551.45	760,427,727.96
Computer, accessories	40,554,685.95	66,221,248.00
Other fixed assets	60,860,161.06	113,870,442.51
<b>Total</b>	<b>32,051,022,511.41</b>	<b>31,313,294,614.06</b>

**3.6. Intangible assets**

Indicator	December 31, 2022	December 31, 2023
Computer software	177,487,813.92	156,744,943.90
<b>Total</b>	<b>177,478,813.92</b>	<b>156,744,943.90</b>

**3.7. Liabilities**

Indicator	December 31, 2022	December 31, 2023
Accounts payable	831,724,024.70	657,917,770.80
Payment of wages		
Corporate income tax liability	926,694,889.20	626,185,565.90
VAT payable	3,745,490,937.30	4,321,834,250.90
Personal income tax liability	182,628,462.10	257,989,646.30
Other tax liabilities	71,989,348.80	349,363,751.70
Social security payments		
Property tax		2,105,893.80
Other short-term liabilities	859,284,189.1	1,120,234,010.20
Short term loan	6,443,187,332.03	476,062,889.77
Interest payable		
<b>Total</b>	<b>12,201,714,994.00</b>	<b>6,691,459,769.07</b>



TSESB-AUDIT LLC

Audit report  
(sealed)



#### 4. Audit findings

During the audit, a total of 502,640.9 thousand MNT misstatements and violations were detected, and 502,640.9 thousand MNT misstatements were corrected and 2 recommendations were made for the misstatements and violations.

##### 4.1. Corrected misstatements

The previous year's dividend of Nekhii Tannery LLC was reported as 502,640.9 thousand MNT in the change of ownership report, which was corrected during the audit.

##### 4.2. Recommendation.

**4.2.1. Findings.** Due to the high level of accounts receivable, the receivables are classified as past due and the receivables with a high age are decided to create bad debt reserves, and even the receivables that are determined to be unpaid are recorded as bad debt expense.

**Recommendation given:** Recalculation with the relevant institutions within the first half of 2022, as it violates the provisions of Article 20, Section 20.2.5 of the Law on Accounting, "Control of Accounts Payable, Accounts Receivable and Payment Calculations, Verification of Work and Transactions Before They Occur".

**4.2.2. Findings.** A large amount of arrears to the tax authorities have been accumulated and are not being paid.

**Recommendation given:** Violating the Article 6.1.23 of the General Tax Law, Article 6.1.23, "Tax evasion" means the act or omission of a taxpayer to avoid paying tax, to reduce or hide the amount of tax to be paid.

**Risk:** Interest and penalty due to tax inspection.

We would like to thank the relevant staff who cooperated with us during the audit.

#### 5. Summary of the misstatements and violations found during the audit

#	Audited organization	Total misstatements, violations		Of which							
				Correction		Act of payment		Notification		Recommendation	
		Q-ty	Amount	Q-ty	Amount	Q-ty	Amount	Q-ty	Amount	Q-ty	Amount
1	Darkhan Sheepskin JSC	3	502,640.9	1	502,640.9	-	-			2	-

TSESB-AUDIT LLC

Audit report  
(sealed)



Translated by:

Ya.Zoya

I certify that the translation is true, complete and correct, and is made in good faith.

Verified by the Member of the Union of Mongolian Translators (UMT)

"ZOYA'S" TRANSLATION BUREAU in Darkhan, Mongolia

E-mail address: [zoyastranlation@gmail.com](mailto:zoyastranlation@gmail.com)

Date: June 13, 2024

**"DARKHAN SHEEPSKIN" JSC**  
**Audited financial statement**  
 (as of December 31, 2023)

(in tugrugs)

Items	January 1, 2023	December 31, 2023
<b>ASSETS</b>		
Cash and similar capital	2,809,829,045.34	2,718,161,016.55
Accounts receivable	1,712,965,981.13	1,710,649,554.15
Tax and Social security receivables	47,460.00	126,687.70
Other receivables	523,400,571.80	660,367,407.85
Other financial assets	6,302,637,181.02	7,935,894,677.23
Inventory	16,737,986,579.12	17,140,208,750.57
Prepaid expenses/bills	3,852,250,348.43	3,340,832,092.03
Other current assets		
Non-current assets for sales purpose	5,884,575,470.09	5,667,689,419.10
<b>Current assets</b>	<b>37,823,692,636.93</b>	<b>39,173,929,605.18</b>
<b>Non-current assets</b>		
Fixed assets	32,051,022,461.41	31,313,294,614.06
Intangible assets	177,478,813.95	156,744,943.90
Long-term investment		
Other non-current assets		
Unfinished buildings	2,626,108,755.15	2,738,186,795.66
<b>Total non-current assets</b>	<b>34,854,610,030.51</b>	<b>34,208,226,353.62</b>
<b>TOTAL ASSETS</b>	<b>72,678,302,667.44</b>	<b>73,382,155,958.80</b>
<b>Short-term liabilities</b>		
<b>Liabilities</b>		
Accounts payable	831,724,024.68	657,917,770.77
Payment of wages		5,245,294.25
Tax debts	4,926,803,637.35	5,557,479,108.55
Social security payments	27,411,728.92	140,686,605.41
Total short-term liabilities	6,443,187,332.03	476,062,889.77
Interest payable		
Dividend payable	57,235,679.56	
Pre-paid income	1,794,546,720.03	1,193,644,898.34
Resource (liabilities)		
Other short-term liabilities	859,284,189.09	1,120,234,010.17
<b>Total liabilities</b>	<b>14,940,193,311.66</b>	<b>9,151,270,577.26</b>
<b>Long-term liabilities</b>	<b>2,860,526,127.52</b>	<b>4,143,647,449.28</b>
Long-term loan	2,780,177,229.21	4,000,027,309.84
Resource (liabilities)	80,348,898.31	34,621,918.60
Postponed tax debts		108,998,220.84
<b>Total liabilities</b>	<b>17,800,719,439.18</b>	<b>13,294,918,026.54</b>
Pocket share	(16,428,492.00)	(16,428,492.00)
Personal assets	110,547,900.00	110,547,900.00
Added capital	(106,648,582.98)	(106,648,582.98)
Revaluation increment	19,568,028,504.47	19,568,028,504.47
Other parts of owners' property	10,344,592,505.25	10,337,185,574.62
Retained earnings	21,335,464,393.52	26,552,526,028.15
Per non-controlling interest	3,642,027,000.00	3,642,027,000.00
<b>Total owners' property</b>	<b>54,877,583,228.26</b>	<b>60,087,237,932.26</b>
<b>TOTAL LIABILITIES AND OWNERS' PROPERTY</b>	<b>72,678,302,667.44</b>	<b>73,382,155,958.80</b>



PERFORMED AUDITOR SH.GANCHIMEG  
 (signed and sealed)



**"DARKHAN SHEEPSKIN" JSC**  
**Audited income statement**  
 (as of December 31, 2023)

(in tugrugs)

Items	number	January 1, 2023	December 31, 2023
<b>Sales income (net)</b>		<b>17,361,702,603.42</b>	<b>19,353,241,353.07</b>
Cost of sold products		14,088,754,261.28	16,189,615,059.63
<b>Total profit</b>		<b>3,272,948,342.14</b>	<b>3,163,626,293.44</b>
Rental income		1,498,359,103.09	1,710,992,786.44
Interest income		391,206,899.55	664,294,723.30
Dividend income			46,679,053.00
Right contribution income		16,530,000.00	
Other income		5,631,859,817.25	6,760,736,925.56
Sales and marketing expenses		1,872,230,247.93	2,364,401,091.41
General and administrative expenses		1,418,910,953.00	1,635,299,136.24
Financial costs			759,688,585.88
Other costs		3,285,843,283.05	2,073,367,328.80
Foreign exchange difference gain (loss)			
Deducting Fixed Assets gain (loss)			
Sales of investment gain (loss)			
Other profit (loss)		(3,108,177.64)	4,766,432.51
<b>Pre-tax profit</b>		<b>4,230,811,500.38</b>	<b>5,518,340,071.92</b>
Income tax costs		532,146,231.13	553,919,425.07
<b>After tax profit loss</b>		<b>3,698,665,269.25</b>	<b>4,964,420,646.85</b>
After-tax profit loss from discontinued operations			
<b>Reported period net profit (loss)</b>		<b>3,698,665,269.25</b>	<b>4,964,420,646.85</b>
Other detailed income			
Difference in capital revaluation increments			
Foreign currency conversion differences			
Other gain (loss)			
<b>Total income</b>			
Basic gain (loss) per share			



**PERFORMED AUDITOR SH.GANCHIMEG**  
 (signed and sealed)

**"DARKHAN SHEEPSKIN" JSC**  
**Audited Cash Flow Statement**  
 (as of December 31, 2023)

*(in tugrugs)*

Indicators	January 1, 2023	December 31, 2023
<b>Cash income</b>	<b>27,143,878,374.00</b>	<b>28,375,944,668.24</b>
Income from sales of goods	25,912,147,080.00	26,381,141,672.72
Right deduction, fee, payment income	460,254,286.00	1,231,370,708.99
Cash received from insurance compensation		
Returned tax		
Subsidy and financing income		
Other cash income	771,477,008.00	763,432,286.53
<b>Cash expenses (-)</b>	<b>19,416,498,975.44</b>	<b>19,084,993,171.58</b>
Paid to workers	4,045,043,715.00	4,570,040,429.80
Paid to social insurance	1,259,519,606.00	1,195,229,180.09
Paid to inventory purchase	8,792,094,563.00	7,219,403,955.69
Paid for operating costs	1,382,512,298.00	1,850,613,523.13
Paid for fuel and spare parts	604,219,916.00	729,687,052.87
Paid to interest payment	774,130,211.00	563,288,292.07
Paid to tax agency	1,568,043,405.00	2,006,322,086.46
Paid to insurance payment	21,996,915.00	17,100,789.50
Other cash expenses	918,942,244.00	821,455,197.85
Money transferred to sales expense	49,996,102.44	111,852,664.12
<b>Net cash flow from operating activities</b>	<b>7,727,379,398.56</b>	<b>9,290,951,496.66</b>
<b>Cash flow from investment activities</b>		
<b>Total cash income</b>	<b>627,481,395.00</b>	<b>573,270,666.33</b>
Income from sales of fixed assets	50,939,529.00	41,500,000.00
Received interest income	271,541,433.00	487,544,642.77
Received dividend		30,825,282.00
Loans and returns to others	305,000,433.00	13,400,741.56
<b>Total cash expense (-)</b>	<b>(1,974,047,794.00)</b>	<b>(4,842,056,082.85)</b>
Paid for acquiring fixed assets	1,666,840,294.00	716,328,699.48
Paid for acquiring intangible assets	4,605,500.00	880,000.00
Paid for acquiring investment		
Paid for acquiring other long-term investment	302,602,000.00	
Paid for acquiring investment		
Loans and advances to others		4,124,847,383.37
<b>Net cash flow from investment activities</b>	<b>(1,345,566,399.00)</b>	<b>(4,268,785,416.52)</b>
<b>Cash flow from financial activities</b>		
<b>Total cash income</b>	<b>1,579,705,464.78</b>	<b>5,664,495,679.62</b>
Received from loans and debt securities	1,500,000,000.00	5,425,747,424.20
Advances and returns from others	79,705,464.78	226,147,458.75
Currency rate		12,600,796.67
<b>Total cash expense (-)</b>	<b>(8,973,940,647.00)</b>	<b>(10,778,329,788.5)</b>
Paid for loans and debt securities	8,739,707,328.00	10,537,275,692.62
Paid dividends	227,869,986.00	235,361,597.00
Various donations	6,363,333.00	5,406,930.00
Advances and returns from others		285,568.94
<b>Net cash from financial activities</b>	<b>(7,394,235,182.22)</b>	<b>(5,113,834,028.93)</b>
<b>Total net cash flow</b>	<b>(1,013,422,182.66)</b>	<b>91,668,028.79</b>
<b>First balance of cash and similar capital</b>	<b>3,823,251,228.00</b>	<b>2,809,829,045.34</b>
<b>Last balance of cash and similar capital</b>	<b>2,809,829,045.34</b>	<b>2,718,161,016.55</b>



PERFORMED AUDITOR SH.GANCHIMEG  
 (signed and sealed)



**“DARKHAN SHEEPSKIN” JSC**  
**Audited Statement of Changes in Ownership**  
 (as of December 31, 2023)

Indicators	Property	Pocket share	Other part of owner's property	Revaluation increment	Added capital	Retained earning	Total	Per non-controlling interest
<b>Last balance as of December 31, 2021</b>	<b>110,547,900.0</b>	<b>(16,428,492.00)</b>	<b>10,344,592,505.25</b>	<b>19,568,028,504.47</b>	<b>(106,648,582.98)</b>	<b>17,636,799,124.27</b>	<b>47,536,890,959.01</b>	<b>3,642,027.0</b>
Accounting policy change impact error correction								
<b>Corrected balance</b>	<b>110,547,900.0</b>	<b>(16,428,492.00)</b>	<b>10,344,592,505.25</b>	<b>19,568,028,504.47</b>	<b>(106,648,582.98)</b>	<b>17,636,799,124.27</b>	<b>47,536,890,959.01</b>	<b>3,642,027.0</b>
Reported period net profit (loss)						3,698,665,269.25	3,698,665,269.25	
Changes in property								
<b>Last balance as of December 31, 2022</b>	<b>110,547,900.0</b>	<b>(16,428,492.00)</b>	<b>10,344,592,505.25</b>	<b>19,568,028,504.47</b>	<b>(106,648,582.98)</b>	<b>21,335,464,393.52</b>	<b>51,235,556,228.26</b>	<b>3,642,027.0</b>
Accounting policy change impact error correction								
<b>Corrected balance</b>	<b>110,547,900.0</b>	<b>(16,428,492.00)</b>	<b>10,344,592,505.25</b>	<b>19,568,028,504.47</b>	<b>(106,648,582.98)</b>	<b>21,335,464,393.52</b>	<b>51,235,556,228.26</b>	<b>3,642,027.0</b>
Reported period net profit (loss)						502,640,987.76	502,640,987.76	
Changes in property								
<b>Last balance as of December 31, 2023</b>	<b>110,547,900.0</b>	<b>(16,428,492.00)</b>	<b>10,344,592,505.25</b>	<b>19,568,028,504.47</b>	<b>(106,648,582.98)</b>	<b>21,838,105,381.28</b>	<b>51,738,197,216.02</b>	<b>3,642,027.0</b>
Accounting policy change impact error correction								
<b>Corrected balance</b>	<b>110,547,900.0</b>	<b>(16,428,492.00)</b>	<b>10,344,592,505.25</b>	<b>19,568,028,504.47</b>	<b>(106,648,582.98)</b>	<b>21,838,105,381.28</b>	<b>51,738,197,216.02</b>	<b>3,642,027.0</b>
Reported period net profit (loss)						4,964,420,646.85	4,964,420,646.85	
Changes in property			(7,406,930.63)				(7,406,930.63)	
Dividend announced						250,000,000.00	250,000,000.00	
Revaluation increment implemented amount								
<b>Last balance as of December 31, 2023</b>	<b>110,547,900.0</b>	<b>(16,428,492.00)</b>	<b>10,344,592,505.25</b>	<b>19,568,028,504.47</b>	<b>(106,648,582.98)</b>	<b>26,552,526,028.1</b>	<b>56,445,210,932.2</b>	<b>3,642,027.0</b>

(in tugrugs)



PERFORMED SENIOR AUDITOR SH.GANCHIMEG  
 (signed and sealed)