



KPMG Armenia cjsc
8th floor, Erebuni Plaza Business Center,
26/1 Vazgen Sargsyan Street
Yerevan 0010, Armenia
Telephone + 374 (10) 566 762
Fax + 374 (10) 566 762
Internet www.kpmg.am

Independent Auditors' Report

To the Shareholders of "Energy Invest Holding" CJSC

Opinion

We have audited the consolidated financial statements of "Energy Invest Holding" CJSC (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2016, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Armenia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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



Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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.

The engagement partner on the audit resulting in this independent auditors' report is:

Tigran Gasparyan
Managing Partner, Director of KPMG Armenia cjsc

KPMG Armenia

KPMG Armenia cjsc
2 May 2017



“Energy Invest Holding” CJSC
Consolidated Statement of Financial Position as at 31 December 2016

'000 AMD	Note	31 December 2016	31 December 2015
Assets			
Property, plant and equipment	10	4,240,250	902
Intangible assets and goodwill	11	1,785,103	-
Loans given	12	211,588	-
Deferred tax assets	9	85,991	-
Non-current assets		6,322,932	902
Inventories		9,991	12
Loans given	12	6,527,777	4,857,632
Trade and other receivables	13	119,668	14,136
Cash and cash equivalents	14	261,979	146,848
Current assets		6,919,415	5,018,628
Total assets		13,242,347	5,019,530
Equity			
Share capital		8,700,000	5,000,000
Capital distribution		(462,480)	-
Retained earnings		319,450	17,206
Equity attributable to owners of the Company		8,556,970	5,017,206
Non-controlling interests		54,587	-
Total equity	15	8,611,557	5,017,206
Liabilities			
Loans and borrowings	17	3,492,731	-
Deferred tax liabilities	9	844,767	-
Non-current liabilities		4,337,498	-
Loans and borrowings	17	153,806	-
Trade and other payables		36,284	2,324
Current tax liabilities		103,202	-
Current liabilities		293,292	2,324
Total liabilities		4,630,790	2,324
Total equity and liabilities		13,242,347	5,019,530

"Energy Invest Holding" CJSC
Consolidated Statement of Profit or Loss and Other Comprehensive Income for 2016

'000 AMD	Note	2016	From 25 November 2015 (date of incorporation) to 31 December 2015
Revenue	5	327,394	-
Cost of sales	6	(88,912)	-
Gross profit		238,482	-
Other income		312	-
Administrative expenses	7	(111,127)	(1,762)
Other expenses		(24,081)	(186)
Results from operating activities		103,586	(1,948)
Finance income	8	456,945	21,151
Finance costs	8	(161,022)	-
Net finance income		295,923	21,151
Profit before income tax		399,509	19,203
Income tax expense	9	(95,678)	(1,997)
Profit and other comprehensive income for the year		303,831	17,206
Profit and other comprehensive income attributable to:			
Owners of the Company		302,244	-
Non-controlling interests		1,587	-
		303,831	-

These consolidated financial statements were approved by management on 2 May 2017 and were signed on its behalf by:

 Armen Petrosyan General Director		 Shavarsh Hayrapetyan Financial Director
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	Attributable to equity holders of the Company				Non-controlling interests	Total equity
	Share capital	Capital distribution	Retained earnings	Total		
'000 AMD						
Balance at 25 November 2015	-	-	-	-	-	-
Total comprehensive income						
Profit	-	-	17,206	17,206	-	17,206
Total comprehensive income	-	-	17,206	17,206	-	17,206
Transactions with owners of the Company						
Issue of ordinary shares	5,000,000	-	-	5,000,000	-	5,000,000
Balance at 31 December 2015	5,000,000	-	17,206	5,017,206	-	5,017,206
Balance at 1 January 2016	5,000,000	-	17,206	5,017,206	-	5,017,206
Total comprehensive income						
Profit	-	-	302,244	302,244	1,587	303,831
Total comprehensive income	-	-	319,450	5,319,450	1,587	5,321,037
Transactions with owners of the Company						
Issue of ordinary shares	3,700,000	-	-	3,700,000	-	3,700,000
Other distributions	-	(462,480)	-	(462,480)	-	(462,480)
Total transactions with owners of the Company	3,700,000	(462,480)	-	3,237,520	-	3,237,520
Changes in ownership interests						
Acquisition of subsidiary with non-controlling interests	-	-	-	-	53,000	53,000
Total changes in ownership interests	-	-	-	-	53,000	53,000
Balance at 31 December 2016	8,700,000	(462,480)	319,450	8,556,970	54,587	8,611,557

AMD'000	2016	From 25 November 2015 (date of incorporation) to 31 December 2015
OPERATING ACTIVITIES		
Profit	303,831	17,206
<i>Adjustments for:</i>		
Depreciation and amortisation	46,574	-
Net finance income	(295,923)	(20,132)
Income tax expense	95,678	1,997
<i>Changes in:</i>		
Inventories	(9,979)	(12)
Trade and other receivables	(105,532)	(14,136)
Trade and other payables	33,960	2,324
Cash flows from operations before income taxes and interest paid	68,609	(12,753)
Income tax paid	(47,335)	(1,997)
Interest paid	(83,401)	-
Net cash used in operating activities	(62,127)	(14,750)
INVESTING ACTIVITIES		
Proceeds from sales of property, plant and equipment		
Acquisition of property, plant and equipment	(16,928)	(902)
Acquisition of subsidiaries, net of cash acquired	(4,709,878)	-
Loans given	(3,094,527)	(4,828,100)
Repayment of loans given	702,527	-
Interest received	36,230	-
Net cash used in investing activities	(7,082,576)	(4,829,002)
FINANCING ACTIVITIES		
Proceeds from issue of share capital	3,700,000	5,000,000
Proceeds from loans and borrowings	4,372,628	-
Repayment of loans and borrowings	(810,818)	-
Net cash from financing activities	7,261,810	5,000,000
Net increase in cash and cash equivalents	117,107	156,248
Cash and cash equivalents at 1 January	146,848	-
Effect of exchange rate fluctuations on cash and cash equivalents	(1,976)	(9,400)
Cash and cash equivalents at 31 December	261,979	146,848