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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 2017, 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 2017, 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:

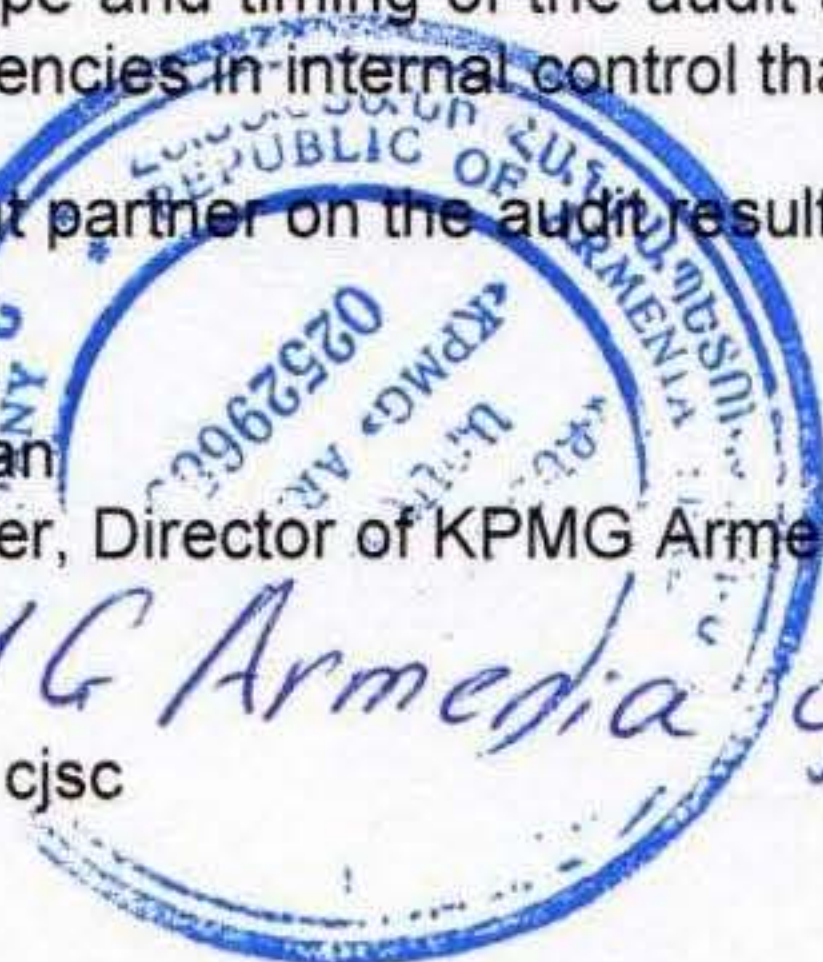
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of 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 cjsc
7 May 2018



“Energy Invest Holding” CJSC
Consolidated Statement of Financial Position as at 31 December 2017

'000 AMD	Note	31 December 2017	31 December 2016
Assets			
Property, plant and equipment	10	4,423,459	4,240,250
Intangible assets and goodwill	11	1,597,041	1,785,103
Loans given	12	243,936	211,588
Deferred tax assets	9	96,250	85,991
Prepayments for non-current assets		10,432	-
Non-current assets		6,371,118	6,322,932
Inventories		11,622	9,991
Loans given	12	7,662,065	6,527,777
Current tax assets		17,837	-
Trade and other receivables	13	142,306	119,668
Bank deposit	14	480,631	-
Cash and cash equivalents	15	561,046	261,979
Current assets		8,875,507	6,919,415
Total assets		15,246,625	13,242,347
Equity			
Share capital		10,910,000	8,700,000
Capital distribution		(696,694)	(462,480)
Retained earnings		1,290,763	319,450
Equity attributable to owners of the Company		11,504,069	8,556,970
Non-controlling interests		54,538	54,587
Total equity	16	11,558,607	8,611,557
Liabilities			
Loans and borrowings	18	2,781,155	3,492,731
Deferred tax liabilities	9	815,618	844,767
Non-current liabilities		3,596,773	4,337,498
Loans and borrowings	18	8,046	153,806
Trade and other payables		52,420	36,284
Current tax liabilities		30,779	103,202
Current liabilities		91,245	293,292
Total liabilities		3,688,018	4,630,790
Total equity and liabilities		15,246,625	13,242,347

"Energy Invest Holding" CJSC
Consolidated Statement of Profit or Loss and Other Comprehensive Income for 2017

'000 AMD	Note	2017	2016
Revenue	5	1,582,066	327,394
Cost of sales	6	(536,529)	(88,912)
Gross profit		1,045,537	238,482
Other income		5,708	312
Administrative expenses	7	(177,040)	(111,127)
Other expenses		(10,215)	(24,081)
Results from operating activities		863,990	103,586
Finance income	8	638,958	456,945
Finance costs	8	(279,685)	(161,022)
Net finance income		359,273	295,923
Profit before income tax		1,223,263	399,509
Income tax expense	9	(251,999)	(95,678)
Profit and other comprehensive income for the year		971,264	303,831
Profit and other comprehensive income attributable to:			
Owners of the Company		971,313	302,244
Non-controlling interests		(49)	1,587
		971,264	303,831

These consolidated financial statements were approved by management on 7 May 2018 and were signed on its behalf by:


 Armen Petrosyan
 General Director




 Shavarsh Hayrapetyan
 Finance Director

'000 AMD	Attributable to equity holders of the Company				Non- controlling interests	Total equity
	Share capital	Capital distribution	Retained earnings	Total		
Balance at 1 January 2016	5,000,000	-	17,206	5,017,206	-	5,017,206
Total comprehensive income						
Profit for the year	-	-	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
Balance at 1 January 2017	8,700,000	(462,480)	319,450	8,556,970	54,587	8,611,557
Total comprehensive income						
Profit/(loss) for the year	-	-	971,313	971,313	(49)	971,264
Total comprehensive income	8,700,000	(462,480)	1,290,763	9,528,283	54,538	9,582,821
Transactions with owners of the Company						
Issue of ordinary shares	2,210,000	-	-	2,210,000	-	2,210,000
Other distributions	-	(234,214)	-	(234,214)	-	(234,214)
Total transactions with owners of the Company	2,210,000	(234,214)	-	1,975,786	-	1,975,786
Balance at 31 December 2017	10,910,000	(696,694)	1,290,763	11,504,069	54,538	11,558,607

AMD'000	2017	2016
Cash flows from operating activities		
Profit	971,264	303,831
<i>Adjustments for:</i>		
Depreciation and amortisation	368,977	46,574
Loss on disposal of property, plant and equipment	174	-
Net finance income	(359,273)	(295,923)
Income tax expense	251,999	95,678
<i>Changes in:</i>		
Inventories	(1,631)	(9,979)
Trade and other receivables	(22,638)	(105,532)
Trade and other payables	16,136	33,960
Cash flows from operations before income taxes and interest paid	1,225,008	68,609
Income tax paid	(323,113)	(47,335)
Interest paid	(283,252)	(83,401)
Net cash flows from/(used in) operating activities	618,643	(62,127)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(374,115)	(16,928)
Acquisition of subsidiaries, net of cash acquired	-	(4,709,878)
Loans given	(2,130,629)	(3,094,527)
Repayment of loans given	648,220	702,527
Interest received	660,912	36,230
Net proceeds from placement of bank deposits	(480,000)	-
Net cash used in investing activities	(1,675,612)	(7,082,576)
Cash flow from financing activities		
Proceeds from issue of share capital	2,210,000	3,700,000
Proceeds from loans and borrowings	-	4,372,628
Repayment of loans and borrowings	(849,153)	(810,818)
Net cash from financing activities	1,360,847	7,261,810
Net increase in cash and cash equivalents	303,877	117,107
Cash and cash equivalents at 1 January	261,979	146,848
Effect of exchange rate fluctuations on cash and cash equivalents	(4,810)	(1,976)
Cash and cash equivalents at 31 December	561,046	261,979