

**Armenian Copper Programme cjsc**

**Consolidated Financial Statements  
for 2016**

'000 AMD	Note	31 December 2016	31 December 2015
<b>Assets</b>			
Property, plant and equipment	13	68,900,789	101,418,336
Intangible assets		199,170	199,024
Mining property	14	31,164,433	38,679,890
Prepayments for non-current assets		1,948	1,461
Value-added tax recoverable		-	474,715
Deferred tax assets	12	452,387	1,247,671
Other non-current assets		14,632	14,632
<b>Non-current assets</b>		<b>100,733,359</b>	<b>142,035,729</b>
Inventories	15	16,702,147	13,024,309
Trade and other receivables	16	12,628,054	15,176,469
Borrowings given		73,807	70,967
Cash and cash equivalents	17	4,384,291	3,179,958
<b>Current assets</b>		<b>33,788,299</b>	<b>31,451,703</b>
<b>Total assets</b>		<b>134,521,658</b>	<b>173,487,432</b>
<b>Equity</b>			
Share capital	18	3,069,716	3,069,716
Retained earnings		(53,166,906)	(26,639,519)
<b>Equity holders of the parent</b>		<b>(50,097,190)</b>	<b>(23,569,803)</b>
Non-controlling interests	19	(19,452,850)	(8,312,667)
<b>Total equity</b>		<b>(69,550,040)</b>	<b>(31,882,470)</b>
<b>Liabilities</b>			
Government grant		64,061	65,586
Provision for site restoration	23	369,277	433,529
Value-added tax payable		-	474,715
Financial liabilities through profit and loss	22	3,292,243	-
<b>Non-current liabilities</b>		<b>3,725,581</b>	<b>973,830</b>
Loans and borrowings	21	195,712,197	193,289,668
Provision for site restoration		67,816	80,153
Trade and other payables	24	4,509,231	11,021,989
Current tax liabilities		56,873	4,262
<b>Current liabilities</b>		<b>200,346,117</b>	<b>204,396,072</b>
<b>Total liabilities</b>		<b>204,071,698</b>	<b>205,369,902</b>
<b>Total equity and liabilities</b>		<b>134,521,658</b>	<b>173,487,432</b>

*Armenian Copper Programme cjsc*  
*Consolidated Statement of Profit or Loss and Other Comprehensive Income for 2016*

'000 AMD	Note	2016	2015
Revenue	6	79,684,284	72,695,179
Cost of sales	7	(46,796,634)	(49,944,201)
<b>Gross profit</b>		<b>32,887,650</b>	<b>22,750,978</b>
Other income	8	1,066,104	1,257,743
Selling expenses		(909,714)	(756,425)
Administrative expenses	9	(4,145,711)	(4,133,782)
Other expenses	10	(43,247,319)	(30,332,129)
<b>Results from operating activities</b>		<b>(14,348,990)</b>	<b>(11,213,615)</b>
Finance costs	11	(22,116,855)	(24,559,363)
<b>Loss before income tax</b>		<b>(36,465,845)</b>	<b>(35,772,978)</b>
Income tax (expense)/benefit	12	(1,201,725)	528,076
<b>Loss and total comprehensive loss for the year</b>		<b>(37,667,570)</b>	<b>(35,244,902)</b>
<b>Loss and total comprehensive loss attributable to:</b>			
Owners of the Company		(28,585,626)	(28,020,290)
Non-controlling interests	19	(9,081,944)	(7,224,612)
<b>Loss and total comprehensive loss for the year</b>		<b>(37,667,570)</b>	<b>(35,244,902)</b>

These consolidated financial statements were approved by management on 5 October 2017 and were signed on its behalf by:



Lusine Mejlumyan  
 General Director



Hamlet Harutyunyan  
 Chief Accountant

'000 AMD	Attributable to equity holders of the parent			Non- controlling interests	Total equity
	Share capital	Retained earnings	Total		
Balance at 1 January 2015	3,069,716	1,380,771	4,450,487	(1,088,055)	3,362,432
<b>Total comprehensive loss</b>					
Loss for the year	-	(28,020,290)	(28,020,290)	(7,224,612)	(35,244,902)
<b>Balance at 31 December 2015</b>	<b>3,069,716</b>	<b>(26,639,519)</b>	<b>(23,569,803)</b>	<b>(8,312,667)</b>	<b>(31,882,470)</b>
Balance at 1 January 2016	3,069,716	(26,639,519)	(23,569,803)	(8,312,667)	(31,882,470)
<b>Total comprehensive loss</b>					
Loss for the year	-	(28,585,626)	(28,585,626)	(9,081,944)	(37,667,570)
Reclassification in relation to transaction with subsidiary*	-	2,058,239	2,058,239	(2,058,239)	-
<b>Balance at 31 December 2016</b>	<b>3,069,716</b>	<b>(53,166,906)</b>	<b>(50,097,190)</b>	<b>(19,452,850)</b>	<b>(69,550,040)</b>

\*The reclassification between the equity attributable to equity holders of the parent and non-controlling interests represents the effect of early repayment of loans and borrowings by Teghout cjsc to Armenian Copper Program cjsc, as a result of which additional paid-in capital recognized in the financial statements Teghout cjsc has been decreased.

'000 AMD	Note	2016	2015
<b>Cash flows from operating activities</b>			
Cash receipts from customers, including VAT		78,852,322	79,616,696
Cash paid to suppliers and employees, including VAT		(47,543,806)	(51,702,976)
VAT refund received from the state budget		11,351,608	12,260,193
Income tax paid		(75,000)	(287,000)
VAT paid to State budget		(3,393,053)	-
Taxes paid other than on income		(10,969,535)	(6,096,779)
<b>Cash flows from operations before interest paid</b>		<b>28,222,536</b>	<b>33,790,134</b>
Interest paid		(3,127,205)	(7,461,836)
<b>Net cash from) operating activities</b>		<b>25,095,331</b>	<b>26,328,298</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(10,645,590)	(16,423,362)
Acquisition of intangible assets		(4,615)	(21,076)
Proceeds from sale of property, plant and equipment		330	20,760
<b>Net cash used in investing activities</b>		<b>(10,649,875)</b>	<b>(16,423,678)</b>
<b>Cash flows from financing activities</b>			
Proceeds from loans and borrowings		14,900,570	44,789,329
Repayment of loans and borrowings		(28,184,989)	(53,654,656)
<b>Net cash used in financing activities</b>		<b>(13,284,419)</b>	<b>(8,865,327)</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,161,037</b>	<b>1,039,293</b>
Cash and cash equivalents at 1 January		3,179,958	2,087,415
Effect of exchange rate fluctuations on cash and cash equivalents		43,296	53,250
<b>Cash and cash equivalents at 31 December</b>	17	<b>4,384,291</b>	<b>3,179,958</b>