

Foundation for Armenian Science and Technology

Financial statements

*For the period ended 31 December 2017
together with independent auditor's report*

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Independent auditor's report

To the Board of Directors of
Foundation for Armenian Science and Technology

Opinion

We have audited the financial statements of Foundation for Armenian Science and Technology (the Foundation), which comprise the statement of financial position as at 31 December 2017 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period from 20 June 2017 till 31 December 2017, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at 31 December 2017 and its financial performance and its cash flows for the period from 20 June 2017 till 31 December 2017 in accordance with International Financial Reporting Standards (IFRSs).

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with 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 the Board of Directors for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Foundation'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 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 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 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 Foundation'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 Foundation'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 Foundation 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 the Board of Directors 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.

CJSC Ernst & Young

On behalf of General Director A. Sarkisyan
(by power of authority dated 1 August 2016)
Partner (Assurance)



Eric Hayrapetyan

20 March 2018

Yerevan, Armenia

Statement of financial position**As at 31 December 2017***(in thousands of Armenian drams)*

	Notes	31 December 2017
Assets		
Non-current assets		
Property and equipment	9	30,598
Intangible assets	10	1,629
		32,227
Current assets		
Cash and cash equivalents	7	65,971
Prepayments	8	1,543
Inventory		638
		68,152
Total assets		100,379
Liabilities		
Non-current liabilities		
Endowment funds	12	30,299
		30,299
Current liabilities		
Endowment funds	12	1,928
Restricted funds	12	55,680
Accounts payable and provisions	11	11,652
		69,260
Total liabilities		99,559
Equity		
Retained earnings		820
Total equity		820
Total equity and liabilities		100,379

Signed and authorized for issue on behalf of the Board of Directors

Armen Orujyan




Director

"Project Management Unit" CJSC
Armine Sahakyan


Chief Accountant

20 March 2018

The accompanying notes on pages 5 to 13 are an integral part of these financial statements.

Statement of comprehensive income**For the period from 20 June 2017 till 31 December 2017***(in thousands of Armenian drams)*

	Notes	20 June 2017 – 31 December 2017
Incoming resources from unrestricted funds	13	181,901
Incoming resources from endowment funds	13	964
Administrative expenses	14	(182,865)
Operating profit		–
Net forex translation gain		820
Profit for the reporting period		820
Total comprehensive income for the reporting period		820

The accompanying notes on pages 5 to 13 are an integral part of these financial statements.

Statement of changes in equity**For the period from 20 June 2017 till 31 December 2017***(in thousands of Armenian drams)*

	<i>Total equity</i>
Retained earnings as of 20 June 2017	–
Profit for the year	820
Retained earnings as of 31 December 2017	820

The accompanying notes on pages 5 to 13 are an integral part of these financial statements.

Statement of cash flows**For the period from 20 June 2017 till 31 December 2017***(in thousands of Armenian drams)*

	Notes	20 June 2017 – 31 December 2017
Cash flows from operating activities		
Incoming resources from donations to income funds	13	270,211
Administrative expenses expended from income funds (excluded depreciation and amortization, vacation reserve)		(176,947)
Increase in prepayments	8	(1,543)
Increase in inventories		(638)
Increase in accounts payable		7,271
Net cash from operating activities		98,354
Cash flows from investing activities		
Acquisition of property and equipment	9	(30,983)
Acquisition of intangible assets	10	(2,208)
Net cash used in investing activities		(33,191)
Effect of net foreign exchange differences on cash and cash equivalents		808
Net increase in cash and cash equivalents		65,971
Cash and cash equivalents at the beginning of the year		–
Cash and cash equivalents at the end of the year	7	65,971

The accompanying notes on pages 5 to 13 are an integral part of these financial statements.