

Independent auditor's report

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To the shareholder of Unicomp CJSC

Opinion

We have audited the financial statements of Unicomp CJSC (the “Company”), which comprise the statement of financial position as of 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as of 31 December 2020, and of its financial performance and its cash flows for the year then ended 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 Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (the “IESBA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Armenia, and we have fulfilled our other ethical responsibilities in accordance with those ethical requirements. 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 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 Company’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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’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 Company'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 Company'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 Company 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 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.



Armen Hovhannisyán
CEO, Partner



Lilit Arabajyan, FCCA
Engagement Partner

3 August 2021

Statement of financial position

In thousand drams	Note	As of 31 December 2020	As of 31 December 2019
Assets			
<i>Non-current assets</i>			
Property and equipment	4	220,200	231,308
Intangible assets		807	807
Deferred income tax assets	5	35,276	14,891
Borrowings provided to related parties	6	222,609	300,302
		<u>478,892</u>	<u>547,308</u>
<i>Current assets</i>			
Inventories	7	266,803	258,345
Trade and other receivables	8	82,571	117,642
Cash and bank balances	9	23,619	78,932
		<u>372,993</u>	<u>454,919</u>
Total assets		<u><u>851,885</u></u>	<u><u>1,002,227</u></u>
Equity and liabilities			
<i>Capital and reserves</i>			
Share capital		50,100	100
Accumulated loss	10	(72,723)	(144,233)
		<u>(22,623)</u>	<u>(144,133)</u>
<i>Non-current liabilities</i>			
Long-term bank loans	11	203,305	208,771
Grants		22,374	-
Lease liabilities	12	175,309	191,109
		<u>400,988</u>	<u>399,880</u>
<i>Current liabilities</i>			
Shor-term portion of long-term bank loans	11	293,433	334,727
Trade and other payables	13	164,287	390,355
Current portion of leas liabilities	12	15,800	14,104
Current income tax liabilities		-	7,294
		<u>473,520</u>	<u>746,480</u>
Total equity and liabilities		<u><u>851,885</u></u>	<u><u>1,002,227</u></u>

The financial statements were approved on 3 August 2021 by:



Armen Baldryan
Chief Executive Officer

Karine Zakharyan
Chief Accountant

The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 9 to 31.

Statement of profit or loss and other comprehensive income

In thousand drams	Note	Year ended 31 December 2020	Year ended 31 December 2019
Revenue from contracts	14	1,334,658	2,039,755
Cost of sales	15	(1,071,664)	(1,686,253)
Gross profit		262,994	353,502
Other income	16	39,885	68,616
Selling expenses	17	(55,634)	(62,803)
Administrative expenses	18	(135,512)	(144,551)
Other operating expenses	19	(31,230)	(60,031)
Results from operating activities		80,503	154,733
Finance costs	20	(82,383)	(160,666)
Finance income	20	66,268	124
Foreign currency exchange gain/(loss), net	21	(10,160)	4,803
Profit/(loss) before income tax		54,228	(1,006)
Income tax recovery/(expense)	22	17,282	(23,622)
Profit/(loss) for the year		71,510	(24,628)
Other comprehensive income		-	-
Total comprehensive loss for the year		71,510	(24,628)

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 9 to 31.

Statement of changes in equity

In thousand drams	Share capital	Accumulated loss	Total
as of 1 January 2019	100	(119,605)	(119,505)
Loss for the year	-	(24,628)	(24,628)
Total comprehensive loss for the year	-	(24,628)	(24,628)
as of 31 December 2019	100	(144,233)	(144,133)
Loss for the year	-	71,510	71,510
Total comprehensive loss for the year	-	71,510	71,510
Capital contribution	50,000	-	50,000
Transactions with owners	50,000	-	50,000
as of 31 December 2020	50,100	(72,723)	(22,623)

The statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 9 to 31.

Statement of cash flows

In thousand drams	Year ended 31 December 2020	Year ended 31 December 2019
Cash flows from operating activities		
Profit/(loss) for the year	71,510	(24,628)
<i>Adjustments for:</i>		
Depreciation	30,324	28,125
Interest expense	82,383	160,666
Interest income	(189)	-
Income from grants	(3,968)	
Income tax expense/(recovery)	(17,282)	23,622
Foreign exchange gain/(loss)	10,160	(4,803)
<i>Operating profit before working capital changes</i>	<u>172,938</u>	<u>182,982</u>
Changes in borrowings provided to related parties	77,693	18,639
Change in trade and other receivables	39,243	(13,763)
Change in inventories	(8,458)	17,477
Change in trade and other payables	(231,571)	(54,130)
<i>Cash generated from operations</i>	<u>49,845</u>	<u>151,205</u>
Interest paid	(56,519)	(86,880)
Dividends paid	(10,397)	-
<i>Net cash from/(used in) operating activities</i>	<u>(17,071)</u>	<u>64,325</u>
Cash flows from investing activities		
Acquisition of property and equipment and intangible assets	(19,216)	(9,089)
Interest income	189	-
<i>Net cash used in investing activities</i>	<u>(19,027)</u>	<u>(9,089)</u>
Cash flows from financing activities		
Capital contribution	50,000	-
Lease liabilities payment	(36,000)	(12,769)
Proceeds from bank loans	496,315	550,593
Repayment of bank loans	(524,595)	(526,679)
<i>Net cash used in financing activities</i>	<u>(14,280)</u>	<u>11,145</u>
Net increase in cash and bank balances	(50,378)	66,381
Foreign exchange effect on cash	(4,935)	(6,396)
Cash and bank balances at the beginning of the year	78,932	18,947
Cash and bank balances at the end of the year	<u>23,619</u>	<u>78,932</u>

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 9 to 31.