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6 April 2016

N: 031601

CONFIRMED BY:

 P. GEVORGYAN

Managing Partner
Baker Tilly Armenia CJSC

*License for Audit services No UO-054,
Provided by the RA Ministry of Finance and Economy*



INDEPENDENT AUDITOR'S REPORT

*To the members of
Spayka LLC*

We have audited the accompanying consolidated financial statements of Spayka Limited Liability Company (the "Company") and its subsidiaries Spayka-Rus Limited Liability Company and Spayka-Georgia Limited Liability Company (together with the Company, the "Group") which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statements of profit or loss and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Managements' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as the Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2015, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2014 have not been audited. We have not been asked to perform audit of 2014 consolidated financial statements of the Group, therefore we do not express opinion or any kind of assurance on 2014 consolidated financial statements of the Group. Our report is not qualified in this respect.



Mikayel Hayrapetyan
Auditor

6 April 2016

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
 COMPREHENSIVE INCOME**

For the year ended 31 December 2015

		<i>Thousand AMD</i>	
	Notes	2015	2014
Revenue	6	29,850,762	21,363,211
Cost of sales	7	(20,561,112)	(14,957,950)
Gross profit		9,289,650	6,405,261
Selling and distribution expenses	8	(2,900,468)	(1,842,643)
Administrative expenses	9	(1,031,461)	(832,056)
Other income	10	622,859	205,108
Other expenses	11	(1,189,744)	(745,856)
Operating profit		4,790,836	3,189,814
Net finance costs	12	(2,960,323)	(2,075,612)
Profit before tax		1,830,513	1,114,202
Income tax expense	13	(221,899)	(39,089)
Profit for the year		1,608,614	1,075,113
Other comprehensive income			
Revaluation gain on property, plant and equipment		27,350	27,850
Deferred tax expense	13	(5,470)	(5,570)
Other comprehensive income		21,880	22,280
Total comprehensive income		1,630,494	1,097,393

Davit Ghazaryan
 General Director

6 April 2016



Suren Mkrtumyan
 Financial Director

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

		<i>Thousand AMD</i>	
	Notes	2015	2014
Assets			
Non-current assets			
Property, plant and equipment	14	23,673,579	22,876,346
Intangible assets	15	16,164	18,770
Deferred tax assets	13	105,287	96,872
Trade and other receivables	18	281,491	596,872
Total non-current assets		24,076,521	23,588,860
Current assets			
Inventories	16	1,697,265	1,850,924
Cash and cash equivalents	17	282,428	138,750
Trade and other receivables	18	6,555,381	2,872,709
Loans receivable	19	1,042,058	44,600
Total current assets		9,577,132	4,906,983
Total assets		33,653,653	28,495,843
Equity and Liabilities			
Equity			
Share capital	20,1	6,194,169	6,194,169
Revaluation reserve	20,2	44,160	22,280
Retained earnings		4,447,358	3,815,805
Total equity		10,685,687	10,032,254
Non-current liabilities			
Loans and borrowings	21	11,931,660	12,662,534
Total non-current liabilities		11,931,660	12,662,534
Current liabilities			
Loans and borrowings	21	7,799,584	4,793,072
Trade and other payables	22	3,226,832	1,007,983
Tax liability		9,890	-
Total current liabilities		11,036,306	5,801,055
Total equity and liabilities		33,653,653	28,495,843

Davit Ghazaryan
General Director

6 April 2016



Suren Mkrtumyan
Financial Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

Thousand AMD

	Share capital	Revaluation Reserve	Retained earnings	Total equity
Balance at 1 January 2014	6,194,169	-	2,740,692	8,934,861
<i>Comprehensive income</i>				
<i>Profit for the year</i>	-	-	1,075,113	1,075,113
<i>Other comprehensive income</i>	-	22,280	-	22,280
Total comprehensive income for the year	-	22,280	1,075,113	1,097,393
Balance at 31 December 2014	6,194,169	22,280	3,815,805	10,032,254
Balance at 1 January 2015	6,194,169	22,280	3,815,805	10,032,254
<i>Comprehensive income</i>				
<i>Profit for the year</i>	-	-	1,608,614	1,608,614
<i>Other comprehensive income</i>	-	21,880	-	21,880
Total comprehensive income for the year	-	21,880	1,608,614	1,630,494
<i>Transactions with owners</i>				
<i>Dividends</i>	-	-	(977,061)	(977,061)
Total transactions with owners	-	-	(977,061)	(977,061)
Balance at 31 December 2015	6,194,169	44,160	4,447,358	10,685,687

Davit Ghazaryan
General Director
6 April 2016



Suren Mkrtumyan
Financial Director

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	2015	2014
		<i>Thousand AMD</i>
Cash flows from operating activities		
Profit for the year	1,608,614	1,075,113
Adjustments for:		
Depreciation and amortization expense	677,669	589,084
Provision for impairment	123,401	90,755
Unrealised foreign exchange loss	175,139	770,262
Income from forgiven payables	(164,332)	(131,250)
Revaluation gain on Property plant and equipment	(78,276)	382,613
Interest income	(326)	(251)
Interest expense	2,640,064	1,283,958
Income tax expense	221,899	39,089
Cash flows from/(used in) operations before working capital changes	5,203,852	4,099,373
Changes in:		
Inventories	153,659	(1,104,117)
Trade and other receivables	(3,735,805)	(2,408,200)
Trade and other payables	1,784,721	84,359
Cash flows from operations	3,406,427	671,415
Tax paid	(212,010)	(131,250)
Net cash flows from operating activities	3,194,417	540,165
Cash flows from investing activities		
Payment for acquisition of property, plant and equipment	(1,366,669)	(1,823,971)
Loans provided	(1,006,447)	(44,600)
Interest received	326	251
Net cash flows used in investing activities	(2,372,790)	(1,868,320)
Cash flows from financing activities		
Net proceeds from borrowings	2,309,509	2,897,411
Interest paid	(2,546,845)	(1,553,457)
Dividends paid	(478,760)	-
Net cash flows from financing activities	(716,096)	1,343,954
Net decrease in cash and cash equivalents	105,531	15,799
Foreign exchange effects on cash and cash equivalents	38,147	118,560
Cash and cash equivalents at the beginning of the year	138,750	4,391
Cash and cash equivalents at the end of the year	282,428	138,750

Davit Ghazaryan
General Director
6 April 2016



Suren Mkrtumyan
Financial Director