

Sagamar CJSC
Financial Statements
for the year ended 31 December 2017

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'000 AMD	31 December 2017	31 December 2016
Assets		
Property, plant and equipment	9,226,612	10,842,605
Intangible assets	35,730	35,730
Mining property	1,282,203	1,287,449
Prepayments for non-current assets	-	9,037
Exploration and evaluation assets	-	-
Current tax asset	-	-
Trade and other receivables	-	-
Non-current assets	10,544,545	12,174,821
Inventories	1,698,483	1,667,995
Current tax asset	399,058	1,301,978
Prepayments for current assets	219	91,872
Trade and other receivables	125,770	274,150
Cash and cash equivalents	20,556	22,850
Current assets	2,244,086	3,358,845
Total assets	12,788,631	15,533,666
Equity		
Share capital	976,915	976,915
Additional paid-in capital	10,895,216	10,959,740
Accumulated losses	(39,090,700)	(32,361,691)
Total equity	(27,218,569)	(20,425,036)
Liabilities		
Loans and borrowings	34,017,290	26,073,327
Deferred tax liabilities	-	1,627,761
Non-current liabilities	34,017,290	27,701,088
Loans and borrowings	5,948,116	8,208,976
Trade and other payables	41,794	48,638
Current liabilities	5,989,910	8,257,614
Total liabilities	40,007,200	35,958,702
Total equity and liabilities	12,788,631	15,533,666

Sagamar CJSC
Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2017

'000 AMD	2016	2016
Revenue	33,622	467,055
Cost of sales	(23,233)	(61,159)
Gross profit	10,389	405,896
Distribution expenses	(10,491)	(12,578)
Administrative expenses	(133,924)	(134,605)
Other expenses	(2,673,358)	(1,229,230)
Results from operating activities	(2,807,358)	(970,517)
Finance costs	-	(2,708,871)
Loss before income tax	(2,807,358)	(3,679,388)
Income tax benefit/(expense)	-	(18,149)
Loss and total comprehensive loss for the year	(2,807,358)	(3,697,537)

These financial statements were approved by management on 27 June 2018 and were signed on its behalf by:



Karen Ghazaryan
 General Director

Naira Davtyan
 Accounting qualification
 certificate N 1174

Sagamar CJSC
Statement of Changes in Equity for the year ended 31 December 2017

'000 AMD	Share capital	Additional paid-in capital	Accumulated losses	Total
Balance at 1 January 2016	976,915	11,512,321	(25,132,181)	(12,642,945)
Clarify			(3,531,973)	(3,531,973)
Total comprehensive loss for the year				
Loss and total comprehensive loss for the year	-	-	(3,697,537)	(3,697,537)
Transactions with owners of the Company				
Contributions and distributions				
Initial discount on zero and low interest loans received from related parties	-	(552,581)	-	(552,581)
Total transactions with owners of the Company	-	-	-	-
Balance at 1 January 2017	976,915	10,959,740	(32,361,691)	(20,425,036)
Balance at 1 January 2017	976,915	10,959,740	(32,361,691)	(20,425,036)
Clarify			(3,921,625)	(3,921,625)
Total comprehensive loss for the year				
Loss and total comprehensive loss for the year	-	-	(3,697,537)	(3,697,537)
Transactions with owners of the Company				
Contributions and distributions				
Difference on substantial modification of loan terms and revers of initial discount on zero and low interest loans received from related parties	-	(64,254)	-	(64,254)
Total transactions with owners of the Company	-	(64,254)	-	(64,254)
Balance at 1 January 2018	976,915	10,895,216	(39,090,700)	(27,218,569)

Sagamar CJSC
Statement of Cash Flows For the year ended 31 December 2017

*000 AMD	2017	2016
Cash flows from operating activities		
Cash received from customers, inclusive of VAT	39,831	283,773
Cash paid to suppliers, inclusive of VAT	(113,958)	(293,999)
Cash paid to employees	(89,195)	(149,047)
Income tax paid		
VAT received back from tax authorities	94,454	791,863
ROYALTY received back from tax authorities	36,000	-
Payment of taxes other than on income	(30,964)	(825,185)
Other	(9,153)	(759)
Net cash used in operating activities	(72,985)	(193,354)
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	157,456	200,087
Acquisition of exploration and evaluation assets		
Acquisition of mining property		
Acquisition of property, plant and equipment	(887)	(2,181)
Net cash used in investing activities	156,569	197,906
Cash flows from financing activities		
Proceeds from borrowings	-	95,558
Repayment of borrowings	(85,960)	(145,337)
Interest paid		
Advances received from related parties		
Net cash from financing activities	(85,960)	(49,779)
Net decrease in cash and cash equivalents	(2,376)	(45,227)
Cash and cash equivalents at 1 January	22,850	67,949
Effect of exchange rate fluctuations on cash and cash equivalents	82	128
Cash and cash equivalents at 31 December	20556	22,850