“Hrazdan Energy Company (HrazTES)” OJSC

Consolidated Financial Statements
for 2020

Contents

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Independent Auditors' Report

To the Shareholders of "Hrazdan Energy Company (HrazTES)" OJSC

Opinion

We have audited the consolidated financial statements of "Hrazdan Energy Company (HrazTES)" OJSC (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) *(IESBA Code)* together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Armenia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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 Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

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.

The engagement partner on the audit resulting in this independent auditors' report is:

Tigran Gasparyan
Managing Partner, Director of KPMG Armenia LLC

KPMG Armenia LLC

KPMG Armenia LLC
30 June 2021

Consolidated Statement of Financial Position as at 31 December 2020

'000 AMD	Note	31 December 2020	31 December 2019
Assets			
Property, plant and equipment	11	42,510,034	5,694,048
Intangible assets and goodwill	12	1,268,236	1,400,150
Borrowings given to related parties	13	584,843	402,299
Deferred tax assets	10	336,032	141,254
Investment in associate	14	269,326	271,566
Prepayments for non-current assets	15	327,166	1,312,836
Non-current assets		**45,295,637**	**9,222,153**
Inventories		644,036	140,871
Borrowings given to related parties	13	10,852,183	10,313,800
Trade and other receivables	16	7,702,692	2,980,852
Current tax assets		187,780	115,215
Bank deposits	17	1,224,417	908,548
Cash and cash equivalents	18	611,407	461,903
Current assets		**21,222,515**	**14,921,189**
Total assets		**66,518,152**	**24,143,342**
Equity			
Share capital		7,814,628	7,814,628
Capital distribution		(7,042,751)	(1,756,663)
Revaluation surplus		10,122,757	1,096,472
Retained earnings		14,977,515	13,302,371
Equity attributable to owners of the Company		**25,872,149**	**20,456,808**
Non-controlling interests		48,570	49,192
Total equity	19	**25,920,719**	**20,506,000**
Liabilities			
Loans and borrowings	21	4,192,652	287,820
Deferred tax liabilities	10	933,006	676,676
Non-current liabilities		**5,125,658**	**964,496**
Loans and borrowings	21	27,267,181	1,406
Financial guarantee contracts	25	250,648	73,480
Trade and other payables	22	7,924,807	2,589,681
Current tax liabilities		29,139	8,279
Current liabilities		**35,471,775**	**2,672,846**
Total liabilities		**40,597,433**	**3,637,342**
Total equity and liabilities		**66,518,152**	**24,143,342**

The consolidated statement of financial position is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 9 to 52.

Consolidated Statement of Profit or Loss and Other Comprehensive Income for 2020

'000 AMD	Note	2020	2019
Revenue	6	29,153,720	19,958,571
Cost of sales	7	(24,507,627)	(16,947,787)
Gross profit		**4,646,093**	**3,010,784**
Bargain on purchase	26	2,928,514	-
Other income		472,497	288,343
Administrative expenses	8	(1,765,654)	(956,528)
Other expenses		(451,891)	(119,306)
Results from operating activities		**5,829,559**	**2,223,293**
Finance gain	9	1,039,600	899,037
Finance loss	9	(6,145,433)	(107,939)
Net finance loss/(gain)		**(5,105,833)**	**791,098**
Profit before income tax		**723,726**	**3,014,391**
Income tax benefit/(expense)	10	951,418	(634,782)
Profit for the year		**1,675,144**	**2,379,609**
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Revaluation of property, plant and equipment	11	11,007,665	-
Related income tax	10	(1,981,380)	-
Other comprehensive income for the year, net of income tax		**9,026,285**	-
Total comprehensive income for the year		**10,701,429**	**2,379,609**
Profit attributable to:			
Owners of the Company		1,675,139	2,382,468
Non-controlling interests		5	(2,859)
		1,675,144	**2,379,609**
Total comprehensive income attributable to:			
Owners of the Company		10,701,424	2,382,468
Non-controlling interests		5	(2,859)
		10,701,429	**2,379,609**

These consolidated financial statements were approved by management on 30 June 2021 and were signed on its behalf by:

Suren Karayan
General Director

Hamlet Sahakyan
Chief Accountant

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 9 to 53.

Consolidated Statement of Changes in Equity for 2020

	Attributable to equity holders of the Company						
’000 AMD	**Share capital**	**Capital distribution**	**Property, plant and equipment revaluation surplus**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance 1 January 2019	7,813,350	(1,223,807)	1,724,812	10,292,841	18,607,196	55,658	18,662,854
Total comprehensive income							
Profit for the year	-	-	-	2,382,468	2,382,468	(2,859)	2,379,609
Other comprehensive income							
Realised revaluation reserve for property plant and equipment	-	-	(628,340)	628,340	-	-	-
Total comprehensive income	**-**	**-**	**(628,340)**	**3,010,808**	**2,382,468**	**(2,859)**	**2,379,609**
Transactions with owners of the Company							
Replenishment of share capital	1,278	-	-	(1,278)	-	-	-
Dividend declared	-	-	-	-	-	(3,607)	(3,607)
Other distributions	-	(532,856)	-	-	(532,856)	-	(532,856)
Total transactions with owners of the Company	**1,278**	**(532,856)**	**-**	**(1,278)**	**(532,856)**	**(3,607)**	**(536,463)**
Balance at 31 December 2019	**7,814,628**	**(1,756,663)**	**1,096,472**	**13,302,371**	**20,456,808**	**49,192**	**20,506,000**
Balance 1 January 2020	7,814,628	(1,756,663)	1,096,472	13,302,371	20,456,808	49,192	20,506,000
Total comprehensive income							
Profit for the year	-	-	-	1,675,144	1,675,139	5	1,675,144
Other comprehensive income							
Revaluation of property, plant and equipment	-	-	9,026,285	-	9,026,285	-	9,026,285
Total other comprehensive income	-	-	9,026,285	-	**9,026,285**	-	**9,026,285**
Total comprehensive income	**-**	**-**	**9,026,285**	**1,675,144**	**10,701,429**	**-**	**10,701,429**
Transactions with owners of the Company							
Dividend declared	-	-		-	-	(627)	(627)
Other distributions	-	(5,286,088)	-	-	(5,286,088)	-	(5,286,088)
Total transactions with owners of the Company	**-**	**(5,286,088)**	**-**	**-**	**(5,286,088)**	**(627)**	**(5,286,715)**
Balance at 31 December 2020	**7,814,628**	**(7,042,751)**	**10,122,757**	**14,977,515**	**25,872,149**	**48,570**	**25,920,719**

The consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 9 to 52.

Consolidated Statement of Cash Flows for 2020

AMD’000	**2020**	**2019**
Cash flows from operating activities		
Profit for the year	1,675,144	2,379,609
Adjustments for:		
Bargain on purchase	(2,928,514)	-
Impairment losses on financial assets	61,519	3,807
Depreciation and amortisation	2,027,393	1,232,894
Gain on disposal of property, plant and equipment	(1,493)	(5,542)
Gain on disposal of subsidiary	-	(26,072)
Other non-cash income	(66,144)	
Guarantee income	(218,526)	(192,037)
Net finance income	5,033,528	(794,905)
Income tax (benefit)/expense	(951,418)	634,782
Changes in:		
Inventories	(110,845)	5,793
Trade and other receivables	(3,118,229)	(1,051,738)
Trade and other payables	3,933,505	1,001,343
Cash flows from operations before income taxes and interest paid	**5,335,920**	**3,187,934**
Income tax paid	(794,224)	(825,500)
Interest paid	(1,428,864)	(49,887)
Net cash from operating activities	**3,112,832**	**2,312,547**
INVESTING ACTIVITIES		
Proceeds from sales of property, plant and equipment	-	3,040
Prepayments for property, plant and equipment	(314,452)	-
Acquisition of property, plant and equipment	(1,068,931)	(10,961)
Acquisition of intangibles assets	(27,954)	(23,154)
Prepayments given for the acquisition of subsidiaries	-	(1,302,404)
Acquisition of associate company	-	(169,750)
Acquisition of subsidiaries, net of cash received	367,207	-
Disposal of subsidiaries, net of cash acquired	-	17,000
Placement with bank deposits	(3,722,509)	(1,758,000)
Proceeds from bank deposits	3,922,826	1,810,000
Borrowings given	(1,250,854)	(3,095,653)
Repayment of borrowings given	1,412,075	2,763,738
Interest received	48,091	61,537
Net cash used in investing activities	**(634,501)**	**(1,704,607)**
FINANCING ACTIVITIES		
Proceeds from issue of share capital	-	-
Proceeds from loans and borrowings	26,202,486	-
Repayment of loans and borrowings	(24,476,188)	(1,114,447)
Distribution of capital	(4,273,015)	-
Dividends paid to NCI	(627)	(3,427)
Net cash used in financing activities	**(2,547,344)**	**(1,117,874)**
Net decrease in cash and cash equivalents	**(69,013)**	**(509,934)**
Cash and cash equivalents at 1 January	461,903	972,085
Effect of exchange rate fluctuations on cash and cash equivalents	218,517	(248)
Cash and cash equivalents at 31 December	**611,407**	**461,903**

The consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 9 to 52.

1. Reporting entity

(a) Organisation and operations

“Hrazdan Energy Company (HrazTES)” OJSC (the “Company”) and its subsidiaries (the “Group”) comprise Armenian open and closed joint stock companies as defined in the Civil Code of the Republic of Armenia.

The Company was established on 1 September 2004 in accordance with decree No. 291-r of the Federal Agency on Management of Federal Property of the Russian Federation.

The Group’s principal activity is electricity production at plants and stations located in the territory of Armenia. The produced electricity is sold to “Electric Networks of Armenia” CJSC.

In March 2020 the Group obtained control of "International Energy Corporation" CJSC by acquiring 100% of the shares and voting interests in the entity. The entity’s principal activity is the generation of electricity at Sevan-Hrazdan cascade (the Cascade) consisting of seven hydro power plants located in the Republic of Armenia.

The Group is wholly owned by “Tashir Capital” CJSC and the Group’s ultimate controlling party is a single individual, Mr. Samvel Karapetyan.

Related party transactions are disclosed in Note 28.

The Company’s registered office is 1 Gortsaranain Street, Hrazdan city, Republic of Armenia.

(b) Armenian business environment

The Group’s operations are located in Armenia. Consequently, the Group is exposed to the economic and financial markets of Armenia which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Armenia.

The breakout of armed conflict in Nagorno-Karabakh in September 2020 followed by cease-fire arrangement over disputed Nagorno-Karabakh territories and the COVID-19 coronavirus pandemic has further increased uncertainty in the business environment.

The consolidated financial statements reflect management’s assessment of the impact of the Armenian business environment on the operations and the financial position of the Group. The future business environment may differ from management’s assessment.

2. Basis of accounting

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”).

3. Functional and presentation currency

The national currency of the Republic of Armenia is Armenian Dram (“AMD”), which is the Group’s functional currency and the currency in which these consolidated financial statements are presented. All financial information presented in AMD has been rounded to the nearest thousands, except when otherwise indicated.

4. Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the following notes:

- Note 11 – property, plant and equipment;
- Note 23(b)(ii) – measurement of ECL allowance for borrowings given;
- Note 19 – capital and reserves;
- Note 27 – acquisition of subsidiary.

Measurement of fair values

A number of the Group’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 23(a) – fair values.

5. Changes in significant accounting policies

A number of amendments to the existing standards are effective from 1 January 2020 but they do not have a material effect on the Group’s financial statements.

6. Revenue

(a) Revenue streams

The Group generates revenue primarily from the sale of electricity and sale of capacity to its customers.

’000 AMD	**2020**	**2019**
Revenue from contracts with customers	29,153,720	19,958,571
Total revenue	**29,153,720**	**19,958,571**

(b) Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by major service lines and timing of revenue recognition.

For the year ended 31 December

’000 AMD	**2020**	**2019**
Major service lines		
Sale of electricity	26,838,584	16,405,406
Sale of capacity	2,164,411	3,496,752
Electricity transmission and other service	150,725	56,413
	29,153,720	**19,958,571**
Timing of revenue recognition		
Services transferred over time	29,153,720	19,958,571
Revenue from contracts with customers	**29,153,720**	**19,958,571**

(c) Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Sale of electricity	Revenue from sale of electricity is recognized upon delivery of the power to the customer. There are no variable considerations included in the contract. Invoices are issued on a monthly basis and are usually payable within 25 days.	Based on practical expedient the Group recognises revenue in the amount at which the entity has a right to invoice, if that amount corresponds directly with the value to the customer of the entity’s performance to date.
Sale of production capacity	Under this contract the Group has stand ready obligation to deliver electricity to customer when required. Revenue is recognised over time as those services are provided. There are no variable considerations included in the contract. Invoices are issued on a monthly basis and are usually payable within 25 days.	Based on practical expedient the Group recognises revenue in the amount at which the entity has a right to invoice, if that amount corresponds directly with the value to the customer of the entity’s performance to date.
Electricity transmission service	Electricity transmission service represents supply of electricity using the Group’s network. There are no variable considerations included in the contract and the fee for provided services is calculated by the methodology set by the Public Services Regulatory Commission of the Republic of Armenia. Invoices are issued each month and are usually payable within 30 days.	Based on practical expedient the Group recognises revenue in the amount at which the entity has a right to invoice, if that amount corresponds directly with the value to the customer of the entity’s performance to date.

7. Cost of sales

’000 AMD	**2020**	**2019**
Gas expenses	19,507,456	13,850,471
Labour and wages	2,076,494	1,409,278
Depreciation and amortisation	1,993,370	1,203,336
Electricity expenses	366,246	203,735
Security	160,752	156,260
Other	403,309	124,707
	24,507,627	**16,947,787**

8. Administrative expenses

’000 AMD	**2020**	**2019**
Wages and salaries	1,214,026	733,803
Professional services	113,777	47,207
Taxes other than on income	30,453	19,777
Depreciation and amortisation	34,023	33,581
Security	143,600	-
Other administrative expense	229,775	122,160
	1,765,654	**956,528**

9. Net finance (loss)/gain

’000 AMD	**2020**	**2019**
Recognised in profit or loss		
Interest income calculated using the effective interest method	1,039,600	899,037
Finance gain	**1,039,600**	**899,037**
Financial liabilities measured at amortised cost – interest expense	(1,516,634)	(44,379)
Net foreign exchange loss	(4,571,665)	(59,753)
Impairment losses on financial assets	(57,134)	(3,807)
Finance loss	**(6,145,433)**	**(107,939)**
Net finance (loss)/gain recognised in profit or loss	**(5,105,833)**	**791,098**

10. Income taxes

(a) Amounts recognised in profit or loss

The Group’s applicable tax rate is the income tax rate of 18% (2019: 20%) for Armenian companies.

’000 AMD	**2020**	**2019**
Current tax expense		
Current year	(400,116)	(625,503)
Deferred tax benefit		
Origination and reversal of temporary differences	49,976	53,114
Change in recognised deductible temporary differences (due to write-down or reversal of deferred tax assets)	1,301,558	(62,393)
Total tax benefit/(expense)	**951,418**	**(634,782)**

Reconciliation of effective tax rate:

	2020 ’000 AMD	%	2019 ’000 AMD	%
Profit before income tax	723,726		3,014,391	
Tax using the Group’s domestic tax rate	(130,271)	(18.0)	(602,878)	(20.0)
Tax rate reduction effect*	-		59,492	2.0
Change in recognised deductible temporary differences (due to write-down or reversal of deferred tax assets)	1,301,558	179.8	(62,393)	(2.1)
Under provided in prior years	11,783	1.6		
Non-deductible expenses	(231,652)	(32.0)	(29,002)	(1.0)
	951,418	**131.5**	**(634,782)**	**(21.2)**

* In accordance with the tax decree dated 25 June 2019, changes has been approved in a tax code, that has become effective starting from 1 January 2020 which reduced the amount of corporate income tax rate from 20% to 18%. Considering that the change in the legislation was enacted during the reporting period, the deferred tax assets were recalculated using the new tax rate expected at the time of reversal.

(b) Recognised deferred tax assets and liabilities

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes give rise to net deferred tax liabilities as at 31 December 2020 and 2019.

The deductible temporary differences do not expire under current tax legislation.

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
’000 AMD	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Property, plant and equipment	-	-	(250,507)	(457,529)	(250,507)	(457,529)
Tax losses carried forward	79,676	-	-	-	79,676	-
Inventory	30,791	-	-	-	30,791	-
Investment in associate	-	-	(16,084)	(16,084)	(16,084)	(16,084)
Borrowings given	162,912	126,258	-	-	162,912	126,258
Intangible assets	-	-	(168,978)	(203,061)	(168,978)	(203,061)
Trade receivables	-	-	(2,132)	-	(2,132)	
Reserves	17,282	1,631	-	-	17,282	1,631
Loans and borrowings	-	-	(495,305)	-	(495,305)	
Bank deposits	254	138	-	-	254	138
Financial guarantee contract	45,117	13,227	-	-	45,117	13,227
	336,032	**141,254**	**(933,006)**	**(676,674)**	**(596,974)**	**(535,420)**

(c) Movement in temporary differences during the year

'000 AMD	1 January 2020	Recognised in profit or loss	Recognized in other comprehensive income	Recognised directly in equity	Acquired	31 December 2020
Property, plant and equipment	812,608	17,513	(1,981,380)	-	900,752	(250,507)
Tax loss carry forward	-	79,676	-	-	-	79,676
Inventory	30,791	-	-	-	-	30,791
Investment in associate	(16,084)	-	-	-	-	(16,084)
Borrowings given	126,258	(77,135)	-	113,631	-	162,982
Intangible assets	(203,061)	33,733	-	-	280	(169,048)
Trade and other receivables	39,932	-	-	-	(2,132)	37,800
Accounts payable	9,106	(17,661)	-	-	32,683	24,128
Loans and borrowings	-	53,577	-	-	(548,882)	(495,305)
Bank deposits	140	114	-	-	-	254
Financial guarantees provided	13,226	(39,335)	-	71,225	-	45,116
Net deferred income tax	**812,916**	**50,482**	**(1,981,380)**	**184,856**	**382,701**	**(550,197)**
Write off	(1,348,335)	49,237	1,252,321	-	-	(46,777)
Deferred income tax	**(535,420)**	**99,719**	**(729,059)**	**184,856**	**382,701**	**(596,974)**

'000 AMD	1 January 2019	Recognised in profit or loss	Recognised directly in equity	31 December 2019
Property, plant and equipment	834,061	(21,453)	-	812,608
Intangible assets	(263,153)	60,092	-	(203,061)
Trade and other receivables	44,369	(4,437)	-	39,932
Investment in associate	-	4,544	(20,628)	(16,084)
Borrowings given	97,392	(91,279)	120,145	126,258
Bank deposits	683	(545)	-	140
Financial guarantee contract	18,168	(39,879)	34,937	13,226
Inventory	34,212	(3,421)	-	30,791
Accounts payable	9,429	(323)	**-**	9,106
Net deferred income tax	**775,161**	**(96,700)**	**134,454**	**812,916**
Write off	(1,435,757)	87,422	-	(1,348,335)
Deferred income tax	**(660,596)**	**(9,279)**	**134,454**	**(535,419)**

(d) Unrecognised deferred tax assets

At 31 December 2020, deferred tax assets of HrazTES OJSC have not been recognised in respect of deductible temporary differences related to fixed assets and trade receivables amounted AMD 46,777 thousand (2019: AMD 1,348,335 thousand).

Deferred tax assets resulting from deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised because per management’s estimate the Company will not be able to realise under existing future operation plans.

11. Property, plant and equipment

’000 AMD	**Land and buildings**	**Structures and mechanisms**	**Machines and equipment**	**Under construction**	**Total**
Revalued amount					
Balance at 1 January 2019	1,822,241	2,707,542	4,360,607	32,011	8,922,401
Additions	-	-	10,961	-	10,961
Disposals	-	(5,720)	(16,343)	-	(22,063)
Balance at 31 December 2019	**1,822,241**	**2,701,822**	**4,355,225**	**32,011**	**8,911,299**
Balance at 1 January 2020	1,822,241	2,701,822	4,355,225	32,011	8,911,299
Acquisition through business combination	16,089,302	10,234,208	56,823	198,583	26,578,916
Additions	-	488,555	186,273	394,102	1,068,930
Transfer	95,970	214,136		(310,106)	-
Revaluation	4,810,164	1,816,064	4,388,479	(7,041)	11,007,666
Elimination of accumulated depreciation	(1,131,807)	(803,974)	(2,352,754)	-	(4,288,535)
Balance at 31 December 2020	**21,685,870**	**14,650,811**	**6,634,046**	**307,549**	**43,278,276**
Depreciation					
Balance at 1 January 2019	466,462	237,810	1,488,186	-	2,192,458
Depreciation for the year	208,334	109,426	726,449	-	1,044,209
Disposals	-	(3,149)	(16,267)	-	(19,416)
Balance at 31 December 2019	**674,796**	**344,087**	**2,198,368**	**-**	**3,217,251**
Balance at 1 January 2020	674,796	344,087	2,198,368	-	3,217,251
Depreciation for the year	541,095	747,250	551,181	-	1,839,526
Elimination of accumulated depreciation	(1,131,807)	(803,974)	(2,352,754)	-	(4,288,535)
Balance at 31 December 2020	84,084	287,363	396,795	-	768,242
Carrying amounts					
At 1 January 2019	1,355,779	2,469,732	2,872,421	32,011	6,729,943
At 31 December 2019	**1,147,445**	**2,357,735**	**2,156,857**	**32,011**	**5,694,048**
At 31 December 2020	**21,601,786**	**14,363,448**	**6,237,251**	**307,549**	**42,510,034**

(a) Depreciation charge

Depreciation expense of AMD 1,993,370 thousand (2019: AMD 1,017,982 thousand) has been charged to cost of sales and AMD 69,298 thousand (2019: AMD 26,227 thousand) to administrative expenses. The remaining expense has been charged to other expenses.

(b) Revaluation of property, plant and equipment of Hraztes OJSC (Company)

During the year, the management commissioned “A & M Financial Consulting” CJSC to independently appraise property, plant and equipment as at 31 December 2020. The fair value of the Company’s property, plant and equipment was determined to be AMD 10,059,030 thousand, which has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used (see Note 4).

The value of property, plant and equipment was determined by:

- The residual value at the end of the period, which for building and land determined with reference to market prices and for property and plant with reference to residual scrap value;
- Present value of the cash flow for the expected operational period of the plant.

The following key assumptions were used in performing the cash flow testing:

- Cash flows were projected based on past experience, actual operating results, the Company’s production plan and regulatory approved numbers on 2021 operation year.
- The forecast period is till 2022 October. The Company operates on a residual basis when there is unsatisfied demand for electricity in the Republic of Armenia. According to the Ministry of Energy Infrastructures and Natural Resources of the RA there will be demand for electricity produced by the Company until October 2022.
- Total production of electricity was projected at 1,090 thousand KVT/hour for 2021 and 280 thousand KVT/hour for 2022. The 2021 figure represents approved production plan per regulator.
- Total volume of capacity ordered was projected at 7,600 MVT for 2021 and 2,400 MVT for 2022. The 2021 figure represents approved plan of regulator.
- A discount rate of 11.57% was applied. The discount rate was estimated based on an industry average weighted average cost of capital.

The following key assumptions were applied on residual scrap value calculation:

- The residual value is determined with reference to metal prices prevailing in the local market
- The quantity of metals is determined based on the technical specifications of the items assessed by technical staff

(c) Revaluation of property, plant and equipment of International Energy Corporation CJSC (Entity)

The management commissioned “A & M Financial Consulting” CJSC to independently appraise property, plant and equipment as at 31 December 2020 of International Energy Corporation CJSC. The value of property, plant and equipment was estimated using discounted cash flow approach and determined to be AMD 28,641,069 thousand, which has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used (see Note 4).

The majority of the Entity’s property, plant and equipment is specialised in nature and is rarely sold on the open market other than as part of a continuing business. Except for vehicles and several land and buildings, which may be appraised on the basis of recent market transactions or observable market inputs (e.g. market prices of comparable items), the market for similar property, plant and equipment is not active in the Republic of Armenia and does not provide a sufficient number of sales of comparable property, plant and equipment for using a market-based approach for determining fair value.

Consequently, the fair value of property, plant and equipment was primarily determined using discounted cash flow approach. This method considers free cash flows of the company to estimate enterprise value and make required adjustments (i.e. book value of net working capital and other operating long-term assets) to arrive to the property, plant and equipment value

The following key assumptions were used in performing the cash flow testing:

- Cash flows were projected based on past experience, actual operating results and the Entity’s twenty-four-year business plan. The business plan period was determined with reference to tariff formulation methodology as published by PSRC according to which the investments made by the Entity are compensated on average for 25 years.
- The anticipated sales included in the cash flow projections was estimated with reference to the tariff formulation methodology as published by the PSRC.
- Revenue and expenses were adjusted for respective inflation rates.
- A discount rate of 10.57% was applied. The discount rate was estimated based on an industry average weighted average cost of capital, which was based on a possible range of debt leveraging of 39.05% at a market interest rate of 8%.
- A terminal value was derived at the end of a 24-year period. A terminal rate of 0% was considered in estimating the terminal value for the plants.

An increase of 1% in the discount rate used would have caused the discounted amount of future cash flows to equal to AMD 27,628,779 thousand.

12. Intangible assets and goodwill

’000 AMD	**Goodwill**	**License**	**Development costs**	**Other**	**Total**
Cost					
Balance at 1 January 2019	90,019	1,686,597	156,455	21,202	1,954,273
Additions	-	-	23,154	559	23,713
Balance at 31 December 2019	**90,019**	**1,686,597**	**179,609**	**21,761**	**1,977,986**
Balance at 1 January 2020	90,019	1,686,597	179,609	9,994	1,966,219
Additions	-	-	56,095	69	56,164
Balance at 31 December 2020	**90,019**	**1,686,597**	**235,704**	**10,063**	**2,022,383**
Amortisation					
Balance at 1 January 2019	-	374,759	-	13,465	388,224
Amortisation for the year	-	187,400	-	2,212	189,612
Balance at 31 December 2019	**-**	**562,159**	**-**	**15,677**	**577,836**
Balance at 1 January 2020	-	562,200	-	4,080	566,279
Amortisation for the year	-	187,400	-	467	187,867
Balance at 31 December 2020	**-**	**749,600**	**-**	**4,547**	**754,147**
Carrying amounts					
At 1 January 2019	90,019	1,311,838	156,455	7,737	1,566,049
At 31 December 2019	**90,019**	**1,124,438**	**179,609**	**6,084**	**1,400,150**
At 31 December 2020	**90,019**	**936,997**	**235,704**	**5,516**	**1,268,236**

(a) License

License was acquired by the Group through the acquisition of Dzoraget Hydro LLC, which have finite useful lives and are measured at cost less accumulated amortisation and accumulated impairment losses

(b) Development costs

Development costs represent design costs of a new hydro power plant, the construction of which has not started yet. The hydro power plant will be constructed on Debed river and is expected to become one of the biggest hydro power plants in Armenia with installed capacity of 76 MW and annual electricity supply of 300 million kWh.

13. Borrowings given to related parties

'000 AMD	**2020**	**2019**
Non-current		
Borrowings given to related parties	**584,843**	**402,299**
Current		
Borrowings given to related parties	**10,852,183**	**10,313,800**

(a) Terms and debt repayment schedule

Terms and conditions of outstanding borrowings were as follows:

				2020		**2019**	
'000 AMD	**Currency**	**Nominal interest rate**	**Year of maturity**	**Face value**	**Carrying amount**	**Face value**	**Carrying amount**
Unsecured loans given to related parties	AMD	0.00%	2024	250,960	176,612	257,513	167,518
Unsecured loans given to related parties	AMD	0.00%	2023	296,782	210,480	321,457	208,558
Unsecured loans given to related parties	AMD	0.00%	2022	44,500	35,341	37,500	26,222
Unsecured loans given to related parties	AMD	0.00%	2021	1,564,873	1,405,425	766,873	686,261
Unsecured loans given to related parties	AMD	4.00%	2021	339,321	321,594	1,048,452	1,013,603
Unsecured loans given to related parties	AMD	4.90%	2021	1,070,920	1,006,392	1,023,260	963,026
Unsecured loans given to related parties	USD	5.75%	2021	1,030,860	1,015,622	896,155	881,938
Unsecured loans given to related parties	AMD	0.00%	2024	30,000	18,904	-	-
Unsecured loans given to related parties	AMD	0.00%	2026	16,800	8,648	-	-
Unsecured loans given to related parties	AMD	0.00%	2027	300,000	135,384	-	-
Secured loans given to related parties	AMD	4.90%	2021	94,897	89,179	222,062	208,991
Secured loans given to related parties	USD	4.90%	2021	840,124	815,006	1,059,668	1,026,550
Secured loans given to related parties	USD	5.75%	2021	1,259,587	1,231,237	1,103,571	1,077,743
Secured loans given to related parties	USD	2.25%	2021	2,764,197	2,613,995	2,483,220	2,344,840
Secured loans given to related parties	USD	4.00%	2021	2,484,818	2,353,207	2,197,803	2,110,848
				12,388,639	**11,437,026**	**11,417,533**	**10,716,099**

Secured borrowings given to related parties are secured by financial guarantees.

The Group's exposure to credit and currency risks and impairment losses related to borrowings given are disclosed in Note 23.

14. Equity-accounted investees

(a) Associates

In 2019 the Group acquired 21.4724% of the equity interests in “Kamsar” LLC for AMD 169,750 thousand. The Group has determined that it has significant influence because it has representation on the board of the investee and accounted it through the equity method initially recognizing at cost.

The following table analyses, in aggregate, the carrying amount and share of profit and OCI in this associate.

’000 AMD	**2020**	**2019**
Initial consideration paid	169,750	169,750
Discounting effect of interest-free borrowing granted to associate	101,816	103,142
Group share in:		
– Loss from continuing operations	(2,240)	(1,326)
	269,326	**271,566**

15. Prepayments for non-current assets

’000 AMD	**2020**	**2019**
Prepayments given for acquisition of subsidiaries	-	1,302,404
Other prepayments	327,166	10,432
Prepayments for non-current assets	**327,166**	**1,312,836**

As of 31 December 2019, the balance of prepayments given for acquisition of subsidiaries represents prepayments given for the acquisition of 90% equity shares of “International Energy Corporation” CJSC, which was concluded in 2020. Information about the acquisition of subsidiary is presented in Note 27.

16. Trade and other receivables

’000 AMD	**2020**	**2019**
Trade receivables from contracts with customers	6,382,218	2,899,420
Other trade receivables	9,126	26,991
VAT receivables	180,163	6,631
Other receivables	1,131,185	47,810
Total trade and other receivables	**7,702,692**	**2,980,852**

The Group’s exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in Note 23.

17. Bank deposits

Term and conditions of outstanding bank deposit were as follows:

				2020		2019	
'000 AMD	**Currency**	**Nominal interest rate**	**Year of maturity**	**Face value**	**Carrying amount**	**Face value**	**Carrying amount**
Bank deposit	AMD	8.50%	2021	306,131	305,731	-	-
Bank deposit	AMD	8.25%	2021	404,148	403,748	-	-
Bank deposit	USD	2.80%	2021	157,713	157,513	-	-
Bank deposit	AMD	5.95%	2021	101,190	100,990	-	-
Bank deposit	USD	2.20%	2021	104,977	104,775	-	-
Bank deposit	AMD	6.50%	2020	-	-	831,198	830,446
Bank deposit	AMD	5.10%	2020	-	-	78,120	78,102
Bank deposit	AMD	6.75%	2021	151,660	151,660	-	-
				1,225,819	**1,224,417**	**909,318**	**908,548**

The Group's exposure to credit risk for financial assets and liabilities are disclosed in Note 23.

18. Cash and cash equivalents

'000 AMD	**2020**	**2019**
Bank balances	583,575	461,619
Petty cash	27,832	284
Total cash and cash equivalents	**611,407**	**461,903**

The Group's exposure to credit risk for financial assets and liabilities are disclosed in Note 23.

19. Capital and reserves

(a) Share capital and capital distributions

Number of shares unless otherwise stated	**Ordinary shares**	
	2020	**2019**
In issue at 1 January	1,597,430	1,597,430
Issued for cash	-	-
In issue at 31 December, fully paid	1,597,430	1,597,430
Authorised shares - par value	AMD 4,892	AMD 4,892

(b) Ordinary shares

All ordinary shares rank equally with regard to the Company’s residual assets.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

(c) Dividends

In accordance with Armenian legislation the distributable reserves of the Company and its subsidiaries are limited to the balance of respective retained earnings as recorded in the financial statements of the Company and its subsidiaries prepared in accordance with IFRSs.

No dividends are proposed and paid in 2020 and 2019 to shareholders.

(d) Capital distribution

Capital distribution amounting to AMD 4,273,015 thousand was recognized as 31 December 2020 as a result of a Cession agreement (with subsequent payment) signed between Group and related party, according to which the ownership of loan to the third party was transferred to the Group.

The borrower is a highly geared entity with financial difficulties, with the most of its assets collateralized for other bank loans. This results the loan payable to the Group being by substance subordinated against loans received from banks. Considering the above, Management has not been able to make reliable estimates in relation to the expected cash flows from the loan receivable from third party.

The decision of signing the Cession agreement was made solely because the counterparty is a related party and the decision was made in the capacity of shareholder. Therefore, Management considers that the transaction represents capital distribution to a related party.

During 2020 recognized capital distribution relating to the effect of the low interest borrowings given and guarantees to the related parties amounts to AMD 1,013,073 thousand (2019: AMD 532,856 thousand).

(e) Revaluation surplus

The revaluation surplus relates to the revaluation of property, plant and equipment.

20. Capital management

The Group has no formal policy for capital management, but management seeks to maintain a sufficient capital base for meeting the Group’s operational and strategic needs, and to maintain confidence of market participants. This is achieved with efficient cash management, constant monitoring of Group’s revenues and profit, and long-term investment plans mainly financed by the Group’s operating cash flows. With these measures the Group aims for steady profits growth.

There were no changes in the Group’s approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

21. Loans and borrowings

This note provides information about the contractual terms of the Group’s interest-bearing loans, which are measured at amortised cost. For more information about the Group’s exposure to interest rate, foreign currency and liquidity risk see Note 23.

’000 AMD	2020	2019
Non-current liabilities		
Unsecured loan	4,187,203	-
Secured bank loan	5,449	287,820
	4,192,652	**287,820**
Current liabilities		
Secured bank loan	26,754,981	-
Unsecured loan	512,200	1,406
	27,267,181	**1,406**

As of 31 December 2020, the Group is in breach of financial covenant attached to a loan agreement. This gives right to the Bank to demand early repayment of the total outstanding balance with the amount of AMD 21,963,796. As a result of this the total outstanding loan balance was transferred to current liability account.

Nevertheless, after the reporting date the Bank expressed its decision not to apply the above mentioned right, through the letter provided to the Company. Furthermore, subsequent to the year-end, new credit facility with the amount of USD 3,000 thousand has been provided.

However, the total outstanding loan balance was classified to current as required by literal rule of IAS 1, paragraph 74.

(a) Terms and debt repayment schedule

Term and conditions of outstanding loans were as follows:

				2020		2019	
’000 AMD	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
Secured bank loan	EUR	5.25%	2021	2,443,393	2,443,393	-	-
Secured bank loan	AMD	8.50%	2021	2,087,920	2,087,920	-	-
Secured bank loan	EUR	0.00%	2023	5,450	5,450	-	-
Secured bank loan	USD	5.75%	2023	315,081	315,081	289,226	289,226
Secured bank loan	EUR	3.00%	2025	21,963,796	21,963,796	-	-
Unsecured loan	EUR	0.75%	2041	7,315,594	4,644,193	-	-
				34,131,234	**31,459,833**	**289,226**	**289,226**

(b) Reconciliation of movements of liabilities to cash flows arising from financing activities

		Liabilities	
’000 AMD	**Note**	**Loans and borrowings**	**Total**
Balance at 1 January 2020		289,226	289,226
Changes from financing cash flows			
Proceeds from loans and borrowings		26,202,485	26,202,485
Repayment of loans and borrowings		(24,495,481)	(24,495,481)
Total changes from financing cash flows		**1,707,004**	**1,707,004**
Changes arising from obtaining control of subsidiary		**23,924,308**	**23,924,308**
The effect of changes in foreign exchange rates		**5,451,525**	**5,426,287**
Other changes			
Liability-related			
Interest expense	9	1,516,634	1,488,038
Interest paid		(1,428,864)	(1,428,864)
Total liability-related other changes		**87,770**	**59,174**
Balance at 31 December 2020		**31,459,833**	**31,405,999**

		Liabilities	
’000 AMD	**Note**	**Loans and borrowings**	**Total**
Balance at 1 January 2019		**1,435,609**	**1,435,609**
Changes from financing cash flows			
Repayment of loans and borrowings		(1,114,447)	(1,114,447)
Total changes from financing cash flows		**(1,114,447)**	**(1,114,447)**
The effect of changes in foreign exchange rates		**(13,185)**	**(13,185)**
Other changes			
Liability-related			
Derecognition of disposed subsidiary balance		(13,244)	(13,244)
Interest expense	9	44,379	44,379
Interest paid		(49,886)	(49,886)
Total liability-related other changes		**(18,751)**	**(18,751)**
Balance at 31 December 2019		**289,226**	**289,226**

22. Trade and other payables

’000 AMD	2020	2019
Payables for gas consumption	5,600,632	2,164,390
Other trade payables	1,969,473	54,962
Payable to employees	205690	137,926
Other taxes payable	149012	232,403
Total trade and other payables	**7,924,807**	**2,589,681**

The Group’s exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 23.

23. Fair values and risk management

(a) Fair values

Management estimates that the fair values of financial assets and liabilities are not materially different from their carrying amounts.

(b) Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- credit risk (see Note 234(b) (ii));
- liquidity risk (see Note 23 (b) (iii));
- market risk (see Note 23 (b) (iv)).

(i) Risk management framework

The Management has overall responsibility for the establishment and oversight of the Group’s risk management framework.

The Group’s risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group’s receivables from customers and borrowings given.

The carrying amount of financial assets and financial guarantees provided represents the maximum credit exposure.

Impairment losses recognized on financial assets were presented in finance costs. No impairment losses were recognized in profit or loss on financial guarantees provided as the financial guarantee contract initially recognized less cumulative income recognized exceeded the calculated expected credit loss amount during the period.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

Almost all of the Group's revenue and trade receivables are attributable to transactions with a single related party customer, which is an entity incorporated and operating in Armenia. The customer has external credit rating BA2 based on data published by Moody's rating agencies and are currently in Stage 1.

The Group does not require collateral in respect of trade and other receivables.

Expected credit loss assessment for customers

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definitions from agencies such as Moody's Investor Services.

Cash and cash equivalents and bank deposits

The Group held cash and cash equivalents of AMD 583,575 thousand and deposits of AMD 1,224,417 thousand at 31 December 2019 (2019: AMD 461,619 thousand and AMD 908,548 thousand respectively), which represents its maximum credit exposure on these assets. The cash and cash equivalents and deposits as at 31 December 2020 are held with banks which are rated Ba3, based on Moody's Investor Services ratings.

Impairment on cash and cash equivalents and deposits has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that all balances of cash and cash equivalents and deposits are in Stage 1. Per Group's assessment no impairment loss is recognised on current account primarily due to their short maturities.

The Group uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for trade receivables.

Financial guarantees provided

The Group does not consider that financial guarantee contracts entered into by the Group to guarantee the indebtedness of other parties are insurance arrangements, and accounts for them under IFRS 9. The Group's policy is to provide financial guarantees only for related parties' liabilities. At 31 December 2020, the Group has issued guarantees to certain banks in respect of loans granted to three related parties (Note 25).

The Group uses a similar approach for assessment of ECLs for financial guarantees to those used for trade receivables.

Borrowings given

The Group uses a similar approach for assessment of ECLs for borrowings given to those used for trade receivables.

The Group’s policy is to provide borrowings to related parties. The Group usually requires financial guarantees as a collateral in respect of borrowings given (Note 12).

With respect to the borrowings given to related parties the Group does not expect material losses as the related party that has provided financial guarantee has significant financial standing.

Borrowings given are provided to externally unrated entities. Management estimates that that the rating is approximating to BA3-B1 rating under Moody’s rating system.

The following table provides information about the exposure to credit risk and ECLs for borrowings given and deposits as at 31 December 2020 and 31 December 2019.

	Gross balance as at 31 December 2020	**Loss allowance as at 31 December 2020**	**Gross balance as at 31 December 2019**	**Loss allowance as at 31 December 2019**
Borrowings given to related parties	11,457,693	(20,667)	10,760,318	(44,219)
Trade and other receivables	7,713,123	(10,431)	2,899,420	-
Deposits	1,225,819	(1,402)	909,318	(770)
Cash and cash equivalents	611,407	-	461,619	-
	21,008,042	**(32,500)**	**15,030,675**	**(44,989)**

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group’s reputation.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include estimated interest payments.

31 December 2020			**Contractual cash flows**					
’000 AMD	**Carrying amount**	**Total**	**On demand**	**Less than 2 months**	**2-12 months**	**1-2 years**	**2-5 years**	**Over 5 years**
Non-derivative financial liabilities								
Loans and borrowings*	31,459,833	36,973,447	-	101,841	8,006,626	2,689,231	20,600,599	5,575,150
Trade and other payables	7,570,105	7,570,105		7,570,105	-	-	-	-
Financial guarantees provided	18,181,466	18,181,466	-	4,167,215	14,014,251	-	-	-
	57,211,404	**62,725,018**	**-**	**11,839,161**	**22,020,877**	**2,689,231**	**20,600,599**	**5,575,150**

* The cash flows of on demand l are presented based on the initial contract schedule, however the loan financial covenant has been breached providing the lender a right of request of early repayment. Details are presented in Note 21.

31 December 2019			**Contractual cash flows**				
’000 AMD	**Carrying amount**	**Total**	**On demand**	**Less than 2 months**	**2-12 months**	**1-2 years**	**2-5 years**
Non-derivative financial liabilities							
Secured bank loans	289,226	351,348	1,463	2,835	12,986	17,238	316,826
Trade and other payables	2,219,352	2,219,352	-	2,219,352	-	-	-
Financial guarantees provided	18,393,562	18,393,562	-	-	18,393,562	-	-
	20,902,140	**20,964,262**	**1,463**	**2,222,187**	**18,406,548**	**17,238**	**316,826**

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(iv) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group is exposed to market risk. Market risk primarily relates to the tariffs established for the Group and affects the purchase price of electricity and the price that can be set for the users for the electricity consumed. Despite the fact that the Group influences the sizes of certain tariffs set, the tariffs' sizes are beyond the Group's control, and political factors also play a role when making decision on final tariffs.

Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between currencies in which sales, purchases and borrowings are denominated and the functional currency of the Group entities.

Exposure to currency risk

The Group's exposure to foreign currency risk was as follows:

'000 AMD	**USD-denominated 2020**	**EUR-denominated 2020**	**USD-denominated 2019**	**EUR-denominated 2019**
Borrowings given to related parties	8,224,864	-	7,441,919	-
Loans and borrowings received	(315,081)	(28,976,538)	(289,226)	-
Net exposure	**7,909,783**	**(28,976,538)**	**7,152,693**	**-**

The following significant exchange rates have been applied during the year:

in AMD	**Average rate**		**Reporting date spot rate**	
	2020	**2019**	**2020**	**2019**
USD 1	489.23	480.24	522.59	479.7
EUR 1	631.77	531.67	641.11	537.26

Sensitivity analysis

A reasonably possible strengthening of the AMD, as indicated below, against USD and EUR at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and profit or loss before taxes by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	USD	**EUR**
’000 AMD	**Profit or loss**	**Profit or loss**
31 December 2020 (10% movement)	(790,978)	2,897,654
31 December 2019 (10% movement)	(715,269)	-

Interest rate risk

Changes in interest rates impact primarily borrowings given and loans and borrowings by changing either their fair value (fixed rate debt) or their future cash flows (variable rate debt). Management does not have a formal policy of determining how much of the Group’s exposure should be to fixed or variable rates. However, at the time of raising new loans or borrowings management uses its judgment to decide whether it believes that a fixed or variable rate would be more favourable to the Group over the expected period until maturity.

Exposure to interest rate risk

At the reporting date the interest rate profile of the Company’s interest-bearing financial instruments was:

	Carrying amount	
’000 AMD	**2020**	**2019**
Fixed rate instruments		
Financial assets	11,437,026	10,716,099
Financial liabilities	(9,496,037)	(289,226)
	1,940,989	**10,426,873**
Variable rate instruments		
Financial liabilities	21,963,796	-
	21,963,796	**-**

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial instruments as fair value through profit or loss or as available-for-sale. Therefore, a change in interest rates at the reporting date would not have an effect in profit or loss or in equity.

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss net of taxes by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss	
	100 bp increase	**100 bp decrease**
'000 AMD		
2020		
Variable rate instruments	(180,134)	180,134
Cash flow sensitivity (net)	**(180,134)**	**180,134**
2019		
Variable rate instruments	-	-
Cash flow sensitivity (net)	**-**	**-**

24. Significant subsidiaries

Subsidiary	**Country of incorporation**	**2020 Ownership/voting Total**	**2019 Ownership/voting Total**
Energy Invest Holding CJSC	Republic of Armenia	100%	100%
Dzoraget Hydro LLC	Republic of Armenia	100%	100%
International Energy Corporation CJSC	Republic of Armenia	100%	-

25. Commitments

The Group accounts financial guarantee contract under IFRS 9. The standard requires to measure the contract initially at fair value, and subsequently at the higher of the amount of the loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

The Group's policy is to provide financial guarantees only for under common control entities' liabilities.

At 31 December 2020, the Group has guaranteed the performance of three related parties under the bank loan agreements. The contract amount and outstanding balance of those three loans as at 31 December 2020 was AMD 18,181,466 thousand (31 December 2019: AMD 18,393,562 thousand).

Under the agreement, the guarantors irrevocably and unconditionally:

– guarantee to the bank punctual performance of all the obligations of the guarantors or borrowers under the Facility Agreement;
– undertake with the bank that whenever the borrower do not pay any amount when due under or in connection with the Agreement, the guarantor shall immediately on demand pay that amount as if it was the principal obligor.

The fair value of financial guarantees was determined with reference to the expected lifetime expected credit losses.

26. Contingencies

(a) Insurance

The insurance industry in Armenia is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Group has up to AMD 2,902,183 thousand coverage for its property, plant and equipment against physical damage and theft.

(b) Litigations

The Group does not have litigations that may have a material effect on the Group’s consolidated financial position.

(c) Taxation contingencies

The taxation system in Armenia is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes unclear, contradictory and subject to varying interpretation. Taxes are subject to review and investigation by tax authorities, which have the authority to impose fines and penalties. In the event of a breach of tax legislation, no liabilities for additional taxes, fines or penalties may be imposed by tax authorities once three years have elapsed from the date of the breach.

These circumstances may create tax risks in Armenia that are more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Armenian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

Transfer pricing legislation was enacted in the Republic of Armenia starting from 1 January 2020. The legislation is effective for the financial year 2020 and onwards. The local transfer pricing rules are closer to OECD guidelines, but with uncertainty in practical application of tax legislation in certain circumstances.

Transfer pricing rules introduce an obligation for the taxpayers to prepare transfer pricing documentation with respect to controlled transactions and prescribe basis and mechanisms for accruing additional taxes and interest in case prices in the controlled transactions differ from the market level.

Transfer pricing rules apply to the transactions listed below, if the total amount of the controlled transaction exceeds AMD 200 million in the tax year:

- cross-border transactions between related parties;
- cross-border transactions with companies registered in offshore zones, regardless of being related party or not;
- certain in-country transactions between related parties, as determined under the Armenian Tax Code.

Since there is no practice of applying the transfer pricing rules by the tax authorities and courts, it is difficult to predict the effect of the new transfer pricing rules on these consolidated financial statements.

27. Acquisition of subsidiary

On March 2020 the Group obtained control of “International Energy Corporation” CJSC by acquiring 100% of the shares and voting interests of that company for AMD 1,374,479 thousand. Total consideration paid are in cash and there are no any contingent consideration arrangements to be calculated and paid in the future date.

Taking control of “International Energy Corporation” CJSC will enable the Group to strengthen its market position in electricity production sector.

In preparing these financial statements the transaction is accounted for as a business combination.

From the date of acquisition to 31 December 2020 "International Energy Corporation" contributed revenue of AMD 5,482,290 thousand and loss of AMD 3,708,357 thousand.

If all acquisitions of businesses had occurred on 1 January 2020, management estimates that consolidated revenue would have been AMD 30,075,205 thousand, and consolidated loss for the year would have been AMD 1,119,959 thousand. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2020.

The provisional fair value amounts of assets and liabilities of the acquired subsidiary recognised in the Group’s consolidated financial statements were as follows at the date of acquisition:

AMD’000	**Provisional amounts recognised on business combination**
ASSETS	
Property, plant and equipment	26,578,917
Intangible assets	9,534
Advances for acquisition of PPE	2,282
Deferred tax assets	382,701
Inventories	395,249
Trade and other receivables	570,095
Bank deposits	508,423
Cash and cash equivalents	459,911
LIABILITIES	
Loans and borrowings	(23,924,308)
Current tax liabilities	(423,987)
Trade and other payables	(257,226)
Net identifiable assets and liabilities	**4,301,591**

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	**Valuation technique**
Property, plant and equipment	*DCF model*: The fair value of property, plant and equipment was primarily determined using discounted cash flow approach. This method considers free cash flows of the company to estimate enterprise value and make required adjustments (i.e. book value of net working capital and other operating long-term assets) to arrive to the property, plant and equipment value
Loans and borrowings	*Market comparison technique*: The fair value is determined based on the prevailing market interest rates of comparable instruments and contractual cash flows.

(i) Goodwill

Goodwill was recognised as a result of the acquisition as follows:

’000 AMD	
Total consideration transferred	1,374,479
Fair value of identifiable net assets	(4,301,591)
Bargain on purchase	**(2,927,112)**

28. Related parties

(a) Parent and ultimate controlling party

The Group’s immediate parent company is “Tashir Capital” CJSC. The Group’s ultimate controlling party is Mr. Samvel Karapetyan.

(b) Transactions with key management personnel

(i) Key management remuneration

Key management received the following remuneration during the year, which is included in personnel costs:

’000 AMD	**2020**	**2019**
Salaries and bonuses	**721,089**	**435,918**

(c) Other related party transactions

'000 AMD	Transaction value for the year ended 31 December		Outstanding balance as at 31 December	
	2020	2019	2020	2019
Sale of goods and services:				
Fellow subsidiaries	29,153,320	19,958,571	6,382,218	2,906,130
Purchase of goods and services:				
Fellow subsidiaries	366,246	203,735	20,146	27,465
Borrowings given:				
Parent company	900,000	2,863,209	3,935,123	3,523,457
Associates	-	250,000	250,961	250,000
Other related party	(161,975)	(2,329,018)	7,446,740	7,644,076
Financial guarantee contracts:				
Parent company	79,299	15,485	73,156	13,572
Other related parties	263,256	138,959	27,319	59,908
Interest income:				
Parent company	956,230	69,336	239,082	-
Other related party	724,581	364,458	905,676	673,740
Others:				
Financial guarantees provided to parent company	4,167,215	3,492,190	4,167,215	3,492,190
Financial guarantees provided to other related party loans	18,630,243	14,901,372	14,014,251	14,901,372

29. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for property, plant and equipment that are stated at revalued amounts.

30. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquire; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(ii) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree’s identifiable net assets at the acquisition date.

(iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(iv) Interests in equity-accounted investees

The Group’s interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Interests in associates are accounted for using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group’s share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued, except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

(vi) Acquisition of group of assets

If the Group acquires an asset or a group of assets, including any liabilities assumed, that does not constitute a business, then such transactions are accounted for as asset acquisitions in which the cost of acquisition is allocated between the individual identifiable assets and liabilities in the group based on their relative fair values at the acquisition date. A business is an integrated set of activities and assets that is capable of being conducted and managed to provide a return to investors (or other owners, members or participants) by way of dividends, lower costs or other economic benefits.

(vii) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as measured at FVOCI financial asset depending on the level of influence retained.

(b) Revenue

Information about the Group's accounting policies relating to contracts with customers is provided in Note 6(c).

(c) Finance income and costs

The Group's finance income and finance costs include:

– interest income;
– interest expense;
– the foreign currency gain or loss on financial assets and financial liabilities.

Interest income and expense are recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising in translation are recognized in profit or loss.

(e) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(f) Income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from dividends.

(ii) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
– temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
– taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognized for unused tax losses, unused tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

In accordance with the tax legislation of the Republic of Armenia, tax losses and current tax assets of a company in the Group may not be set off against taxable profits and current tax liabilities of other Group companies. In addition, the tax base is determined separately for each of the Group’s main activities and, therefore, tax losses and taxable profits related to different activities cannot be offset.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes, penalties and late-payment interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact the tax expense in the period that such a determination is made.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at revalued amount less subsequently accumulated depreciation and any accumulated impairment losses. Revaluations are performed with sufficient regularity to avoid significant differences between the carrying amount and the amount that is determined when using fair value at the reporting date.

A revaluation increase on assets is recognized as other comprehensive income except to the extent that it reverses a previous revaluation decrease recognized in profit or loss, in which case it is recognized in profit or loss. A revaluation decrease on assets is recognized in profit or loss except to the extent of any credit balance existing in the revaluation reserve.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/other expenses in profit or loss. When revalued assets are sold, any related amount included in the revaluation reserve as revaluation surplus is transferred to retained earnings.

(ii) Subsequent expenditure

The subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land is not depreciated.

The estimated useful lives of significant items of property, plant and equipment for the current and comparative periods are as follows:

- buildings from 5 to 80 years;
- structures and mechanisms from 5 to 50 years;
- machines and equipment from 3 to 7 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(i) Intangible assets

(i) Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The capitalised expenditure includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in the profit or loss as incurred.

Subsequent to initial recognition, capitalised development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

(iii) License and other intangible assets

License and other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the profit or loss as incurred.

(v) Amortisation

Amortisation is based on the cost of the asset less its estimated residual value.

Amortisation is generally recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use since this most closely reflects the expected pattern of consumption of future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

– license 9 years;
– other from 3 to 7 years.

Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(j) Financial instruments

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management’s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group’s management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group’s continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group’s claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Financial assets – Subsequent measurement and gains and losses

The Group classified its financial assets into financial assets at amortised cost category. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different (referred to as ‘substantial modification’), then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

The Group performs a quantitative and qualitative evaluation of whether the modification is substantial, i.e. whether the cash flows of the original financial asset and the modified or replaced financial asset are substantially different. The Group assesses whether the modification is substantial based on quantitative and qualitative factors in the following order: qualitative factors, quantitative factors, combined effect of qualitative and quantitative factors. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset deemed to have expired. In making this evaluation the Group analogizes to the guidance on derecognition of financial liabilities.

The Group concludes that the modification is substantial as a result of the following qualitative factors:

– change the currency of the financial asset;
– change in collateral or other credit enhancement;
– change of terms of financial asset that lead to non-compliance with SPPI criterion (e.g. inclusion of conversion feature).

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate.

Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

Financial liabilities

The Group derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

If a modification (or exchange) does not result in the derecognition of the financial liability the Group applies accounting policy consistent with the requirements for adjusting the gross carrying amount of a financial asset when a modification does not result in the derecognition of the financial asset, i.e. the Group recognises any adjustment to the amortised cost of the financial liability arising from such a modification (or exchange) in profit or loss at the date of the modification (or exchange).

Changes in cash flows on existing financial liabilities are not considered as modification, if they result from existing contractual terms.

Group performs a quantitative and qualitative evaluation of whether the modification is substantial considering qualitative factors, quantitative factors and combined effect of qualitative and quantitative factors. The Group concludes that the modification is substantial as a result of the following qualitative factors:

– change the currency of the financial liability;
– change in collateral or other credit enhancement;
– inclusion of conversion option;
– change in the subordination of the financial liability.

For the quantitative assessment the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

(iv) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(k) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Preference shares

Non-redeemable preference shares are classified as equity, because they bear discretionary dividends, do not contain any obligations to deliver cash or other financial assets and do not require settlement in a variable number of the Group's equity instruments. Discretionary dividends thereon are recognised as equity distributions on approval by the Company's shareholders.

(l) Impairment

Non-derivative financial assets

Financial instruments

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

(m) Financial guarantees provided

The Group recognises a liability for the financial guarantee provided initially at fair value of the guarantee and subsequently measures it at the higher of the amount of loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

When the Group provides a financial guarantee to a related party even with no consideration, it is considered that the parent is acting in its capacity as a shareholder and the issuance of the financial guarantee is recognised as a capital distribution.

(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

31. New standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

(a) Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated. The Company has determined that all contracts existing at 31 December 2020 will be completed before the amendments become effective.

(b) Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to:

- changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities; and
- hedge accounting.

(i) Change in basis for determining cash flows

The amendments will require an entity to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability.

At 31 December 2020, the Company has no LIBOR secured bank loans that will be subject to IBOR reform.

(ii) Hedge accounting

The amendments provide exceptions to the hedge accounting requirements in the following areas.

- Allow amendment of the designation of a hedging relationship to reflect changes that are required by the reform.
- When a hedged item in a cash flow hedge is amended to reflect the changes that are required by the reform, the amount accumulated in the cash flow hedge reserve will be deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.
- When a group of items is designated as a hedged item and an item in the group is amended to reflect the changes that are required by the reform, the hedged items are allocated to sub-groups based on the benchmark rates being hedged.
- If an entity reasonably expects that an alternative benchmark rate will be separately identifiable within a period of 24 months, it is not prohibited from designating the rate as a non-contractually specified risk component if it is not separately identifiable at the designation date.

Due to absence of hedge accounting the Company does not expect an effect because of IBOR transition.

(iii) Disclosure

The amendments will require the Company to disclose additional information about the entity's exposure to risks arising from interest rate benchmark reform and related risk management activities.

(iv) Transition

The Company plans to apply the amendments from 1 January 2021. Application will not impact amounts reported for 2020 or prior periods.

(c) Other standards

The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

- *COVID-19-Related Rent Concessions (Amendment to IFRS 16).*
- *Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).*
- *Reference to Conceptual Framework (Amendments to IFRS 3).*
- *Classification of Liabilities as Current or Non-current (Amendments to IAS 1).*
- *IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.*

32. Subsequent events

(a) Acquisition of subsidiary

On 13 January 2021 the Group obtained control of “Business Consult Company” LLC by acquiring 100% of shares through the share to share transaction, transferring 2.52% of Group shares. “Business Consult Company” owns 55% of “Erik SHPP” LLC shares, which represents main asset of acquired entity. The fair value of consideration paid is equal to AMD 340,734 thousand (unaudited), which is based on fair values of shares of acquired entity measured under Level 3 category.

The main operation of the “Erik SHPP” LLC is electricity production, which operates in Gegharkunik region, on the river called Getik.

Taking control of “Erik SHPP” LLC will enable the Group to strengthen its market position in electricity production sector.

The initial accounting for the business combination is incomplete at the time the financial statements are authorised to issue. The management plans to complete that before the 31 December 2021. The revenue and profit figures for the year ended 31 December 2020 of the acquired entity are AMD 91,453 thousand (unaudited) and AMD 29,445 thousand (unaudited) respectively.

«Հրազդանի էներգետիկ կազմակերպություն (ՀրազՋԷԿ)» ԲԲԸ

Ամփոփ համախմբված ֆինանսական հաշվետվություններ 2020թ. համար

Բովանդակություն

«Քեյ-Փի-Էմ-Ջի Արմենիա» ՍՊԸ
Հայաստանի Հանրապետություն, Երևան 0010
Վ.Սարգսյանի փ. 26/1
«Էրեբունի Պլազա» բիզնես-կենտրոն, 8-րդ հարկ
Հեռախոս + 374 (10) 595 999
Վեբ կայք www.kpmg.am

Անկախ աուդիտորական եզրակացություն ամփոփ համախմբված ֆինանսական հաշվետվությունների վերաբերյալ

«Հրազդանի Էներգետիկ կազմակերպություն (ՀրազՋԷԿ)» ԲԲԸ-ի բաժնետերերին

Կարծիք

Ամփոփ համախմբված ֆինանսական հաշվետվությունները, որոնք ներառում են ֆինանսական վիճակի մասին ամփոփ համախմբված հաշվետվությունն առ 31 դեկտեմբերի 2020թ., հաշվետու տարվա շահույթի կամ վնասի և այլ համապարփակ ֆինանսական արդյունքի, սեփական կապիտալում փոփոխությունների և դրամական հոսքերի մասին ամփոփ համախմբված հաշվետվությունները և համապատասխան ծանոթագրությունը, պատրաստվել են «Հրազդանի Էներգետիկ կազմակերպություն (ՀրազՋԷԿ)» ԲԲԸ-ի («Ընկերություն») և վերջինիս դուստր կազմակերպությունների («Խումբ») 2020թ. դեկտեմբերի 31-ին ավարտված տարվա աուդիտի ենթարկված համախմբված ֆինանսական հաշվետվությունների հիման վրա:

Մեր կարծիքով, կից ներկայացվող ամփոփ համախմբված ֆինանսական հաշվետվությունները բոլոր էական առումներով համապատասխանում են աուդիտի ենթարկված համախմբված ֆինանսական հաշվետվություններին՝ Ծանոթագրություն 1-ում ներկայացված հիմունքներով:

Ամփոփ համախմբված ֆինանսական հաշվետվություններ

Ամփոփ համախմբված ֆինանսական հաշվետվությունները չեն ներառում Ֆինանսական հաշվետվությունների միջազգային ստանդարտներով պահանջվող բոլոր բացահայտումները: Ուստի, ամփոփ համախմբված ֆինանսական հաշվետվությունների և վերջիններիս վերաբերյալ մեր եզրակացության ընթերցումը չի փոխարինում աուդիտի ենթարկված համախմբված ֆինանսական հաշվետվությունների և վերջիններիս վերաբերյալ մեր եզրակացության ընթերցմանը:

Աուդիտի ենթարկված համախմբված ֆինանսական հաշվետվությունները և վերջիններիս վերաբերյալ մեր եզրակացությունը

Մենք արտահայտել ենք չձևափոխված կարծիք աուդիտի ենթարկված համախմբված ֆինանսական հաշվետվությունների վերաբերյալ՝ 2021թ. հունիսի 30-ի մեր աուդիտորական եզրակացությունում:

Ղեկավարության պատասխանատվությունն ամփոփ համախմբված ֆինանսական հաշվետվությունների համար

Ղեկավարությունը պատասխանատվություն է կրում Ծանոթագրություն 1-ում ներկայացված հիմունքներով ամփոփ համախմբված ֆինանսական հաշվետվությունների պատրաստման համար:

Աուդիտորի պատասխանատվությունը

Մեր պատասխանատվությունն է կարծիք արտահայտել, թե արդյոք ամփոփ համախմբված ֆինանսական հաշվետվությունները բոլոր էական առումներով համապատասխանում են աուդիտի ենթարկված համախմբված ֆինանսական հաշվետվություններին՝ հիմք ընդունելով մեր ընթացակարգերը, որոնք իրականացվել են Աուդիտի միջազգային ստանդարտ 810 (վերանայված) *«Ամփոփ ֆինանսական հաշվետվությունների վերաբերյալ աուդիտորական եզրակացության նկատմամբ կիրառվող առաջադրանքներ»* պահանջների համաձայն:

Տիգրան Գասպարյան
Ղեկավար գործընկեր, «Քեյ-Փի-Էմ-Ջի Արմենիա» ՍՊԸ-ի անունից

KPMG Armenia LLC

«Քեյ-Փի-Էմ-Ջի Արմենիա» ՍՊԸ
30 հունիսի 2021թ.

Ֆինանսական վիճակի մասին ամփոփ համախմբված հաշվետվություն առ 31 դեկտեմբերի 2020թ.

հազ. դրամ	**31 դեկտեմբերի 2020թ.**	**31 դեկտեմբերի 2019թ.**
Ակտիվներ		
Հիմնական միջոցներ	42,510,034	5,694,048
Ոչ նյութական ակտիվներ և գուդվիլ	1,268,236	1,400,150
Կապակցված կողմերին տրված փոխառություններ	584,843	402,299
Հետաձգված հարկային ակտիվներ	336,032	141,254
Ներդրում ասոցիացված կազմակերպությունում	269,326	271,566
Կանխավճարներ ոչ ընթացիկ ակտիվների համար	327,166	1,312,836
Ոչ ընթացիկ ակտիվներ	**45,295,637**	**9,222,153**
Պաշարներ	644,036	140,871
Կապակցված կողմերին տրված փոխառություններ	10,852,183	10,313,800
Առևտրական և այլ դեբիտորական պարտքեր	7,702,692	2,980,852
Ընթացիկ հարկային ակտիվներ	187,780	115,215
Բանկային ավանդներ	1,224,417	908,548
Դրամական միջոցներ և դրանց համարժեքներ	611,407	461,903
Ընթացիկ ակտիվներ	**21,222,515**	**14,921,189**
Ընդամենը ակտիվներ	**66,518,152**	**24,143,342**
Սեփական կապիտալ		
Բաժնետիրական կապիտալ	7,814,628	7,814,628
Կապիտալի բաշխում	(7,042,751)	(1,756,663)
Վերագնահատումից արժեքի աճ	10,122,757	1,096,472
Չբաշխված շահույթ	14,977,515	13,302,371
Ընկերության սեփականատերերին վերագրելի սեփական կապիտալ	**25,872,149**	**20,456,808**
Չվերահսկող բաժնեմասեր	48,570	49,192
Ընդամենը սեփական կապիտալ	**25,920,719**	**20,506,000**
Պարտավորություններ		
Վարկեր և փոխառություններ	4,192,652	287,820
Հետաձգված հարկային պարտավորություններ	933,006	676,676
Ոչ ընթացիկ պարտավորություններ	**5,125,658**	**964,496**
Վարկեր և փոխառություններ	27,267,181	1,406
Ֆինանսական երաշխավորության պայմանագրեր	250,648	73,480
Առևտրական և այլ կրեդիտորական պարտքեր	7,924,807	2,589,681
Ընթացիկ հարկային պարտավորություններ	29,139	8,279
Ընթացիկ պարտավորություններ	**35,471,775**	**2,672,846**
Ընդամենը պարտավորություններ	**40,597,433**	**3,637,342**
Ընդամենը սեփական կապիտալ և պարտավորություններ	**66,518,152**	**24,143,342**

Ֆինանսական վիճակի մասին ամփոփ համախմբված հաշվետվությունը պետք է դիտարկվի ամփոփ համախմբված ֆինանսական հաշվետվությունների բաղկացուցիչ մասը կազմող ծանոթագրության հետ մեկտեղ:

Շահույթի կամ վնասի և այլ համապարփակ ֆինանսական արդյունքի մասին ամփոփ համախմբված հաշվետվություն 2020թ. համար

հազ. դրամ	**2020թ.**	**2019թ.**
Հասույթ	29,153,720	19,958,571
Վաճառքի ինքնարժեք	(24,507,627)	(16,947,787)
Համախառն շահույթ	**4,646,093**	**3,010,784**
Զեղչով ձեռքբերում	2,928,514	-
Այլ եկամուտ	472,497	288,343
Վարչական ծախսեր	(1,765,654)	(956,528)
Այլ ծախսեր	(451,891)	(119,306)
Գործառնական գործունեության արդյունքներ	**5,829,559**	**2,223,293**
Ֆինանսական եկամուտ	1,039,600	899,037
Ֆինանսական ծախսեր	(6,145,433)	(107,939)
Զուտ ֆինանսական ծախս/(եկամուտ)	**(5,105,833)**	**791,098**
Շահույթ նախքան շահութահարկով հարկումը	**723,726**	**3,014,391**
Շահութահարկի գծով օգուտ/(ծախս)	951,418	(634,782)
Շահույթ տարվա համար	**1,675,144**	**2,379,609**
Այլ համապարփակ ֆինանսական արդյունք		
Հոդվածներ, որոնք երբեք չեն վերադասակարգվի որպես շահույթ կամ վնաս		
Հիմնական միջոցների վերագնահատում	11,007,665	-
Հարակից շահութահարկ	(1,981,380)	-
Այլ համապարփակ ֆինանսական արդյունք տարվա համար՝ առանց շահութահարկի	**9,026,285**	-
Ընդամենը համապարփակ ֆինանսական արդյունք տարվա համար	**10,701,429**	**2,379,609**
Շահույթ վերագրելի՝		
Ընկերության սեփականատերերին	1,675,139	2,382,468
Չվերահսկող բաժնեմասերին	5	(2,859)
	1,675,144	**2,379,609**
Ընդամենը ֆինանսական արդյունք վերագրելի՝		
Ընկերության սեփականատերերին	10,701,424	2,382,468
Չվերահսկող բաժնեմասերին	5	(2,859)
	10,701,429	**2,379,609**

Ամփոփ համախմբված ֆինանսական հաշվետվությունները հաստատվել են ղեկավարության կողմից 2021թ. հունիսի 30-ի և ստորագրվել են վերջինիս անունից:

Սուրեն Կարայան
Գլխավոր տնօրեն

Համլետ Սահակյան
Գլխավոր հաշվապահ

Շահույթի կամ վնասի և այլ համապարփակ ֆինանսական արդյունքի մասին ամփոփ համախմբված հաշվետվությունը պետք է դիտարկվի ամփոփ համախմբված ֆինանսական հաշվետվությունների բաղկացուցիչ մասը կազմող ծանոթագրության հետ մեկտեղ:

Սեփական կապիտալում փոփոխությունների մասին ամփոփ համախմբված հաշվետվություն 2020թ. համար

	Ընկերության սեփականատերերին վերագրելի						
հազ. դրամ	**Բաժնետի-րական կապիտալ**	**Կապիտալի բաշխում**	**Հիմնական միջոցների վերագնահատումից արժեքի աճ**	**Չբաշխված շահույթ**	**Ընդամենը**	**Չվերահսկող բաժնեմասեր**	**Ընդամենը սեփական կապիտալ**
Մնացորդը առ 1 հունվարի 2019թ.	7,813,350	(1,223,807)	1,724,812	10,292,841	18,607,196	55,658	18,662,854
Ընդամենը համապարփակ ֆինանսական արդյունք							
Շահույթ տարվա համար	-	-	-	2,382,468	2,382,468	(2,859)	2,379,609
Այլ համապարփակ ֆինանսական արդյունք							
Հիմնական միջոցների իրացված վերագնահատման պահուստ	-	-	(628,340)	628,340	-	-	-
Ընդամենը համապարփակ ֆինանսական արդյունք	**-**	**-**	**(628,340)**	**3,010,808**	**2,382,468**	**(2,859)**	**2,379,609**
Գործառնություններ Ընկերության սեփականատերերի հետ							
Բաժնետիրական կապիտալի համալրում	1,278	-	-	(1,278)	-	-	-
Հայտարարված շահաբաժիններ	-	-	-	-	-	(3,607)	(3,607)
Այլ բաշխումներ	-	(532,856)	-	-	(532,856)	-	(532,856)
Ընդամենը գործառնություններ Ընկերության սեփականատերերի հետ	**1,278**	**(532,856)**	**-**	**(1,278)**	**(532,856)**	**(3,607)**	**(536,463)**
Մնացորդը առ 31 դեկտեմբերի 2019թ.	**7,814,628**	**(1,756,663)**	**1,096,472**	**13,302,371**	**20,456,808**	**49,192**	**20,506,000**
Մնացորդը առ 1 հունվարի 2020թ.	7,814,628	(1,756,663)	1,096,472	13,302,371	20,456,808	49,192	20,506,000
Ընդամենը համապարփակ ֆինանսական արդյունք							
Շահույթ տարվա համար	-	-	-	1,675,144	1,675,139	5	1,675,144
Այլ համապարփակ ֆինանսական արդյունք							
Հիմնական միջոցների վերագնահատում	-	-	9,026,285	-	9,026,285	-	9,026,285
Ընդամենը այլ համապարփակ ֆինանսական արդյունք	-	-	9,026,285	-	**9,026,285**	-	**9,026,285**
Ընդամենը համապարփակ ֆինանսական արդյունք	**-**	**-**	**9,026,285**	**1,675,144**	**10,701,429**	**-**	**10,701,429**
Գործառնություններ Ընկերության սեփականատերերի հետ							
Հայտարարված շահաբաժիններ	-	-		-	-	(627)	(627)
Այլ բաշխումներ	-	(5,286,088)	-	-	(5,286,088)	-	(5,286,088)
Ընդամենը գործառնություններ Ընկերության սեփականատերերի հետ	**-**	**(5,286,088)**	**-**	**-**	**(5,286,088)**	**(627)**	**(5,286,715)**
Մնացորդը առ 31 դեկտեմբերի 2020թ.	**7,814,628**	**(7,042,751)**	**10,122,757**	**14,977,515**	**25,872,149**	**48,570**	**25,920,719**

Սեփական կապիտալում փոփոխությունների մասին ամփոփ համախմբված հաշվետվությունը պետք է դիտարկվի ամփոփ համախմբված ֆինանսական հաշվետվությունների բաղկացուցիչ մասը կազմող ծանոթագրության հետ մեկտեղ:

Դրամական հոսքերի մասին ամփոփ համախմբված հաշվետվություն 2020թ. համար

հազ. դրամ	**2020թ.**	**2019թ.**
Դրամական հոսքեր գործառնական գործունեությունից		
Շահույթ տարվա համար	1,675,144	2,379,609
Ճշգրտումներ հետևյալ հոդվածների գծով.		
Զեղչով ձեռքբերում	(2,928,514)	-
Ֆինանսական ակտիվների արժեզրկումից կորուստ	61,519	3,807
Մաշվածություն և ամորտիզացիա	2,027,393	1,232,894
Օգուտ հիմնական միջոցների օտարումից	(1,493)	(5,542)
Օգուտ դուստր կազմակերպության օտարումից	-	(26,072)
Այլ ոչ դրամական եկամուտ	(66,144)	
Եկամուտ երաշխավորություններից	(218,526)	(192,037)
Զուտ ֆինանսական եկամուտ	5,033,528	(794,905)
Շահութահարկի գծով (օգուտ)/ծախս	(951,418)	634,782
Փոփոխություններ հետևյալ հոդվածներում.		
Պաշարներ	(110,845)	5,793
Առևտրական և այլ դեբիտորական պարտքեր	(3,118,229)	(1,051,738)
Առևտրական և այլ կրեդիտորական պարտքեր	3,933,505	1,001,343
Դրամական հոսքեր գործառնական գործունեությունից՝ նախքան շահութահարկի և տոկոսների վճարումը	**5,335,920**	**3,187,934**
Վճարված շահութահարկ	(794,224)	(825,500)
Վճարված տոկոսներ	(1,428,864)	(49,887)
Գործառնական գործունեությունից ստացված զուտ դրամական միջոցներ	**3,112,832**	**2,312,547**
Դրամական հոսքեր ներդրումային գործունեությունից		
Մուտքեր հիմնական միջոցների վաճառքից	-	3,040
Կանխավճարներ հիմնական միջոցների համար	(314,452)	-
Հիմնական միջոցների ձեռքբերում	(1,068,931)	(10,961)
Ոչ նյութական ակտիվների ձեռքբերում	(27,954)	(23,154)
Դուստր կազմակերպությունների ձեռքբերման համար տրված կանխավճարներ	-	(1,302,404)
Ասոցիացված կազմակերպության ձեռքբերում	-	(169,750)
Դուստր կազմակերպությունների ձեռքբերում՝ առանց ստացված դրամական միջոցների	367,207	-
Դուստր կազմակերպությունների օտարում՝ առանց ձեռքբերված դրամական միջոցների	-	17,000
Բանկային ավանդների տեղաբաշխում	(3,722,509)	(1,758,000)
Մուտքեր բանկային ավանդներից	3,922,826	1,810,000
Տրամադրված փոխառություններ	(1,250,854)	(3,095,653)
Տրամադրված փոխառությունների մարում	1,412,075	2,763,738
Ստացված տոկոսներ	48,091	61,537
Ներդրումային գործունեության համար օգտագործված զուտ դրամական միջոցներ	**(634,501)**	**(1,704,607)**
Դրամական հոսքեր ֆինանսավորման գործունեությունից		
Մուտքեր բաժնետիրական կապիտալի թողարկումից	-	-
Մուտքեր վարկերից և փոխառություններից	26,202,486	-
Վարկերի և փոխառությունների մարում	(24,476,188)	(1,114,447)
Կապիտալի բաշխում	(4,273,015)	-
Չվերահսկող բաժնեմաս տիրապետողներին վճարված շահաբաժիններ	(627)	(3,427)
Ֆինանսավորման գործունեության համար օգտագործված զուտ դրամական միջոցներ	**(2,547,344)**	**(1,117,874)**
Դրամական միջոցների և դրանց համարժեքների զուտ նվազում	**(69,013)**	**(509,934)**
Դրամական միջոցները և դրանց համարժեքները առ 1 հունվարի	461,903	972,085
Արտարժույթի փոխարժեքի տատանումների ազդեցությունը դրամական միջոցների և դրանց համարժեքների վրա	218,517	(248)
Դրամական միջոցները և դրանց համարժեքները առ 31 դեկտեմբերի	**611,407**	**461,903**

Դրամական հոսքերի մասին ամփոփ համախմբված հաշվետվությունը պետք է դիտարկվի ամփոփ համախմբված ֆինանսական հաշվետվությունների բաղկացուցիչ մասը կազմող ծանոթագրության հետ մեկտեղ:

1. Պատրաստման հիմունքներ

Այս ամփոփ համախմբված ֆինանսական հաշվետվությունները պատրաստվել են «Հրազդանի էներգետիկ կազմակերպություն (ՀրազՋԷԿ)» ԲԲԸ-ն («Ընկերություն») և վերջինիս դուստր կազմակերպությունները («Խումբ») Ֆինանսական հաշվետվությունների միջազգային ստանդարտների համաձայն պատրաստված 2020թ. դեկտեմբերի 31-ին ավարտված տարվա աուդիտի ենթարկված համախմբված ֆինանսական հաշվետվությունների հիման վրա՝ ստորագրված 2021թ. հունիսի 30-ին: Այս ամփոփ համախմբված ֆինանսական հաշվետվությունները ներառում են միայն ֆինանսական վիճակի մասին ամփոփ համախմբված հաշվետվությունը՝ առ 31 դեկտեմբերի 2020թ. և հաշվետու տարվա շահույթի կամ վնասի և այլ համապարփակ ֆինանսական արդյունքի, սեփական կապիտալում փոփոխությունների և դրամական հոսքերի մասին ամփոփ համախմբված հաշվետվությունները, որոնք վերցվել են աուդիտի ենթարկված համախմբված ֆինանսական հաշվետվությունների 6-ից 9-րդ էջերից՝ առանց որևէ փոփոխության: Ամփոփ համախմբված ֆինանսական հաշվետվությունները չեն ներառում աուդիտի ենթարկված համախմբված ֆինանսական հաշվետվություններին կից ծանոթագրություններում ներկայացված բացահայտումները: Խմբի աուդիտի ենթարկված համախմբված ֆինանսական հաշվետվությունները կարող են տրամադրվել ըստ պահանջի Ընկերության գրասենյակից (հասցե՝ Հայաստանի Հանրապետություն, ք. Հրազդան, Գործարանային փ. 1):