

Zeppelin Armenia LLC

**International Financial Reporting Standards
Financial Statements and
Independent Auditor's Report**

31 December 2015



Independent Auditor's Report

To the Shareholders and Management of Zeppelin Armenia LLC

We have audited the accompanying financial statements of Zeppelin Armenia LLC (the "Company"), which comprise the statement of financial position as at 31 December 2015 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Altaf Tapia
Managing Partner



Anahit Gyozalyan
Auditor

PricewaterhouseCoopers Armenia LLC

3 April 2016
Yerevan, Republic of Armenia


Zeppelin Armenia LLC
Statement of Financial Position

<i>In thousands of Armenian Drams</i>	Note	31 December 2015	31 December 2014
ASSETS			
Non-current assets			
Property, plant and equipment	7	908,823	993,494
Intangible assets		5,975	11,011
Prepayments for non-current assets	8	56,772	35,867
Deferred income tax asset	17	91,520	74,101
Total non-current assets		1,063,090	1,114,473
Current assets			
Inventories	9	1,826,601	1,405,299
Trade and other receivables	10	1,623,571	833,140
Cash and cash equivalents	11	159,828	71,165
Total current assets		3,610,000	2,309,604
TOTAL ASSETS		4,673,090	3,424,077
EQUITY			
Share capital	12	1,525,190	1,525,190
Retained earnings		1,373,735	143,191
TOTAL EQUITY		2,898,925	1,668,381
LIABILITIES			
Non-current liabilities			
Borrowings	13	44,771	75,923
Total non-current liabilities		44,771	75,923
Current liabilities			
Borrowings	13	1,028,582	29,218
Trade and other payables	14	474,551	1,621,111
Current income tax payable		226,261	29,444
Total current liabilities		1,729,394	1,679,773
TOTAL LIABILITIES		1,774,165	1,755,696
TOTAL LIABILITIES AND EQUITY		4,673,090	3,424,077

Approved for issue and signed on 4 March 2016.


 Mario Meier
 General Director




 Serine Aleksanyan
 Finance and Business Support Director

Zeppelin Armenia LLC
Statement of Profit or Loss and Other Comprehensive Income

<i>In thousands of Armenian Drams</i>	Note	2015	2014
Revenue	15	10,552,373	7,865,806
Cost of sales	16	(7,813,296)	(5,981,168)
Gross profit		2,739,077	1,884,638
Other operating income	16	5,236	13,898
Selling and distribution expenses	16	(518,234)	(588,763)
General and administrative expenses	16	(309,399)	(292,791)
Other operating expenses	16	(155,280)	(447,251)
Operating profit		1,761,400	569,731
Finance income		690	12,176
Finance costs		(14,052)	(17,444)
Profit before income tax		1,748,038	564,463
Income tax expense	17	(374,303)	(183,350)
PROFIT FOR THE YEAR		1,373,735	381,113
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,373,735	381,113

Zeppelin Armenia LLC
Statement of Changes in Equity

<i>In thousands of Armenian Drams</i>	Note	Share capital	(Accumulated deficit)/ Retained earnings	Total
Balance at 1 January 2014		1,525,190	(237,922)	1,287,268
Total comprehensive income for 2014		-	381,113	381,113
Balance at 31 December 2014		1,525,190	143,191	1,668,381
Total comprehensive income for 2015		-	1,373,735	1,373,735
Dividends declared	12	-	(143,191)	(143,191)
Balance at 31 December 2015		1,525,190	1,373,735	2,898,925

Zeppelin Armenia LLC
Statement of Cash Flows

<i>In thousands of Armenian Drams</i>	Note	2015	2014
Cash flows from operating activities			
Cash received			
Cash receipts from customers		11,618,406	8,800,562
Cash receipts from other debtors		2,679	33,187
Cash paid			
Cash payments to suppliers		(7,569,043)	(4,974,067)
Cash payments to other creditors		(835,942)	(756,961)
Cash payments to employees		(1,150,354)	(999,495)
Cash payments for taxes other than on profit		(2,409,337)	(1,869,477)
Cash (used in)/generated from operations		(343,591)	233,749
Income tax paid		(195,500)	(100,000)
Interest paid		(11,049)	(17,444)
Interest received		690	12,176
Net cash (used in)/from operating activities		(549,450)	128,481
Cash flows from investing activities			
Cash payments to purchase property, plant and equipment		(168,852)	(276,164)
Cash payments to acquire intangible assets		-	(5,281)
Proceeds from term deposits		-	141,974
Net cash used in investing activities		(168,852)	(139,471)
Cash flows from financing activities			
Proceeds from borrowings		995,000	-
Repayment of borrowings		(29,218)	(106,682)
Dividends paid, net of taxes		(136,024)	-
Net cash from/(used in) financing activities		829,758	(106,682)
Effect of exchange rate fluctuations on cash and cash equivalents		(22,793)	61,066
Cash and cash equivalents at the beginning of the year	11	71,165	127,771
Cash and cash equivalents at the end of the year	11	159,828	71,165

The accompanying notes on pages 5 to 28 are an integral part of these financial statements.