

Project Financial Statements and Independent Auditor's Report

“High Voltage Electric Networks” CJSC

“Yerevan Thermal Power Center” CJSC

**Electricity Transmission Network Improvement
Project**

Loan number 8495-AM

As of and for the year ended 31 December 2019



Contents

Independent auditor's report	3
Statement of financial position	5
Statement of the Project sources and uses of fund	6
Statement of uses of funds by Project activities	8
Designated account statement	9
Notes to the Project financial statements	10

Independent auditor's report

Գրանթ Թորնթոն ՓԲԸ

ՀՀ, ք.Երևան 0012
Վաղարշյան 8/1

Հ. + 374 10 260 964
Ֆ.+ 374 10 260 961

Grant Thornton CJSC

8/1 Vagharshyan Str.
0012 Yerevan, Armenia

T + 374 10 260 964
F + 374 10 260 961

To the shareholder of “High Voltage Electric Networks” CJSC and “Yerevan Thermal Power Center” CJSC

Opinion

We have audited the accompanying project financial statements of the Electricity Transmission Network Improvement Project (the "Project"), financed by the International Bank for Reconstruction and Development (the "IBRD") Loan Agreement number 8495-AM, which comprise the statements of financial position as of 31 December 2019, the statement of the Project sources and uses of funds, the statement of uses of funds by Project activities, the designated account statements as of and for the year ended 31 December 2019 and notes to the project financial statements, including a summary of significant accounting policies.

In our opinion, the project financial statements give a true and fair view of the financial position of the Electricity Transmission Network Improvement Project as of 31 December 2019, and of the funds received and expenses incurred for the year then ended, in accordance with the accounting policies described in note 2 to the project financial statements, the International Bank for Reconstruction and Development guidelines, and the relevant points of the Loan Agreement number 8495-AM.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Project Financial Statements section of our report. We are independent of the “High Voltage Electric Networks” CJSC and the “Yerevan Thermal Power Center” CJSC (the “Companies”) in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (the “IESBA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Armenia, and we have fulfilled our other ethical responsibilities in accordance with those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters

- We draw attention to note 2 to the project financial statements, which describes the basis of accounting. The project financial statements are prepared to assist the management of the Companies to meet the requirements of the financial reporting of the International Bank for Reconstruction and Development. As a result, the project financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.
- We draw attention to note 3 to the project financial statements which states that the closing date of the Project was defined as 31 December 2020. Our opinion is not modified in respect of this matter.
- We draw attention to note 11 to the financial statements which describes the effect of a new disease COVID-19. The financial statements do not reflect the possible effects of the above. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Project Financial Statements

Management of the Companies are responsible for the preparation and fair presentation of the project financial statements in accordance with the accounting policies described in note 2 to the project financial statements, the IBRD guidelines, and the relevant points of the Loan Agreement number 8495-AM, and for such internal control as management determines is necessary to enable the preparation of project financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Project Financial Statements

Our objectives are to obtain reasonable assurance about whether the project financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these project 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 project 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 Companies' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the project financial statements, including the disclosures, and whether the project financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

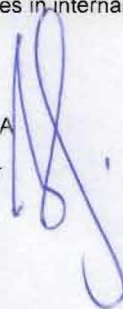
We communicate with the management of the Companies, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Armen Hovhannisyan
Chief Executive Officer

22 June 2020



Emil Vassilyan, FCCA
Engagement Partner

A handwritten signature in blue ink, likely belonging to Emil Vassilyan, positioned to the right of the stamp.

Statement of financial position

Project implementation partner "High Voltage Electric Networks" CJSC

US dollars	Note	As of 31 December 2019	As of 31 December 2018
<i>Assets</i>			
Accumulated Project expenses		9,845,867	9,038,414
Advances	4	462,139	805,075
Bank balances	5	1,343	717
Total assets		10,309,349	9,844,206
<i>Funds and liabilities</i>			
Accumulated Project financing		8,752,914	8,430,624
Exchange rate difference		(3,269)	(1,747)
Accounts payable	6	1,559,704	1,415,329
Total funds and liabilities		10,309,349	9,844,206

The project financial statements were approved on 22 June 2020 by:

Hayk Harutyunyan
General Director



Gevorg Muradyan
Head of financial department/Chief Accountant

This statement is to be read in conjunction with the notes to and forming part of the special purpose project financial statements set out on pages 12 to 17.

Statement of financial position

Project implementation partner "Yerevan Thermal Power Center" CJSC

US dollars	Note	As of 31 December 2019	As of 31 December 2018
Assets			
Accumulated Project expenses		21,057,628	20,699,877
Advances	4	-	318,757
Bank balances	5	-	1,193,928
Total assets		21,057,628	22,212,562
Funds and liabilities			
Accumulated Project financing		20,827,090	21,116,531
Exchange rate difference		230,538	225,512
Accounts payable	6	-	870,519
Total funds and liabilities		21,057,628	22,212,562

The project financial statements were approved on 22 June 2020 by:

Alisa Baghdasaryan
Acting General Director



Gary Akhoyan
Head of accounting service

This statement is to be read in conjunction with the notes to and forming part of the special purpose project financial statements set out on pages 12 to 17.

Statement of the Project sources and uses of fund

As of and for the year ended 31 December 2019

In US dollars

	Actual		Planned		Variance		Life of Project
	For the year	As of 31 December 2019	For the year	As of 31 December 2019	For the year	As of 31 December 2019	
Sources of funds							
IBRD Loan Number 8495-AM (note 7)	231,096	23,665,019					
Government co-financing	(210,923)	5,881,888					
"High Voltage Electric Networks" CJSC Financing and other income	12,676	33,097					
Total (note 7)	32,849	29,580,004					
Exchange rate difference	3,504	227,269					
Less: Uses of funds							
Category 1. Goods, works, non-consulting services and consultants' services (including Project audits) and training under Part 1(a), 1(c), 1(d), 2 and 3(b) of the Project							
	807,453	9,791,381	2,807,035	11,790,963	(1,999,582)	(1,999,582)	28,700,900
Category 2. Goods, works, non-consulting services and consultants' services (including Project audits) and training under Parts 1(b), 1 (e) and 3(a) of the Project							
	357,751	20,982,114	2,002,938	22,627,301	(1,645,187)	(1,645,187)	37,687,500
Front-end Fee	-	130,000	-	130,000	-	-	54,486
Total	1,165,204	30,903,495	4,809,973	34,548,264	(3,644,769)	(3,644,769)	66,442,886
Net decrease in working capital (note 8)	(1,128,851)	(1,096,222)					

This statement is to be read in conjunction with the notes to and forming part of the project financial statements set out on pages 12 to 17.

Statement of uses of funds by Project activities

As of and for the year ended 31 December 2019
In US dollars

	Actual		Planned		Variance		Life of Project
	For the year	As of 31 December 2019	For the year	As of 31 December 2019	For the year	As of 31 December 2019	
Component 1: Strengthening the power transmission network							
Subcomponent 1(a) Rehabilitation of HVEN's electric substation located in Ashnak	669,908	9,365,803	2,735,901	11,431,796	(2,065,993)	(2,065,993)	28,140,902
Subcomponent 1(b) Rehabilitation of YTPC's electric substation	232,077	20,379,056	1,719,583	21,866,562	(1,487,506)	(1,487,506)	35,875,000
Subcomponent 1(c) Procurement of specialized machinery and vehicles	-	-	-	-	-	-	-
Subcomponent 1(d) Project implementation support to HVEN	129,647	385,987	63,390	319,730	66,257	66,257	508,112
Subcomponent 1(e) Project implementation support to YTPC	125,674	603,058	283,355	760,739	(157,681)	(157,681)	187,500
Component 2: Improvement of the power system management							
Subcomponent 2(a) Establishment of back-up dispatch center	-	2,000	-	2,000	-	-	-
Subcomponent 2(b) Project Implementation Support and Supervision for construction of back-up dispatch center for EPSO CJSC	-	16,824	-	16,824	-	-	-
Component 3: Preparation of new electricity generation project							
Subcomponent 3(a) Preparation of a new CCGT investment	-	-	-	-	-	-	1,625,000
Subcomponent 3(b) Project Audit	7,898	20,767	7,744	20,613	154	154	51,886
Front-end fee	-	130,000	-	130,000	-	-	54,486
Total	1,165,204	30,903,495	4,809,973	34,548,264	(3,644,769)	(3,644,769)	66,442,886

This statement is to be read in conjunction with the notes to and forming part of the project financial statements set out on pages 12 to 17

Designated account statement

Project implementation partner "High Voltage Electric Networks" CJSC

Loan number 8495-AM

As of and for the year ended 31 December 2019

In US dollars

Opening balance as of 1 January 2019		717
Add:		
Cumulative unexplained discrepancy	-	
Loan replenishment during the year	459,000	
	<u>459,000</u>	<u>459,000</u>
<i>Less: Refund to the International Bank for Reconstruction and Development from the designated account during the year</i>		
Present outstanding amount advanced to the designated account (1)		<u>459,717</u>
Closing balance as of 31 December 2019		1,343
Add:		
Amount of eligible expenditures paid during the year	458,374	
Service charges (if applicable)	-	
	<u>458,374</u>	<u>458,374</u>
<i>Less: Interest earned (if credited into the designated account)</i>		
Total advance accounted for (2)		<u>459,717</u>
Discrepancy (1) – (2) to be explained		-

This statement is to be read in conjunction with the notes to and forming part of the project financial statements set out on pages 12 to 17.

Designated account statement

Project implementation partner "Yerevan Thermal Power Center" CJSC

Loan number 8495-AM

As of and for the year ended 31 December 2019

In US dollars

Opening balance as of 1 January 2019		1,193,928
Add:		
Cumulative unexplained discrepancy	-	
Loan replenishment during the year	-	
	<u>-</u>	<u>-</u>
<i>Less: Refund to the International Bank for Reconstruction and Development from the designated account during the year</i>		(227,903)
Present outstanding amount advanced to the designated account (1)		<u>966,025</u>
Closing balance as of 31 December 2019		-
Add:		
Amount of eligible expenditures paid during the year	966,025	
Service charges (if applicable)	-	
	<u>966,025</u>	<u>966,025</u>
<i>Less: Interest earned (if credited into the designated account)</i>		-
Total advance accounted for (2)		<u>966,025</u>
Discrepancy (1) – (2) to be explained		-

This statement is to be read in conjunction with the notes to and forming part of the project financial statements set out on pages 12 to 17.

Notes to the Project financial statements

1 Nature of operations and general information

The Electricity Transmission Network Improvement Project (the "Project") is financed in accordance with the Loan Agreement number 8495-AM dated 8 April 2015 signed between the International Bank for Reconstruction and Development (the "IBRD") and the Republic of Armenia.

The Project is implemented jointly by the "High Voltage Electric Networks" CJSC and the "Yerevan Thermal Power Center" CJSC (together the Companies).

"High Voltage Electric Networks" CJSC (the "HVEN") has been established based on the resolution of the Government of the Republic of Armenia N450 dated 20 July 1998 on restructuring "High Voltage Electric Networks" subsidiary to a Closed Joint Stock Company and on the resolution of the Government of the Republic of Armenia N709 dated 23 November 1999 on reorganizing "Specialized Security on Energetic Objects" SCJSC through joining it to "High Voltage Electric Networks" SCJSC. The Company is the successor of "High Voltage Electric Networks" subsidiary, "High Voltage Electric Networks" CJSC and "Specialized Security on Energetic Objects" SCJSC.

"Yerevan Thermal Power Center" CJSC (the "YTPC") has been established based on the resolution of the Government of the Republic of Armenia N538 on restructuring "Yerevan Thermal Power Plant" to a "Yerevan Thermal Power Center" CJSC.

In accordance with the sub-loan agreements signed between the Ministry of Finance of the Republic of Armenia and the "High Voltage Electric Networks" CJSC and the "Yerevan Thermal Power Center" CJSC, the Ministry of Finance transferred to the "High Voltage Electric Networks" CJSC and the "Yerevan Thermal Power Center" CJSC the IBRD loan amount of 39,857,103 US dollars, which should be used only for the Project implementation.

The objectives of the Project are to improve the reliability of the power transmission network and system management, and to support the Republic of Armenia's efforts in ensuring adequate electricity supply.

The Project consists of the following parts:

Part 1. Strengthening the power transmission network.

- a) Rehabilitation of HVEN's electric substation located at Ashnak and Ararat-2 through, inter alia: (i) the complete or partial replacement and/or rehabilitation of the key equipment; (ii) the installation of a supervisory control and data acquisition system; and (iii) the construction of a new building for control rooms.
- b) Rehabilitation of YTPC's electric substation through, inter alia, (i) the complete or partial replacement of the key equipment; (ii) the installation of a supervisory control and data acquisition system; (iii) the construction of a building for the control rooms; and (iv) the reconnection of overhead transmission lines required for the evacuation of power from said substation.
- c) Acquisition of equipment including, inter alia, machinery and specialized vehicles, required for the carrying out of activities under Parts 1(a) and 1(b) of the Project.
- d) Provision of Support to HVEN's to carry out its Respective Parts of the Project through, inter alia, the provision of technical assistance to supervise the works under said Parts of the Project, including compliance with the provisions of Schedule 2 to this Agreement.
- e) Provision of Support to YTPC's to carry out its Respective Parts of the Project through, inter alia, the provision of technical assistance to supervise the works under said Parts of the Project, including compliance with the provisions of Schedule 2 to this Agreement.
- f) The carrying out of Project audits.

The financing of the Project consists of the following part:

Category	Amount of the loan allocated (in US dollars)	Percentage of expenditures to be financed (including taxes)
(1) Goods, works, non-consulting services and consultants' services (including Project audits) and training under Part 1(a), 1(c), 1(d), 2 and 3(b) of the Project	23,140,000	80%
(2) Goods, works, non-consulting services and consultants' services (including Project audits) and training under Parts 1(b), 1 (e) and 3(a) of the Project	16,587,103	80%
(3) Front-end fee	130,000	
Total	<u>39,857,103</u>	

The legal address of the Company is Z. Andranik 1, Yerevan, Armenia.

2 Significant accounting policies

2.1 Basis of preparation

The project financial statements were prepared in accordance with the accrual basis of accounting as well as the International Bank for Reconstruction and Development (the "IBRD") guidelines and the relevant points of the requirements of the Loan Agreement number 8495-AM. Significant accounting policies are disclosed below.

These project financial statements are presented as follows:

- The statements of financial position are presented separately for the Companies;
- The statement of project sources and uses of funds and the statement of uses of funds by project activities are prepared jointly for the Companies. However, the statements disclose the funds received and used by each entity separately.
- Notes to the project financial statements are presented in a way so that account balances and classes of transactions are disclosed for each entity.

2.2 Functional and presentation currency

The national currency of the Republic of Armenia is Armenian dram. These project financial statements are presented in US dollars (presentation currency).

In preparing the project financial statements, transactions in currencies other than US dollar are recorded at the rates of exchange defined by the Central Bank of Armenia prevailing on the dates of the transactions. For direct payments denominated in currencies other than the presentation currency to the contractor/consultant from the International Bank for Reconstruction and Development share, the exchange rate set out for the presentation of the operation in the system client connection (<https://clientconnection.worldbank.org>) is used. At each reporting date bank balances, advances and payables denominated in foreign currencies are retranslated at the rate defined by the Central Bank of Armenia prevailing on that date, which is 479.7 Armenian drams for 1 US dollar as of 31 December 2019 (as of 31 December 2018: 483.75 Armenian drams for 1 US dollar). Any exchange rate differences are recognized in the statement of the Project sources and uses of funds and the accumulated figure of exchange rate difference is disclosed in the Statement of financial position under "Exchange rate difference".

2.3 Project financing

The financing received in the framework of the Loan Agreement number 8495-AM is recorded in the statement of financial position as "Accumulated Project financing" and is recognized at each replenishment. In addition, the current year funds received are disclosed in the statement of Project sources and uses of funds, showing the sources of funds.

2.4 Project expenses

The Project expenses are recognized on the accrual basis of accounting. The accumulated Project expenses are disclosed in the statement of financial position under assets. In addition, current year expenses are disclosed in the statement of Project sources and uses of funds and statement of uses of funds by Project activities.

2.5 The IBRD financing

To finance eligible expenditures for the Loan Agreement number 8495-AM, the International Bank for Reconstruction and Development disburses proceeds from the Project account using one or more of the disbursement methods, which are stated below:

a. Reimbursement

The Bank may reimburse the borrower to finance eligible expenditures that the borrower has prefinanced from its own resources.

b. Advance

The Bank may advance loan proceeds into a designated account of the borrower to finance eligible expenditures as they are incurred and for which supporting documents will be provided at a later date.

c. Direct payments

The Bank may make payments, at the borrower's request, directly to a third party for eligible expenditures.

d. Special commitment

The Bank may pay amounts to a third party for eligible expenditures under special commitments entered into, in writing, at the borrower's request and on terms and conditions agreed between the Bank and the borrower.

2.6 Planned annual expenses

As of the end of the period "Planned Project Expenses" comprise the sum of the amount of "Actual Project Expenses" as of the end of the previous period and the annual budget expenses of the reporting period.

2.7 Advances

Advances, which comprise amounts paid for construction works, services and goods not yet received are stated at nominal value.

2.8 Accounts payable

Payables comprise the amounts to be paid and are stated at nominal value.

3. Closing date of the Project

According to the Loan Agreement, the Project closing date was defined as 31 December 2020.

4. Advances

Project implementation partner "High Voltage Electric Networks" CJSC

In US dollars	As of 31 December 2019	As of 31 December 2018
"Xian Electric Engineering" Co., Ltd.	314,980	391,392
"Consulectra & Decon" Consortium	-	15,541
State budget of the Republic of Armenia	147,159	398,142
	<u>462,139</u>	<u>805,075</u>

The balances of advances to the State budget are disclosed below:

In US dollars	As of 31 December 2019	As of 31 December 2018
"Xian Electric Engineering" Co., Ltd. (non-resident income tax)	147,159	145,926
"Consulectra & Decon" Consortium (non-resident income tax)	-	3,533
Value added tax, custom duties and other taxes	-	248,683
	<u>147,159</u>	<u>398,142</u>

Project implementation partner "Yerevan Thermal Power Center" CJSC

In US dollars	As of 31 December 2019	As of 31 December 2018
State budget of the Republic of Armenia	-	318,757
	<u>-</u>	<u>318,757</u>

The balances of advance to the State budget are disclosed below:

In US dollars	As of 31 December 2019	As of 31 December 2018
Value added tax and other taxes	-	318,757
	<u>-</u>	<u>318,757</u>

5. Bank balances

Project implementation partner "High Voltage Electric Networks" CJSC

In US dollars	As of 31 December 2019	As of 31 December 2018
Designated account	1,343	717
	<u>1,343</u>	<u>717</u>

Project implementation partner "Yerevan Thermal Power Center" CJSC

In US dollars	As of 31 December 2019	As of 31 December 2018
Designated account	-	1,193,928
	-	1,193,928

6. Accounts payable

Project implementation partner "High Voltage Electric Networks" CJSC

In US dollars	As of 31 December 2019	As of 31 December 2018
"Xian Electric Engineering" Co., Ltd.	1,449,067	1,415,329
"Consulectra & Decon" Consortium	88,510	-
State Budget of the Republic of Armenia	22,127	-
	1,559,704	1,415,329

Project implementation partner "Yerevan Thermal Power Center" CJSC

In US dollars	As of 31 December 2019	As of 31 December 2018
"Cobra Instalacionesy Servicios" S.A.	-	468,075
"ABB AB" Substations	-	402,444
	-	870,519

7. Project financing

In US dollars	For the year ended 31 December 2019	As of 31 December 2019
<i>"High Voltage Electric Networks" CJSC</i>		
IBRD Loan Number 8495-AM	459,000	7,002,401
Government co-financing	(136,710)	1,730,091
"High Voltage Electric Networks" CJSC financing	-	20,422
<i>"Yerevan Thermal Power Center" CJSC</i>		
IBRD Loan Number 8495-AM	(227,904)	16,662,617
Government co-financing	(74,213)	4,151,797
Other income	12,676	12,676
	32,849	29,580,004

The IBRD financing is disclosed below:

In US dollars

	For the year ended 31 December 2019	As of 31 December 2019
Direct payments	-	6,874,218
SOE procedures	-	3,255,200
Advance	459,000	6,308,124
Advance redemption	(1,772,097)	(5,424,071)
Refund	(227,904)	(227,904)
Other	1,772,097	12,749,452
Front-end fee	-	130,000
	<u>231,096</u>	<u>23,665,019</u>

8. Net increase/(decrease) in working capital

In US dollars

	For the year ended 31 December 2019	As of 31 December 2019
Increase in bank balances (HVEN)	626	1,343
Decrease in bank balances (YTPC)	(1,193,928)	-
Increase/(decrease) in advances (HVEN)	(342,936)	462,139
Decrease in advances (YTPC)	(318,757)	-
Increase in payables (HVEN)	(144,375)	(1,559,704)
Decrease in payables (YTPC)	870,519	-
	<u>(1,128,851)</u>	<u>(1,096,222)</u>

9. Reconciliation between the amounts received by the "High Voltage Electric Networks" CJSC and disbursed by the World Bank

Loan number 8495-AM

For the year ended 31 December 2019

In US dollars

Category	Appl.	PIU	The World Bank	Difference
Advance to designated account				
	DA-28	96,000	96,000	-
	DA-29	121,000	121,000	-
	DA-30-1	242,000	242,000	-
		<u>459,000</u>	<u>459,000</u>	<u>-</u>
Total		<u>459,000</u>	<u>459,000</u>	<u>-</u>

10. Reconciliation between the amounts received by the “Yerevan Thermal Power Center” CJSC and disbursed by the World Bank

Category	Appl.	YTPC	World Bank	Difference
Category 2. Goods, works, non-consulting services and consultants' services (including Project audits) and training under Parts 1(b), 1 (e) and 3(a) of the Project				
	DDA-5-Y-26	966,025	966,025	-
	DDA-5-Y-25	806,072	806,072	-
		<u>1,772,097</u>	<u>1,772,097</u>	-
Designated account advance redemption				
	DDA-5-Y-26	(966,025)	(966,025)	-
	DDA-5-Y-25	(806,072)	(806,072)	-
		<u>(1,772,097)</u>	<u>(1,772,097)</u>	-
Refund				
	Ran: RN 000000360711	(227,904)	(227,904)	-
		<u>(227,904)</u>	<u>(227,904)</u>	-
Total		<u>(227,904)</u>	<u>(227,904)</u>	-

11. Subsequent events

COVID-19

In March 2020 the World Health Organization has classified the coronavirus (COVID-19), which has exploded in China in December 2019, as pandemic. The impact of the coronavirus outbreak is unknown at this time. The developing situation with COVID-19 may have some impact on the continuity or the volume of the operations of the Companies. On 16 March 2020 the Government of the Republic of Armenia announced a state of emergency in the country to last until 13 July 2020. These project financial statements do not reflect the potential effect of the above.

12. Liabilities from damage caused

The HVEN, referring to the contracts signed with partners, calculated the liabilities for liquidation damages for those partners that had failed to complete the work within the terms set by the contract. The accounts payable in these financial statements do not include the liabilities for liquidation damages.