

**«CAPITAL ASSET MANAGEMENT»  
CLOSED JOINT-STOCK COMPANY**

**NOTES TO INTERIM FINANCIAL STATEMENTS FOR THE  
QUARTER ENDED JUNE 30, 2013**

**15 Khorenatsi Street, Office 5, Yerevan**

**YEREVAN 2013**

## **NOTES TO INTERIM FINANCIAL STATEMENTS**

### **1. General provisions**

“Capital Asset Management” CJSC was founded on October 18, 2012 and was registered as an investment fund manager by the Central Bank of Armenia receiving license number 1.

The management body of “Capital Asset Management” CJSC consists of General Shareholders Meeting, the Board and the General Executive Director, Hayk Voskanyan.

The Company operations solely include activities permitted by the investment fund and pension fund management license provided by the Central Bank of Armenia.

Based on the license provided by the Central Bank of Armenia, the Company can also carry out securities portfolio management as defined in the RA law “On Securities Market” and additional services such as:

- Advisory services associated with securities investments managed by it as defined under the 3<sup>rd</sup> item of the 1<sup>st</sup> part of article 25 of RA law “On Securities Market” and
- Custody of fund units or shares.

Compensation amount of Company management is determined by the decision of the corresponding management body.

The Company has a Board, which carries out general management of the Company with the exception of issues that are reserved for the sole jurisdiction of General Assembly outlined by RA laws “On Investment Funds” and “On Joint-Stock Companies” and this charter.

The sole shareholder of the Company is “Capital Investments” Closed Joint-Stock Company, which is an investment company registered with CBA.

The financial statements were authorized for issue on July 19, 2013.

### **2. Accounting policy and basis of preparation**

#### **2.1 Statement of compliance**

The financial statements were prepared according to International Financial Reporting Standards (IFRS), corresponding normative legal acts (within IFRS framework) approved by CBA and the Company accounting policy.

## **2.2 Basis of measurement**

The financial statements are prepared on the historical cost basis with the exception of financial assets held for trading which are measured based on fair value.

## **2.3 Functional and presentation currency**

Armenian dram is the currency of the Republic of Armenia, which is the functional and presentation currency of the Company. The numbers in the financial statements are presented in thousands of AMD without the decimal place after the comma.

## **2.4 Significant accounting policies**

### ***Fixed Assets***

#### *(a) Recognition and measurement*

Fixed assets are measured at historical cost less accumulated depreciation and impairment losses.

Historical cost includes direct attributable expenditures for asset purchase and replacement.

When items of a fixed asset have different useful lives, those are accounted for as separate items of a fixed asset (major components).

Profit or loss from the sale of a fixed asset component is determined as the difference between the sale proceeds and carrying value of sold asset, which is recognized on a net basis in the profit or loss, not in operating profit or loss.

#### *(b) Future expenditures*

Replacement costs of separate components of a fixed asset are recognized in the carrying value of the fixed asset, if it is probable that the value of future economic benefits of that component will flow to the Company and can be reliably measured. Daily service costs of fixed assets are recognized in the profit or loss when they occur.

#### *(c) Depreciation*

Depreciation is calculated toward the depreciated amount, which represents the historical cost of the asset or its replacement cost less residual value.

Depreciation is recognized in the profit or loss using straight line method during the estimated useful life of each component of a fixed asset as it reflects most accurately the expected consumption of future economic benefits of the asset.

Estimated useful lives are presented below for current and comparable periods:

Computer equipment	3-10 years
Office property	5-10 years
Improvements on a leased property	20 years

Calculation methods for depreciation, useful lives and residual values are reviewed at the end of each financial year and adjusted if necessary.

### ***Intangible assets***

Intangible assets acquired by the Company are measured at historical cost less accumulated amortization and accumulated impairment losses.

Future expenditures are capitalized, when they increase future economic benefits of a specific asset to which they apply. All other future expenditures are recognized in the profit or loss during their expenditure.

Amortization is calculated as amortized amount, which represents the historical or the replacement cost of the asset less residual value.

Amortization is recognized in the profit or loss using straight line method for the estimated useful life of the intangible asset.

- Approaches for reflecting the impact of accounting policy changes and for correction of material errors: correction amount for material errors that apply to the previous period is reflected in the reports of the reporting period, adjusting the initial balance of retained earnings. Comparable information is reproduced as long as it is feasible.
- Approach for determining the completion level of transaction for recognizing revenue due to provision of contractual services: when it is possible to reliably estimate transaction results of provided services, the revenue from transaction is recognized in the financial report as of the date based on completion level of transaction, otherwise the revenue is recognized only in the amount of costs which will be compensated.
- Approach for recognizing difference due to foreign currency exchange rates: exchange rate differences which arise as a result of maturity of monetary items or when monetary items in the report are presented in one currency, which is different from the currency in a given reporting period for their initial entry or the currency entered in previous financial reports, are recognized as income or expense in the period in which they arose.
- Approach for accounting borrowing expenses: borrowing expenses are recognized in the period, when they occur (accrue), with the exception of qualified assets, which are capitalized according to IAS 23. Loans and borrowings are measured at amortized cost using the effective interest method.
- Financial assets held for trading that are measured at fair value through profit or loss are revalued at the end of each month, recognizing the profits (losses) resulting from revaluation, in the profit or loss of a given period, as net income arising from changes in the value of investments held for trading measured at fair value through profit or loss and including in the net income from trading activities. The funds received from the sale of financial assets held for trading and the difference in the carrying value (including fair value adjustments) of sold financial assets held for trading are

presented as net income from trading of investments held for trading measured at fair value through profit or loss.

- Securities provided and received as a result of REPO contracts: securities received as a result of a REPO contract are accounted off-balance sheet as collateral for extended credit. Funds paid toward securities received as a result of REPO contracts are accounted as extended credit in the account for reverse repurchase agreements. Interest received from these agreements is recognized on accrual basis in the profit or loss and are presented along with interest or similar income. Securities provided as a result of REPO contracts are accounted in the balance sheet according to their type. Funds received for securities provided as a result of REPO contract are accounted as received credit. Interest paid for these contracts is recognized in the profit or loss on an accrual basis along with interest expenses.
- Profit tax expense (income) consists of current tax expense (income) and deferred tax expense (income). Profit tax expense is recognized in the profit or loss, with the exception of taxes arising as a result of transactions, outcome of which is recognized in the shareholders equity. In the latter case the profit tax expense is recognized in the shareholders equity. Current tax expense is the profit tax resulting from the taxable income of the current year and current tax adjustments for the previous years. Deferred tax expense (income) is the result of changes in the balance of deferred tax assets and liabilities. Deferred tax assets are recognized in the amount that is probable for receiving sufficient taxable income in the future, for which can be used temporary deductible differences and tax losses transferred to the next period.

### Note 3. Interest income

<b><u>Interest income</u></b>	<b>01.04.13- 30.06.13</b>	<b>01.01.13- 30.06.13</b>	<b>01.04.12- 30.06.12</b>	<b>01.01.12- 30.06.12</b>
Interest income from bank accounts and deposits	2,984	5,935	-	-
Interest income from securities	3,577	6,373	-	-
<b>Total</b>	<b>6,561</b>	<b>12,308</b>	<b>-</b>	<b>-</b>
<b><u>Interest expenses</u></b>	<b>01.04.13- 30.06.13</b>	<b>01.01.13- 30.06.13</b>	<b>01.04.12- 30.06.12</b>	<b>01.01.12- 30.06.12</b>
Interest expenses from loans and borrowings	(-)	(-)	(-)	(-)
Interest expenses from repo transactions	(747)	(747)	(-)	(-)
<b>Total</b>	<b>(747)</b>	<b>(747)</b>	<b>(-)</b>	<b>(-)</b>
<b><u>Net interest income</u></b>	<b>5,814</b>	<b>11,561</b>	<b>(-)</b>	<b>(-)</b>

### Note 4. Fee and commission income and expenses

<b><u>Fee and commission income</u></b>	<b>01.04.13- 30.06.13</b>	<b>01.01.13- 30.06.13</b>	<b>01.04.12- 30.06.12</b>	<b>01.01.12- 30.06.12</b>
Fees from issue of shares	161	161	-	-
Investment fund management fee	16	16	-	-
<b>Total</b>	<b>177</b>	<b>177</b>	<b>-</b>	<b>-</b>
<b><u>Fee and commission expenses</u></b>	<b>01.04.13- 30.06.13</b>	<b>01.01.13- 30.06.13</b>	<b>01.04.12- 30.06.12</b>	<b>01.01.12- 30.06.12</b>
Fees	(41)	(41)	(-)	(-)
<b>Total</b>	<b>(41)</b>	<b>(41)</b>	<b>(-)</b>	<b>(-)</b>
<b><u>Net fee and commission income</u></b>	<b>136</b>	<b>136</b>	<b>(-)</b>	<b>(-)</b>

### Note 5. Dividend income

The Company did not receive any dividend income.

### Note 6. Net gains on financial assets and liabilities held for trading

<b><u>Investments held for trading</u></b>	<b>01.04.13- 30.06.13</b>	<b>01.01.13- 30.06.13</b>	<b>01.04.12- 30.06.12</b>	<b>01.01.12- 30.06.12</b>
Net income from financial assets held for trading at fair value through profit or loss	28	45	-	-
Net income from revaluation of financial assets held for trading measured at fair value through profit or loss	7,327	6,231	-	-
<b>Total</b>	<b>7,355</b>	<b>6,276</b>	<b>-</b>	<b>-</b>
<b><u>Foreign currency operations</u></b>	<b>01.04.13- 30.06.13</b>	<b>01.01.13- 30.06.13</b>	<b>01.04.12- 30.06.12</b>	<b>01.01.12- 30.06.12</b>

Net income from foreign currency trading	-	-	-	-
Net income from revaluation of foreign currency	-	-	-	-
<b>Total</b>	-	-	-	-
<b>Total net income from trading operations</b>	<b>7,355</b>	<b>6,276</b>	-	-

#### Note 7. Other operating income

The Company does not have any other operating income.

#### Note 8. Net deductions for asset loss reserves

The Company did not make any deductions for asset loss reserves in the reporting and previous periods.

#### Note 9. Total administrative costs

<b><u>Total administrative costs</u></b>	<b>01.04.13- 30.06.13</b>	<b>01.01.13- 30.06.13</b>	<b>01.04.12- 30.06.12</b>	<b>01.01.12- 30.06.12</b>
Salary paid and other related payments	(6,887)	(12,110)	-	-
Rent of property and equipment	(2,000)	(2,000)	-	-
Professional services	(850)	(2,030)	-	-
IT related costs	(276)	(408)	-	-
Office supplies	(183)	(241)	-	-
Non-refundable taxes and dues	(691)	(1,014)	-	-
Other	(81)	(123)	-	-
<b>Total</b>	<b>(10,968)</b>	<b>(17,926)</b>	-	-

There were 7 employees in the 2<sup>nd</sup> quarter of 2013 and the average salary of one employee was 235,000 drams.

#### Note 10. Other operating expenses

<b><u>Other operating expenses</u></b>	<b>01.04.13- 30.06.13</b>	<b>01.01.13- 30.06.13</b>	<b>01.04.12- 30.06.12</b>	<b>01.01.12- 30.06.12</b>
Fixed asset amortization costs	(173)	(186)	-	-
Intangible asset amortization costs	-	-	-	-
<b>Total</b>	<b>(173)</b>	<b>(186)</b>	-	-

#### Note 11. Gains (losses) from investment in statutory capital of other entities

The Company did not have gains (losses) from investment in statutory capital of other entities.

#### Note 12. Profit tax expense

<b><u>Profit tax expense</u></b>	<b>01.04.13- 30.06.13</b>	<b>01.01.13- 30.06.13</b>	<b>01.04.12- 30.06.12</b>	<b>01.01.12- 30.06.12</b>
Current tax expense	-	-	-	-
Deferred tax expense	388	(72)	-	-
<b>Total</b>	<b>388</b>	<b>(72)</b>	-	-

**Interrelation between profit tax expense and accounting profit:**

	2013 January- June	Effective rate (%)	2012 January- June	Effective rate (%)
Profit (loss) before taxes	(139)	-	-	-
Profit tax	(28)	20.00	-	20.00
Non-taxable income (received dividends)	(44)	31.65	-	-
Non-deductible expenses	-	-	-	-
Profit tax expense	(72)	56.65	-	-

Calculation of deferred tax:

	Balance as of 31.12.12	Recognized in profit or loss of 2013	Balance as of 30.06.13
<b>Deferred tax assets, including:</b>	<b>200</b>	<b>(2)</b>	<b>198</b>
Other assets	-	-	-
Reserves	143	55	198
Financial instruments at fair value through profit or loss	57	(57)	-
<b>Deferred tax liabilities, including:</b>	<b>(-)</b>	<b>(1,134)</b>	<b>(1,134)</b>
Financial instruments at fair value through profit or loss	(-)	(1,134)	(1,134)
Other liabilities	-	-	-
Other assets	-	-	-
<b>Net deferred tax asset/liability</b>	<b>200</b>	<b>(1,136)</b>	<b>(936)</b>
<b>Tax loss transferred to the next period</b>	<b>442</b>	<b>1,208</b>	<b>1,650</b>
<b>Total for net deferred tax asset (liability) movement</b>	<b>642</b>	<b>72</b>	<b>714</b>

**Note 13. Basic earnings per share**

Note 13 reveals calculation method for earnings per share (the amounts used in the numerator and denominator).

<b>Basic earnings per share</b>	01.04.13- 30.06.13	01.01.13- 30.06.13	01.04.12- 30.06.12	01.01.12- 30.06.12
Net after tax profit (loss) in the reporting period	1,776	(67)	-	-
Preferred share dividends in the reporting period	-	-	-	-
Net profit (loss) in the reporting period attributable to ordinary shareholders	1,776	(67)	-	-
Average outstanding ordinary shares in the reporting period	21,000	21,000	-	-
Basic earnings per share	0,085	(0,003)	-	-
Diluted earnings per share	0,085	(0,003)	-	-

**Note 14. Cash and cash balances at RA Central Bank**

**14.1. Cash, cash equivalents and balances at RA Central Bank**

<b>Cash, cash equivalents and balances at RA Central Bank</b>	<b>as of 30.06.13</b>	<b>as of 31.12.12</b>
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Cash and cash balances at RA Central Bank	-	-
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**14.2. Cash and cash equivalents**

	as of 30.06.13	as of 31.12.12
Cash at RA Central Bank	-	-
<b>Total</b>	-	-

**Note 15. Claims against banks and other financial institutions**

<u>Current accounts</u>	as of 30.06.13	as of 31.12.12
Current accounts in RA banks	399	530
<b>Total</b>	<b>399</b>	<b>530</b>
Loans (extended credits), deposits and other claims	100,000	100,000
Accrued interest	1,016	1,049
<b>Total</b>	<b>101,415</b>	<b>101,579</b>
Loss reserves for claims of banks and other financial institutions (Note 8)	(-)	(-)
<b>Net claims against banks and other financial institutions</b>	<b>101,415</b>	<b>101,579</b>

The Company did not have any cash denominated in foreign currency. The cash balance was 399 thousand drams at the end of 30.06.13 and does not have any restrictions on its use.

**Note 16. Claims against customers**

The Company did not have any claims against customers at the end of the reporting period.

The Company did not have overdue, impaired and problem loans and extended credits at the end of the reporting and previous periods.

The Company also did not receive any financing provided by international financial institutions.

**Note 17. Financial assets at fair value through profit or loss**

<u>Government securities</u>	as of 30.06.13	as of 31.12.12
<b>RA government securities, including:</b>	<b>154,180</b>	<b>95,765</b>
Treasury bonds	154,180	95,765
<b>Total government securities</b>	<b>154,180</b>	<b>95,765</b>
Including sold to RA banks through repo contracts	69,132	-
<u>RA non-government securities</u>	as of 30.06.13	as of 31.12.12
	<i>listed</i>	<i>listed</i>
<b>BBB+/Baa1/ and lower credit rating, other credit rating and without a credit rating</b>	<b>7,185</b>	-
Long-term fixed income instruments	-	-

Equity instruments	-	-
Other (shares)	7,185	-
<b>Total RA non-government securities</b>	<b>7,185</b>	<b>-</b>
Including sold to RA banks through repo contracts	-	-
<b><u>Other financial assets at fair value through profit or loss</u></b>		
Forward contracts	-	-
FX swaps	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Total financial assets at fair value through profit or loss</b>	<b>161,365</b>	<b>95,765</b>

#### Note 18. Available-for-sale financial assets

The Company does not have available-for-sale financial assets.

#### Note 19. Held-to-maturity investments

<b><u>Government securities</u></b>	<b>as of 30.06.13</b>	<b>as of 31.12.12</b>
<b>RA government securities, including:</b>		
Treasury bonds	-	-
<b>Total government securities</b>	<b>-</b>	<b>-</b>
<b>Accrued interest</b>	<b>-</b>	<b>-</b>
<b>Total held-to-maturity investments</b>	<b>-</b>	<b>-</b>

#### Note 20. Investments in statutory capital of other entities

The Company does not have investments in statutory capital of other entities.

#### Note 21. Fixed assets and intangible assets

##### **Fixed assets**

<b>Item</b>	<b>IT and communications equipment</b>	<b>Office property and equipment</b>	<b>Improvements on a leased property</b>	<b>Total</b>
<b><u>Beginning balance</u></b>				
<b>Balance as of 01.01.12</b>	-	-	-	-
Increase	263	-	-	263
<b>Balance as of 31.12.12</b>	<b>263</b>	<b>-</b>	<b>-</b>	<b>263</b>
Increase	4,844	906	4,954	10,704
<b>Balance as of 30.06.13</b>	<b>5,107</b>	<b>906</b>	<b>4,954</b>	<b>10,697</b>
<b><u>Accumulated depreciation</u></b>				
<b>Balance as of 01.01.12</b>	-	-	-	-

Increase	-	-	-	-
<b>Balance as of 31.12.12</b>	-	-	-	-
Increase	140	4	42	186
<b>Balance as of 30.06.13</b>	<b>140</b>	<b>4</b>	<b>42</b>	<b>186</b>
<b><u>Net balance</u></b>				
<b>As of 30.06.13</b>	<b>4,967</b>	<b>902</b>	<b>4,912</b>	<b>10,781</b>
<b>As of 31.12.12</b>	<b>263</b>	<b>-</b>	<b>-</b>	<b>263</b>

### **Intangible assets**

	<b>Capital investments in intangible assets</b>	<b>Total</b>
<b><u>Beginning balance</u></b>		
<b>Balance as of 01.01.12</b>	-	-
Increase	300	300
<b>Balance as of 31.12.12</b>	<b>300</b>	<b>300</b>
Increase	250	250
<b>Balance as of 30.06.13</b>	<b>550</b>	<b>550</b>
<b><u>Accumulated depreciation</u></b>		
<b>Balance as of 01.01.12</b>	-	-
Increase	-	-
<b>Balance as of 31.12.12</b>	-	-
Increase	-	-
<b>Balance as of 30.06.13</b>	-	-
<b><u>Net balance</u></b>		
<b>As of 30.06.13</b>	<b>550</b>	<b>550</b>
<b>As of 31.12.12</b>	<b>300</b>	<b>300</b>

### **Note 22. Deferred tax assets**

See note 12.

### **Note 23. Other assets**

#### **Receivables and advance payments**

	<b>as of 30.06.13</b>	<b>as of 31.12.12</b>
Fund management fee	16	-
Advance property lease payment	7,296	9,600
Other	15	-
<b>Total</b>	<b>7,327</b>	<b>9,600</b>

### **Note 24. Liabilities toward banks and other financial institutions**

**Received credit and deposits, other**

**as of 30.06.13      as of 31.12.12**

**RA banks**

Repo contracts

70,299

-

Accrued interest

747

-

**Total**

**71,046**

**-**

**Note 25. Liabilities toward customers**

**RA resident natural persons**

**as of 30.06.13**

**as of 31.12.12**

Received credit

-

-

Repo contracts

-

-

Accrued interest

-

-

**Total**

**-**

**-**

**Note 26. Financial liabilities at fair value through profit or loss**

**Financial liabilities at fair value through profit or loss**

**as of 30.06.13**

**as of 31.12.12**

**Derivative instruments at fair value through profit or loss:**

Forward contracts

-

-

**Total**

**-**

**-**

**Note 27. Securities issued by the firm**

The Company does not have issued securities.

**Note 28. Deferred tax liabilities**

See note 12.

**Note 29. Reserves**

**Reserves**

**as of 30.06.13**

**as of 31.12.12**

**Beginning balance**

**715**

**-**

Reserve deductions

916

715

Reserve useage

(640)

-

Net reserve deductions

276

715

**Ending balance**

**991**

**715**

Reserve for vacation leave

991

315

Reserve for audit

-

400

The Company has a legal obligation for both reserves. As a result cash outflows are expected throughout the year and during the audit. Taking into account the short-term nature of these reserves, the amount was determined without discounting.

The Company does not have any other legal or structural reserve requirements. There are not any legal claims against the Company. The Company has fulfilled its tax obligations and an additional reserve requirement for tax liabilities is not necessary.

### Note 30. Other liabilities

<b><u>Other liabilities</u></b>	<b>as of 30.06.13</b>	<b>as of 31.12.12</b>
Payables:		
Profit tax	-	-
Value added tax	-	-
Income tax	531	-
Employee compensation	1,515	-
Employee voluntary pension contributions	86	-
Liabilities toward suppliers	616	-
<b>Total</b>	<b>2,748</b>	<b>-</b>

### Note 31. Statutory capital

The statutory capital of the Company is 210,000 thousand AMD, which is comprised of 21,000 (twenty one thousand) ordinary nominal shares with the nominal value of 10,000 (ten thousand) AMD each. The Company shares are paid in full.

The number of announced shares of the Company are 30,000 (thirty thousand) each.

<b>Shareholder name, last name</b>	<b>Participation amount</b>	<b>Percent participation</b>
“Capital Investments” CJSC	210,000	100.00%

### Note 32. Other capital items

There are no other capital items.

### Note 33. Transactions with affiliated parties

The following transactions were done with the parent company in the reporting period:

#### (i) Expenses

<b>thousand drams</b>	<b>Transaction amount</b>	<b>Outstanding balance</b>
	<b>Reporting quarter</b>	
Bonds purchased	19,391	-
Accrued interest due to reverse repo contracts	747	747
Recordkeeping service	36	-

	Transaction amount	Outstanding balance
thousand drams	Reporting quarter	
	20,174	747

(ii) Income

	Transaction amount	Outstanding balance
thousand drams	Reporting quarter	
Bonds sold	9,165	-
	9,165	-

All transactions with affiliated parties were done under market conditions.

#### Note 34. Capital and capital adequacy

	30.06.13	31.12.12
Statutory capital	210,000	210,000
General reserve	-	-
Retained earnings for current period	(67)	(2,566)
Retained earnings for previous period	(2,566)	-
<b>Total</b>	<b>207,367</b>	<b>207,434</b>

For year 2013:

Month	Main capital	Total capital	Items deducted from main capital for calculation of prudential standard of shareholder's equity	Main capital used in calculation of prudential standard	Minimum capital requirement set by RA Central Bank
January	207,578	207,578	381	207,198	200,000
February	207,059	207,059	2,800	204,259	200,000
March	204,944	204,954	2,800	202,144	200,000
April	205,531	205,531	3,291	202,241	200,000
May	205,330	205,330	5,253	200,077	200,000
June	205,910	205,910	5,233	200,676	200,000

#### Note 35. Fair value of financial assets and liabilities

The Company determines fair value of financial instruments based on market quotes. Fair values are used for financial instruments held for trading at fair value through profit or loss with the exception of loans and borrowings, which are accounted at amortized cost. Fair value of those is estimated close to carrying value.

#### Note 36. Hedging of expected future transactions

There were no future expected transactions as of 30.06.13.

### **Note 37. Operating leases**

The Company carries out its activities in the premises rented under an operating lease. As of June 30, 2013 one-year non-cancelable operating lease is 7,200 thousand AMD and the expense amount recognized during 2013 is 2,000 thousand AMD.

### **Note 38. Derecognition**

As of the end of the reporting period there were no cases when derecognition requirements of a transferred asset were fully or partially not met.

### **Note 39. Pledged assets**

As of 30.06.13 the Company does not have any pledged assets.

### **Note 40. Accepted collateral**

As of 30.06.13 the Company does not have any assets secured by collateral.

### **Note 41. Non-performance/violations of obligations**

As of 30.06.13 there were no violations of contractual obligations by the Company.

The key staff of the Company has received the following compensation, which is included under employee compensation expense:

<b>Thousand dram</b>	<b>01.01.13-30.06.13</b>	<b>01.01.12-30.06.12</b>
Salary and bonus	6,060	-
	<b>6,060</b>	<b>-</b>

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**“Capital Asset Management” CJSC Management Announcement**

We are responsible for preparation and approval of financial statements that accurately reflect the financial condition of the Company.

Hence, Company management is responsible for:

- selection of accounting policy, its approval and application,
- making substantiated estimates and calculations,
- maintaining requirements for international financial reporting standards, and revealing in the notes to financial statements any deviations from international financial reporting standards,
- accurate maintenance of accounting records,
- preparation of financial reports based on continuity of Company activities,
- employing an accounting system concerning financial situation and corresponding to the Republic of Armenia legislation and international financial reporting standards, that operates in a timely manner and with sufficient accuracy in providing information,
- undertaking necessary means for protection of assets in the Company, prevention and uncovering of inaccuracies and fraudulent activities.

We also assure, that the financial statements of the Company correspond to international financial reporting standards and other accounting regulation acts.

**Chief Executive Officer**

**Hayk Voskanyan**

**Head Accountant**

**Karen Khachatryan**

**“AN Audit” CJSC**

**19.07.2013**

**Prepared by authorized  
representative**