

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees ““Harmonic Society” Social Workers Association” NGO

Opinion

We have audited the accompanying financial statements of ““Harmonic Society” Social Workers Association” Non-Governmental Organization (the “Organization”), which comprise the statement of financial position as at December 31, 2014 and December 31, 2015, and the statement of profit or loss and other comprehensive income and statement of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of, the financial position of the Organization’s as at December 31, 2014 and December 31, 2015, and of its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

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 Financial Statements” section of our report. We are independent of the Organization in accordance with the International Ethics Standards Board for Accountants’ “Code of Ethics for Professional Accountants (IESBA Code)”, 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.

Emphasis of Matter

We draw your attention to the fact, that the corresponding figures presented, excluding the adjustments described in note 21 to the financial statements, are based on the financial statements of the Organization as at and for the year ended 31 December 2013, which has been audited by other auditor, whose report dated 12 December, 2014 expressed an unmodified opinion on those statements. As part of our audit of the 2014 and 2015 financial statements, we have audited the adjustments described in note 21 to the financial statements that were applied to restate the 2013 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We haven’t engaged to audit, review, or apply any procedures to the 2013 financial statements of the Organization, other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2013 financial statements taken as a whole. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Organization'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 Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.

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

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Albert Asatryan.

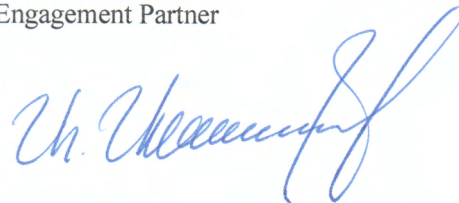
January 30, 2017

Sergey Asatryan

Albert Asatryan

Chief Executive Officer

Engagement Partner



ASATRYANS LLC

Statement of profit or loss and other comprehensive income

In thousand drams	Notes	Year ended December 31, 2015	Year ended December 31, 2014
Income from grants	11	15,302	-
		15,302	-
Employee compensation	12	(8,949)	(150)
Amortization		(17)	(17)
Printing and publishing		(958)	-
Business trip		(919)	-
Office expenses	13	(237)	-
Other expenses	14	(2,083)	(632)
Result from operating activities		2,139	(799)
Other financial assets	15	(93)	-
Result for the year		2,046	(799)
<i>Other comprehensive income</i>			
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive result for the year		2,046	(799)

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 8 to 31.

Statement of cash flows

In thousand drams	Year ended December 31, 2015	Year ended December 31, 2014
Cash flows from operating activities		
Result for the year	2,046	(799)
<i>Adjustments:</i>		
Amortization	17	17
Changes in reserves	179	-
Grants recognized as income	(15,302)	-
Operating result before changes in working capital	(13,060)	(782)
Change in trade and other receivables	(202)	15
Change in trade and other payables	(518)	(342)
Cash used in operations	(13,780)	(1,109)
<i>Net cash used in investing activities</i>	(13,780)	(1,109)
Cash flows from financing activities		
Repayment of borrowings	(1,584)	-
Proceeds from borrowings	-	1,682
Proceeds from grants	18,412	-
<i>Net cash from financing activities</i>	16,828	1,682
Net increase in cash and bank balances	3,048	573
Foreign exchange effect on cash	100	-
Cash and cash equivalents at the beginning of the year	573	-
Cash and cash equivalents at the end of the year	3,721	573

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 8 to 31.