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Independent Auditors' Report

To the Board of Trustees
Fund for Rural Economic Development in Armenia

We have audited the accompanying financial statements of the Fund for Rural Economic Development in Armenia (the "Fund"), which comprise the statement of financial position as at 31 December 2011, and the statements of comprehensive income, changes in fund balance 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.

Auditors' 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 judgment, 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 Fund as at 31 December 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.


Andrew Coxshall
Director

KPMG Armenia cjsc
26 March 2012




Tigran Gasparyan
Head of Audit Department

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Fund for Rural Economic Development in Armenia
Statement of Financial Position as at 31 December 2011

'000 AMD	Note	2011	2010
Assets			
Property, equipment and intangible assets	8	19,039	14,054
Investments in projects	9	1,025,796	432,466
Loans given	10	74,500	34,802
Non-current assets		1,119,335	481,322
Investments in projects	9	110,606	-
Loans given	10	9,838	7,354
Prepayments		31,864	17,495
Cash and cash equivalents	11	292,628	68,011
Current assets		444,936	92,860
Total assets		1,564,271	574,182
Fund balance			
Contribution from founders	12	822,254	320,570
Retained earnings		136,553	18,930
Total fund balance		958,807	339,500
Liabilities			
Loans and borrowings	12	285,596	123,114
Grants received	14	18,806	14,054
Deferred tax liability	13	11,677	5,883
Non-current liabilities		316,079	143,051
Loans and borrowings	12	22,015	-
Grants received	14	260,038	87,757
Other payables		3,166	3,389
Income tax payable		4,166	485
Current liabilities		289,385	91,631
Total liabilities		605,464	234,682
Total fund balance and liabilities		1,564,271	574,182

The statement of financial position is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 8 to 30.

