

RENESA INVESTMENT CJSC

CAPTIONS TO FINANCIAL STATEMENTS (form 5)

2009 III QUARTER

January 1st -September 30th 2009 financial statements of the company have been prepared and presented in accordance with Armenian Law on “Accounting and Accountancy”, Accounting Standards, other normative legal acts.

1. Caption 1. “Legal Environment and Corporate Governance”

1.1. Legal Environment

- 1) Name of the investment company-“Renesa” Investment CJSC, has no representations and branches.
- 2) Main types of activities
- 3) a) Investment activities
 - The company makes investments in Armenian governmental and corporate bonds.
 - Brokerage services
- b) Foreign currency sale/purchase

Financial statements refer only to the company.

As of September 30, 2009 “Renesa” investment CJSC has 6 employees.

- 2) Business environment
- 3) “Renesa” CJSC successfully cooperates with the Central Bank of Armenia, RA commercial Banks, resident and non-resident Individuals and legal entities, is a member of “NASDAQ OMX ARMENIA” OJSC.
“Renesa” investment CJSC is not a member of any Group.

1.2. Corporate Governance.

“Renesa” investment close joint stock company is a profit making commercial legal entity with chartered capital divided into a certain number of shares set by its Charter.

In accordance with the resolution No. 122 TSOH A, of June 27, 2008 of the CBA the company’s Charter (new edition) is registered in the CBA, registration certificate No. 0005, on 27.06.2008.

Brand name of the company is “Renesa” close joint stock company; abbreviated name is “RENESA” CJSC.

Company’s location/legal address-Vardanants str. Area 47, bld. 16, Yerevan, Republic of Armenia.

1) Managerial bodies of “RENEA” CJSC are the Shareholders’ General Meeting, and the company’s Chief Executive Officer. Shareholders’ General Meeting is the supreme managerial body of the company having within its competence the decisive vote in any issue related to company’s management/activities. The company is obliged to convene its regular annual general meeting within six months following the fiscal year-end.

General Meeting of company’s shareholders supervises and evaluates the performance of the Executive body based on the reports received from internal auditor/accounting division, as well as the opinion submitted by the company’s statutory auditor.

2) Current management of company’s activities is performed by its executive body represented by the Chief Executive Officer. Issues related to the company’s current activity’s management and not being set within the competence of General Meeting by Charter/Legislation, fall under the competence of the company’s Chief Executive Officer.

3) According to the company’s Charter its chartered capital totals to AMD 200mln; and is divided into 4.000 (four thousand) common nominal shares, each with a face value of AMD 50.000 (fifty thousand). According to the company’s Charter its chartered capital totals to AMD 200mln; and is divided into 4.000 (four thousand) common nominal shares, each with a face value of AMD 50.000 (fifty thousand). As of June 30, 2009 “RENEA” investment close joint stock company has 2 shareholders.

4) “RENEA” CJSC’s majority shareholders are:

1. Eduard Marutyanyan with 50% stake
2. Anna Hambaryan with 50% stake

5) Decision on the company’s management remuneration terms is an issue falling under exclusive competence of the General Meeting of Shareholders. The evaluation of manager’s work is the exclusive privilege of company’s shareholders.

The evaluation of management activities is made on the basis of certain indicators set forth by the company’s Perspective Development Project or planed under annual budget, including assets’ size, net profit, and company’s capital/asset profitability levels.

The evaluation process is also based on the following:

1. The outcomes of implementation of corporate governance principles in the company
2. Due execution of approved internal legal acts, other resolutions
3. Execution of risk management policy
4. Conducted personnel policy
5. Efficient management of company’s activities and perspective development-oriented projects.

6) The company’s statutory auditor for the year 2008 has been “Grant Thornton Amyot” LLC Audit/Consulting Company. Its remuneration for the service has made AMD 2.220.000 (two million two hundred twenty thousand).

2. *Caption 2.* “Policy of Accountancy”

The company’s accountancy has been conducted in conformity with Accounting Manual of Investment Companies, approved by No. 116-N decision of April 8, 2008 of the CBA Board, the order to investment companies to apply the Accounting Manual and the Policy of Accountancy.

Financial statements of “RENE SA” investment CJSC for the accounting period starting from January 1st to September 30th, 2009 have been prepared in accordance with accounting standards of the Republic of Armenia (ASRA). The accounting within the company has been conducted according to Armenian Law on “Accounting and Accountancy”, accounting standards, other normative legal acts.

1) As set forth by the Legislation regulating the accountancy the financial statements’ package of the company includes:

A/ Balance Sheet,

B/ Income Statement,

C/ Statement on Equity Changes,

D/ Cash Flow Statement,

E/ Captions to Financial Statements, including Policy of Accountancy.

The company prepares its financial statements, except the statement on cash flows, on the basis of accruals concept of accounting, which envisages recognition of operations and events at the moment of their execution (and not when received or paid as is the case with cash in hand and its equivalents), and are registered in the accounting ledger and recorded in financial statements as of the period of their execution.

2) The company uses the following principles for conduction of accountancy and preparation of financial statements:

- *Going-concern assumption*- The Company will continue its performance in foreseeable future, has no intention to start liquidation process or curtail its activity volumes.
- *Substance over form*- information recorded in financial statements must fairly present the company’s financial state, as well as reflect:
 - a) Not only the legal side of events/operations, but also their economic substance,
 - b) Be objective,
 - c) Be conservative,
 - d) Be complete in all essential aspects.
- *Accruals concept* – *the outcomes of economic activities* and events are recognized and registered in accounting ledger at the moment those have occurred, independent of receipt or payment of money related to them, and are recorded in the financial statements of the period to which those refer,
 - *Understandability principle* – information in financial statements shall be understandable to all users,
 - *Materiality & uniformity principle* – *in financial statements all material items shall be presented separately, and non material items jointly,*
 - *Comparability principle* – financial statements of different periods shall be comparable,
 - *Matching principle* - assets, equity & liabilities, as well as income-expenses are not set off, except in cases when offset is required or allowed by accounting standards or Law,
 - *Severability principle* – Company’s assets/liabilities shall be separated from assets/liabilities of other organizations or its founders,
 - *Consistency – Policy of Accountancy* shall be consistent from period to period, except if:
 - Essential changes have occurred in the company’s nature of activities, or
 - A more essential information is provided by amended Policy of Accountancy, or
 - Changes have been made in the legal acts regulating the accounting.

3) Interest income received or receivable by the company for conduction of its operations, as well as paid interest expenses are measured, recognized and recorded by accrual concept (daily), independent of actual receipt or payment term of the income, in real value, as of the balance sheet date, on the basis of transaction completion level as prescribed by RA Legislation.

Non-interest expenses are measured, recognized and recorded by accrual concept taking into basis the relevant agreement or payments of previous period. Accruals on non interest expenses are credited on the last working day of each month.

On the last working day of each month allowances are made forming a liability for future payments of the company's employee's vacation benefits.

4) The company makes operations denominated in AMD and foreign currency. The company conducts the accountancy and prepares and presents its financial statements in AMD as prescribed by Law, which is considered to be the reporting currency. The company initially records foreign currency operations in the reporting currency by the average estimated translation rate for that currency established by the CBA as of the date the operation is made.

After initial recognition foreign currency items are revaluated. AMD items are recorded in the closing rate, being the translation rate as of the balance sheet date, and non AMD items by the translation rate of the date when the operation was made.

5) Accounting on the profit tax, VAT, income tax, property tax, land tax, mandatory social insurance payments are made in accordance with Armenian Tax Legislation.

Profit tax of the accounting year consists of current and deferred taxes.

Current profit tax is calculated in accordance with the requirements set forth by RA Legislation. Each month profit tax liability calculated against profit is recorded, and by the end of the accounting year it is adjusted and offset with profit tax prepayments.

Deferred taxes, if any, occur from temporary differences between the balance sheet value of assets and liabilities and their tax base. The allowances on deferred tax liabilities occurred due to temporary differences, if any, are made in full. Deferred taxes are recognized to the extent of disposal possibility of the given asset. Deferred tax assets and liabilities on profit tax are set off.

6)) The company recognizes the financial assets and liabilities in its balance sheet when it becomes one of the contractual parties to the Instrument.

During initial recognition financial assets and liabilities are measured by their initial cost, being the real value of compensation extended or received for them, plus or less any charges incurred in connection with the transaction.

The company classifies its financial assets by the following categories: a held-for-trading financial asset, available-for-sale financial assets, accounts receivable, held-to-maturity investments. Suchlike classification of investments is made upon their purchase on the basis of estimations set by the company's management.

7) Actual cash flows (credit) and/or cash outflows (debit) are recorded by the company by the face value of currencies on the basis of payment documents set forth by Armenian legislation and duly prepared.

8) *Held-for-trading securities- Securities that have been mainly purchased or occurred from short-term fluctuations of prices or dealer margins on profit earning purpose. Held-for-trading securities are initially recorded in their initial value and subsequently remeasured in their real value based on current market prices.* Relevant realized or unrealized gains and losses are carried to Income from held-for-trading securities item of Income Statement.

9) *Available-for-sale – Available-for-sale investments are the investments that the company intends to maintain for an uncertain term and which may be sold taking into account the liquidity requirements or changes in interest rate, exchange rate or capital instrument values.*

Realized or unrealized gains and losses arising from changes in real value of available-for-sale securities are reflected in the capital. In case when securities are sold, adjustments on their real value are recognized in the Income Statement as gains or losses from securities classified as available-for-sale.

The real value of financial Instruments is based on their quoted market prices. If there is no quoted market price the real value of the Instrument is defined via price models or techniques of discounted cash flows.

Investments in capital instruments are not quoted at any stock exchange and have a restricted market. There are no acceptable principles and methods for precise estimation of real value of those instruments, therefore

the securities are accounted by their prime cost, less the depreciation reserve amount.

10) *Held-to-maturity securities* – Fixed held-to-maturity securities are classified as such, when the company has intended and has a possibility to keep those investments until their maturity term expiry. If the company sells any material amount of held-to-maturity assets the whole class is reclassified to available-for-sale. Held-to-maturity investments are recorded at their amortized cost using efficient interest rate method less their possible loss provisions.

11) *Fixed assets* – a unit fixed asset conforming to asset recognition standards is initially measured in its initial value (prime cost) in AMD. Foreign currency fixed assets are recorded in average exchange rate set by the CBA on their purchase date and are not subject to revaluation in case of exchange rate changes.

Fixed assets are tangible assets available in the company for organization of works, service rendering, commodity disposal or administrative usage and are envisaged for more than one year's use.

12) Intangible assets are identifiable non-cash assets lacking physical substance, that as a result of made transactions (events)

a/ are controlled by the company,

b/ are held in the company for rendering services, renting to others or using them for administrative purposes,

c/ have a limited useful life term.

Intangible asset is recognized in the company's balance sheet in case, if :

- It is possible that the future economic benefits of this asset will flow to the Company,
- Asset value can be duly measured.

Intangible asset is initially recognized and accounted in the balance sheet by its purchase price. After its initial recognition the intangible asset is accounted in balance sheet value with difference of its initial value and accumulated depreciation.

13) *Extended accounts receivable* – Accounts receivable include those financial assets that are generated by the company directly via services rendered to debtor, other amounts receivable, as well as prepayments made. Accounts receivable are recognized in the balance sheet when the company becomes a contractual party to the Instrument, that is when a chose in action arises.

15) As of 30.09.2009 "RENESA" CJSC's own capital has totaled to:

- a) Chartered capital - AMD 200mln.
- b) Revaluation reserve – AMD 167,876 mln.
- c) Accumulated profit –AMD 56,202 mln.
- d) Reserve capital –AMD 5mln.

3. *Caption 3. "Interest and similar income"*

<u>Interest and similar income</u>	<u>Accounting period</u>	<u>Previous period</u>
Interest income from bank accounts and placed deposits	37	150
Interest income from securities	108864	96660

Interest income from granted loans (borrowings)	5464	1656
Interest income from repo agreements	0	
Interest income from swap operations	0	
Other interest income	0	
Total	114365	98466

<u>Interest and Similar Expenses</u>	Accounting period	Previous period
Interest expenses for attracted borrowings and received loans	(726)	(13061)
Interest expenses on repo agreements	(67764)	(66522)
Interest expenses on swap operations	0	0
Interest expenses for securities issued by investment companies	0	0
Interest expenses to cover amounts due to RA government and Governments of Other Countries and other interest expenses	0	0
Total	(68490)	(79583)
	45875	18883
<u>Net interest and similar income</u>		

4. *Caption 4. "Commission and Other Fee Income and Expenses"*

Commission and Other Fee Income

Accounting period

Previous period

Commission from securities portfolio management

0

Commissions from securities operations

0

Commissions from consulting services

0

Commissions from securities' allocation

0

Commissions from custody services

0

Commissions from other investment services

0

Other commissions

0

Total

0

Commission and fee expenses

Accounting period

Previous period

Expenses on commissions

(573)

(712)

Net commission and fee expenses received

(573)

(712)

* If this line is essentially large the income sources are being disclosed.

5. *Caption 5. "Income dividends"*

<u>Dividends</u>	Accounting period	Previous period
Announced dividends on ordinary shares	0	0
Paid-out dividends on ordinary shares	0	0
Announced dividends on preference shares	0	0
Paid-out dividends on preference shares	0	0

6. *Caption 6. "Net Income from Commercial Activities"*

<u>Held-for-trading investments</u>	Accounting period	Previous period
Net income from sale/purchase of held-for-trading investments	0	0
Net income from real value changes of held-for-trading investments	0	0
Total	0	0

<u>Available-for-sale investments</u>	Accounting period	Previous period
Net income from sale/purchase of available-for-sale investments	(7309)	17288
Net income from real value changes of available-for-sale investments	30398	
Total	23089	17288

<u>Foreign currency operations</u>	Accounting period	Previous period
Net income from foreign currency sale/purchase	1716	(1213)
Net income from foreign currency revaluation	14968	9106
Total	16684	7893
Total net income from commercial activities	39773	25181

7. Caption 7. "Other Operational Income "

<u>Other operational income</u>	Accounting period	Previous period
Net income from disposal of fixed/intangible assets	0	0

Net income from revaluation and depreciation reversal of fixed/intangible assets	0	0
Extraordinary gains *	0	0
Other income**	120	0
Total	120	0

8. Caption 8. “ Net Allowances to Possible Asset Loss Provisions ”

<u>Due from banks, other financial Institutions</u>	Accounting period	Previous period
	Capt. 15	
Initial balance	0	0
Allowances to reserve	0	0
Return of allowances to reserve	0	0
Net allowances to reserve	0	0
Return of amounts previously carried to off balance sheet	0	0
Usage of reserve	0	0
	0	0
Summary balance		

<u>Due from Customers</u>	Accounting period	Previous period
	Capt.16	
Initial balance	0	0
Allowances to reserve	0	0
Return of allowances to reserve	0	0
Net allowances to reserve	0	0
Return of amounts previously carried to off balance sheet	0	0
Reserve usage	0	0

	0	0
Summary balance		

<u>Investments</u>	Accounting period	Previous period
	Capt. 19	
Initial balance	0	0
Allowances to reserve	0	0
Return of allownces to reserve	0	0
Net allowances to reserve	0	0
Return of amounts previously carried to off balance sheet	0	0
Usage of reserve	0	0
Summary balance		

<u>Other assets</u>	Accounting period	Previous period
	Capt. 23	
Initial balance	0	0
Allowances to reserve	0	0
Return of allownces to reserve	0	0
Net allowances to reserve	0	0
Return of amounts previously carried to off balance sheet	0	0
Usage of reserve	0	0
Summary balance		

9. **Caption 9. “Total Administrative Expenses ”**

<u>Total Administrative Expenses</u>	Accounting period	Previous period
Salary and equated payments	4555	4189
Allowances to social insurance state fund	875	792
Business trip, training expenses	0	0
Other personnel expenses	0	0
Operational leases	1350	1350
Building, equipment, technical service, maintenance of vehicles	370	693
Audit, other consulting services	1571	1140
Communication expenses	1489	1713
Office supply, administrative expenses	386	812
Transportation costs	839	839
Unrecoverable costs	405	500
Other administrative expenses	521	635
	12361	12663
Total		

As of September 30, 2009 “RENESA” CJSC company has 6 employees. The average annual monthly salary of each employee amounts to AMD 84.896.

10. **Caption 10. “Other Operational Expenses”**

<u>Other operational expenses</u>	Accounting period	Previous period
Public relation expenses	0	0

Amortization costs of fixed assets	5008	6681
Amortization costs of intangible assets	0	0
Other expenses	1308	1918
	6316	8599
Total		

11. Caption 11. “Net gains/losses from investments in chartered capital of other parties”

<u>Net income from investments in chartered capital of other parties</u>	Accounting period	Previous period
Investments in affiliated companies	0	0
Investments in joint ventures	0	0
Investments in subsidiaries	0	0
Investments in other subsidiaries	0	0
	0	0
Total		

12. Caption 12. “Profit tax expense”

<u>Profit tax expense</u>	Accounting period	Previous period
Current tax expense	10316	371
Adjustments to previous period taxes recognized in current period	0	0
Deferred tax expense	0	0
Total	10316	371

Caption 12 also discloses the following:

12.1 According to Armenian Law On profit tax Profit tax amount against the taxed profit is calculated by a rate of 20%,

12.2 The interrelation between the profit tax expense and accounting profit.

	Accounting period	Effective rate (%)	Previous period	Effective rate (%)
Profit before taxation	66518	-	22090	-
Profit tax with rate	-	20	-	20
Adjustments of income/expenses for taxation on non temporary differences	-	-	-	-
Untaxable income	(18022)	(20)	(35566)	(20)
Minimum expenses	3084	-	15331	-
Adjustment of tax expense calculated the previous year	-	-	-	-
Profit tax expense	10316	-	371	-

12.3. Calculation of Deferred Tax on Temporary Differences

	Balance at the end of the previous period	Recognized in income statement	Recognized in the equity	Balance as of the accounting period
<i>Deferred tax assets, including on</i>				
Held-for-trading securities				
Available-for-sale securities				
Fixed assets				
Other assets				
Reserves				
Other Liabilities				

<i>Deferred tax liabilities, including on</i>				
Commercial stock				
Available-for-sale securities				
Fixed assets				
Other assets				
Other liabilities				
<i>Net deferred tax asset /liability</i>				

13. Caption 13. “Basic Profit Falling to a Single Share”

<u>Basic profit falling to a single share</u>	<u>Accounting period</u>	<u>Previous period</u>
Accounting period after tax net profit		
Dividends on preference shares calculated for the accounting period	()	()
Net gains/losses for the period attributed to the owners of ordinary shares		
Weighed average number of ordinary shares negotiable during the accounting period		
Basic profit falling to a single share		
Diluted profit falling to a single share		

14. Caption 14 “ Cash in Hand and Balances with the CBA ”

14.1. “ Cash in Hand, Cash Equivalent and Balances with the CBA ”

<u>Cash in hand, cash equivalent and balances with the CBA</u>	<u>Accounting period</u>	<u>Previous period</u>
Cash in hand and payment documents	4805	2131
Chartered capital accumulation account with the CBA	0	0

Deposited funds with the CBA	0	0
Accrued interests	0	0
Cash in hand and balances with the CBA	4805	2131

As of 30.10.2009 the balance of cash amounts of RENESA CJSC totals to AMD 4.805 thousand. And there are no restrictions on its usage.

14.2. “Cash in hand, cash equivalents included in the Statement on Cash Flows”.

The lines Cash, cash equivalents in the beginning/at the end of the period in the Statement on Cash Flows, include Cash Funds in the Tills u and Correspondent accounts with Armenian Banks.

15. Caption 15. “Due from Banks and Other Financial Insitutions ”

<u>Current Accounts</u>	Accounting period	Previous period
With Armenian Banks	114195	127335
With other Banks	0	0
Deposited funds with the Banks	0	0
Accrued interests	37	69
Total	114232	127404
<u>Loans (extended borrowings) and deposits, other claims</u>		
With the CBA	0	0
Loans (extended borrowings) and deposits Repo (repurchase) agreements, other		
With banks	0	0
Loans (extended borrowings) and deposits Repo (repurchase) agreements, securities portfolio management, other		
With Investment and Other financial Institutions	0	0
Loans (extended borrowings) and deposits Repo (repurchase) agreements, securities portfolio management, other		
Accrued interests	0	0

Total	0	0
Possible loss provision on amounts due from Banks and other financial Institutions (caption 8)	(0)	(0)
Net amounts due from Banks and Other financial Institutions	114232	127404

As of September 30, 2009 the overall amount of RENESA CJSC's current accounts with Armenian banks has formed AMD 114.232.00 thousand and there are no restrictions for its usage.

16. Caption 16. Due from Customers

Caption 16 comprises the following items:

<u>Due from customers</u>	Accounting period	Previous period
Loans and extended borrowings, including	0	0
Armenian Government		
RA local self-governing authorities		
Mortgage		
Repo (repurchase) agreements	0	0
Securities portfolio management	90000	0
Other	605	0
Accrued interests on mentioned items	90605	0
Total claims		0
Possible loss provision on due from customers (caption. 7)	90605	0
	0	0
Total net claims		

<u>Structure of depreciated loans-borrowings extended to the customers as at the end of the accounting period</u>	Accounting period	Previous period
	amount/number	amount/number
Loans and advances, including		
Depreciated loans and advances, including		

Overdue	_____
Renegotiated	_____
Refinanced	_____
Total loans	_____
Possible loss provision on loans and advances to customers (caption 7)	_____
Total net loans	_____

Renegotiated are those assets the maturities and other terms of which have been revised (renegotiated), transferring the amounts to new asset Instruments, or the terms have been revised otherwise making them more favorable for the debtor (borrower), conditioned by deterioration of his financial state and (or) his debt repayment capability.

Refinanced assets are the assets, which are repaid on the account of new liability sources.

Caption 16 discloses the number of borrowers, the breakdown of extended loans and advances per at least the following types of customers:

<u>The Breakdown of Due from Customers per Customer</u>	<u>Accounting period</u>	<u>Previous period</u>
<u>Base</u>		
Banks, including	0	0
Loans and advances		
Repo (repurchase) agreements		
Other		
Other financial Institutions, including	0	0
Loans and advances		
Repo (repurchase) agreements		
Other		
State enterprises, including	0	0
Loans and advances		
Repo (repurchase) agreements		
Other		
Private enterprises, including	90000	0
Large enterprises		
Small and medium-size enterprises		
Individuals, including	0	0
Consumer loans		
Mortgage loans		
Repo (repurchase) agreements		

Private entrepreneurs, including	0	0
Consumer loans		
Mortgage loans		
Repo (repurchase) agreements		
Accrued interests, including	605	0
Loans and advances		
Repo (repurchase) agreements		
Other assets		
	90605	
Total claims		
Possible loss provision on amounts due to customers (caption 8)		
	90605	
Total net amounts due		

The parameters of small and medium-size enterprises are set forth in Armenian Law on State Support to SME's.

The loans granted by «RENESA» CJSC of 30.09.2009 forms

1. The loan granted by «RENESA» CJSC to «Renshin» LLC as of 30.09.2009 forms AMD 50000 thousand, with 12.8% of percentage ratio against the capital.

2. The loan granted by «RENESA» CJSC to «COFFEETRADE» LLC as of 30.09.2009 forms AMD 35000 thousand, with 8.1% of percentage ratio against the capital

Caption 16 discloses the breakdown of gross loan portfolio (less the possible loss provision amount) per the following finance sectors.

<u>Breakdown of due from customers per sectors</u>	<u>Accounting period</u>	<u>Percentage ratio</u>	<u>Previous period</u>	<u>Percentage ratio</u>
Industry, including				
Loans and advances				
Repo agreements				
Other				
Agriculture, including				
Loans and advances				
Repo agreements				
Other				
Construction, including	55000	61		
Loans and advances				
Repo agreements				

Other		
Transport and Communication, including		
Loans and advances		
Repo agreements		
Other		
Trade, including	35000	39
Loans and advances		
Repo agreements		
Other		
Consumer		
Mortgage loans		
Public catering, including		
Loans and advances		
Repo agreements		
Other		
Other, including		
Loans and advances		
Repo agreements		
Other		
Accrued interests, including	605	0
Loans and advances		
Repo agreements		
Other assets		
Total	90605	100

Caption 16 also reveals the geographical breakdown of due from customers. Below please find the breakdown of due from customers per residency:0

<u>The breakdown of due from from customers per residency</u>	Accounting period	Percentage ratio	Previous period	Percentage ratio
RA Residents	90000	100	0	0
Residents of countries with Baa3 and higher ratings				
Residents of				

countries with lower than BBB/Baa3 rating or no rating at all				
Accrued interests	605	100	0	0
Total	90605	100	0	0

The lines «Residents of countries with Baa3 and higher ratings» and «Residents of countries with lower than BBB/Baa3 rating or no rating at all» contain country names.

17.Caption 17. “ Held-for-trading Financial Assets ”

Caption 17 contains:

<u>Governmental Securities</u>	Accounting period		Previous period	
RA governmental securities, including	<hr/>			
T-Bills				
CBA bonds				
Other				
Governmental securities of countries with BBB- (Baa3) and higher rating, including	<hr/>			
T-Bills				
CBA bonds				
Other				
Governmental securities of countries with lower than BBB- (Baa3) rating or no rating at all	<hr/>			
T-Bills				
CBA bonds				
Other				
Total state securities	<hr/>			
 <u>RA non-governmental securities</u>	Accounting period		Previous period	
	<i>listed</i>	<i>unlisted</i>	<i>listed</i>	<i>unlisted</i>
	<hr/>	<hr/>	<hr/>	<hr/>

A-/A3/ and higher rating issuer's

Long-term debt instruments
Short-term debt instruments
Capital instruments
Other

Issuer with « G -> and higher rating assigned by the

CBA

Long-term debt instruments
Short-term debt instruments
Capital instruments
Other

Issuer with BBB+/Baa1/ and lower rating or no rating at

all

Long-term debt instruments
Short-term debt instruments
Capital instruments
Other

Total Armenian non-governmental held-for-trading securities

Other countries' non-governmental securities

Accounting period

Previous period

listed

unlisted

listed

Unlisted

A-/A3/ and higher rating issuer's

Long-term debt instruments
Short-term debt instruments
Capital instruments
Other

Issuer with BBB+/Baa1/ and lower rating or no rating at

all

Long-term debt instruments
Short-term debt instruments
Capital instruments
Other

Total other countries' non-governmental held-for-trading securities

Total held-for-tading securities

Other financial assets held-for-trading

Loans (borrowings), accounts receivable

A-/A3/ and higher rating borrowers'

Borrowers with BBB+/Baa1 and lower ratings, other ratings or no rating at all

Mortgage

Consumer loans (advances)

Other

Derivative instruments

Futures

Forward

Option

Swap

Other

Total

Total held-for-trading financial assets

18. Caption 18. Available-for-sale Financial Assets

Caption 18 comprises the following items :

<u>Governmental securities</u>	Accounting period	Previous period
RA governmental bonds	3191338	761279
T-Bills		
CBA bonds		
Other		
Governmental securities of countries with BBB-/Baa3/ and higher ratings		
T-Bills		
CBA bonds		
Other		
Governmental securities of countries with BB+/Ba1 and lower rating or no rating at all		
T-Bills		
CBA bonds		
Other		
	3191338	761279

Total governmental securities				
<hr/>				
<u>RA non-governmental securities</u>				
	<i>listed</i>	<i>unlisted</i>	<i>listed</i>	<i>unlisted</i>
A-/A3/and higher rating issuer's				
Long-term debt instruments				
Short-term debt instruments				
Capital instruments				
Other				
Issuer with «G -» and higher rating assigned by the CBA				
Long-term debt instruments				
Short-term debt instruments				
Capital instruments				
Other				
Issuer with BBB+/Baa1/and lower rating, other rating or no rating at all	14245		1742	
Long-term debt instruments				
Short-term debt instruments				
Capital instruments				
Other				
	14245		1742	
Total RA non-governmental securities				
<hr/>				
<u>Other countries' non-governmental securities</u>				
	<i>listed</i>	<i>unlisted</i>	<i>listed</i>	<i>unlisted</i>
A-/A3/and higher rating issuer				
Long-term debt instruments				
Short-term debt instruments				
Capital instruments				
Other				
Issuer with BBB+/Baa1/and lower rating, other rating or no rating at all				
Long-term debt instruments				
Short-term debt instruments				
Capital instruments				
Other				
Total non-governmental securities of other countries				
	3205583		763021	
<hr/>				

Total available-for-sale securities		
Other available-for-sale financial assets		
Loans (advances), factoring, accounts receivable		
A-/A3/ and higher rating borrowers'		
Borrowers with BBB+/Baa1/and lower rating, other		
rating or no rating at all		
Mortgage		
Consumer loans (advances)		
Other		
Total		
	3205583	763021
Total available-for-sale financial assets		

The company has not made any reclassifications in Available-for-sale financial assets.

As of the last day of the accounting period the nominal value of RA governmental treasury securities sold by repo agreements carried to «Available-for-sale financial assets» forms AMD 2.750.000 thousand. Repo agreements have been signed with RA resident banks.

19. Caption 19. Held to maturity investments

Caption 19 comprises the following items:

<u>Governmental securities</u>	Accounting period	Previous period
RA governmental securities, including		
T-Bills		
CBA bonds		
Other		
Governmental securities of countries with BBB-/Baa3/ and higher rating, including		
T-Bills		
CBA bonds		
Other		
Governmental securities of countries with BB+/Ba1/, lower rating, or no rating at all, including		
T-Bills		
CBA bonds		
Other		

Total	
Depreciation of held-to-maturity investments (possible loss provision) (caption 7)	() ()
Net investments in held-to-maturity financial assets	

20. Caption 20. “ Investments in the Chartered Capital of other Entities”

Caption 20 reveals accounting period’s investment movement in the capital of entities controlled by the company:

<u>Movement of chartered capital of other entities</u>	Investments in chartered capital of other entities
Balance in the beginning of the period	
Accrual	
Disposal (sale)	()
Value depreciation	()
Balance at the end of the period	

<u>Investments in the chartered capitals of other Institutions</u>	Accounting period	Previous period
Investments in affiliated companies		
Investments in joint ventures		
Investments in subsidiaries		
Investments in other subsidiaries		
Dividends		

Total

Caption 20 reveals investments in the capital of other entities at least per the following standards:

Name of the entity	Main activity	Country of incorporation	Investment date	Investment amount (Thousand Armenian drams)	Stake %
1.	(for example collection, payment				
2.	(for example collection, payment				
n.					

Total

21. Caption 21. Fixed assets and intangible assets

Caption 21 comprises:

Fixed Assets

Item	Building	Computer and communication	Vehicles	Other fixed assets	Capital investments for fixed assets	Capital investments for rented fixed assets	Total
Initial cost							
Balance in the beginning of previous period	-	4611	28950	2852	-	-	36413
Accrual	-	259	760	80	-	-	1099
Disposal	()	()	()	()	()	()	()
Depreciation	-	-	-	-	-	-	-
Revaluation	-	152	-	(1139)	-	-	-987
Balance at the end of the previous period	-	5022	29710	1793	-	-	36525

Accrual	-	-	-	-	-	-	-
Disposal	()	()	()	()	()	()	()
Revaluation *		(1132)		1132			
Depreciation	-	-	-	-	-	-	-
Amortization adjustment from revaluation	-	-	-	-	-	-	-
Balance at the end of the accounting period	-	3890	29710	2925	-	-	36525
<u>Accumulated amortization</u>							
Balance in the beginning of previous period		2527	2391	462	-	-	5380
Accrual	-	2174	5816	353	-	-	8343
Disposal	()	()	()	()	()	()	()
Depreciation	-	-	-	-	-	-	-
Revaluation	-	(610)	-	(377)	-	-	(987)
Balance at the end of the previous period	-	4091	8207	438	-	-	12736
Accrual		127	2999	237			1689
Disposal	()	()	()	()	()	()	()
Amortization adjustment from revaluation	-	(328)	-	328	-	-	-
Depreciation	-	-	-	-	-	-	-
Balance at the end of the accounting period	-	3890	11206	1003	-	-	14425
<u>Net balance sheet value</u>							
At the end of the accounting period	-	0	18504	1922	-	-	20426
At the end of the previous accounting period	-	931	21503	1355	-	-	23789

Intangible Assets

	Computer Software	Licenses. Letters of attorney	Royalty	Other intangible assets	Capital investments on intangible assets	Total
<u>Initial cost</u>						

Balance in the beginning of previous period	-	-	-	-	-	-
Accrual	-	-	-	-	-	-
Disposal	()	()	()	()	()	()
Depreciation	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Balance at the end of the previous period	-	-	-	-	-	-
Accrual	-	-	-	-	-	-
Disposal	()	()	()	()	()	()
Revaluation *						
Depreciation	-	-	-	-	-	-
Amortization adjustment from revaluation	-	-	-	-	-	-
Balance at the end of the accounting period	-	-	-	-	-	-
<u>Accumulated depreciation</u>						
Balance in the beginning of previous period	-	-	-	-	-	-
Accrual	-	-	-	-	-	-
Disposal	()	()	()	()	()	()
Depreciation	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Balance at the end of the previous period	-	-	-	-	-	-
Accrual						
Disposal	()	()	()	()	()	()
Amortization adjustment from revaluation	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Balance at the end of the accounting period	-	-	-	-	-	-
<u>Net balance sheet value</u>						
At the end of the accounting period	-	-	-	-	-	-
At the end of the previous accounting	-	-	-	-	-	-

period

The following changes have occurred in the fixed assets of «RENESA» CJSC. During 2008 computer and communication has increased in AMD 259 thousand, adjustment- AMD 152 thousand, vehicles have increased in AMD 760 thousand, other fixed assets have increased in AMD 80 thousand, adjustment –AMD 1139thousand. Computer and communications’ adjustment with other fixed assets in the amount of AMD 1132 thousand during 2009, communications’ amortization adjustment from other fixed assets’ amortization in the amount of AMD 1132 thousand.

22.Caption 23. “Other Assets ”

Caption 23 reveals the movement of all assets during the accounting period that have not been included in other assets of the balance sheet.

<u>Accounts receivable and prepayments</u>	Accounting period	Previous period
Accounts receivable on budget	11922	11922
Accounts receivable on suppliers		
Prepayments to employees		
Prepayments to suppliers	660	
Prepayments to budget, for mandatory social insurance	86	86
Other accounts receivable and prepayments	41	45
Total	12709	12053
Possible loss provision on other assets (caption 8)	()	()
Total	12709	12053

Other Assets

Inventory

Sequestered pledge and available-for-sale assets

Deferred charges

Derivative hedging instruments		
Other assets		
Total other assets	10709	12053

23.Caption 24. Due to Banks and other Financial Institutions

Caption 24 comprises the following items:

	Accounting period	Previous period
<u>Attracted loans and deposits, other</u>		
Central bank of Armenia	2994544	705367
Deposits and loans		
Repo agreements		
Other		
RA banks		
Deposits and loans		
Repo agreements		
Other		
Banks with BBB-(Baa3) and higher rating		
Deposits and loans		
Repo agreements		
Other		
Banks with lower than BBB (Baa3) rating or no rating	11018	2237
at all		
Deposits and loans		
Repo agreements		
Other		
Accrued interests	3005562	707604
Total	2994544	705367
Financial Insitutions		
Deposits and loans		
Repo (repurchase) agreements		
Other		
Accrued interests		
Total	11018	2237
Total amounts due to banks and International financial Institutions	3005562	707604

24.Caption 25. Due to Customers

Caption 25 comprises the following items:

<i><u>Due to RA Government and Local self-governing authorities</u></i>	Accounting period	Previous period
Loans		
Repo agreements		
Attracted loans		
Other		
Calculated interests		
Total		
<i><u>Due to RA resident legal entities, Institutions</u></i>		
Repo agreements		
Attracted loans		
Other		
Calculated interests		
Total		
<i><u>Due to non-resident legal entities, Institutions</u></i>		
Repo agreements		
Attracted loans		
Other		
Calculated interests		
Total		
<i><u>Due to RA resident private entrepreneurs</u></i>		
Repo agreements		
Attracted loans		
Other		
Calculated interests		
Total		
<i><u>Due to non-resident private entrepreneurs</u></i>		
Repo agreements		
Attracted loans		
Other		

Calculated interests		
Total		
<u>Ra resident Individuals</u>		
Repo agreements		
Attracted loans		
Other		
Calculated interests		
Total		
<u>Due to non-resident Individuals</u>		
Repo agreements		
Other		
Calculated interests		
Total		
Total amounts due to customers		

25. Caption 26. Held-for-trading liabilities

Caption 26 comprises the following items:

<u>Held-for-trading liability</u>	<u>Accounting period</u>	<u>Previous period</u>
Held-for-trading derivative instruments		
Futures		
Forward		
Option		
Swap		
Other		
Derivative hedging instruments		
Other		
Total		

26. **Caption 27. Securities Issued by the Investment Company**

Caption 27 comprises the following items:

<u>Securities issued by the investment company</u>	Accounting period	Previous period
Non-interest bearing securities issued by the investment company		
Interest bearing securities issued by the investment company		
Preference shares issued by the investment company (considered financial liabilities)		
Other issued securities		
Accrued interests		
Total		

27. **Caption 29. Reserves**

Caption 29 reveals the movement of reserves during the accounting period:

<u>Reserves</u>		Accounting period	Previous period
	Capt.		
Initial balance	7		
Allowances to reserve			
Reserve usage			
Net allowances to reserve			
Summary balance			

29.1 Legal Liabilities of the Investment Company

The company carries out its activities in conformity with the requirements set by the Legislation, therefore there is no necessity of additional provisioning for its legal liabilities.

29.2 Tax Liabilities of the Investment Company

28. The company has fully fulfilled its liabilities therefore there is no necessity for additional provisioning for its tax liabilities.

29.Caption 30. Other Liabilities

Caption 30 comprises the following items:

<u>Other liabilities</u>	<u>Accounting period</u>	<u>Previous period</u>
Accounts payable on budget		
On profit tax		
On VAT	10316	
On other taxes		
Social insurance payments	91	
Salary liabilities to employees	915	883
Accounts payable to suppliers	1516	1517
Accounts payable for replenishment of chartered capital		
Other liabilities		
Balance at the end of the period	12838	2400

29.Caption 31. Chartered Capital

Caption 31 reveals:

1) As of 30.06.2009 the company's registered and paid-out share capital forms AMD 200.000,00 thous.,

2) Share capital

Issued and paid-out shares - 4000

Face value of shares – AMD 50000

3) The investment company has no preference shares issued and paid-out,

4) Reserve included in the equity comprises the reserve capital totalling to AMD 5 000thousand, revaluation reserves totalling to AMD 167 876 thousand,

5) retained earnings AMD 56 202thousand,

6) Information on majority shareholders of investment company as at accounting period :

Name, surname of the majority shareholder	Stake in the investment company	Stake in the investment company (percentage)	Type of activity of majority shareholder (for legal entities)
Eduard Marutyan	100,000,00	50%	
Anna Hambaryan	100,000,00	50%	

7) No replenishment of chartered capital has been made in the accounting period

8) No decrease of chartered capital has been made during the accounting period

9) During the accounting period the investment company has announced and paid AMD 15 294 thousand.

30. **Caption 35. Other Capital elements**

As of September 30, 2009 the company has no other capital elements recorded in the balance sheet.

31. **Caption 36. Transactions with Related Parties**

Parties are considered to be related if one of them can control the other or have significant influence on the other's financial and operational decision-making process.

The company's related parties are its shareholders, members of management and parties related with them.

From the angle of presented reports related parties are:

1. Company's management,
2. Majority shareholders,
3. Individuals and legal entities related with the parties mentioned in items (1) and (2).

The company is not a part of any group.

Due to related parties includes the liabilities of the company's shareholders, management and related Individuals and legal entities.

As of 30.10.2009 due to related parties includes:

1. Loan in the amount of AMD 55.000.000,00, granted by the company by 365 days and 12% rate to «Renshin» LLC the Director of which is the co-owner of «RENESA» CJSC.

2. Loan in the amount of AMD 35.000.000,00, granted by the company by 365 days and 12% rate to «COFFEETRADE» LLC the Founder of which is the co-owner of «RENESA» CJSC.

During the accounting period the company has not made any transactions with related parties with more favorable terms and interest rates than those operative in the market.

4) Balances available as of previous and accounting period-ends from transactions with related parties:

<u>Due from other investment companies</u>	<u>Accounting period</u>	<u>Previous period</u>
Balance as at January 1		
Increase during the year		
Decrease during the year		

Balance as at December 31

<u>Due from Customers</u>	<u>Accounting period</u>	<u>Previous period</u>
Balance as at January 1		
Increase of claims during the year		
Repaid claims during the year		
Balance as at December 31		
Interest income		

The caption reveals : 1) the nature of relations with those customers (for example, investment company management, related entities, etc.).

<u>Due to Customers</u>	<u>Accounting period</u>	<u>Previous period</u>
Balance as at January 1	0	
Amounts received during the year		
Amounts paid during the year	()	()
Balance as at December 31		
Interest expense		

2) The nature of relations with those customers and major deals clinched with them (for example demand loan attracted from an enterprise controlled by investment company's majority shareholder, etc.).

32. Caption 37. Minimum Disclosures on Financial Risks

A characteristic feature of investment activity is bearing a variety of financial risks. That type of activity comprises analysis, assessment, acceptance and management of certain levels of risks and their combinations. Risk bearing is the inseparable part of financial activity, and risks are its inevitable outcomes.

The company's chief aim in the sphere of risk management is decrease of financial losses and insures the stability of carried out operations to the benefit of its customers, owners.

As all other financial Institutions the company encounters various risk factors in the course of its performance. During the accounting period the more significant risks were the following :

Interest rate risk: Interest rate risk arises from the probability that interest rate changes directly impact the cash flow related to the company's financial Instruments and its real value. On purpose of interest rate risk evaluation constant analysis of development tendencies of stock exchange and the spot market of the country are carried out.

Foreign currency risk: Foreign currency risk is the risk that foreign exchange rate changes will directly influence financial Instruments' fluctuation value. During 2007-2008's continuous depreciation of USD against AMD the company deemed it expedient to maintain foreign currency short position, however in the 1st quarter of 2009 forecasting radical change of situation the company changed its strategy and took a long position in the FOREX market, and during the II quarter of 2009 the company chiefly maintained covered position in the light of comparative stability in FOREX market. In the end of the 3rd quarter of 2009, after the certain strengthening of the dollar, the company decided to pass to short position, predicting that the dollar would go to new lows.

Liquidity risk: On purpose of managing its liquidity risk the company tries to presage the possible shortage of AMD demand in financial market and manages liabilities per their terms and volumes, trying to diversify and mitigate the risk to the maximum possible extent maintaining a highly liquid and decentralized asset portfolio, possible to convert to AMD in a short time.

Market risk: On purpose of mitigation of the market risk a maximum limit a maximum limit on each transaction made by brokers is established. The maximum allowable size of amount of transaction made on the basis of order provided by a broker with relevant qualification forms AMD 50,000,000.

Operational risk: The measures preventing risks resulting from the company's broker operations include:

- Checking of customer order by the employee of operational division and the broker,
- measures aimed at enhancement of professional qualification of company employees,
- Double review of agreements to be signed,
- Other measures.

37.1 Market Risk

Market Risk Analysis

Market risk is the risk that envisages fluctuation of future cash flows of financial Instruments or their real value in the outcome of changes of such market indicators as interest rates and foreign exchange rates.

Management of foreign currency risk is made on purpose of making benefits (and not incurring losses) from foreign currency exchange changes.

Foreign currency risk management process includes the phases of FOREX market research, foreign currency risk prediction, foreign currency risk assessment, determination of potential sizes and outfalls of the risk, prevention and mitigation of losses related to foreign currency risk. The evaluations of FOREX market analysis are presented by the company's CEO, who makes daily monitoring of market developments, collects and reviews opinions of experts and gives short-term forecasts on market behaviour.

The forecasts are based on the countries economic conditions having a long-run impact on translation rate. The company reviews translation rates' fluctuation trends and tendencies and analyzes their manifestations.

7.2 Foreign Currency Risk

The Breakdown of foreign currency risk per financial assets and liabilities:

Accounting Period

	AMD	I Group Foreign Currency *	II Group foreign currency **	Total
Assets				
Cash in hand and balances with the CBA	4805			4805
Due from Banks and other Financial Institutions	114232			114232
Held-for-trading financial Instruments				
Due from customers	90605			90605
Available-for-sale financial assets	3205583			3205583
Held-to-maturity financial assets				
Other	32253			32253
<i>Total assets</i>	3447478			3447478
Liabilities				
Due to banks and other financial Institutions	2913324	92238		3005562
Due to customers				
Other amounts due	12838			12838
<i>Total liabilities</i>	2926162	92238		3018400
Net position	521316	(92238)		429078

Previous Accounting Period

Name of the item	AMD	I Group Foreign Currency *	II Group foreign currency **	Total
Assets				
Cash in hand and balances with the CBA	1221			1221
Due from Banks and other Financial Institutions	40324	96679		137003

Held-for-trading financial Instruments				
Due from customers				
Available-for-sale financial assets	1598712			1598712
Held-to-maturity financial assets				
Other	36499			36499
Total assets	1676756	96679		1773435
Liabilities				
Due to banks and other financial Institutions	9785574	572373		1550947
Due to customers				
Other amounts due	2107			2107
Total liabilities	980681	572373		1553054
Net position	696075	(475694)		220381

* The 1st Group foreign currency consists of : SDR, currencies included in SDR basket (USD, EUR, Japanese yen and GBP), CHF, CAD, SEK, DKK, AUD and bank gold.

** The 2nd Group foreign currency comprises: Other currencies

Below please find the breakdown of foreign currency risk per types of derivative financial Instruments :

Types of derivative financial Instruments	AMD	I Group foreign currency *	II Group foreign currency **	Total
Liabilities and claims on futures				
Liabilities and claims on forward				
Liabilities and claims on options				
Liabilities and claims on swap				
Liabilities and claims on other derivative financial instruments				
Net position per derivative financial Instruments				
Net open position *				

*The relevant data of «Net position per derivative financial Instruments» are subtracted from the item «Net Position» of the previous chart.

The investment company presents foreign currency exchange rate fluctuations' risk management mechanisms (for example definition of limits of open position per separate foreign currencies and general open position, application of derivative financial instruments, etc.).

37.3. Interest Rate Risk

Interest rate change has a direct impact on the investment company's interest risk, cash flow related to assets and liabilities and their real value. Therefore the analysis of terms of assets and liabilities interest rate review allows users of financial reports to sift the investment company's interest rate risk and, as an outcome, the anticipated gains and losses.

The company presents below the breakdown of interest-bearing financial assets and liabilities as of the end of the accounting period per interest rate review terms:

Name of the item	<i>Accounting Period</i>									
	Up to 1	1- 3 months		3-6	6 months	1- 5 years	Above 5 years			
Allocated funds		Foreign currency		Foreign currency		Foreign currency	Foreign currency		Foreign currency	Foreign currency
	AMD		AMD	AMD	AMD	AMD	AMD		AMD	AMD
Due from banks and other financial Institutions, including										
-Loans										
-Deposits										
-Repo agreements										
-Other										
Due from customers, including										
- Loans										
- Repo agreements										
- Other										
Held-for-trading and available for-sale securities, including										
- Long-term debt instruments										3191338
- Short-term debt instruments-										
Capital instruments										
-Other			14246							
Held-to-maturity securities										
Other allocated funds						90000				

Total			14246		90000	3191338
Due to banks and other financial Institutions, including						
- Repo agreements						
- other	2913324	92227				
Due to customers, including						
- Repo agreements						
- Other						
Securities issued by investment company, including						
-Convertible securities						
- Mortgage bonds						
- Other bonds						
- Subordinate borrowings						
Other attracted funds						
Total	2913324	92227				
Net position	-2913324	- 92227	14246		90000	3191338

Previous Accounting Period

Name of the item	Up to 1		1- 3 months		3-6 months	6 months to 1 year		1- 5 years		Above 5 years	
	AMD	Foreign currency	AMD	Foreign currency		AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency
Allocated Funds											
Due from banks and other financial Institutions, including											
- Loans											
- Deposits											
- Repo agreements											
- Other											
Due from customers, including											
- Loans											
- Repo agreements											
- Other											
Held-for-trading and available-for-sale securities, including								201058		1252660	
- Long-term debt Instruments											
- Short-term debt Instruments					144994						
- Capital Instruments											
-Other											
Held-to-maturity securities											
Other allocated funds											
Total					144994			201058		1252660	
Due to banks and other financial Institutions, including											
- Loans	96678		474328								
Repo agreements											
- Other											
Due to customers, including											
- Repo agreements											
-Other											

Securities issued by the investment company, including
 -Convertible securities
 - Other bonds
 - Subordinate loans
 Other attracted funds
 Total
 Net Position

Please find below the average interest rates operating for interest-bearing financial assets and liabilities as at the end of accounting period:

Name of the item	Interest rates of the accounting period		Interest rates of the previous accounting period	
	AMD	Foreign currency	AMD	Foreign currency
	%	%	%	%
Assets				
Balances with the CBA				
Due from banks and other financial Institutions, including - Loans - Repo agreements - Swap				
Due from customers	12.0000			
Held-for-trading and available-for-sale securities	11.8484		9.7221	
Held-to-maturity securities				
Liabilities				
Due to banks and other financial Institutions	7.0134	4.5	8.5	6.5675
Due to customers				
Liabilities on securities issued by the investment company				

37.4 Price Risk

Price risk is the risk related to changes in financial assets' prices.

Changes in market prices highly influence the values of financial instruments. Those changes may be due to factors typical of some types of securities and their issuers, as well as general factors influencing overall securities circulating in the market.

37.5.Liquidity Risk

Liquidity risk is the jeopardy of company's inability to duly perform its obligations partially or in full.

Liquidity risks result from insufficient liquidity or liquidity purchased in a higher price than those prevailing in the market, which in the outcome impacts the company's income and expenditure. This risk arises when the company becomes unable to control decrease of its liabilities and ensure assets' growth. Liquidity risk when the company is unable to tackle its payment obligations as they become due.

During the accounting period the management of liquidity risk was mostly related to solution of the issue of efficient management of assets and liabilities and gain of maximum profit, keeping the necessary liquidity level.

Liquidity risk management anticipates :

1. cash flow analysis
2. classification of assets and liabilities per contractual terms
3. market monitoring to prepare a relevant participant.

The main method of company's liquidity management is the method of assets' management.

The prime liquidity management means and the chief source of liquidity are its net liquid funds : the cash and balances of correspondent accounts.

The secondary means of liquidity management are its highly liquid profitable assets, which in short term and at minimum risk of losses may be converted into cash. The highly liquid funds are generated from RA treasury securities.

The following other methods of assets and liabilities management are also used to manage the liquidity :

Method of sale of liquid assets: In case of low level of liquidity the company sells its assets to receive cash.

Liability management method : The company acquires liquidity from financial market be means of foreign borrowings, loans, repo agreements. This method envisages processes of seeking sources of finance, choice of the most reliable ones (with a longer term of attraction) and setting optimal correlations between various assets and liabilities.

To manage and control its liquidity the company is driven by the following principles:

- a) current liquidity,
- b) time liquidity.

The company manages its liquidity by various method combinations taking into consideration changes in external environment to reach the best possible liquidity level.

Accounting Period

<i>ASSETS</i>	<i>Days left to maturity</i>					<i>Termless</i>	<i>Total</i>
	<i>Before one month</i>	<i>1-3 months</i>	<i>3-6 months</i>	<i>6-12 months</i>	<i>Above 1 year</i>		
Cash, cash equivalents and balances with the CBA						<i>4805</i>	<i>4805</i>
Due from banks and other financial Institutions						<i>114232</i>	<i>114232</i>
Due from customers				<i>90605</i>			<i>90605</i>
Securities, including - Held-for-trading							

- Available-for-sale - Held-to-maturity -Repo		14246			3191337		3205583
Other claims						32253	32253
Off-balance sheet contingent assets							
Contractual claims **							
<i>Total</i>		14246		90605	3191337	151290	3447478

<i>LIABILITIES</i>	<i>Days left to maturity</i>					<i>Termless</i>	<i>Total</i>
	<i>Before one month</i>	<i>1-3 months</i>	<i>3-6 months</i>	<i>6-12 months</i>	<i>Above 1 year</i>		
Due to banks and other financial Institutions	2913324	92238					3005562
Due to customers							
Amounts due on securities issued by the investment company							
Other liabilities		11923				915	12838
Off-balance sheet contingent liabilities							
Contractual liabilities ***							
<i>Total liabilities</i>	2913324	104161				915	3018400

Previous Period

<i>ASSETS</i>	<i>Days left to maturity</i>					<i>Termless</i>	<i>Total</i>
	<i>Before one month</i>	<i>1-3 months</i>	<i>3-6 months</i>	<i>6-12 months</i>	<i>Above 1 year</i>		
Cash, cash equivalents and balances with the CBA						1221	1221
Due from banks and other financial Institutions						137003	137003
Due from customers							
Securities, including - held-for-trading - available-for-sale - held-to-maturity -repo				144994	1453718		1598712
Other claims						36499	36499
Off-balance sheet contingent assets							
Contractual claims *							
<i>Total</i>				144994	1453718	174723	1773435

<i>LIABILITIES</i>	<i>Days left to maturity</i>					<i>Termless</i>	<i>Total</i>
	<i>Before one month</i>	<i>1-3 months</i>	<i>3-6 months</i>	<i>6-12 months</i>	<i>Above 1 year</i>		
Due to banks and other financial Institutions							1550947
Due to customers							
Amounts due on securities issued by the investment company							
Other liabilities						2107	2107
Off-balance sheet contingent liabilities							
Contractual liabilities **							
<i>Total</i>							1553054

*The line «Contractual liabilities» contains all receivable amounts (including interests) set by agreements and not accounted yet, (not recorded in the balance sheet or off-balance sheet), per their maturity dates prescribed by the agreement.

** The line «Contractual liabilities» contains all payable amounts (including interests) set by agreements and not accounted yet, (not recorded in the balance sheet or off-balance sheet), per their maturity dates prescribed by the agreement.

In case of negative gap its necessary to disclose gap financing sources and their values.

32. Caption 38. «Capital and Capital Adequacy»

Below please find the size of company’s total capital in 2009 per months, and the capital adequacy standard indicators.

Thousand Armenian
Drams

MONTHS	TOTAL CAPITAL (average)	FIXED CAPITAL (average)	SIZE OF TOTAL CAPITAL STANDARD	SIZE OF ADEQUACY STANDARD
1	2	3	4	5
JANUARY	196.312	200.245	100.000	
FEBRUARY	133.346	157.211	100.000	
MARCH	176.961	163.093	100.000	
APRIL	135.122	146.718	100.000	
MAY	159.313	158.350	100.000	
JUNE	197.066	150.684	100.000	
JULY	326.368	229.334	100.000	
AUGUST	241.749	161.166	100.000	
SEPTEMBER	214.088	142.725	100.000	

No adequacy ratio has been set for investment companies, therefore the 5th column is empty.

33. Caption 39. “ Real Value of Financial Assets and Liabilities ”

The company believes that the real values of its assets and liabilities do not differ from their balance sheet values in material aspects.

The company records its financial assets and liabilities only in case when it becomes a contractual party to the Instrument. In case of ordinary sale/purchase of financial assets/liabilities those are recorded as of the transaction date. In case of ordinary purchase when the financial Instruments shall be subsequently measured at its real value it is accounted between the agreement and transaction dates by the same principle as in case of purchased Instruments. Financial assets and liabilities are initially measured by their initial value plus any expenses related to the transaction, except financial Instruments accounted by their real value and adjusted by financial results.

The company classifies its financial assets as follows : real value financial assets, held-to-maturity investments, available-for-sale financial assets.

Such classification of investments is made upon their purchase on the basis of assessments made by company's management taking into consideration the objectives of purchase. Further reclassifications of assets are made at each fiscal year end in case if it is necessary and possible.

Financial assets and liabilities are classified as real value and adjustable by financial results, when :

a) so doing will significantly reduce measurement incongruities that would arise, if related derivative instruments were considered held-for-trading, and underlining financial Instruments were carried at their amortized amount, as debt securities.

b) Certain investments, as investments in capital instruments, that in accordance with documentation risk management or investment policy are carried and reported to the managerial personnel at their real value, are considered real value and adjustable by financial results, and financial instruments, such as debt securities that have one or more subordinate derivative instruments, having a material impact on cash flow are also considered as real value and adjustable by financial results.

Securities with fixed maturity dates are classified as held-to-maturity, when the company has a firm intention and possibility to hold them until expiry of their maturity.

Available-for-sale investments are investments in debt and capital instruments, that the company intends to hold for an uncertain period and which can be sold for purchase of liquidity and in cases of changes in interest rates, exchange rates or share prices. After initial recognition available-for-sale financial assets are carried at their real value.

Financial asset's real value in the active financial market is the price quoted for that asset upon close of stock market. If the quoted market price is not available the real value of the Instrument will be carried at its prime cost.

34. Caption 40 “ Hedging of Forecasted Future Instruments ”

During the accounting quarter the company does not have any financial Instrument that is carried as hedge of risks related to forecasted future transactions.

35. Caption 41. “Derecognition”

Financial assets are derecognized when the asset right demand is eliminated. There are no derecognized financial assets in the balance sheet.

Financial liability is derecognized when it is recovered, is cancelled or becomes overdue. There are no derecognized financial liabilities in the company’s balance sheet.

36. Caption 42. “Pledged Assets ”

As of September 30, 2009 “RENESA” CJSC has pledged assets in ARARATBANK CJSC in the form of Government Bonds with nominal value of AMD 98.188.00 thousand

38. Caption 43. “ Accepted Pledge ”

As of September 30, 2009 “RENESA” CJSC has no accepted pledge.

39. Caption 44. “ Breach of Liabilities”

As of September 30, 2009 “RENESA” CJSC has no liabilities in its balance sheet the contractual liabilities on which have been breached by the company. During the accounting period the investment company has no breached contractual liabilities.