

**"ARMENIAN NATIONAL AGRARIAN UNIVERSITY" FOUNDATION**  
**"Establishing of a Center of Excellence for Agricultural Robotics and Mechatronics**  
**in Agricultural Engineering"**

**GRANT**

**SPECIAL PURPOSE FINANCIAL STATEMENTS**

**AND**

**INDEPENDENT AUDITORS' REPORT**

**For the period from 14 June 2023 to 30 January 2026**

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## INDEPENDENT AUDITORS' REPORT

To the management of the State Agency "Center for Education Projects" Project Implementation Unit

We have audited the accompanying special purpose financial statements of the Project "Establishing of a Center of Excellence for Agricultural Robotics and Mechatronics in Agricultural Engineering" (hereinafter the Project), implemented by the "Armenian National Agrarian University" Foundation (hereinafter ANAU), which comprise the statement of financial position as of 30 January 2026, the statement of project sources and uses of funds, the statement of uses of funds by project main categories of expenditures, the grant operating account statement and the co-financing operating account statement for the period from 14 June 2023 to 30 January 2026, and a summary of significant accounting policies and other explanatory information.

In our opinion, the special purpose financial statements present fairly in all material respects the financial position as of 30 January 2026, and of the funds received and expenses incurred for the period from 14 June 2023 to 30 January 2026, in accordance with the accounting policies described in note 2, the relevant points of the Grant Agreement № 4/23-CIF and the Operational Manual for Competitive Innovation Fund.

### *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 *Auditors Responsibilities for the Audit of the Special Purpose Financial Statements* section of our report. We are independent of ANAU 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. We believe that the audit evidence we have obtained is sufficient appropriate to provide a basis for our opinion.

### *Emphasis of Matter - Restriction on Distribution or Use*

We draw attention to Note 2(a) to the special purpose financial statements, which describes the basis of accounting. The special purpose financial statements have been prepared for providing information to the State Agency "Center for Education Projects" Project Implementation Unit to assist them in meeting the requirements of Competitive Innovation Fund based on the frames of the World Bank's Education Improvement Project with Additional Financing (Project). As a result, the special purpose financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

We draw attention to Note 1(b) to the special purpose financial statements, which states that the project closing date is 30 January 2026. Our opinion is not modified on this matter.

### *Responsibilities of Management and Those Charged with Governance for the Special Purpose Financial Statements*

Management is responsible for the preparation and fair presentation of the special purpose financial statements in accordance with the accounting policies described in Note 2(a), the relevant points of the Grant Agreement № 4/23-CIF and the Operational Manual for Competitive Innovation Fund, and for such internal control as management determine is necessary to enable the preparation of the special purpose financial statements that are free from material misstatement whether due to fraud or error.

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

#### *Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements*

Our objectives are to obtain reasonable assurance about whether the special purpose 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 special purpose financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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 ANAU'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 ANAU's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause ANAU 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.
- 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.

Hovhannes Petrosyan  
Director  
PHP Partners CJSC  
14 May 2026




Lilit Minasyan  
Partner, Head of Audit Services

<i>AMD</i>	<b>Notes</b>	<u><b>Actual</b></u>
<b>Assets</b>		
<i>Non-current assets</i>		
Grant project accumulated expenses		<u>119,587,902</u>
		<u><b>119,587,902</b></u>
<i>Current assets</i>		
Bank balances		<u>93,380</u>
		<u><b>93,380</b></u>
<b>Total assets</b>		<u><b>119,681,282</b></u>
<b>Funds and liabilities</b>		
<i>Funds</i>		
Grant project accumulated financing	4	117,493,828
Other income		2,094,074
<i>Liabilities</i>		
Accounts payable	5	<u>93,380</u>
<b>Total funds and liabilities</b>		<u><b>119,681,282</b></u>

The project special purpose financial statements were approved and signed on 14 May 2026.

Hrachya Zakoyan  
Rector



Mariam Poghosyan  
Chief Accountant




*This statement is to be read in conjunction with the notes to and forming part of the Grant project financial statements set out on pages 10 to 13.*

*Establishing a Center of Excellence for Agricultural Robotics and Mechanisms in Agricultural Engineering*  
*Statement of project progress and uses of funds As of 30 January 2026 and for the period from 14 June 2022 to 30 January 2026*

	Actual		Planned		Variance	
	For the period	Cumulative	For the period	Cumulative	For the period	Cumulative
<b>AMD</b>						
<i>Funds received</i>						
Grant (note 4)	99,164,791	99,164,791				
Co-financing (note 4)	18,329,037	18,329,037				
Other income	2,094,074	2,094,074				
<b>Total</b>	<b>119,587,902</b>	<b>119,587,902</b>				
<i>Uses of funds</i>						
Eligible expenses	119,587,902	119,587,902	118,118,950	118,118,950	1,468,952	1,468,952
<b>Total</b>	<b>119,587,902</b>	<b>119,587,902</b>	<b>118,118,950</b>	<b>118,118,950</b>	<b>1,468,952</b>	<b>1,468,952</b>
Net increase in working capital						

*This statement is to be read in conjunction with the notes to and forming part of the Grant project financial statements set out on pages 10 to 13.*



	AMD
Opening balance as of 14 June 2023	-
Add: Cumulative unexplained discrepancy	
Grant replenishment during the period	99,602,392
Less: Refund to the PIU during the period	(434,221)
<b>Present outstanding amount advanced to the Grant operating account (1)</b>	<b>99,258,171</b>
Closing balance as of 30 January 2026	93,380
Add: Amount of eligible expenditures paid during the period	99,164,791
<b>Total advance accounted for (2)</b>	<b>99,258,171</b>
Discrepancy (1) - (2) to be explained	-

*This statement is to be read in conjunction with the notes to and forming part of the Grant project financial statements set out on pages 10 to 13.*

	AMD
Opening balance as of 14 June 2023	-
Add: Cumulative unexplained discrepancy	-
Co-financing received during the period	18,426,556
Less: Refund of co-financing during the period	<u>(97,519)</u>
<b>Present outstanding amount advanced to the Grant operating account (1)</b>	<b><u>18,329,037</u></b>
Closing balance as of 30 January 2026	-
Add: Amount of eligible expenditures paid during the period	<u>18,329,037</u>
<b>Total advance accounted for (2)</b>	<b><u>18,329,037</u></b>
Discrepancy (1) - (2) to be explained	-

*This statement is to be read in conjunction with the notes to and forming part of the Grant project financial statements set out on pages 10 to 13.*

## **1 Background**

### **(a) Organisation and operations**

"Armenian National Agrarian University" foundation (the "ANAU") was founded in 1930. The ANAU is the legal successor of the "Armenian State Agrarian University" SNCO. The founder of the ANAU is the Republic of Armenia represented by the Government of the Republic of Armenia.

The ANAU is a higher educational institute in the agrarian sphere, which promotes and develops the agrarian and related fields including natural science, biology, technology, economics, engineering and other fields as well as arranges basic and applied scientific researches and studies for secondary, vocational, higher professional and postgraduate professional education programs as well as provides different types of studying (including programs for foreigners and distance learning) in accordance with the law and other legal acts.

The Government of Armenia has entered into a Loan Agreement with the World Bank (IBRD Loan No. 9389-AM) to support the implementation of the Education Improvement Project, including Additional Financing (the "Project").

One of the key components of the Project is the full-scale implementation of the Competitive Innovation Fund (CIF), aimed at enhancing the capacity and competitiveness of Higher Education Institutions.

Project funding is provided jointly by the International Bank for Reconstruction and Development (IBRD) and the Government of Armenia. The State Agency "Center for Education Projects" Project Implementation Unit disburses the financing grant in tranches based on the outcomes of competitive selection processes.

Additionally, Armenian National Agrarian University (ANAU) contributes to the Project by co-financing a portion of the expenses.

According to the Grant Agreement № 4/23-CIF (Agreement) signed between the "Armenian National Agrarian University" Foundation and the State Agency "Center for Education Projects" Project Implementation Unit (the "PIU"), dated 14 June 2023, ANAU implements the "Establishing of a Center of Excellence for Agricultural Robotics and Mechatronics in Agricultural Engineering" Grant project ("Project"). The budget of the Grant project makes AMD 118,118,950, AMD 99,692,394 of which will be allocated from the Grant funds, and AMD 18,426,556 from co-financing.

The main goal of the Project is to establish a Center of Excellence for Agricultural Robotics and Mechatronics, which contributes to the implementation of research-based education aimed at capacity building and the creation and strengthening of "education-research" and "university-labor market" links. With the creation of this Center, a new method of high-tech engineering education, including automated systems design and robotic simulation, is introduced into the ANAU educational system.

The specific objectives of the Project are:

- To create a modern agricultural robotics simulation laboratory where students can master practical skills in programming and hardware integration while maintaining safety and technical standards.
- To establish a modern mechatronics clinic/workshop where students develop professional capacities, serving as a base for students, PhD candidates, researchers, and lecturers to conduct scientific experiments. The facility will provide technical services to the industry, serving as an additional financial source for the University and ensuring sustainability after the Project ends.
- To create necessary conditions within the Center of Excellence where local and invited professors and tech experts will regularly conduct training, consulting services, and professional

qualification events for engineers and advanced farmers.

During the reporting period the number of staff involved in the Grant project implementation was 4 employees.

**(b) Project closing**

The Project was closed on 30 January 2026.

**2 Basis of preparation**

**(a) Statement of compliance**

The special purpose financial statements are prepared in accordance with the accrual basis of accounting, the relevant points of the Grant Agreement № 4/23 - CIP and requirements of the Operational Manual for Competitive Innovation Fund.

The special purpose project financial statements consist of:

- Statement of Financial Position,
- Statement of Project Sources and Uses of Funds,
- Statement of Uses of Funds by Project Main Categories of Expenditures,
- Grant Operating Account Statement,
- Co-financing Operating Account Statement,
- Summary of Significant Accounting Policies and Other Explanatory Information.

**(b) Reporting currency**

The reporting currency of special purpose financial statements is Armenian dram (AMD). All financial information presented in AMD has been rounded to the nearest AMD.

**(c) Grant project financing**

The financing received in the framework of the agreement is recorded in the statement of financial position as "Grant project accumulated project financing" and is recognized at each replenishment. The unused amounts available at the end of the Grant project, which are subject to be returned are being deducted from the amounts of "Accumulated Grant project financing" and recognized as payable. In addition, the current period funds received are disclosed in the statement of Grant project sources and uses of funds.

**(d) Grant project expenses**

The Grant project expenses are recognized on the accrual basis of accounting. The accumulated Grant project expenses are disclosed in the statement of financial position under non-current assets. In addition, expenses are disclosed in the statement of Grant project sources and uses of funds and statement of uses of funds by Grant project main categories of expenditures. Furniture and equipment procured within the scope of the Grant project and recognized in expenses are the property of ANAU. Items of property, plant, and equipment procured within the scope of the Grant project are not recognized as such and no depreciation is calculated in respect of them. Instead, their initial cost is disclosed in note 7.

**(e) Planned expenses**

The Grant project planned expenses are the Grant project budget defined by the grant agreement, which includes the grant financing and co-financing.

### 3 Significant accounting policies

#### (a) Taxes

All the applicable tax liabilities are calculated and paid in accordance to tax regulations of the Republic of Armenia.

### 4 Accumulated Grant project financing

<i>AMD</i>	<b>Period from 14 June 2023 to 30 January 2026</b>
<i>Grant funds</i>	
PIU financing	99,692,392
Amount returned	(434,221)
Payable	(93,380)
	<b>99,164,791</b>
<i>Co-financing</i>	
ANAU's co-financing	18,426,556
Amount returned	(97,519)
	<b>18,329,037</b>
<b>Total</b>	<b>117,493,828</b>

### 5 Accounts payable

Accounts payable consist of amounts payable to suppliers for laboratory equipment and supplies. As of February 2, 2026, the outstanding balance has been fully paid off (AMD 93,380).

### 6 Reconciliation between the amounts received by the Grant project from the PIU and disbursed by the ANAU

<i>AMD</i>	<b>ANAU</b>	<b>PIU</b>	<b>Variance</b>
Stage 1	19,965,748	19,965,748	-
Stage 2	28,360,215	28,360,215	-
Stage 3	6,201,393	6,201,393	-
Stage 4	5,178,291	5,178,291	-
Stage 5	-	-	-
Stage 6	-	-	-
Stage 7	7,112,102	7,112,102	-
Stage 8	32,874,643	32,874,643	-
	<b>99,692,392</b>	<b>99,692,392</b>	-
Amount returned	(434,221)	(434,221)	-
	<b>99,258,171</b>	<b>99,258,171</b>	-

### 7 Property, plant, and equipment

The items of property, plant, and equipment include furniture, computer and other equipment acquired in the scope of the Grant project. No depreciation is calculated in respect of them.

The acquired and expensed items are the property of the ANAU.

The initial cost of the property, plant, and equipment procured within the scope of the Grant project are

presented below:

*AMD*

Laboratory equipment and supplies  
Computer equipment  
Furniture

**As of 30  
January 2026**  
93,527,812  
11,399,328  
1,495,000  

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**106,422,140**

## **8 Subsequent events**

Subsequent to the reporting date, the auditoriums developed within the scope of the project are expected to be completed and ready for use by May 29, 2026.