

AZERCELL TELECOM LLC

Consolidated Financial Statements
For The Year Ended 31 December 2016

AZERCELL TELECOM LLC

CONTENTS

	Page
Consolidated Statement of Financial Position	4
Consolidated Statement of Profit or Loss and Other Comprehensive Income	5
Consolidated Statement of Changes in Equity	6
Consolidated Statement of Cash Flows	7

AZERCELL TELECOM LLC**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016
(in thousands of Azerbaijan Manats)**

	31 December 2016	31 December 2015
ASSETS		
Non-current assets		
Property, plant and equipment	375,772	387,988
Intangible assets	102,206	102,339
Prepayments for non-current assets	503	1,096
Total non-current assets	478,481	491,423
Current assets		
Inventories	5,583	1,854
Current income tax asset	446	-
Trade and other receivables	39,526	28,352
Cash and cash equivalents	397,583	328,283
Total current assets	443,138	358,489
TOTAL ASSETS	921,619	849,912
LIABILITIES		
Non-current liabilities		
Long-term trade and other payables	1,721	1,703
Deferred income tax liability	12,906	13,467
Total non-current liabilities	14,627	15,170
Current liabilities		
Trade and other payables	35,165	21,087
Deposits received from subscribers	4,814	6,190
Deferred income	18,918	17,638
Current income tax payable	-	23,157
Total current liabilities	58,897	68,072
TOTAL LIABILITIES	73,524	83,242
EQUITY		
Share capital	42,080	42,080
Retained earnings	806,015	724,590
TOTAL EQUITY	848,095	766,670
TOTAL LIABILITIES AND EQUITY	921,619	849,912

AZERCELL TELECOM LLC**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016
(in thousands of Azerbaijan Manats)**

	<u>2016</u>	<u>2015</u>
Revenue	<u>392,880</u>	<u>410,859</u>
Total costs and expenses	<u>(304,387)</u>	<u>(250,139)</u>
Operating profit	<u>88,493</u>	<u>160,720</u>
Finance income	2,275	3,236
Foreign exchange gain on cash and cash equivalents	<u>43,958</u>	<u>154,790</u>
Profit before income tax	<u>134,726</u>	<u>318,746</u>
Income tax expense	<u>(53,301)</u>	<u>(64,634)</u>
Profit and total comprehensive income for the year	<u><u>81,425</u></u>	<u><u>254,112</u></u>

AZERCELL TELECOM LLC**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2016
(in thousands of Azerbaijan Manats)**

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total equity</u>
Balance at 1 January 2015	42,080	600,478	642,558
Profit and total comprehensive income for the year	-	254,112	254,112
Dividends declared	-	(130,000)	(130,000)
Balance at 31 December 2015	42,080	724,590	766,670
Profit and total comprehensive income for the year	-	81,425	81,425
Balance at 31 December 2016	42,080	806,015	848,095

AZERCELL TELECOM LLC**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016***(in thousands of Azerbaijan Manats, unless otherwise indicated)*

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Profit before income tax	134,726	318,746
Adjustments for:		
Depreciation of property, plant and equipment	61,795	58,400
Amortisation of intangible assets	11,545	9,493
Impairment of trade receivables	1,343	2,624
Impairment of property, plant and equipment	575	-
Finance income	(2,275)	(3,236)
Net foreign exchange gain	(44,579)	(154,074)
Operating cash flows before working capital changes:	163,130	231,953
Increase in trade and other receivables	(12,517)	(1,275)
Increase in inventories	(3,729)	(290)
Increase/(decrease) in trade and other payables	5,496	(4,451)
Decrease in deposits received from subscribers	(1,376)	(1,116)
Increase/(decrease) in deferred income	1,277	(9,151)
Cash generated from operations	152,281	215,670
Current income tax paid	(76,902)	(37,123)
Net cash generated by operating activities	75,379	178,547
Cash flows from investing activities		
Purchase of non-current assets	(52,312)	(70,379)
Interest received	2,275	3,236
Net cash used in investing activities	(50,037)	(67,143)
Cash flows from financing activities		
Dividend paid	-	(117,000)
Dividend tax paid	-	(13,000)
Net cash used in financing activities	-	(130,000)
Net increase/(decrease) in cash and cash equivalents	25,342	(18,596)
Cash and cash equivalents at the beginning of the year	328,283	192,089
Effect of exchange rate changes on the balance of cash held in foreign currency	43,958	154,790
Cash and cash equivalents at the end of the year	397,583	328,283