

# **AZERCELL TELECOM LLC**

Consolidated Financial Statements and  
Independent Auditor's Report  
For The Year Ended 31 December 2017

# AZERCELL TELECOM LLC

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**AZERCELL TELECOM LLC****CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2017  
(in thousands of Azerbaijan Manats)**

	<b>31 December 2017</b>	<b>31 December 2016</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	342,627	375,772
Intangible assets	93,718	102,206
Prepayments for non-current assets	3,865	503
<b>Total non-current assets</b>	<b>440,210</b>	<b>478,481</b>
<b>Current assets</b>		
Inventories	5,158	5,583
Current income tax receivable	73,823	446
Trade and other receivables	47,161	39,526
Short term investments	156,409	-
Cash and cash equivalents	193,591	397,583
<b>Total current assets</b>	<b>476,142</b>	<b>443,138</b>
<b>TOTAL ASSETS</b>	<b>916,352</b>	<b>921,619</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Long-term trade and other payables	-	1,721
Deferred income tax liability	4,610	12,906
<b>Total non-current liabilities</b>	<b>4,610</b>	<b>14,627</b>
<b>Current liabilities</b>		
Trade and other payables	54,774	35,165
Deposits received from subscribers	6,943	4,814
Deferred income	21,287	18,918
<b>Total current liabilities</b>	<b>83,004</b>	<b>58,897</b>
<b>TOTAL LIABILITIES</b>	<b>87,614</b>	<b>73,524</b>
<b>EQUITY</b>		
Share capital	42,080	42,080
Retained earnings	786,658	806,015
<b>TOTAL EQUITY</b>	<b>828,738</b>	<b>848,095</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>916,352</b>	<b>921,619</b>

**AZERCELL TELECOM LLC****CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017  
(in thousands of Azerbaijan Manats)**

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	<u>2017</u>	<u>2016</u>
<b>Revenue</b>	<u><b>411,441</b></u>	<u><b>392,880</b></u>
<b>Total costs and expenses</b>	<u><b>(397,151)</b></u>	<u><b>(304,387)</b></u>
<b>Operating profit</b>	<u><b>14,290</b></u>	<u><b>88,493</b></u>
Finance income	1,556	2,275
Foreign exchange (loss)/gain on cash and cash equivalents	<u>(13,041)</u>	<u>43,958</u>
<b>Profit before income tax</b>	<u><b>2,805</b></u>	<u><b>134,726</b></u>
Income tax expense	<u>(22,162)</u>	<u>(53,301)</u>
<b>(Loss)/Profit and total comprehensive (loss)/income for the year</b>	<u><u><b>(19,357)</b></u></u>	<u><u><b>81,425</b></u></u>

## AZERCELL TELECOM LLC

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2017

(in thousands of Azerbaijan Manats)

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total equity</u>
<b>Balance at 1 January 2016</b>	<b>42,080</b>	<b>724,590</b>	<b>766,670</b>
Profit and total comprehensive income for the year	-	81,425	81,425
<b>Balance at 31 December 2016</b>	<b>42,080</b>	<b>806,015</b>	<b>848,095</b>
Loss and total comprehensive loss for the year	-	(19,357)	(19,357)
<b>Balance at 31 December 2017</b>	<b>42,080</b>	<b>786,658</b>	<b>828,738</b>

## AZERCELL TELECOM LLC

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2017

(in thousands of Azerbaijan Manats)

	<u>2017</u>	<u>2016</u>
<b>Cash flows from operating activities</b>		
<b>Profit before income tax</b>	<b>2,805</b>	<b>134,726</b>
Adjustments for:		
Depreciation of property, plant and equipment	72,658	61,795
Amortization of intangible assets	13,779	11,545
Impairment of trade receivables	4,382	1,343
Impairment of property, plant and equipment	-	575
Finance income	(1,556)	(2,275)
Net foreign exchange loss/(gain)	13,352	(44,579)
	<u>105,420</u>	<u>163,130</u>
<b>Operating cash flows before working capital changes:</b>	<b>105,420</b>	<b>163,130</b>
Increase in trade and other receivables	(12,017)	(12,517)
Decrease/(increase) in inventories	425	(3,729)
Increase in trade and other payables	11,473	5,496
Increase/(decrease) in deposits received from subscribers	2,129	(1,376)
Increase in deferred income	2,369	1,277
	<u>109,799</u>	<u>152,281</u>
<b>Cash generated from operations</b>	<b>109,799</b>	<b>152,281</b>
Current income tax paid	(103,835)	(76,902)
	<u>5,964</u>	<u>75,379</u>
<b>Net cash generated by operating activities</b>	<b>5,964</b>	<b>75,379</b>
<b>Cash flows from investing activities</b>		
Payment for short term investments	(156,409)	-
Purchase of non-current assets	(42,062)	(52,312)
Interest received	1,556	2,275
	<u>(196,915)</u>	<u>(50,037)</u>
<b>Net cash used in investing activities</b>	<b>(196,915)</b>	<b>(50,037)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(190,951)</b>	<b>25,342</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>397,583</b>	<b>328,283</b>
Effect of exchange rate changes on the balance of cash held in foreign currency	(13,041)	43,958
	<u>193,591</u>	<u>397,583</u>
<b>Cash and cash equivalents at the end of the year</b>	<b>193,591</b>	<b>397,583</b>