

“Caspian International Investment Company” CJSC

**International Financial Reporting Standards
Consolidated Financial Statements and
Independent Auditor’s Report**

31 December 2015



Independent Auditor's Report

To the Owners and Management of "Caspian International Investment Company" CJSC:

We have audited the accompanying consolidated financial statements of "Caspian International Investment Company" CJSC (the "Group") which comprise the consolidated statement of financial position as at 31 December 2015 and the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for qualified opinion

As at 31 December 2015, the Group's investment in NAA Agrotara is stated at AZN 2,792,882. The Group's accounting policy is to measure this investment at fair value through profit or loss in accordance with International Accounting Standards (IAS) 39, Financial Instruments: Recognition and Measurement. As at 31 December 2015, the Group did not measure the investment in NAA Agrotara at its fair value but stated it at its carrying amount as at 31 December 2012, which constitutes a departure from International Financial Reporting Standards.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the basis for qualified opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers Audit Azerbaijan LLC

Baku, Republic of Azerbaijan
21 April, 2016


PricewaterhouseCoopers Audit Azerbaijan LLC

The Landmark Office Plaza III, 12th floor, 90A, Nizami Street, Baku AZ 1010, Azerbaijan
T: +994 (12) 497 25 15, F: +994 (12) 497 74 11, www.pwc.com/az

Caspian International Investment Company CJSC
Consolidated Statement of Financial Position

<i>In Azerbaijani Manats</i>	Note	31 December 2015	31 December 2014
ASSETS			
Non-current assets			
Property, plant and equipment	8	1,071,419	1,142,078
Intangible assets		161,041	161,191
Investment property	9	5,261,900	8,417,000
Financial assets designated at fair value through profit or loss	14	2,792,881	2,792,881
Deferred tax asset	21	774,211	728,985
Total non-current assets		10,061,452	13,242,135
Current assets			
Cash and cash equivalents	12	8,580,833	206,504
Term deposits with banks	13	20,874,471	19,018,542
Other current assets	10	271,383	313,830
Total current assets		29,726,687	19,538,876
TOTAL ASSETS		39,788,139	32,781,011
EQUITY AND LIABILITIES			
Share capital	15	31,001,200	31,001,200
Retained earnings		5,936,000	384,884
Equity attributable to the Parent's owners		36,937,200	31,386,084
Non-controlling interest	23	371,194	381,812
TOTAL EQUITY		37,308,394	31,767,896
Current liabilities			
Current income taxes payable	21	1,692,260	70,934
Other current liabilities	11	685,600	272,775
Total current liabilities		2,377,860	343,709
Non-current liabilities			
Deferred tax liability	21	101,885	669,406
Total non-current liabilities		101,885	669,406
TOTAL LIABILITIES		2,479,745	1,013,115
TOTAL LIABILITIES AND EQUITY		39,788,139	32,781,011

Approved for issue and signed on behalf of the Management on 21 April 2016.


 Mr. Elvin Ashurov
 General Manager


 Mr. Hasan Hasanov
 Finance Manager

Caspian International Investment Company CJSC
Consolidated Statement of Profit or Loss and Other Comprehensive Income

<i>In Azerbaijani Manats</i>	Note	2015	2014
Revenue	17	959,961	672,698
Cost of sales	18	(724,978)	(560,823)
Gross profit		234,983	111,875
Administrative and other operating expenses	20	(1,128,432)	(944,607)
Operating loss		(893,449)	(832,732)
Finance costs		-	(1,854)
Finance income	16	1,315,664	1,614,942
Other income		14,146	26,459
Net (loss)/gain from fair value adjustment on investment properties		(3,155,100)	79,537
Net loss on investment properties sold	9	-	(549,126)
Disposal of investment in subsidiary		(1,774)	-
Net foreign exchange gain/(loss)		9,557,814	(1,275)
Profit before income tax		6,837,301	335,951
Income tax expense	21	(1,296,803)	(305,275)
PROFIT FOR THE YEAR		5,540,498	30,676
Other comprehensive income		-	-
Total comprehensive income for the year		5,540,498	30,676
Gain/(loss) attributable to:			
Owners of the parent		5,551,116	52,753
Non-controlling interest	23	(10,618)	(22,077)
Total comprehensive income/(loss) attributable to:			
Owners of the parent		5,551,116	52,753
Non-controlling interest	23	(10,618)	(22,077)

Caspian International Investment Company CJSC
Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Group				
	Share capital	Retained earnings/ (Accumulated deficit)	Total	Non-controlling interest	Total Equity
<i>In Azerbaijani Manats</i>					
At 1 January 2014	31,001,200	332,131	31,333,331	403,889	31,737,220
Profit /(loss) for the year	-	52,753	52,753	(22,077)	30,676
Total comprehensive income/(loss) for the year	-	52,753	52,753	(22,077)	30,676
Balance at 31 December 2014	31,001,200	384,884	31,386,084	381,812	31,767,896
Profit/(loss) for the year	-	5,551,116	5,551,116	(10,618)	5,540,498
Total comprehensive income/(loss) for the year	-	5,551,116	5,551,116	(10,618)	5,540,498
Balance at 31 December 2015	31,001,200	5,936,000	36,937,200	371,194	37,308,394

Caspian International Investment Company CJSC
Consolidated Statement of Cash Flows

<i>In Azerbaijani Manats</i>	Note	2015	2014
Cash flow from operating activities			
Profit before income tax		6,837,301	335,951
Adjustments for:			
Net foreign exchange (gain)/loss		(9,557,814)	1,275
Depreciation and amortisation	19	138,182	226,699
Net loss/(gain) from fair value adjustment on investment properties	9	3,155,100	(79,537)
Net loss on investment properties sold	9	-	549,126
Finance income	16	(1,315,664)	(1,614,942)
Finance costs		-	1,854
Loss on disposal of property, plant and equipment	20	10,630	35,673
Disposal of investment in subsidiary Tarla LLC		1,774	-
Operating cash flows before working capital changes		(730,491)	(543,901)
Decrease in other current assets	10	42,446	138,479
Increase/(decrease) in other current liabilities	11	326,915	(162,656)
Changes in working capital		369,361	(24,177)
Income tax paid		(205,046)	(164,440)
Net cash used in operating activities		(566,176)	(732,518)
Cash flows from investing activities			
Purchase of property and equipment	8	(77,044)	(223,577)
Proceeds from sale of investment properties	9	-	835,411
Investments in term deposits	13	(19,666,071)	(10,235,870)
Redeemed deposits		24,889,224	8,753,140
Interest received		1,350,751	1,562,360
Net cash generated from investing activities		6,496,860	691,464
Effect of exchange rate changes on cash and cash equivalents		2,443,645	(476)
Net increase/(decrease) in cash and cash equivalents		8,374,329	(41,530)
Cash and cash equivalents at the beginning of the year	12	206,504	248,034
Cash and cash equivalents at the end of the year	12	8,580,833	206,504