

**“CASPIAN INTERNATIONAL
INVESTMENT COMPANY” CLOSED
JOINT STOCK COMPANY**

**The International Financial Reporting
Standards Consolidated Financial
Statements and Independent Auditors’ Report
For the Year Ended December 31, 2018**

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and the Management of "Caspian International Investment Company" Closed Joint Stock Company:

Qualified Opinion

We have audited the consolidated financial statements of "Caspian International Investment Company" CJSC (the "Company") and its subsidiaries (together referred to as the "Group" or "CIIC Group"), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Qualified Opinion

As at December 31, 2018 the financial assets designated at fair value through profit or loss line of the Group's consolidated statement of financial position includes investment in "NAA Agrotara" in the amount of AZN 2,792,881 (December 31, 2017: AZN 2,792,881). We were unable to obtain sufficient appropriate audit evidence about the carrying amount of this investment due to the absence of necessary underlying data, since the Group's management does not have an access to the financial and other information of "NAA Agrotara". Consequently, we were unable to determine whether any adjustments to this amount were necessary.

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 Consolidated Financial Statements section of our report. We are independent of the Group 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 and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other matter

The consolidated financial statements of the Group for the year ended December 31, 2017 were audited by another auditor who expressed a modified opinion on those consolidated financial statements on June 11, 2018.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 the Group'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 the Group'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 consolidated 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We 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.

Baker Tilly Azerbaijan

April 11, 2019
Baku, the Republic of Azerbaijan

Caspian International Investment Company CJSC
Consolidated Statement of Financial Position

<i>In Azerbaijani Manats</i>	Note	December 31, 2018	December 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment		14,267	15,086
Intangible assets		11,291	12,417
Financial assets at fair value through profit or loss			
Investments in subsidiaries	21, 22	3,002,866	3,281,782
Investments in associates	21, 23	5,482,765	3,810,000
Investments in joint ventures	21, 23	2,571,899	2,534,250
Other investments	21	2,792,881	2,792,881
Deferred income tax asset	19	186,447	744,880
Total non-current assets		14,062,416	13,191,296
Current assets			
Cash and cash equivalents	12	9,294,202	8,661,714
Term deposits with bank	13	2,000,000	3,060,180
Trade receivables	9	301,675	475,764
Inventories	8	3,252,322	5,219,583
Other current assets	10	632,348	607,498
Total current assets		15,480,547	18,024,739
TOTAL ASSETS		29,542,963	31,216,035
EQUITY AND LIABILITIES			
Share capital	14	31,001,200	31,001,200
(Accumulated deficit)/Retained earnings		(1,516,787)	2,860
TOTAL EQUITY		29,484,413	31,004,060
Current liabilities			
Other current liabilities	11	58,550	110,090
Total current liabilities		58,550	110,090
Non-current liabilities			
Deferred income tax liability	19	-	101,885
Total non-current liabilities		-	101,885
TOTAL LIABILITIES		58,550	211,975
TOTAL LIABILITIES AND EQUITY		29,542,963	31,216,035

Approved for issue and signed on behalf of the Management on April 11, 2019.


Mr. Elvin Ashirov
General Manager




Mr. Ruslan Gomeiko
Finance Manager

The accompanying notes on pages 5 to 31 are an integral part of these consolidated financial statements.


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

<i>In Azerbaijani Manats</i>	Note	2018	2017
Revenue	16	1,334,457	2,130,826
Net gain on financial assets at fair value through profit or loss	21	1,041,434	-
Dividend income		343,000	104,677
Cost of sales	17	(1,200,676)	(1,896,253)
Loss on write-down of inventories to net realisable value	8	(1,023,331)	-
Gross profit		494,884	339,250
Administrative and other operating expenses	18	(570,357)	(793,883)
Operating profit/(loss)		(75,473)	(454,633)
Mark-up income	15	97,951	340,901
Foreign exchange loss, net		(2,308)	(671,943)
Finance expenses		-	(17,385)
Other income		17,696	205,378
Income/(loss) before income tax		37,866	(597,682)
Income tax expense	19	(527,721)	(41,043)
LOSS FOR THE YEAR		(489,855)	(638,725)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(489,855)	(638,725)

Approved for issue and signed on behalf of the Management on April 11, 2019.


 Mr. Elvin Ashirov
 General Manager




 Mr. Ruslan Gomeiko
 Finance Manager


Caspian International Investment Company CJSC
Consolidated Statement of Changes in Equity

<i>In Azerbaijani Manats</i>	Share capital	Retained earnings	Total Equity
Balance at January 1, 2017	31,001,200	4,641,585	35,642,785
Loss for the year	-	(638,725)	(638,725)
Total comprehensive loss for the year	-	(638,725)	(638,725)
Dividends declared	-	(4,000,000)	(4,000,000)
Balance at December 31, 2017	31,001,200	2,860	31,004,060
Impact of adopting IFRS 9 as at January 1, 2018	-	(29,792)	(29,792)
Restated balance as at January 1, 2018	31,001,200	(26,932)	30,974,268
Loss for the year	-	(489,855)	(489,855)
Total comprehensive loss for the year	-	(489,855)	(489,855)
Dividends declared	-	(1,000,000)	(1,000,000)
Balance at December 31, 2018	31,001,200	(1,516,787)	29,484,413

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 General Manager




 Mr. Ruslan Gomeiko
 Finance Manager

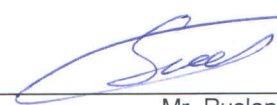
Caspian International Investment Company CJSC
Consolidated Statement of Cash Flows

<i>In Azerbaijani Manats</i>	<i>Note</i>	2018	2017
Cash flow from operating activities			
Profit/(loss) before income tax		37,866	(597,682)
Adjustments for:			
Net gain on financial assets at fair value through profit or loss	21	(1,041,434)	-
Mark-up income	15	(97,951)	(340,901)
Foreign exchange loss, net		2,308	671,943
Loss on write-down of inventories to net realisable value	8	1,023,331	-
Depreciation and amortization	18	5,407	7,097
Gain from extinguishment of liabilities		(17,696)	-
Operating cash flows before working capital changes		(88,169)	(259,543)
Changes in investments in associate and joint venture		(390,000)	(4,765,550)
Changes in investments in subsidiaries		-	(455,530)
Changes in trade receivables		136,849	(410,122)
Changes in inventories		943,930	55,852
Changes in other current assets		(24,917)	(322,139)
Changes in other current liabilities		(42,471)	(588,202)
Changes in working capital		623,391	(6,485,691)
Income tax paid		(55,095)	(11,712)
Net cash generated from/(used in) operating activities		480,127	(6,756,946)
Cash flows from investing activities			
Payments for property and equipment		(3,462)	(2,886)
Investment in term deposits with bank		(2,000,000)	(3,110,760)
Withdrawal of term deposits with bank		3,060,000	9,066,660
Mark-up received from term deposits with bank		97,951	340,901
Net cash generated from investing activities		1,154,489	6,293,915
Dividends paid to the Group's shareholders		(1,000,000)	(4,000,000)
Net cash used in financing activities		(1,000,000)	(4,000,000)
Effect of exchange rate changes on cash and cash equivalents		(2,128)	(303,307)
Net increase/(decrease) in cash and cash equivalents		632,488	(4,766,338)
Cash and cash equivalents at the beginning of the year		8,661,714	13,428,052
Cash and cash equivalents at the end of the year		9,294,202	8,661,714

Approved for issue and signed on behalf of the Management on April 11, 2019.


 Mr. Elvin Ashirov
 General Manager




 Mr. Ruslan Gomeiko
 Finance Manager