

"SOCAR-AQS" LIMITED LIABILITY COMPANY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

(In Azerbaijani Manats)

	Notes	December 31, 2019	December 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	7	217,334,084	222,998,143
Intangible assets	7	-	5,230
Prepayment for property, plant and equipment	8	5,613,387	3,932,627
Investment in associate	9	6,217,266	308,014
Total non-current assets		229,164,737	227,244,014
Current assets			
Inventories	10	67,076,406	61,708,297
Contract assets	6, 11	38,572,559	57,682,666
Trade and other receivables	6, 12	387,262,480	252,059,764
Cash and cash equivalents	13	6,288,125	3,618,975
Total current assets		499,199,570	375,069,702
TOTAL ASSETS		728,364,307	602,313,716
EQUITY AND LIABILITIES			
EQUITY:			
Equity attributable to owners of the Company:			
Charter capital	14	571,372	571,372
Other reserves		138,641,351	138,641,351
Retained earnings		197,297,639	153,635,183
Total equity attributable to owners of the Company		336,510,362	292,847,906
Non-controlling interest	9	9,500	9,500
TOTAL EQUITY		336,519,862	292,857,406
LIABILITIES:			
Non-current liabilities			
Borrowings	6, 15	18,127,205	32,500,521
Lease liabilities	16	16,787,877	11,267,452
Deferred tax liabilities	17	33,146,020	23,372,911
Total non-current liabilities		68,061,102	67,140,884

“SOCAR-AQS” LIMITED LIABILITY COMPANY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019 (Continued)

(In Azerbaijani Manats)

	Notes	December 31, 2019	December 31, 2018
Current liabilities			
Borrowings	6, 15	78,836,746	25,867,464
Lease liabilities	16	8,345,241	2,849,722
Trade and other payables	6, 18	<u>236,601,356</u>	<u>213,598,240</u>
Total current liabilities		<u>323,783,343</u>	<u>242,315,426</u>
TOTAL LIABILITIES		<u>391,844,445</u>	<u>309,456,310</u>
TOTAL EQUITY AND LIABILITIES		<u><u>728,364,307</u></u>	<u><u>602,313,716</u></u>

On behalf of the Board of Directors:

Ramin Isayev
General Director

March 11, 2020
Baku, the Republic of Azerbaijan



Nizami Guliyev
Chief Accountant

March 11, 2020
Baku, the Republic of Azerbaijan

The notes on pages 10-66 form an integral part of these consolidated financial statements.

“SOCAR-AQS” LIMITED LIABILITY COMPANY

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Azerbaijani Manats)**

	Notes	Year ended December 31, 2019	Year ended December 31, 2018
Contract revenues	6, 19	275,287,853	560,420,945
Contract costs	6, 20	<u>(206,605,943)</u>	<u>(332,958,041)</u>
Gross profit		<u>68,681,910</u>	<u>227,462,904</u>
General and administrative expenses	21	(18,284,518)	(15,170,203)
Share of results of associates	9	<u>5,909,252</u>	<u>-</u>
Operating profit		<u>56,306,644</u>	<u>212,292,701</u>
Other income/(expenses)	22	5,230,057	(2,022,184)
Finance costs	6, 23	<u>(3,441,520)</u>	<u>(37,211,878)</u>
Foreign exchange gain		<u>593,426</u>	<u>1,182,849</u>
Profit before income tax		<u>58,688,607</u>	<u>174,241,488</u>
Income tax expense	17	<u>(13,680,746)</u>	<u>(37,727,219)</u>
Net profit for the year		<u>45,007,861</u>	<u>136,514,269</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>45,007,861</u>	<u>136,514,269</u>

On behalf of the Board of Directors:


Ramin Isayev
General Director

March 11, 2020
Baku, the Republic of Azerbaijan




Nizami Guliyev
Chief Accountant

March 11, 2020
Baku, the Republic of Azerbaijan

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"SOCAR-AQS" LIMITED LIABILITY COMPANY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2019

(In Azerbaijani Manats)

	Charter capital	Other reserves	Retained earnings	Non-controlling	Total equity
January 1, 2018	571,372	138,641,351	133,447,531	-	272,660,254
Dividends declared	-	-	(116,326,617)	-	(116,326,617)
Change in non-controlling interest	-	-	-	9,500	9,500
Total comprehensive income for the year	-	-	136,514,269	-	136,514,269
December 31, 2018	571,372	138,641,351	153,635,183	9,500	292,857,406
Impact of adopting IFRS 16 as at January 1, 2019	-	-	(1,345,405)	-	(1,345,405)
January 1, 2019	571,372	138,641,351	152,289,778	9,500	291,512,001
Total comprehensive income for	-	-	45,007,861	-	45,007,861
December 31, 2019	571,372	138,641,351	197,297,639	9,500	336,519,862

On behalf of the Board of Directors:

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General Director

March 11, 2020
Baku, the Republic of Azerbaijan



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Chief Accountant

March 11, 2020
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"SOCAR-AQS" LIMITED LIABILITY COMPANY

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2019 (In Azerbaijani Manats)

	Notes	Year ended December 31, 2019	Year ended December 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax		58,688,607	174,241,488
Adjustments for non-cash items:			
Depreciation and amortisation	20, 21	22,052,394	17,791,934
Finance costs	23	3,441,520	37,211,878
Foreign exchange gain		(593,426)	(1,182,849)
Loss on disposal of property, plant, equipment and intangible assets		5,505	194,736
(Reversal of loss)/loss on inventory write down	20	(379,431)	1,031,254
Share of results of associates	9	(5,909,252)	-
Gain from early termination of contract	22	(183,062)	-
Gain from extinguishment of liabilities	22	(2,367,126)	-
Interest income	22	(183,671)	-
(Reversal of expected credit losses)/expected credit losses on trade and other receivables and contract assets	22	(2,496,198)	2,022,184
Operating cash flows before working capital changes:		<u>72,075,860</u>	<u>231,310,625</u>
Change in operating assets and liabilities:			
Inventories		(4,988,679)	(10,639,667)
Contract assets		20,139,450	(29,661,232)
Trade and other receivables		(75,535,707)	(100,582,087)
Taxes receivable		-	31,867,693
Trade and other payables		32,607,062	(3,321,152)
Cash (outflow)/inflow generated from operating activities:		<u>44,297,986</u>	<u>118,974,180</u>
Income tax paid		(2,274,467)	(365,217)
Net cash (outflow)/inflow from operating activities		<u>42,023,519</u>	<u>118,608,963</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant, equipment and intangible assets		(11,640,362)	(18,190,175)
Investments in associate		-	(308,014)
Cash acquired on purchase of subsidiary, net of consideration paid		-	60,000
Net cash outflow from investing activities		<u>(11,640,362)</u>	<u>(18,438,189)</u>

“SOCAR-AQS” LIMITED LIABILITY COMPANY

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019 (Continued)
(In Azerbaijani Manats)**

	Notes	Year ended December 31, 2019	Year ended December 31, 2018
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings	15	87,284,042	65,762,830
Repayment of borrowings	15	(48,502,815)	(23,770,488)
Change in restricted current bank account		(57,661,493)	-
Dividends paid		-	(116,326,617)
Lease payments	16	(3,585,854)	-
Interest paid	15, 23	(5,025,800)	(26,571,743)
Net cash inflow/(outflow) from financing activities		(27,491,920)	(100,906,018)
Effect of exchange rate changes on cash and cash equivalents		(222,087)	(1,378,322)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		2,669,150	(2,113,566)
CASH AND CASH EQUIVALENTS, <i>at the beginning of the year</i>	13	3,618,975	5,732,541
CASH AND CASH EQUIVALENTS, <i>at the end of the year</i>	13	6,288,125	3,618,975

On behalf of the Board of Directors:

Ramin Isayev
General Director

March 11, 2020
Baku, the Republic of Azerbaijan



Nizami Guliyev
Chief Accountant

March 11, 2020
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