“BAKU STOCK EXCHANGE” CLOSE JOINT STOCK COMPANY

The International Financial Reporting Standards
Financial Statements and Independent Auditors’ Report
For the Year Ended December 31, 2020

“BAKU STOCK EXCHANGE” CLOSE JOINT STOCK COMPANY

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STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

The following statement is made with a view to distinguishing respective responsibilities of the management and those of the independent auditors in relation to the financial statements of "Baku Stock Exchange" (herinafter "Company" or "BSE"). Management is responsible for the preparation of the financial statements that present fairly the financial position of the Company as at December 31, 2020, comprehensive income, changes in equity and cash flows in accordance with International Financial Reporting Standards ("IFRS") for the year then ended.

In preparing the financial statements, management is responsible for:

- Selecting suitable accounting principles and applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Stating whether IFRS have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Preparing the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business for the foreseeable future.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Company;
- Maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRS;
- Maintaining statutory accounting records in compliance with legislation and accounting standards of the Republic of Azerbaijan;
- Taking such steps that are reasonably available to them to safeguard the assets of the Company; and
- Detecting and preventing fraud, errors and other irregularities.

The financial statements for the year ended December 31, 2020 were authorized for issue on March 31, 2021 by the Management of the Company.

On behalf of the Management Board:

AZƏRBAYCAN RESPUBLİKASI
BAKI FOND BİRJASI
BAKU STOCK EXCHANGE
AZERBAIJAN REPUBLIC

Eldar Abdullayev **Acting Chairman of the Management Board**	**Dilara Babayeva** **Head of Finance and Management Group**
March 31, 2021 Baku, the Republic of Azerbaijan	March 31, 2021 Baku, the Republic of Azerbaijan

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Executive Board of Baku Stock Exchange:

Opinion

We have audited International Financial Reporting Standards (IFRS) based financial statements of "Baku Stock Exchange" Close Joint Stock Company (hereinafter the "Company"), which comprise the statement of financial position as at December 31, 2020, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respect, the financial position of the Company as at December 31, 2020 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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 Financial Statements section of our report. We are independent of the Company 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 opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.

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

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

Auditors' Responsibilities for the Audit of the 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 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 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 Company'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 Company'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 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 Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

March 31, 2021
Baku, the Republic of Azerbaijan

"BAKU STOCK EXCHANGE" CLOSE JOINT STOCK COMPANY

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020
(in Azerbaijani Manats)

	Notes	December 31, 2020	December 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	7	2,365,044	2,365,594
Intangible assets	8	360,363	477,923
Deposits at banks	9	1,641,957	-
Investment securities	10	1,806,321	4,710,037
Prepayments for property, plant and equipment and intangible assets		10,974	451,287
Total non-current assets		**6,184,659**	**8,004,841**
Current assets			
Cash and cash equivalents	11	480,335	2,045,198
Deposits at banks	9	3,878,000	1,426,750
Investment securities	10	1,808,548	-
Prepaid taxes		197,689	203,304
Prepayments	12	54,817	123,136
Other current assets	13	159,002	36,474
Total current assets		**6,578,391**	**3,834,862**
TOTAL ASSETS		**12,763,050**	**11,839,703**
EQUITY			
Share capital	14	1,260,000	1,260,000
Share premium		151,800	151,800
Retained earnings		10,253,145	9,427,024
TOTAL EQUITY		**11,664,945**	**10,838,824**
LIABILITIES			
Non-current liabilities:			
Deferred tax liability	15	41,447	52,160
Lease liability	16	1,055,178	947,585
Total non-current liabilities		**1,096,625**	**999,745**
Current liabilities			
Other current liabilities	17	1,480	1,134
Total current liabilities		**1,480**	**1,134**
TOTAL LIABILITIES		**1,098,105**	**1,000,879**
TOTAL EQUITY AND LIABILITIES		**12,763,050**	**11,839,703**

On behalf of the Management Board:

Eldar Abdullayev
Acting Chairman of the Management Board

March 31, 2021
Baku, the Republic of Azerbaijan

Dilara Babayeva
Head of Finance and Management Group

March 31, 2021
Baku, the Republic of Azerbaijan

"BAKU STOCK EXCHANGE" CLOSE JOINT STOCK COMPANY

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020
(in Azerbaijani Manats)

	Notes	For the year ended December 31, 2020	For the year ended December 31, 2019
Fee and comission income on transactions	18	1,983,223	4,489,890
Other service income	19	215,160	161,897
Total income		**2,198,383**	**4,651,787**
Salaries and other staff related payments	20	(861,690)	(747,747)
General and administrative expenses	21	(574,264)	(448,051)
Depreciation of property and equipment	7	(367,584)	(31,057)
Amortization of intangible assets	8	(58,035)	(40,215)
Total operating expenses		**(1,861,573)**	**(1,267,070)**
Operating profit		**336,810**	**3,384,717**
Interest income	22	539,289	403,210
Income from the sale of property, plant and equipment and intangible assets		163,813	-
Income from the sale of investment securities		111,219	-
Financial expenses	16	(107,593)	-
Income on change in exchange rates		250	-
Profit before income tax		**1,043,788**	**3,787,927**
Income tax	15	(217,667)	(764,591)
Net income during the reporting period		**826,121**	**3,023,336**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**826,121**	**3,023,336**

On behalf of the Management Board:

AZƏRBAYCAN RESPUBLİKASI BAKI FOND BİRJASI BAKU STOCK EXCHANGE AZERBAIJAN REPUBLIC

Eldar Abdullayev
Acting Chairman of the Management Board

March 31, 2021
Baku, the Republic of Azerbaijan

Dilara Babayeva
Head of Finance and Management Group

March 31, 2021
Baku, the Republic of Azerbaijan

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
(in Azerbaijani Manats)

	Notes	For the year ended December 31, 2020	For the year ended December 31, 2019
Cash flows from operating activities			
Profit before income tax		1,043,788	3,787,927
Adjustments for non-cash items:			
Depreciation of property and equipment	7	367,584	31,057
Amortization of intangible assets	8	58,035	40,215
Interest income	22	(539,289)	(403,210)
Financial expences		107,593	-
Income from revaluation of foreign currency balances		(250)	-
Income from the sale of property, plant and equipment and intangible assets		(163,813)	-
Income from the sale of investment securities		(111,219)	-
Changes in operating assets and liabilities:			
Changes in prepayments		62,013	(53,702)
Changes in other current assets		(122,528)	173,745
Changes in other current liabilities		346	-
Changes in tax advances		(5,098)	-
Net cash inflow from operating activities		**697,162**	**3,576,032**
Income tax paid		(190,000)	(1,462,876)
Cash flows from investing activities			
Purchase of property, plant, and equipment		-	(1,762,688)
Net change in deposits at banks		(4,073,250)	3,456,450
Purchase of investment securities		1,399,098	(3,163,697)
Received interest income on deposits from banks		219,507	173,522
Received interest income on investment securities		107,114	229,688
Proceeds from the sale of property, plant and equipment and intangible assets		275,256	-
Purchase of intangible assets		-	(412,584)
Net cash outflow from investment activities		**(2,072,275)**	**(1,479,309)**
Impact of exchange rate fluctuations on cash and cash equivalents:		250	-
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,564,863)	633,847
CASH AND CASH EQUIVALENTS, *at the beginning of the year*	11	**2,045,198**	**1,411,351**
CASH AND CASH EQUIVALENTS, *at the end of the year*	11	**480,335**	**2,045,198**

On behalf of the Management Board:

Eldar Abdullayev
Acting Chairman of the Management Board

March 31, 2021
Baku, the Republic of Azerbaijan

Dilara Babayeva
Head of Finance and Management Group

March 31, 2021
Baku, the Republic of Azerbaijan

AZƏRBAYCAN RESPUBLİKASI BAKI FOND BİRJASI BAKU STOCK EXCHANGE AZERBAIJAN REPUBLIC

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020
(in Azerbaijani Manats)

	Share capital	Share premium	Retained earnings	Total capital
January 1, 2019	**1,260,000**	**151,800**	**6,403,688**	**7,815,488**
Total comprehensive income for the year	-	-	3,023,336	3,023,336
December 31, 2019	**1,260,000**	**151,800**	**9,427,024**	**10,838,824**
Total comprehensive income for the year	-	-	826,121	826,121
December 31, 2020	**1,260,000**	**151,800**	**10,253,145**	**11,664,945**

On behalf of the Management Board:

Eldar Abdullayev
Acting Chairman of the Management Board

March 31, 2021
Baku, the Republic of Azerbaijan

AZƏRBAYCAN RESPUBLİKASI
BAKI FOND BİRJASI
BAKU STOCK EXCHANGE
AZERBAIJAN REPUBLIC

Dilara Babayeva
Head of Finance and Management Group

March 31, 2021
Baku, the Republic of Azerbaijan

1. COMPANY AND ITS PRINCIPAL ACTIVITIES

"Baku Stock Exchange" Closed Joint Stock Company (the "Company" or "BSE") was incorporated on October 23, 1997 and operates in the Republic of Azerbaijan.

The Company's principal business activity is the organization of trading operations with all types of securities within the Republic of Azerbaijan. The Company operates under a license issued by the State Committee for Securities under the auspices of the President of the Republic of Azerbaijan ("SCS") since July, 2000.

Shareholders of the Company

As at December 31, 2020 and 2019, the shareholders of the Company were as follows:

	December 31, 2020, %	December 31, 2019, %
"Azerbaijan Industry Bank" OJSC	9.5239	9.5239
"Demir Investment Company" CJSC	4.7619	4.7619
"Kapital Partners" LLC	4.7619	4.7619
"Brokdil-Az" LLC	4.7619	4.7619
"Azer-Turk Bank" OJSC	4.7619	4.7619
"Bank of Baku" OJSC	4.7619	4.7619
"Kapital Bank" OJSC	4.7619	4.7619
"Global Menkul Deqerler" A.S.	4.7619	4.7619
"Borsa Istanbul" Anonim Shirketi	4.7619	4.7619
"Mars Investment" LLC	4.7619	4.7619
"Respublika Invest" LLC	4.7619	4.7619
"International Bank of Azerbaijan" OJSC	4.7619	4.7619
"UniCapital Investment Company" OJSC	4.7619	4.7619
"United Credit Bank" OJSC (In the process of liquidation)	4.7619	4.7619
"Yapi Kredi Bank Azerbaijan" OJSC	4.7619	4.7619
"Caspian Financial LTD" LLC	4.7619	4.7619
"Xalq Kapital Investment Company" CJSC	4.7619	4.7619
"Invest-AZ Investment Company" CJSC	4.7619	4.7619
"Plato Capital and Co. Investment Company" OJSC	4.7619	4.7619
"Invest-AZ Yatırım Menkul Degerler" Anonim Shirketi	4.7619	4.7619
Total	**100**	**100**

Registered legal address of the Company

The address of Company's registered legal address is 19 Bul-Bul Avenue, Baku, the Republic of Azerbaijan.

The business address of the Company is 2A Hasan bey Zardabi Avenue, Chocolate Tower, Baku, the Republic of Azerbaijan

2. OPERATING ENVIRONMENT OF THE COMPANY

There was a number of significant changes in the operating and economic environment during the first half of 2020, which had an impact on the Company’s business activities.

In March 2020 the World Health Organization (WHO) announced that the spread of the COVID-19 virus across the globe was a pandemic. Significant restrictions on travel and movement of individuals and the closure of non-essential businesses have either been imposed in most countries or have happened as a result of the pandemic. This has led to significant declines in GDP in most if not all large economically strong countries which the Republic of Azerbaijan is in a trade relationship.

The global economy was negatively impacted by coronavirus pandemic (COVID-19) spread in the first half of 2020. Starting from June 2020 many countries including the Republic of Azerbaijan demonstrated improvement in the signs of pandemic and certain restrictions were lifted subsequently. As a result, recovery in global financial and commodity markets observed. However, subsequently the number of reported cases significantly increased in the Republic of Azerbaijan, and the government introduced new restrictions from mid-December 2020.

The restrictive lock-down measures to combat COVID-19 in the country significantly reduced economic activity and aggregate spending levels. Certain segments of the economy, such as hotel, transport, travel, entertainment and many other businesses, also international trade much effected from these measures.

Oil prices have decreased significantly due to the substantial reduction in oil consumption in the pandemic environment but demonstrated stable growth during the second quarter of 2020. The government introduced support packages in the form of subsidized lending tools, payments to unemployed individuals and other subsidies to the entrepreneurs during the year to compensate the economic slowdown caused by the pandemic. The government has adopted a package of measures aimed at reducing the negative impact of COVID-19 outbreak on the national economy, the entrepreneurship and banking sectors, as well as strengthening the social protection of the people. The following measures were carried out by the government:

- payment of a certain part of the salary of employees working in the areas affected by COVID-19;
- provision of financial support to individual (micro) entrepreneurs;
- granting tax incentives for business areas affected by COVID-19;
- issuance of state guarantees on bank loans and subsidizing interest rates on loans to businesses operating in areas affected by the coronavirus (COVID-19) pandemic;
- provision of lump-sum payments in the amount of living wage to unemployed citizens of the country;
- Cancellation of listing tariffs on corporate bonds included in the listing from April 1, 2020 to January 1, 2021;
- According to the new tariff schedule applied in the the Baku Stock Exchange, the commission on notes of the Central Bank of the Republic of Azerbaijan was reduced from 0.04% to 0.02%.

The Group’s operations are conducted mainly in the Republic of Azerbaijan. Azerbaijan continues economic reforms and development of its legal, tax and regulatory frameworks. The future stability of the Azerbaijan’s economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the Government as well as crude oil prices and stability of Azerbaijani Manat. Although the economy of the Republic of Azerbaijan is particularly sensitive to oil and gas prices, during the recent years the Government of the Republic of Azerbaijan initiated major economic and social reforms to accelerate transition to a more balanced economy and reduce dependence on oil and gas sector. GDP in GDP in Azerbaijan was USD 42.6 billion during the year 2020, according to the State Statistical Committee of the Republic of Azerbaijan. In the long-term, the Azerbaijan GDP is projected to trend around USD 50 billion in 2021 and USD 51 billion in 2022, according to our econometric models.

The government continued its monetary policy with respect to stability of Azerbaijani Manat as well as allocated foreign currency resources which stabilized Azerbaijani Manat. This policy continued in 2020 with the aim of maintaining macroeconomic stability. The Central Bank of the Republic of Azerbaijan has changed the refinancing rate several times during the year and the range was between 7.25% - 6.25% with steady decrease in rates.

The Company's management is monitoring changes in macroeconomic environment and taking precautionary measures it considers necessary in order to support the sustainability and development of the Company's business in the foreseeable future.

International credit rating agencies regularly evaluate credit rating of the Republic of Azerbaijan. Fitch and S&P evaluated rating of the Republic of Azerbaijan as "BB+". Moody's Investors Service set "Ba2" credit rating for the country.

On September 2020, escalation of unresolved conflict in Karabakh region (located in southwest, which is internationally recognized as part of the Republic of Azerbaijan) resulted in clashes between the Republic of Azerbaijan and Armenian forces in occupied territories. In response, both countries introduced a curfew and military mobilization. Although the military actions mainly occurred in the western part of the Republic of Azerbaijan, some businesses were affected by the curfew which covered all the territories of the Republic of Azerbaijan including capital Baku, to a certain degree. A complete ceasefire and a cessation of all hostilities in the zone of the Karabakh conflict were achieved on November 10, 2020. The level of macroeconomic effects in which the state involvement in liberated regions is uncertain as of the reporting date.

The future economic growth of the Republic of Azerbaijan is largely dependent upon the effectiveness of economic, financial and monetary measures undertaken by the Government, together with tax, legal, regulatory and political developments. The Management is unable to predict, all developments in the economic environment which would have an impact on the Company's operations and consequently what effect, if any, they could have on the financial position of the Company. The management is currently performing sensitivity analyses under different oil price scenarios and elaborating relevant action plans for maintaining the sustainability of the business.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. If no other explanation has been made in the notes, the provisions of the accounting policies have been consistently applied throughout the reporting period.

Statement of Compliance

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB) and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The financial statements of the Company have been prepared under the historical cost convention. The financial statements are presented in the Azerbaijani Manats ("AZN") except when otherwise indicated.

Going concern

These financial statements have been prepared on the assumption that the Company will be able to continue as a going concern for the foreseeable future.

Management views the Company as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations of the Republic of Azerbaijan. Accordingly, assets and liabilities are recorded on the basis that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Some financial reporting frameworks contain an explicit requirement for management to make a specific assessment of the Company’s ability to continue as a going concern, and standards regarding matters to be considered and disclosures to be made in connection with going concern.

The principal accounting policies are set out below:

Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

IFRS 15 “Revenue from Contracts with Customers”

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

The core principle of IFRS 15 is that the Company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract;
- Step 5: Recognize revenue when the entity satisfies a performance obligation.

Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset that was separately depreciated and is now written off is replaced and it is probable that future economic benefits associated with the item will flow to the Company, the expenditure is capitalized. Where part of the asset was not separately considered as a component, the replacement value is used to estimate the carrying amount of the replaced assets which is immediately written off. Inspection costs associated with major maintenance programs are capitalized and amortized over the period to the next inspection.

All property and equipment that does not provide future economic benefit is expensed immediately in the statement of comprehensive income.

Leases

Lease is a contract that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. Control is considerd to exist if customer has the right to obtain substantially all economic benefit from use of an identifed asset and right to direct use of that asset.

At lease commencement, the Company recognizes a right of use an asset and lease liability for all leases except for short term and low valued items.

The right of use an asset is initially measured at cost and measured subsequently at cost less accumuluated depreciation and impairment losses.

The lease liability initially measured at present value of future lease payments. Subsequently, lease liabilities are adjusted for interest and lease payments.

Intangible assets

Intangible assets are stated at the amount initially recognized, less accumulated amortization and accumulated impairment losses.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortization on a straight line basis over their estimated useful lives and any accumulated impairment losses. Internally generated intangible assets are not capitalized and expenditure is reflected in the statement of comprehensive income in the year in which the expenditure is incurred.

Depreciation and amortization

Depreciation is charged on the historical cost of property and equipment and is designed to wear out over their estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis (the land is not depreciated):

Buildings and facilities	5%-7%
The right-of-use asset	Depends on the terms of the lease
Machinery and equipment	10%-25%
Vehicles	10%-25%
Furniture and fixtures	10%-20%
Intangible assets	10%-20%

The residual value of an asset is the estimated amount that the Company would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life. The residual value of an asset is nil if the Company expects to use the asset until the end of its physical life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Prepayments

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. The non-current prepayments is classified and presented as advance to suppliers of property and equipment in the statement of financial position.

Prepayments to acquire assets are transferred to the carrying amount of the asset once the Company has obtained the control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company. Other prepayments are written off to profit and loss accounts when the goods or services relating to the prepayments are received.

If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognized in the statement of comprehensive income.

Financial instruments

Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognized on a trade date basis. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrumenton initial recognition.

For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

The Company's majority of financial assets were classified as financial assets measured subsequently at amortized cost. The Company's financial liabilities were classified as financial liabilities measured subsequently at amortized cost. The Company does not choose to classify any financial liabilities as measured at fair value through profit or loss.

Impairment of financial assets

The Company applies the expected credit loss model to financial assets measured at amortized cost or at fair value through other comprehensive income.

The allowance for expected credit losses for a financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on that financial asset has increased significantly since initial recognition.

If, at the reporting date, the credit risk on a financial asset has not increased significantly since initial recognition, the allowance for expected credit losses for that financial asset (except trade receivables, where the simplified approach is elected) is measured at an amount equal to 12-month expected credit losses. For trade and other receivables, whether they contain a significant financing component or not, measurement based on lifetime expected credit losses are applied. The Company utilizes an internal model to assess expected credit losses. The model was developed in accordance with IFRS 9 and designed to assess credit risk exposure of counterparties taking into account the characteristics of financial assets by assigning scoring system to counterparties. Assigned score is returning PD (Probability of Default) on individual basis. Move of the asset from one score band to lower score band is considered significant increase in credit risk among other criteria.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Primary information is used for the information that is directly or indirectly observable related to an asset or liability;
- Level 3 – Primary information is used for the information that unobservable for an asset or liability.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Cash and cash equivalents

Cash and cash equivalents are assets that can be easily converted into cash at any time, with a slight difference in their value. Cash and cash equivalents are recognized in the amortized cost using the effective interest method. The restricted cash balances are not included in cash and cash equivalents. The balances with the limitation on use for the conversion or settlement of the liability purposes during at least twelve month after reporting date are included in other long-term assets.

Prepayments

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method and recognized on the basis of FVTPL.

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading or (iii) it is designated as at FVTPL. Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of financial asset or a financial liability or group of financial assets or liabilities and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

De-recognition of financial liabilities

The Company removes a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished – i.e. when the obligation specified in the contract is discharged or cancelled or expires.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortized over the remaining term of the modified liability.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Income taxes

Income taxes have been provided for in the financial statements in accordance with the legislation of the Republic of Azerbaijan enacted or substantively enacted by the reporting date. The income tax charge comprises current tax and deferred tax and is recognized in the income statement. However, taxes relating to transactions that are recognized in direct capital accounts in the same or a different period are recognized directly in capital accounts.

Current tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxable profit is calculated on the basis of estimated amounts when the financial statements are approved prior to the presentation of the relevant tax returns. Taxes other than income tax are recorded as administrative and operating expenses.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit.

Deferred tax balances are measured at tax rates enacted or substantively enacted at the balance sheet date which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilized. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilized.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects. Dividends on ordinary shares are recognized in equity as a reduction in the period in which they are declared.

Dividends that are declared after the reporting date are treated as a subsequent event under International Accounting Standard 10 "Events after the Reporting Date" ("IAS 10") and disclosed accordingly.

Foreign currency translation

Functional currency of the Company is the currency of the primary economic environment in which the entity operates. The Company's functional currency AZN is the national currency of the Republic of Azerbaijan.

Monetary assets and liabilities are translated into entity's functional currency at the official exchange rate of the Central Bank of the Republic of Azerbaijan ("CBAR") at the respective reporting dates. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into each entity's functional currency at year-end official exchange rates of the CBAR are recognized in the statement of comprehensive income.

Translation at year-end rates does not apply to non-monetary items, including equity investments. Effects of exchange rate changes on the fair value of equity securities are recorded as part of the fair value gain or loss.

The exchange rates used by the Company in the preparation of the financial statements are as follows:

	December 31, 2020	December 31, 2019
AZN/1 USD	1.7000	1.7000
AZN/1 EUR	2.0890	1.9035

Employee benefits

Wages, salaries, contributions to the State Pension Fund of the Republic of Azerbaijan and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits (such as health services and kindergarten services and food) are accrued in the year in which the associated services are rendered by the employees of the Company.

Recognition of other income and expenses

Other income and expenses are recognized on an accrual basis.

Contingent liabilities and assets

Contingent liabilities are not recognized in the financial statements. They are disclosed in the respective notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Lease liability

IFRS 16 "Leases" introduces significant changes to lessee accounting: it removes the distinction between operating and finance leases under IAS 17 "Leases" and requires a lessee to recognize a right-of-use asset and a lease liability at lease commencement for all leases, except for short-term leases and leases of low value assets.

The lease liability is initially measured at the present value of the future lease payments discounted using the discount rate implicit in the lease (or with lessee's incremental borrowing rate when this rate cannot be readily determined). Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. The Company adopted IFRS 16 for the year ended December 31, 2019.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, costs and disclosure of contingent liabilities during the reporting period.

As a result of the uncertainties inherent in business activities, many items in financial statements cannot be measured with precision but can only be estimated. Estimation involves judgments based on the latest information available when financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The most significant estimates relate to the depreciable lives of property and equipment, impairment of non-financial and financial assets, fair value of financial instruments and provision for obsolete inventory. Actual results could differ from these estimates.

In the process of applying the Company's accounting policies, the management has made the following judgments and estimations, which have the most significant effect on the amounts recognized in the financial statements.

Fair value measurement of financial instruments

The Company's several accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities;
- *Level 2:* inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- *Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the data used to measure the fair value of an asset or liability can be classified at different levels of the fair value hierarchy, the fair value measurement as a whole is classified as the lowest level entry, which is important for all measurements of the same degree of fair value hierarchy.

Useful life of property, equipment, intangible assets and investment property

The Company assesses the remaining useful lives of items of property, equipment, intangible assets and investment property at least at each financial year-end. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". These estimates may have a material impact on the amount of the carrying values of property and equipment and on depreciation recognized in profit or loss.

Impairment of property, equipment, intangible assets and investment property

The Company assesses at each reporting date whether there is any indication that an asset may be impaired. If there is a sign of such impairment, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The determination of impairments of property and equipment involves the use of estimates that include, but are not limited to, the cause, timing and amount of the impairment.

Impairment is based on a large number of factors, such as changes in current competitive conditions, expectations of growth in the industry, increased cost of capital, changes in the future availability of financing, technological obsolescence, discontinuance of service, current replacement costs and other changes in circumstances which indicate that impairment exists. The determination of the recoverable amount of a cash-generating unit involves the use of estimates by management. Methods used to determine the value in use include discounted cash flow-based methods, which require the Company to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. These estimates, including the methodologies used, may have a material impact on the fair value and ultimately the amount of any impairment on property, equipment, intangible assets and investment property.

Revenue recognition

A significant part of the service income consists of fees and comissions on transactions, interest income and all other income related activities. Prices of various services need to be allocated to each performance obligation on a relative standalone selling price basis where significant judgements are required. The Company estimates the standalone selling price using a range of prices that would meet the allocation objective based on all the information that is reasonably available including market conditions and other observable inputs. If the transaction prices of service contracts are not within the acceptable range then the revenue is subject to allocation based on the estimated standalone selling prices. The Company recognizes the incremental cost of obtaining a contract as an expense when relevant services are provided.

Valuation of lease liabilities and right of use assets

The application of IFRS 16 requires to make judgements of right of use assets and lease liabilities. In determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise renewal options (or not to exercise termination options). Assessing whether a contract includes a lease also requires judgement. Estimates are required to determine the appropriate discount rate used to measure lease liabilities.

5. ADOPTION OF NEW AND REVISED STANDARDS

In the current year, the Company has adopted all of the applicable new and revised Standards and Interpretations issued by the IASB and the IFRIC of the IASB that are relevant to its operations and effective for annual reporting periods ended in December 31, 2020.

IASB has published **“Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)”** as a first reaction to the potential effects the IBOR reform could have on financial reporting. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the financial statements of the Company as it does not have any interest rate hedge relationships.

IFRS 3 Business Combinations. Amendment of the definition of “Business” – The amendments help companies determine whether an acquisition made is of a business or a group of assets.

The amended definition emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. Distinguishing between a business and a group of assets is important because an acquirer recognizes goodwill only when acquiring a business.

According to the amendment new definition a “business” is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities.

New definition of “Material” – The IASB has issued amendments to its definition of material to make it easier for companies to make materiality judgements. The updated definition amends IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS Standards. According to the new definition, information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

On May 15, 2020 IASB has published **“Covid-19-Related Rent Concessions (Amendment to IFRS 16)”** amending the standard to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

The changes in Covid-19-Related Rent Concessions (Amendment to IFRS 16) amend IFRS 16 to:

- provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification;
- require lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications;
- require lessees that apply the exemption to disclose that fact; and
- require lessees to apply the exemption retrospectively in accordance with IAS 8, but not require them to restate prior period figures.

The amendments are effective from January 1, 2020. Early application is permitted.

6. STANDARDS AND INTERPRETATIONS ISSUED AND NOT YET ADOPTED

At the date of authorization of these financial statements, other than the Standards and Interpretations adopted by the Company in advance of their effective dates, the following Interpretations were in issue but not yet effective.

IFRS 17 "Insurance contracts" – was issued in May 2017 and replaced IFRS 4 "Insurance contracts". The new standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. An entity shall apply IFRS 17 "Insurance Contracts" to insurance contracts, including reinsurance contracts, it issues; reinsurance contracts it holds; and investment contracts with discretionary participation features it issues, provided the entity also issues insurance contracts.

IFRS 17 is effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted if both IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have also been applied. This standard is not applicable to the Company.

Amendments to IAS 1 to clarify the classification of liabilities – In January 2020 the IASB has issued "Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)" providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments in Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) affect only the presentation of liabilities in the statement of financial position – not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and are to be applied retrospectively. Earlier application is permitted.

Reference to the Conceptual Framework – Amendments to IFRS 3 In May 2020, the IASB issued Amendments to IFRS 3 "Business Combinations" – Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 In May 2020, the IASB issued Property, Plant and Equipment – Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Company.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after January 1, 2022.

IFRS 1 “First-time Adoption of International Financial Reporting Standards” – Subsidiary as a first-time adopter. As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 “First-time Adoption of International Financial Reporting Standards”. The amendment permits a subsidiary that elects to apply paragraph D16 (a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16 (a) of IFRS 1. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

IFRS 9 Financial Instruments – Fees in the “10 percent” test for derecognition of financial liabilities. As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

“IAS 41 Agriculture” – Taxation in fair value measurements. As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Company.

IFRS 10 "Consolidated Financial Statements" and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture.

Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted.

Unless otherwise indicated these standart are not expected to have significant effect on financial statement of the Company.

7. PROPERTY, PLANT AND EQUIPMENT

	Buildings and facilities	**Machinery and equipment**	**Vehicles**	**Furniture and household inventory**	**Total**
Initial cost					
January 1, 2019	**-**	**344,171**	**384,062**	**48,246**	**776,479**
Additions	1,756,145	502,841	-	-	2,258,986
December 31, 2019	**1,756,145**	**847,012**	**384,062**	**48,246**	**3,035,465**
Additions	-	3,157	-	415,795	418,952
Disposals	-	-	(315,980)	-	(315,980)
December 31, 2020	**1,756,145**	**850,169**	**68,082**	**464,041**	**3,138,437**
Accumulated depreciation					
January 1, 2019	**-**	**(332,932)**	**(279,297)**	**(26,585)**	**(638,814)**
Charges for the year	-	(9,986)	(19,466)	(1,605)	(31,057)
December 31, 2019	**-**	**(342,918)**	**(298,763)**	**(28,190)**	**(669,871)**
Charges for the year	(160,980)	(122,425)	(1,733)	(82,446)	(367,584)
Elimination of disposal	-	-	264,062	-	264,062
December 31, 2020	**(160,980)**	**(465,343)**	**(36,434)**	**(110,636)**	**(773,393)**
Net book value					
December 31, 2020	**1,595,165**	**384,826**	**31,648**	**353,405**	**2,365,044**
December 31, 2019	**1,756,145**	**504,094**	**85,299**	**20,056**	**2,365,594**

8. INTANGIBLES ASSETS

	Intangible assets	Total
Initial cost		
January 1, 2019	**428,945**	**428,945**
Additions	412,584	412,584
December 31, 2019	**841,529**	**841,529**
Disposals	(59,525)	(59,525)
December 31, 2020	**782,004**	**782,004**
Accumulated depreciation		
January 1, 2019	**(323,391)**	**(323,391)**
Charge for the year	(40,215)	(40,215)
December 31, 2019	**(363,606)**	**(363,606)**
Charge for the year	(58,035)	(58,035)
December 31, 2020	**(421,641)**	**(421,641)**
Net book value		
December 31, 2020	**360,363**	**360,363**
December 31, 2019	**477,923**	**477,923**

9. DEPOSITS AT BANKS

Deposits at banks are as follows:

	December 31, 2020	December 31, 2019
Term deposits	5,519,957	1,426,750
Total deposits at banks	**5,519,957**	**1,426,750**

As at December 31, 2020 term deposits in the amount of AZN 5,500,000 (2019: AZN 1,426,750) include funds placed in local commercial banks with an effective annual interest rate of 6.6%.

As at December 31, 2020 and 2019, the maximum credit exposure on the amounts to be received from credit institutions was AZN 5,519,957 and AZN 1,426,750, respectively.

During the years ended December 31, 2020 and 2019, the interest income in the amount of AZN 239,464 and AZN 173,523 AZN, respectively was received by the Company.

10. INVESTMENT SECURITIES

Securities include:

	Nominal interest	December 31, 2020	December 31, 2019
Bonds issued by the Ministry of Finance of the Republic of Azerbaijan	7.2-9%	1,863,054	2,999,552
Bonds issued by the State Oil Company of the Republic of Azerbaijan	5%	1,716,174	1,710,485
Bonds issued by "AzerGold" CJSC	3.5%	35,641	-
Total investment securities		**3,614,869**	**4,710,037**

As of December 31, 2020 and 2019 investment securities are classified as FVOCI.

11. CASH AND CASH EQUIVALENTS

	December 31, 2020	December 31, 2019
Cash on hand	1,092	510
Cash on banks	479,243	2,044,688
Total cash and cash equivalents	**480,335**	**2,045,198**

12. PREPAYMENTS

	December 31, 2020	December 31, 2019
Advance payments for information technology	54,817	123,136
Total prepayments	**54,817**	**123,136**

13. OTHER CURRENT ASSETS

	December 31, 2020	December 31, 2019
Receivables	159,002	36,474
Total other current assets	**159,002**	**36,474**

14. SHARE CAPITAL

As of December 31, 2020, the Company's authorized, issued and outstanding share capital comprises AZN 1,260,000, consisting of 6,300 ordinary shares valued at AZN 200 each. Each share entitles one vote to the shareholder (2019: AZN 1,260,000, consisting of 6,300 shares, each equals to AZN 200).

15. DEFERRED INCOME TAX LIABILITIES

The Company measures and records its current income tax payable and its tax bases in its assets and liabilities in accordance with the tax regulations of the Republic of Azerbaijan where the Company operates, which may differ from IFRS.

The Company is subject to certain permanent tax differences due to the non-tax deductibility of certain expenses and certain income being treated as non-taxable for tax purposes.

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences as at December 31, 2020 relate mostly to different methods/timing of income and expense recognition as well as to temporary differences generated by tax – book bases' differences for certain assets.

Tax legislation of the Republic of Azerbaijan in particular may give rise to varying interpretations and amendments. In addition, as management's interpretation of tax legislation may differ from that of the tax authorities, transactions may be challenged by the tax authorities, and as a result the Company may be assessed additional taxes, penalties and interest which could be material for these financial statements.

Relationship between tax expenses and accounting profit for the year ended December 31, 2020 is explained as follows:

	December 31, 2020	December 31, 2019
Deductible temporary differences:		
Property, buildings and equipment	(209,950)	(219,346)
Leasing liability	211,036	189,517
Investment securities	(38,542)	(22,331)
Deposits at banks	(3,991)	-
Total deductible temporary differences	**(41,447)**	**(52,160)**
Net deferred income tax liabilities	**(41,447)**	**(52,160)**

Relationship between tax expenses and accounting profit for the years ended December 31, 2020 is explained as follows:

	December 31, 2020	December 31, 2019
Profit before income tax	**1,043,788**	**3,787,927**
Tax at the statutory tax rate	20%	20%
Theoretical tax at the statutory tax rate	(208,758)	(757,585)
Tax effect of permanent differences	(8,909)	(7,006)
Income tax expense	**(217,667)**	**(764,591)**
Current income tax expense	(228,380)	(712,431)
Change in the deferred income tax liability	10,713	(52,160)
Income tax expense	**(217,667)**	**(764,591)**

	December 31, 2020	December 31, 2019
Deferred tax liabilities:		
Beginning of the period	(52,160)	-
Change in the deferred income tax for the period charged to the profit and loss accounts	10,713	(52,160)
End of the period	**(41,447)**	**(52,160)**

16. LEASE LIABILITY

On August 6, 2019, the Company signed a lease agreement for the lease of the administrative office. Although the calculation of the lease payments under the contract must be made from February 1, 2020, the obligations under the contract are effective from the date of signing the contract.

	December 31, 2020
Lease liability:	
Current	-
Non-current	1,055,178
Total lease liability	**1,055,178**

Future minimum lease payments as at December 31, 2020 were as follows:

Minimum lease payments

	Within one year	One to five years	Five to ten years	Total
Lease payments	-	786,100	1,100,540	1,886,640
Finance charges	-	(617,957)	(213,505)	(831,462)
Net present value as at December 31, 2020	**-**	**168,143**	**887,035**	**1,055,178**

Future minimum lease payments at December 31, 2019 were as follows:

Minimum lease payments

	Within one year	One to five years	Five to ten years	Total
Lease payments	-	516,580	1,370,060	1,886,640
Finance charges	-	(516,580)	(422,475)	(939,055)
Net present value as at December 31, 2019	**-**	**-**	**947,585**	**947,585**

A reconciliation of the opening and closing amounts of financial liabilities with relevant cash and non-cash changes from financing activities is stated below:

	As of January 1, 2020	Non-cash changes *Recognition of right to use asset*	Non-cash changes *Interest expenses*	Cash flow *Principal and interest paid*	December 31, 2020
Non-current portion	947,585	-	107,593	-	1,055,178
Current portion	-	-	-	-	-
Total	**947,585**	**-**	**107,593**	**-**	**1,055,178**

	As of January 1, 2019	Non-cash changes *Recognition of right to use asset*	Non-cash changes *Interest expenses*	Cash flow *Principal and interest paid*	December 31, 20219
Non-current portion	-	947,585	-	-	947,585
Current portion	-	-	-	-	-
Total	**-**	**947,585**	**-**	**-**	**947,585**

17. OTHER CURRENT LIABILITIES

	December 31, 2020	December 31, 2019
Short-term liabilities	1,480	1,134
Total other current liailities	**1,480**	**1,134**

18. FEE AND COMISSION INCOME ON TRANSACTIONS

	Year ended December 31, 2020	Year ended December 31, 2019
Notes issued by the Central Bank of the Republic of Azerbaijan	1,346,166	3,911,479
Treasury bonds issued by the Ministry of Finance of the Republic of Azerbaijan	336,826	352,802
Notes issued by the Mortgage Fund of the Republic of Azerbaijan	219,560	153,092
Corporate bonds	25,795	14,260
Corporate shares	11,953	5,355
REPO operations	42,923	52,902
Total fee and comission income on transactions	**1,983,223**	**4,489,890**

19. OTHER SERVICE INCOME

	Year ended December 31, 2020	Year ended December 31, 2019
Fees for remote connection to the trading system	60,000	120,000
Membership fees	140,000	18,000
Listing fees	4,600	14,165
Other services	10,560	9,732
Total other service income	**215,160**	**161,897**

20. SALARIES AND OTHER STAFF RELATED EXPENSES

	Year ended December 31, 2020	Year ended December 31, 2019
Salaries and other settlements	742,780	646,995
Social security payments	118,910	100,752
Total salaries and other staff related expenses	**861,690**	**747,747**

21. GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended December 31, 2020	Year ended December 31, 2019
Software expenses	408,982	230,659
COVID-19 related expense	30,000	-
Professional service fees	21,154	20,902
Membership expenses	17,526	18,400
Insurance expenses	16,871	23,049
Utility expenses	15,901	33,785
Communication expenses	12,639	13,009
Transportation costs	6,963	6,903
Bank commissions	6,800	12,474
Advertising and marketing expenses	4,545	7,681
Business trip expenses	4,351	8,505
Rent expenses	3,792	45,504
Material expenses	2,235	4,341
Staff training expenses	1,599	6,523
Printing and office supplies	1,389	1,402
Taxes expenses	-	5,260
Other expenses	19,517	9,654
Total general and administrative expenses	**574,264**	**448,051**

22. INTEREST INCOME

	Year ended December 31, 2020	Year ended December 31, 2019
Interest income on the deposits	239,464	173,523
Interest income on the investment securities	299,825	229,687
Total interest income	**539,289**	**403,210**

23. TRANSACTIONS WITH RELATED PARTIES

Related parties or transactions with related parties, as defined by IAS 24 "Related Party Disclosures", represent:

Parties in which the Company directly, indirectly or through any third party controls or is equally controlled (this includes parent companies, subsidiaries, subsidiaries of the same level); persons who are interested in the activities of the Company and have the opportunity to significantly influence these activities; and persons exercising joint control over the Company's activities.

a) Associates – enterprises on which the Company has significant influence and which is neither a subsidiary nor a joint venture of the investor;
b) Members of the board of the Company or the parent company;
c) Or close members of the family of any individuals referred to in (c);
d) Parties that are entities controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d); or

e) Post-employment benefit plans for the benefit of employees of the Company, or of any entity that is a related party of the Company .

When considering the relationship of each related party, attention is paid not only to the legal form, but also to the essence of the relationship.

The details of the transactions between the Company and other related parties as of December 31, 2020 and December 31, 2019 are set out below:

		December 31, 2020		December 31, 2019	
	Notes	**Related party balances**	**Total category as per financial statements caption**	**Related party balances**	**Total category as per financial statements caption**
Cash and cash eqivalents	11		**480,335**		**2,045,198**
Shareholders of the Company		6		150,431	
Deposits at banks	9		**5,519,957**		**1,426,750**
Shareholders of the Company		-		-	

Included in the statement of comprehensive income for the year ended December 31, 2020 and 2019 are the following amounts, which arose due to transactions with related parties:

		December 31, 2020		December 31, 2019	
	Notes	**Related party balances**	**Total category as per financial statements caption**	**Related party balances**	**Total category as per financial statements caption**
Fee and comission income on transactions	18		**1,983,223**		**4,489,890**
Shareholders of the Company		381,940		1,181,716	
Other service income	19		**215,160**		**161,897**
Shareholders of the Company		73,520		131,635	
Interest income	22		**539,289**		**403,210**
Shareholders of the Company		-		40,255	
Key management personnel compensation			**742,780**		**646,995**
Short-term employee benefits		207,416		168,500	

25 CONTINGENCIES AND COMMITMENTS

Tax legislation

Commercial legislation and tax legislation of the Republic of Azerbaijan in particular may give rise to varying interpretations and amendments. In addition, as management's interpretation of tax legislation may differ from that of the tax authorities, transactions may be challenged by the tax authorities, and as a result, the Company may be assessed additional taxes, penalties and interest. The Company believes that it has already made all tax payments, and therefore no allowance has been made in the financial statements. Fiscal periods remain open to review by the authorities in respect of taxes of Azerbaijan for three calendar years preceding the year of review.

26 RISK MANAGEMENT

Management of risk is fundamental to the Company's business and is an essential element of its operations. The main risks inherent to the Company operations are those related to:

- Credit risk;
- Liquidity risk;
- Market risk.

The Company recognizes that it is essential to have efficient and effective risk management processes in place. To enable this, the Company has established a risk management department. The main purpose of this department is to protect the Company from risk and allow it to achieve its performance objectives. Through the risk management framework, the Company Company manages the following risks:

Credit risk

The Company is exposed to credit risk which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Maximum exposure

The Company's maximum exposure to credit risk varies significantly and is dependent on both individual risks and general market economy risks.

Geographical concentration

Assets, liabilities and credit related commitments have been based on the country, in which the counterparty is located. Balances with counterparties located in the Republic of Azerbaijan actually outstanding to/from companies of these counterparties are allocated to the caption "The Republic of Azerbaijan". Cash on hand, buildings and and equipment have been allocated based on the country, in which they are physically held.

The geographical concentration of the Company's financial assets and liabilities as at December 31, 2020 and 2019 was in the Republic of Azerbaijan.

Liquidity risk

Liquidity risk is defined as the risk when the maturity of financial assets and liabilities does not match. The liquidity management of the Company requires considering the level of liquid assets necessary to settle obligations as they fall due; maintaining access to a range of funding sources; maintaining funding contingency plans and monitoring balance sheet liquidity ratio.

The liquidity risk of the Company's financial assets and liabilities as at December 31, 2020 and 2019 is set out below:

	Up to 1 month	1 month to 3 months	3 months to 1 year	Over 1 year	December 31, 2020
FINANCIAL ASSETS					
Cash and cash equivalents	480,335	-	-	-	480,335
Deposits at banks	-	-	3,878,000	1,641,957	5,519,957
Investments securities	-	-	1,808,548	1,806,321	3,614,869
Other current assets	159,002	-	-	-	159,002
TOTAL FINANCIAL ASSETS	**639,337**	**-**	**5,686,548**	**3,448,278**	**9,774,163**
FINANCIAL LIABILITIES					
Lease liability	-	-	-	1,055,178	1,055,178
Other liabilities	1,480	-	-	-	1,480
TOTAL FINANCIAL LIABILITIES	**1,480**	**-**	**-**	**1,055,178**	**1,056,658**
NET POSITION	637,857	-	5,686,548	2,393,100	8,717,505
TOTAL LIQUIDITY	**637,857**	**637,857**	**6,324,405**	**8,717,505**	

	Up to 1 month	1 month to 3 months	3 months to 1 year	Over 1 year	December 31, 2019
FINANCIAL ASSETS					
Cash and cash equivalents	2,045,198	-	-	-	2,045,198
Deposits at banks	-	-	1,426,750	-	1,426,750
Investments securities	-	-	-	4,710,037	4,710,037
Other current assets	36,474	-	-	-	36,474
TOTAL FINANCIAL ASSETS	**2,081,672**	**-**	**1,426,750**	**4,710,037**	**8,218,459**
FINANCIAL LIABILITIES					
Lease liability	-	-	-	947,585	947,585
Other liabilities	1,134	-	-	-	1,134
TOTAL FINANCIAL LIABILITIES	**1,134**	**-**	**-**	**947,585**	**948,719**
NET POSITION	2,080,538	-	1,426,750	3,762,452	7,269,740
TOTAL LIQUIDITY	**2,080,538**	**2,080,538**	**3,507,288**	**7,269,740**	

Currency risk

Currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The table below summarises currency risks based on reports reviewed by key management personnel:

	AZN	USD	GBP	December 31, 2020
FINANCIAL ASSETS				
Cash and cash equivalents	458,619	19,894	1,822	480,335
Deposits at banks	5,519,957	-	-	5,519,957
Investment securities	1,863,054	1,751,815	-	3,614,869
Other current assets	159,002	-	-	159,002
TOTAL FINANCIAL ASSETS	**8,000,632**	**1,771,709**	**1,822**	**9,774,163**
Lease liability	1,055,178	-	-	1,055,178
Other current liabilities	1,480	-	-	1,480
TOTAL FINANCIAL LIABILITIES	**1,056,658**	**-**	**-**	**1,056,658**
NET POSITION	**6,943,974**	**1,771,709**	**1,822**	**8,717,505**

	AZN	USD	December 31, 2019
FINANCIAL ASSETS			
Cash and cash equivalents	1,871,087	174,111	2,045,198
Deposits at banks	700,000	726,750	1,426,750
Investment securities	2,999,552	1,710,485	4,710,037
Other current assets	36,474	-	36,474
TOTAL FINANCIAL ASSETS	**5,607,113**	**2,611,346**	**8,218,459**
Lease liability	947,585	-	947,585
Other current liabilities	1,134	-	1,134
TOTAL FINANCIAL LIABILITIES	**948,719**	**-**	**948,719**
NET POSITION	**4,658,394**	**2,611,346**	**7,269,740**

Currency risk sensitivity

The following table details the Company’s sensitivity to a 10% increase and decrease in the AZN against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management’s assessment of the possible change in foreign currency exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the period for a 10% change in foreign currency rates. The sensitivity analysis includes amount due to related parties.

	As at December 31, 2020		As at December 31, 2020	
	USD/AZN -10%	USD/AZN +10%	GBP/AZN -10%	GBP/AZN -10%
Net impact on profit before tax	177,171	(177,171)	182	(182)

	As at December 31, 2019 USD/AZN -10%	USD/AZN +10%	As at December 31, 2019 GBP/AZN -10%	GBP/AZN -10%
Net impact on profit before tax	261,135	(261,135)	-	-

27 FAIR VALUE OF FINANCIAL INSTRUMENTS

As at December 31, 2020 and 2019, the Company did not have any financial instruments measured at fair value.

The table below set out the fair value of financial instruments that are not measured at fair value and analyzes them according to the levels in the fair value hierarchy where each fair value measurement is defined below:

	Date of valuation	Fair value measurement using the following: Quoted prices in active markets (Level 1)	Observable significant data (Level 2)	Unobservable significant data (Level 3)	Total
Assets and liabilities for which fair values are disclosed					
Cash and cash equivalents	December 31, 2020	480,335	-	-	480,335
Deposits at banks	December 31, 2020	-	5,519,957	-	5,519,957
Other current assets	December 31, 2020		-	159,002	159,002
Lease liability	December 31, 2020	-	-	1,055,178	1,055,178
Other current liabilities	December 31, 2020	-	-	1,480	1,480

	Date of valuation	Fair value measurement using the following: Quoted prices in active markets (Level 1)	Observable significant data (Level 2)	Unobservable significant data (Level 3)	Total
Assets and liabilities for which fair values are disclosed					
Cash and cash equivalents	December 31, 2019	-	2,045,198	-	2,045,198
Deposits at banks	December 31, 2019	-	1,426,750	-	1,426,750
Other current assets	December 31, 2019	36,474	-	-	36,474
Lease liability	December 31, 2019	-	-	947,585	947,585
Other current liabilities	December 31, 2019	1,134	-	-	1,134

The analysis of fair value by levels of the fair value hierarchy and the residual value of financial assets not measured at fair value are shown below:

		Fair value measurement using the following			
	Date of valuation	**Quoted prices in active markets (Level 1)**	**Observable significant data (Level 2)**	**Unobservable significant data (Level 3)**	**Total**
Assets and liabilities for which fair values are disclosed					
Investment securities	December 31, 2020	-	3,614,869	-	3,614,869

		Fair value measurement using the following			
	Date of valuation	**Quoted prices in active markets (Level 1)**	**Observable significant data (Level 2)**	**Unobservable significant data (Level 3)**	**Total**
Assets and liabilities for which fair values are disclosed					
Investment securities	December 31, 2019	-	4,710,037	-	4,710,037

28 EVENTS AFTER THE REPORTING PERIOD

In order to ensure the sustainable development of the Company, on February 10, 2021 based on the decision of the extraordinary General Meeting of Shareholders, the nominal value of the Company's shares was increased from AZN 200 to AZN 800 as a result of the deduction of the retained earnings. After this transaction the value of the Company's share capital has increased from AZN 1,260,000 to AZN 5,040,000.