

Audited Project Financial Statements

Project Number: 45389-004

Loan Number: 3144-AZE

Period covered: 1 January 2017 to 31 December 2017

AZE: Second Road Network Development Investment Program, Project 2

Prepared by State Agency of Azerbaijan Automobile Roads (AAY)

For the Asian Development Bank

Date received by ADB: 9 April 2018

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**SECOND ROAD NETWORK DEVELOPMENT INVESTMENT PROGRAM
PROJECT 2, LOAN 3144 AZE**

**SPECIAL PURPOSE FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT AUDITOR**

FOR THE YEAR ENDED 31 DECEMBER 2017

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STATEMENT OF MANAGEMENT RESPONSIBILITIES


For the year ended 31 December 2017

Management has prepared and is responsible for the special purpose financial statements and related notes of the Second Road Network Development Investment Program Project 2, Loan 3144 AZE (hereinafter the "Project") financed by the Asian Development Bank (the "ADB") and the Government of Azerbaijan (the "GOA"). These have been prepared in accordance with the basis of accounting described in Note 2 and Note 3 to the accompanying special purpose financial statements.

The Project maintains internal accounting control systems and related policies and procedures designed to provide reasonable assurance that assets are safeguarded, that transactions are executed in accordance with management's authorisation and properly recorded, and that accounting records may be relied upon for the preparation of financial statements and other financial information. The system contains self-monitoring mechanisms that allow management to be reasonably confident that controls, as well as the Project's administrative procedures and internal reporting requirements operate effectively. There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error or the circumvention or overriding of controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statements preparation.

Signed on behalf of project management:


Project Director
Jeyhun Yusifov


Project Finance Specialist
Tarana Karimova

02 April, 2018

RSM Azerbaijan

Demirchi Tower 21st floor,
37 Khojaly ave. AZ1025,
Baku, Azerbaijan

T +994(12) 480 4571

F +994(12) 480 4563

www.rsm.az

REPORT OF INDEPENDENT AUDITOR

To the Management of the Second Road Network Development Investment Program
Project 2 Loan 3144 AZE

Opinion

We have audited the accompanying special purpose financial statements of the Second Road Network Development Investment Program Project 2, Loan 3144 AZE (hereinafter the "Project") implemented by State Agency of Azerbaijan Automobile Roads which comprise the statement of financial position as of 31 December 2017, statement of receipts and payments (cash flows), statement of project expenditure by categories and statement of project account for the year then ended and a summary of significant accounting policies and other explanatory information. We have also audited the Project's compliance with the conditions of the relevant Loan Agreements, the Asian Development Bank guidelines and Laws of the Azerbaijan Republic.

In our opinion:

- a) the aforementioned financial statements and appended notes that were also the subject of the audit, fairly present in all material respects the financial position of the Project as at 31 December 2017 and the results of its operations for the year applied on a basis consistent in all material respects with the basis of accounting described in Note 3 of the accompanying special purpose project financial statements;
- b) State Agency of Azerbaijan Automobile Roads has in all material respects utilized the proceeds of the loan withdrawn from the Asian Development Bank only for purposes of the Project as agreed between the Asian Development Bank and the Government of the Azerbaijan Republic in accordance with the loan agreement; and no proceeds of the loan have been utilized for other purposes; and
- c) State Agency of Azerbaijan Automobile Roads was in compliance at the balance sheet date in all material respects with the financial covenants of the loan agreement.

Basis of 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 Special-Purpose Financial Statement"s section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in jurisdiction, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Basis of Accounting and Restriction on Distribution as Use

Without modifying our opinion we draw attention to Note 2 and Note 3 (Page 10-11) which describes the basis for accounting and the purpose of these financial statements. These financial statements may not be suitable for any other purpose. These special purpose financial statements and auditor's report thereon are intended solely for the information and use of the management of the Project, the Government of the Azerbaijan Republic and the Asian Development Bank and are not intended to be and should not be used by anyone other than these specified parties.

Management's responsibility for the Special-Purpose Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting described in Note 2 and Note 3 of the accompanying special purpose financial statements 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.

Auditors' Responsibilities for the Audit of Special-Purpose Financial Statements

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing ("ISA") applicable to the audit of financial statements and to compliance auditing, with special reference to ISA 800 "The Independent Auditor's Report on Special Purpose Audit Engagements" and to the relevant Loan Agreements, the Asian Development Bank guidelines and Laws of the Azerbaijan Republic. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement and about whether the Project has complied with the conditions of the relevant agreements, guidelines, laws and regulations.

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

RSM Azerbaijan LLC


05 April, 2018

RSM Azerbaijan LLC

SECOND ROAD NETWORK DEVELOPMENT INVESTMENT PROGRAM
PROJECT 2, LOAN 3144 AZE
STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2017

(Amounts are expressed in US dollars unless otherwise indicated)

	2017	2016	Cumulative
ASSETS AND PROJECT EXPENDITURE			
Cash at bank	108,797.56	472.26	108,797.56
Project expenditure	37,134,057.25	40,261,815.33	102,699,797.13
	37,242,854.81	40,262,287.59	102,808,594.69
SOURCES OF FUNDS			
Project financing	37,241,939.25	40,248,147.73	102,795,368.40
Foreign exchange difference	915.56	14,139.86	13,226.29
	37,242,854.81	40,262,287.59	102,808,594.69


 Project Director
 Jeyhun Yusifov



 Project Finance Specialist
 Tarana Karimova

The notes set out on pages 10-16 form an integral part of these financial statements

SECOND ROAD NETWORK DEVELOPMENT INVESTMENT PROGRAM
PROJECT 2, LOAN 3144 AZE
STATEMENT OF RECEIPTS AND PAYMENTS (CASH FLOWS)
FOR THE YEAR ENDED 31 DECEMBER 2017

(Amounts are expressed in US dollars unless otherwise indicated)

OPENING BALANCES	Note	2017	2016	Cumulative
ADB Imprest account				
Cash on hand				
GOA Project Account		472.26		472.26
		472.26		472.26
SOURCES OF FUNDS				
ADB funds for the Project	6	32,355,424.01	34,012,713.07	87,828,486.33
Replenishment/Advance to the Imprest account		204,660.00	-	204,660.00
GOA funds for the Project	6	4,681,382.98	6,235,434.66	14,762,222.07
		37,241,466.99	40,248,147.73	102,795,368.40
NET TRANSFER BETWEEN FUND SOURCES				
ADB share		(3,152.46)		(3,152.46)
GOA share		3,152.46		3,152.46
		-		-
PROJECT EXPENDITURE				
ADB share of expenditure	7	32,452,159.44	34,012,713.07	87,828,486.33
GOA share of expenditure	7	4,680,490.81	6,247,758.60	14,771,634.43
		37,132,650.25	40,260,471.67	102,600,120.76
Bank charges (GOA)		1,407.00	1,343.66	2,940.94
TOTAL EXPENDITURE	7	37,134,057.25	40,261,815.33	102,603,061.70
ADD/LESS: EXCHANGE DIFFERENCES				
Gains/(loss) ADB		872.99	-	872.99
Gains/(loss) GOA		42.57	14,139.86	12,353.30
		915.56	14,139.86	13,226.29
CLOSING BALANCES				
ADB Imprest account		105,391.17	-	105,391.17
Cash on hand		253.93	-	253.93
		105,645.10	-	105,645.10
GOA Project account		3,152.46	472.26	3,152.46
		108,797.56	472.26	108,797.56


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SECOND ROAD NETWORK DEVELOPMENT INVESTMENT PROGRAM
PROJECT 2, LOAN 3144 AZE
STATEMENT OF PROJECT EXPENDITURE BY CATEGORIES
FOR THE YEAR ENDED 31 DECEMBER 2017

(Amounts are expressed in US dollars unless otherwise indicated)

	Note	2017	2016	Cumulative
Component 1				
Works				
Construction of Jalilabad-Shorsulu road	7	35,189,109.42	38,790,064.14	99,282,907.83
		35,189,109.42	38,790,064.14	99,282,907.83
Component 2				
Project management				
PIU support		96,735.43	-	96,735.43
Consulting	7	1,830,777.46	1,467,579.07	3,298,356.53
Project management (External audit)	7	16,027.94	2,828.46	18,856.40
		1,943,540.83	1,470,407.53	3,413,948.36
		37,132,650.25	40,260,471.67	102,696,856.19
Bank charges		1,407.00	1,343.66	2,940.94
Total		37,134,057.25	40,261,815.33	102,699,797.13


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**SECOND ROAD NETWORK DEVELOPMENT INVESTMENT PROGRAM
PROJECT 2, LOAN 3144 AZE
STATEMENT OF PROJECT ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

(Amounts are expressed in US dollars unless otherwise indicated)

	GOA Project Account	ADB Imprest Account	Cash on Hand
OPENING BALANCE	472		
ADD			
Funds for the Project	4,681,382.98	204,660.00	
	4,681,382.98	204,660.00	
Less			
GOA expenditure			
VAT for Civil Works	4,292,681.07		
VAT for consulting	247,734.51		
WHT for consulting	137,630.29		
VAT for external audit	2,444.94		
Bank charges	1,407.00		
	4,681,897.81		
ADB expenditure			
Payroll (PIU support)	62,590.20		
Income tax paid	11,688.37		
Social insurance contribution	19,111.30		
	93,389.87		
Office expenses (PIU support)			2,851.73
Bank charges		493.83	
	93,389.87	493.83	2,851.73
Total expenditure	4,775,287.68	493.83	2,851.73
ADD/(LESS):			
Converted from 3144 (ADB) to 3144 (GOA)	98,765.00	(98,765.00)	
Withdrawn to cash on hand	(3,105.65)		3,105.65
	95,659.35	-98,765.00	3,105.65
Add /(Less): Exchange difference Gains/(Losses)			
ADB	882.98	(10.00)	0.01
GOA	42.57		
	925.55	(10.00)	0.01
CLOSING BALANCE	3,152.46	105,391.17	253.93


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**SECOND ROAD NETWORK DEVELOPMENT INVESTMENT PROGRAM
PROJECT 2, LOAN 3144 AZE
NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

(Amounts are expressed in US dollars unless otherwise indicated)

1. BACKGROUND

Loan Agreement 3144-AZE (Ordinary Operations) dated 29 December 2014 between the Republic of Azerbaijan (the "Borrower" or "GOA") and Asian Development Bank (the ADB) has been signed for the implementation of the Second Road Network Development Investment Program, Project 2 (the "Project").

ADB agreed to lend to the Borrower from ADB's ordinary capital resources an amount of USD 250,000,000 (two hundred and fifty million US Dollars) as such amount may be converted from time to time through a currency conversion in accordance with the provisions of the loan agreement. The objective of the Project is to build an adequate, efficient, safe, and sustainable road network linking the Republic of Azerbaijan domestically and internationally.

The Project consists of the following components:

- a) construction of approximately 30 km of four-lane road section between the towns of Jalilabad and Shorsulu on the new Masalli-Shorsulu motorway;
- b) project implementation support for construction supervision and program management covering planning, procurement, Project implementation, financial management and compliance with safeguard requirements;
- c) mainstreaming of road safety audits and improvements, development of road and pavement standard and guidelines, and development of performance based maintenance contracts.

The Project is expected to be completed by 30 June 2020. The project closing date is 31 December 2020. Counterpart financing, as stipulated by the agreement, to be provided by the Government of the Azerbaijan Republic.

2. BASIS OF PREPARATION

Basis of Accounting - these special purpose financial statements (SPPFSs) are prepared in accordance with the International Public Sector Accounting Standard ("IPSAS") *Financial Reporting under the Cash Basis of Accounting* issued by the International Public Sector Accounting Standards Board ("IPSASB"), an independent standard-setting body within the International Federation of Accountants ("IFAC") and incorporate the following principal accounting policies, which have been consistently followed in all material respects and comply with the relevant ADB Guidelines.

Period of accounts - these special purpose financial statements cover the financial year ended 31 December 2017. Comparative information is presented in respect of previous year ended 31 December 2016. We also show the cumulative figures for the whole period.

These special purpose financial statements cover the Project implemented by the Project Implementation Unit (PIU) established under the State Agency of Azerbaijan Automobile Roads (the "Company").

3. ACCOUNTING POLICIES

3.1 Overall consideration

These Special Purpose Financial Statements have been prepared under the historical cost convention. The significant accounting policies that have been used in the preparation of these financial statements are summarized below.

3.2 Transactions and balances in foreign currencies

Functional and presentation currency

The Project is domiciled in the Republic of Azerbaijan where the local currency is the Azerbaijani Manat ("AZN"). The ADB portion of Project's transactions are funded and expended in United States dollars and GOA portion of transactions are funded and expended in AZN. In accordance with the requirements of the ADB, these special purpose financial statements are presented in United States dollars ("US dollar", "USD" or "US\$"), which is the presentation currency of the Project.

**SECOND ROAD NETWORK DEVELOPMENT INVESTMENT PROGRAM
PROJECT 2, LOAN 3144 AZE
NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

(Amounts are expressed in US dollars unless otherwise indicated)

3. ACCOUNTING POLICIES (CONTINUED)

Foreign currency transactions and balances

Transactions in currencies other than the presentation currency are treated as transactions in foreign currencies. Cash receipts and payments arising from transactions in a foreign currency are recorded in the Project's presentation currency by applying to the foreign currency amount the exchange rate between the presentation currency and the foreign currency at the date of receipt and payment. Cash balances held in a foreign currency are reported using the closing rate, which is the spot exchange rate at the reporting date. Unrealised gains and losses arising from changes in foreign currency exchange rates are not cash receipts and payments. However, the effect of exchange rate changes on cash held in a foreign currency is reported in the statement of sources and uses of funds and other statements in order to reconcile cash at the beginning and the end of the period. These amounts are presented separately from cash receipts and payments and include the differences, if any, had those cash receipts and payments and balances been reported at end-of-period exchange rates. At 31 December 2017 and 2016, the official USD/AZN exchange rate set by the Central Bank of Azerbaijan ("CBAR") was 1.7001 and 1.7707 respectively.

3.3 Cash

Cash balances are items which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash balances include balances with Azer-Turk Bank OJSC.

3.4 Funding

Project financing is recognised as a source of project funds when the cash is received. The main funds for the Project are provided by the Asian Development Bank and the Government of the Azerbaijan Republic under relevant loan agreement.

3.5 Project expenditure

Project expenditure is recognised as a use of project funds when payment is made. The Project expenditure is classified under certain categories in accordance with the signed loan agreements. In addition, the project expenditure is also disclosed by source considering the requirements of the funding parties.

Works

Works are construction or civil works financed out of the proceeds of the loan, and including services such as drilling or mapping, and project related services that are provided as part of a single responsibility or turnkey contract, but excluding consulting services.

Consulting

Consulting services rendered by consultants are for a finite period of time and have a well-defined scope of work described by clear terms of reference (TOR), and are generally of an intellectual nature. They cover a wide range of diverse activities, which may entail but are by no means limited to feasibility studies, advisory services, construction supervision, policy studies, strategy formulation, and preparation of key documents such as tender documents, training, quality control, financial and accounting services, environmental or social impact studies, economic and financial analyses, professional editing and public information provision.

3.6 Project Management

Project Implementation Unit (PIU) is established within ARS to undertake day-to-day Project management and implementation functions. No PIU expenditure is funded by the Project 2, Loan 3144 AZE.

SECOND ROAD NETWORK DEVELOPMENT INVESTMENT PROGRAM
PROJECT 2, LOAN 3144 AZE
NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017
(Amounts are expressed in US dollars unless otherwise indicated)

3. ACCOUNTING POLICIES (CONTINUED)

3.7 Taxation

Tax expense represents the payment of the Value Added Tax (VAT) and Withholding Tax (WHT). VAT is paid based on invoices submitted for the completed works and provided services at the rate stipulated by the Tax Code of the Republic of Azerbaijan during the reporting period (2017 and 2016: at 18%). WHT is paid for consulting services at rate of 10% during the reporting period (rate for 2017 and 2016: at 10%).

The tax legislation of the Republic of Azerbaijan in particular may give rise to varying interpretations and amendments and management interpretations may differ from that of tax authorities. Management believes that the PIU has made all tax payments that are due.

4. METHOD OF WITHDRAWAL

Direct payments from the Loan account

Under this method, the PIU prepares applications based on supporting documents which are submitted to the ADB. Payments are made from the loan account directly to the contractors and consultants.

Project account (GOA)

The Project maintains a separate account where the GOA funds are accumulated. The funds are further disbursed to pay Value Added Tax for the payment to contractors and consultants. Any unused balance on the Project account at 31 December 2016 is carried forward to next financial year.

5. OPERATING ENVIRONMENT

The Project's principal activities are within the Republic of Azerbaijan. Laws and regulations affecting entities operating in the Republic of Azerbaijan are subject to rapid changes and the Project's operations could be at risk as a result of negative changes in the political and economic environment.

6. FUNDS PROVIDED FOR THE PROJECT

	2017	2016	Cumulative
ADB share			
Direct Payments for works	30,896,428.35	32,889,484.26	85,246,261.86
Direct Payments for consulting	1,445,412.66	1,120,831.81	2,566,244.47
Replenishment/Advance to the Imprest account	204,660.00	-	204,660.00
Direct Payments for external audit	13,583.00	2,397.00	15,980.00
Total	32,560,084.01	34,012,713.07	88,033,146.33
GOA share			
GOA funds for VAT	4,541,188.05	6,110,956.93	14,497,549.41
GOA funds for WHT	137,747.61	124,042.91	261,790.52
GOA funds for external audit	2,447.32	434.82	2,882.14
Total	4,681,382.98	6,235,434.66	14,762,222.07
	37,241,466.99	40,248,147.73	102,795,368.40

SECOND ROAD NETWORK DEVELOPMENT INVESTMENT PROGRAM
PROJECT 2, LOAN 3144 AZE
NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

(Amounts are expressed in US dollars unless otherwise indicated)

7. PROJECT EXPENDITURE

For the year ended 31 December 2017

	ADB	GOA	Total
Component 1			
Works			
Construction of Jalilabad-Shorsulu road	30,896,428.35	4,292,681.07	35,189,109.42
	30,896,428.35	4,292,681.07	35,189,109.42
Component 2			
Construction supervision	1,445,412.66	385,364.80	1,830,777.46
Project management (External audit)	13,583.00	2,444.94	16,027.94
PIU support (Note 8)	96,735.43	-	96,735.43
	1,555,731.09	387,809.74	1,943,540.83
Bank charges	-	1,407.00	1,407.00
	32,452,159.44	4,681,897.81	37,134,057.25

For the year ended 31 December 2016

	ADB	GOA	Total
Component 1			
Works			
Construction of Jalilabad-Shorsulu road	32,889,484.26	5,900,579.88	38,790,064.14
	32,889,484.26	5,900,579.88	38,790,064.14
Component 2			
Construction supervision	1,120,831.81	346,747.26	1,467,579.07
Project management (External audit)	2,397.00	431.46	2,828.46
PIU support (Note 8)	-	-	-
	1,123,228.81	347,178.72	1,470,407.53
Bank charges	-	1,343.66	1,343.66
	34,012,713.07	6,249,102.26	40,261,815.33

Cumulative as of 31 December 2017

	ADB	GOA	Total
Component 1			
Works			
Construction of Jalilabad-Shorsulu road	85,246,261.86	14,036,645.97	99,282,907.83
	85,246,261.86	14,036,645.97	99,282,907.83
Component 2			
Construction supervision	2,566,244.47	732,112.06	3,298,356.53
Project management (External audit)	15,980.00	2,876.40	18,856.40
PIU support (Note 8)	96,735.43	-	96,735.43
	2,678,959.90	734,988.46	3,413,948.36
Bank charges	-	2,940.94	2,940.94
	87,925,221.76	14,774,575.37	102,699,797.13

**SECOND ROAD NETWORK DEVELOPMENT INVESTMENT PROGRAM
PROJECT 2, LOAN 3144 AZE
NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**
(Amounts are expressed in US dollars unless otherwise indicated)

7. PIU SUPPORT EXPENDITURE

	2017	2016	Cumulative
ADB share			
PIU Salaries			
Payroll (Net of tax)	62,590.20	-	62,590.20
Income tax	11,688.37	-	11,688.37
Social insurance contributions	19,111.30	-	19,111.30
	93,389.87	-	93,389.87
PIU administrative cost (office expenses)	2,851.73	-	2,851.73
Bank charges/Conversion fee	493.83	-	493.83
	96,735.43	-	96,735.43

SECOND ROAD NETWORK DEVELOPMENT INVESTMENT PROGRAM

PROJECT 2, LOAN 3144 AZE

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

(Amounts are expressed in US dollars unless otherwise indicated)

8. APPLICATIONS FOR WITHDRAWAL SCHEDULE

Works for construction of Jalilabad-Shorsulu road
For the year ended 31 December 2017

WA No	Name of contractor	Currency	Application amount	Application date	Amount disbursed	Paid amount USD equivalent	Value date
19	Kolin Inshaat Turizm Sanayi Ve Ticaret	AZN	7,859,188.52	24-Jan-2017	7,859,188.52	4,305,932.79	9-Feb-2017
21	Kolin Inshaat Turizm Sanayi Ve Ticaret	AZN	5,616,463.32	9-Mar-2017	5,616,463.32	3,265,195.82	29-Mar-2017
23	Kolin Inshaat Turizm Sanayi Ve Ticaret	AZN	7,566,454.34	3-May-2017	7,566,454.34	4,445,364.16	7-Jun-2017
25	Kolin Inshaat Turizm Sanayi Ve Ticaret	AZN	6,090,026.74	20-Jun-2017	6,090,026.74	3,578,789.88	21-Jul-2017
27	Kolin Inshaat Turizm Sanayi Ve Ticaret	AZN	6,052,032.50	23-Aug-2017	6,052,032.50	3,558,135.40	11-Sep-2017
30	Kolin Inshaat Turizm Sanayi Ve Ticaret	AZN	7,561,860.26	10-Oct-2017	7,561,860.26	4,447,629.84	31-Oct-2017
32	Kolin Inshaat Turizm Sanayi Ve Ticaret	AZN	5,250,744.48	13-Nov-2017	5,250,744.48	3,088,491.55	28-Nov-2017
33	Kolin Inshaat Turizm Sanayi Ve Ticaret	AZN	7,152,131.83	1-Dec-2017	7,152,131.83	4,206,888.91	26-Dec-2017
Total of works for 2017						30,896,428.35	

For the year ended 31 December 2016

WA No	Name of contractor	Currency	Application amount	Application date	Amount disbursed	Paid amount USD equivalent	Value date
2	Kolin Inshaat Turizm Sanayi Ve Ticaret	AZN	4,852,249.80	10-Feb-2016	4,852,249.80	3,029,059.12	7-Mar-2016
3	Kolin Inshaat Turizm Sanayi Ve Ticaret	AZN	4,492,033.53	28-Mar-2016	4,492,033.53	2,951,789.68	15-Apr-2016
5	Kolin Inshaat Turizm Sanayi Ve Ticaret	AZN	8,150,333.94	11-May-2016	8,150,333.94	5,470,022.78	27-May-2016
8	Kolin Inshaat Turizm Sanayi Ve Ticaret	AZN	8,328,174.28	29-Jun-2016	8,328,174.28	5,338,573.26	19-Jul-2016
11	Kolin Inshaat Turizm Sanayi Ve Ticaret	AZN	7,498,877.19	9-Aug-2016	7,498,877.19	4,627,793.87	24-Aug-2016
13	Kolin Inshaat Turizm Sanayi Ve Ticaret	AZN	4,949,968.14	5-Sep-2016	4,949,968.14	3,038,281.45	28-Sep-2016
14	Kolin Inshaat Turizm Sanayi Ve Ticaret	AZN	5,264,041.64	12-Oct-2016	5,264,041.64	3,154,765.46	10-Nov-2016
17	Kolin Inshaat Turizm Sanayi Ve Ticaret	AZN	9,201,643.23	21-Nov-2016	9,201,643.23	5,279,198.64	13-Dec-2016
Total of works for 2016						32,889,484.26	

SECOND ROAD NETWORK DEVELOPMENT INVESTMENT PROGRAM
PROJECT 2, LOAN 3144 AZE
NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

(Amounts are expressed in US dollars unless otherwise indicated)

8. APPLICATIONS FOR WITHDRAWAL SCHEDULE (CONTINUED)

Consulting

For the year ended 31 December 2017

WA No	Name of consultant	Currency	Application amount	Application date	Amount disbursed	Paid amount USD equivalent	Value date
18	TERA International Group Inc.	USD	249,812.58	5-Jan-2017	249,812.58	249,812.58	14-Feb-2017
20	TERA International Group Inc.	USD	243,116.63	3-Mar-2017	243,116.63	243,116.63	7-Apr-2017
24	TERA International Group Inc.	USD	265,658.35	17-May-2017	265,658.35	265,658.35	5-Jun-2017
28	TERA International Group Inc.	USD	479,803.74	7-Sep-2017	479,803.74	479,803.74	29-Sep-2017
31	TERA International Group Inc.	USD	207,021.36	3-Nov-2017	207,021.36	207,021.36	5-Dec-2017
Total of consulting for 2017						1,445,412.66	

Consulting

For the year ended 31 December 2016

WA No	Name of consultant	Currency	Application amount	Application date	Amount disbursed	Paid amount USD equivalent	Value date
4	TERA International Group Inc.	USD	136,768.25	20-Apr-2016	136,768.25	136,768.25	15-Oct-2015
6	TERA International Group Inc.	USD	146,167.82	17-May-2016	146,167.82	146,167.82	6-Jun-2016
7	TERA International Group Inc.	USD	106,466.71	13-Jun-2016	106,466.71	106,466.71	21-Jul-2016
9	TERA International Group Inc.	USD	294,971.22	21-Jul-2016	294,971.22	294,971.22	16-Aug-2016
10	TERA International Group Inc.	USD	117,900.85	3-Aug-2016	117,900.85	117,900.85	9-Sep-2016
12	TERA International Group Inc.	USD	119,315.95	1-Sep-2016	119,315.95	119,315.95	13-Oct-2016
15	TERA International Group Inc.	USD	199,241.00	20-Oct-2016	199,241.00	199,241.00	22-Nov-2016
Total of consulting for 2016						1,120,831.81	

**SECOND ROAD NETWORK DEVELOPMENT INVESTMENT PROGRAM
PROJECT 2, LOAN 3144 AZE
NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
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External financial audit

For the year ended 31 December 2017

WA No	Name of auditor	Currency	Application amount	Application date	Amount disbursed	Paid amount USD equivalent	Value date
22	RSM Azerbaijan LLC	USD	5,593.00	19.Apr.2017	5,593.00	5,593.00	25.05.2017
26	RSM Azerbaijan LLC	USD	7,990.00	4.Aug.2017	7,990.00	7,990.00	07.09.2017
					Total for 2017	13,583.00	

For the year ended 31 December 2016

WA No	Name of auditor	Currency	Application amount	Application date	Amount disbursed	Paid amount USD equivalent	Value date
16	RSM Azerbaijan LLC	USD	2,397.00	16-Nov-2016	2,397.00	2,397.00	08.12.2017
					Total for 2016	2,397.00	

Replenishment of Imprest account

For the year ended 31 December 2017

WA No	Fund for	Currency	Application amount	Application date	Amount disbursed	Paid amount USD equivalent	Value date
29	Project Implementation Unit	USD	204,660.00	10.Oct.2017	204,660.00	204,660.00	06.11.2017
					Total for 2017	204,660.00	

For the year ended 31 December 2016

There has not been any disbursement made for replenishment of Imprest account according to this loan for the year ended 31 December 2016.

**SECOND ROAD NETWORK DEVELOPMENT INVESTMENT PROGRAM
PROJECT 2, LOAN 3144 AZE
NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
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(Amounts are expressed in US dollars unless otherwise indicated)

9. EVENTS AFTER THE REPORTING PERIOD

Non-adjusting events

No significant non-adjusting events have occurred between the reporting date and the date of authorisation of these special purpose financial statements.

Adjusting events

No significant adjusting event has occurred between the reporting date and the date of authorisation of these special purpose financial statements.