



## Auditor's responsibilities for the audit of the financial statements

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

*PricewaterhouseCoopers Audit Azerbaijan LLC*

Baku, Republic of Azerbaijan

5 September 2022

**Baku International Sea Commercial Port CJSC**  
**Statement of Financial Position**

	Note	31 December 2021	31 December 2020 (Restated)	1 January 2020 (Restated)
<i>In Azerbaijani Manats</i>				
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property and equipment	8	69,877,801	70,935,252	71,410,133
Prepaid expenses	11	17,726,592	-	-
Intangible assets		79,661	134,534	151,554
Deferred income tax assets	18	784,259	1,058,358	30,475
<b>Total non-current assets</b>		<b>88,468,313</b>	<b>72,128,144</b>	<b>71,592,162</b>
<b>Current assets</b>				
Inventories	9	692,539	549,524	351,571
Trade and other receivables	10	9,924,578	7,529,331	6,335,278
Cash and cash equivalents	12	7,577,765	923,965	713,993
Other current assets		94,235	1,192,092	1,654,263
Current income tax prepayment		-	146,532	-
Prepaid expenses	11	758,378	1,145,759	904,814
<b>Total current assets</b>		<b>19,047,495</b>	<b>11,487,203</b>	<b>9,959,919</b>
<b>TOTAL ASSETS</b>		<b>107,515,808</b>	<b>83,615,347</b>	<b>81,552,081</b>
<b>EQUITY</b>				
Charter capital	13	15,990	15,990	15,990
Additional paid-in capital	13	86,000,620	71,000,620	71,000,620
Retained earnings		5,490,844	2,584,327	5,341,138
<b>TOTAL EQUITY</b>		<b>91,507,454</b>	<b>73,600,937</b>	<b>76,357,748</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings	14	6,100,000	-	-
<b>Total non-current liabilities</b>		<b>6,100,000</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>				
Trade and other payables	15	7,697,908	7,961,850	2,224,808
Borrowings	14	-	-	482,946
Advances received		431,990	839,240	1,301,254
Current income tax payable	18	710,012	-	-
Other taxes payable		1,068,444	1,213,320	1,185,325
<b>Total current liabilities</b>		<b>9,908,354</b>	<b>10,014,410</b>	<b>5,194,333</b>
<b>TOTAL LIABILITIES</b>		<b>16,008,354</b>	<b>10,014,410</b>	<b>5,194,333</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>107,515,808</b>	<b>83,615,347</b>	<b>81,552,081</b>

Approved for issue and signed on behalf of management on 02 September 2022.

Taleh Ziyadov  
General Director



Rafiq Rafiyev  
Chief Financial Officer

The accompanying notes on pages 5 to 36 are an integral part of these financial statements.

**Baku International Sea Commercial Port CJSC**  
**Statement of Profit or Loss and Other Comprehensive Income**

<i>In Azerbaijani Manats</i>	Note	2021	2020 (Restated)
Revenue	16	42,195,821	31,487,043
Agency fees		919,502	640,581
Payroll expenses		(13,731,268)	(13,313,909)
Expenses related to stevedoring activities	17	(9,543,648)	(6,286,969)
Depreciation and amortization expense	8	(3,399,942)	(3,342,720)
Repair and Maintenance		(3,338,568)	(3,453,282)
Net charge for expected credit losses on financial assets	10	(1,605,685)	(761,232)
Social expenses		(982,368)	(1,112,968)
Foreign exchange losses		(899,274)	(22,819)
Taxes other than on income		(806,839)	(932,041)
Utility expenses		(757,992)	(814,507)
Professional fees and consulting services		(716,372)	(218,438)
IT and Communication expenses		(673,758)	(751,812)
Insurance expenses		(562,135)	(946,484)
Event expenses		(446,115)	(384,049)
Sanitation and ecology expenses		(380,169)	(455,742)
Other operational expenses		(243,461)	(1,971,610)
Business trip expenses		(202,078)	(109,250)
Office expenses		(197,668)	(247,963)
Bank charges		(168,534)	(105,175)
Advertising expenses		(117,330)	(110,217)
Research and development expenses		(34,170)	(102,000)
Other expenses		(52,321)	(200,440)
<b>Profit/(loss) before income tax</b>		<b>4,255,628</b>	<b>(3,516,003)</b>
Income tax (expense)/credit	18	(1,349,111)	759,192
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>2,906,517</b>	<b>(2,756,811)</b>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR</b>		<b>2,906,517</b>	<b>(2,756,811)</b>

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**Baku International Sea Commercial Port CJSC**  
**Statement of Changes in Equity**

	Note	Charter capital	Additional paid-in capital	Retained earnings	Total
<i>In Azerbaijani Manats</i>					
Previously reported balance at 31 December 2019		15,990	71,000,620	14,985,840	86,002,450
Correction of error (net of tax)				(9,644,702)	(9,644,702)
<b>Restated balance at 1 January 2020</b>		<b>15,990</b>	<b>71,000,620</b>	<b>5,341,138</b>	<b>76,357,748</b>
Loss for the year (restated)		-	-	(2,756,811)	(2,756,811)
Total comprehensive loss for 2020 (restated)		-	-	(2,756,811)	(2,756,811)
<b>Restated balance at 1 January 2021</b>		<b>15,990</b>	<b>71,000,620</b>	<b>2,584,327</b>	<b>73,600,937</b>
Profit for the year		-	-	2,906,517	2,906,517
Transfers from government	13	-	15,000,000	-	15,000,000
<b>Balance at 31 December 2021</b>		<b>15,990</b>	<b>86,000,620</b>	<b>5,490,844</b>	<b>91,507,454</b>

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**Baku International Sea Commercial Port CJSC**  
**Statement of Cash Flows**

<i>In Azerbaijani Manats</i>	Note	2021	2020 (Restated)
<b>Cash flows from operating activities</b>			
Profit/(Loss) before income tax		4,255,628	(3,516,003)
Adjustments for:			
Depreciation of property and equipment	8	3,387,132	3,325,701
Amortisation of intangible assets		12,902	17,020
Net impairment losses on financial assets	10	1,605,685	761,232
Losses less gains on disposals of property and equipment		79,304	-
Foreign exchange translation differences		(583,003)	22,819
<b>Operating cash flows before working capital changes</b>			
Increase in trade and other receivables		(4,000,932)	(1,955,285)
Increase in inventories		(143,015)	(197,953)
Decrease in other current assets		1,097,857	462,171
Decrease/(increase) in prepayments		387,381	(240,945)
Increase in trade and other payables		477,862	5,737,042
(Decrease)/increase in taxes payable		(144,876)	27,995
Decrease in advances received		(407,250)	(462,014)
<b>Changes in working capital</b>			
Income taxes paid		(218,468)	(415,223)
<b>Net cash from operating activities</b>		<b>5,806,207</b>	<b>3,566,557</b>
<b>Cash flows from investing activities</b>			
Purchases of property and equipment	8	(618,720)	(425,571)
Acquisition of construction in progress		(19,469,886)	(2,425,249)
Acquisition of intangible assets		(5,000)	-
<b>Net cash used in investing activities</b>		<b>(20,093,606)</b>	<b>(2,850,820)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	14	6,100,000	-
Repayment of borrowings		-	(482,946)
Government contributions	13	15,000,000	-
<b>Net cash from/(used in) financing activities</b>		<b>21,100,000</b>	<b>(482,946)</b>
Effect of exchange rate changes on cash and cash equivalents		(158,801)	(22,819)
<b>Cash and cash equivalents at the beginning of the year</b>		<b>923,965</b>	<b>713,993</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>7,577,765</b>	<b>923,965</b>

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