



Independent Auditor's Report

To the Shareholders and Management of Baku International Sea Trade Port CJSC

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Baku International Sea Trade Port CJSC (the "Company") as at 31 December 2022, and the Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2022;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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 International Financial Reporting Standards, 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 has no realistic alternative but to do so.

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



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

6 October 2023

Baku International Sea Trade Port CJSC
Statement of Financial Position

<i>In Azerbaijani Manats</i>	Note	31 December 2022	31 December 2021
ASSETS			
Non-current assets			
Property and equipment	8	74,057,721	69,877,801
Prepayments	11	29,038,715	17,726,592
Intangible assets		198,833	79,661
Deferred income tax assets	22	343,566	784,259
Total non-current assets		103,638,835	88,468,313
Current assets			
Inventories	9	822,266	692,539
Trade and other receivables	10	8,776,042	9,924,578
Prepayments	11	330,246	758,378
Cash and cash equivalents	12	50,931,833	7,577,765
Other current assets	13	2,738,826	94,235
Total current assets		63,599,213	19,047,495
TOTAL ASSETS		167,238,048	107,515,808
EQUITY			
Charter capital	14	15,990	15,990
Additional paid-in capital	14	121,225,920	86,000,620
Retained earnings		15,449,033	5,490,844
TOTAL EQUITY		136,690,943	91,507,454
LIABILITIES			
Non-current liabilities			
Borrowings	15	11,241,642	6,100,000
Liability due to fertilizer terminal	17	11,725,830	-
Total non-current liabilities		22,967,472	6,100,000
Current liabilities			
Trade and other payables	18	3,450,331	7,697,908
Advances received		696,945	431,990
Current income tax payable		1,293,705	710,012
Other taxes payable	19	2,138,652	1,068,444
Total current liabilities		7,579,633	9,908,354
TOTAL LIABILITIES		30,547,105	16,008,354
TOTAL LIABILITIES AND EQUITY		167,238,048	107,515,808

Approved for issue and signed on behalf of management on 5 October 2023.

Taleh Ziyadov
 General Director



Rafiq Rafiyev
 Chief Financial Officer

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

<i>In Azerbaijani Manats</i>	Note	2022	2021
Revenue	20	50,143,443	42,195,821
Agency fees		339,856	919,502
Reversal/(net charge) for expected credit losses on financial assets	10	1,319,744	(1,605,685)
Payroll expenses		(14,865,383)	(13,731,268)
Expenses related to stevedoring activities	21	(7,886,253)	(9,543,648)
Repair and maintenance		(3,687,453)	(3,338,568)
Depreciation and amortization expense	8	(3,464,863)	(3,399,942)
Impairment of non-financial assets	10	(1,940,608)	-
Social expenses		(1,083,142)	(982,368)
Professional fees and consulting services		(951,013)	(716,372)
Utility expenses		(834,452)	(757,992)
Taxes other than on income		(806,799)	(806,839)
IT and communication expenses		(791,086)	(673,758)
Insurance expenses		(723,972)	(562,135)
Event expenses		(634,688)	(446,115)
Sanitation and ecology expenses		(480,523)	(380,169)
Business trip expenses		(245,307)	(202,078)
Office expenses		(165,010)	(197,668)
Bank charges		(141,338)	(168,534)
Advertising expenses		(134,259)	(117,330)
Research and development expenses		(701)	(34,170)
Foreign exchange losses		140	(899,274)
Other expenses		(233,667)	(52,321)
Profit before income tax		12,732,666	4,255,628
Income tax expense	22	(2,774,477)	(1,349,111)
PROFIT FOR THE YEAR		9,958,189	2,906,517
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		9,958,189	2,906,517

Baku International Sea Trade Port CJSC
Statement of Changes in Equity

	Note	Charter capital	Additional paid-in capital	Retained earnings	Total
<i>In Azerbaijani Manats</i>					
Balance at 1 January 2021		15,990	71,000,620	2,584,327	73,600,937
Profit for the year		-	-	2,906,517	2,906,517
Total comprehensive income for 2021		-	-	2,906,517	2,906,517
Transfers from Government	14	-	15,000,000	-	15,000,000
Balance at 31 December 2021		15,990	86,000,620	5,490,844	91,507,454
Profit for the year		-	-	9,958,189	9,958,189
Total comprehensive income for 2022		-	-	9,958,189	9,958,189
Transfers from Government	14	-	35,225,300	-	35,225,300
Balance at 31 December 2022		15,990	121,225,920	15,449,033	136,690,943

Baku International Sea Trade Port CJSC
Statement of Cash Flows

<i>In Azerbaijani Manats</i>	Note	2022	2021
Cash flows from operating activities			
Profit before income tax		12,732,666	4,255,628
Adjustments for:			
Depreciation of property and equipment	8	3,458,720	3,387,132
Amortisation of intangible assets		6,143	12,902
(Reversal)/net charge for expected credit losses on financial assets	10	(1,319,744)	1,605,685
Losses less gains on disposals of property and equipment		31,701	79,304
Foreign exchange translation differences		(252,413)	(583,003)
Operating cash flows before working capital changes		14,584,697	8,757,647
Decrease/(increase) in trade and other receivables		2,691,826	(4,000,932)
Increase in inventories		(129,727)	(143,015)
(Increase)/decrease in other current assets		(2,644,591)	1,097,857
Decrease in prepayments		428,132	387,381
(Decrease)/increase in trade and other payables		(4,122,320)	477,862
Increase/(decrease) in taxes payable		1,070,208	(144,876)
Increase/(decrease) in advances received		264,955	(407,250)
Changes in working capital		12,215,556	6,024,675
Income tax paid		(1,750,090)	(218,468)
Net cash from operating activities		10,465,466	5,806,207
Cash flows from investing activities			
Acquisition of property and equipment, construction in progress	8, 10	(18,982,464)	(20,088,606)
Acquisition of intangible assets		(125,315)	(5,000)
Net cash used in investing activities		(19,107,779)	(20,093,606)
Cash flows from financing activities			
Proceeds from borrowings	15	5,141,642	6,100,000
Proceeds for fertilizer terminal		11,725,830	-
Transfers from Government	14	35,225,300	15,000,000
Net cash from financing activities		52,092,772	21,100,000
Effect of exchange rate changes on cash and cash equivalents		(96,391)	(158,801)
Cash and cash equivalents at the beginning of the year	12	7,577,765	923,965
Cash and cash equivalents at the end of the year	12	50,931,833	7,577,765