

PROKON LIMITED LIABILITY COMPANY

International Financial Reporting Standards
Consolidated Financial Statements and
Independent Auditor's Report

31 DECEMBER 2021

"PROKON" LIMITED LIABILITY COMPANY

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021
(in Azerbaijani Manats)**

	Note	31 December 2021	31 December 2020
ASSETS			
<i>Non-current assets</i>			
Property and equipment	13	11,756,027	11,841,029
Right-of-use assets	19	1,396,832	701,441
Intangible assets		342,451	369,603
Deferred tax asset	12	111,181	37,613
Total non-current assets		13,606,491	12,949,686
<i>Current assets</i>			
Inventories		2,141,253	2,078,428
Trade and other receivables	14	57,121,410	29,813,393
Contract assets	15	46,226,699	19,524,536
Other receivables from related parties	25	1,542,734	1,827,124
Advances given and prepaid expenses	16	6,948,858	5,954,056
Current income tax prepayment		-	607,981
Cash and cash equivalents	17	1,372,076	337,156
Total current assets		115,353,030	60,142,674
TOTAL ASSETS		128,959,521	73,092,360
EQUITY AND LIABILITIES			
<i>Equity</i>			
Share capital	18	100	100
Currency translation reserve		638,341	-
Retained earnings		16,014,952	3,967,022
TOTAL EQUITY		16,653,393	3,967,122
<i>Non-current liabilities</i>			
Borrowings	20	6,975,092	2,322,500
Lease liabilities, long-term portion		-	48,534
Deferred tax liability	12	7,354,628	1,437,279
Total non-current liabilities		14,329,720	3,808,313
<i>Current liabilities</i>			
Borrowings	20	52,995,827	34,095,768
Other payables to related parties		1,732,000	-
Lease liabilities	19	198,641	450,418
Trade and other payables	21	32,390,211	20,336,031
Contract liabilities	15	4,086,129	4,137,403
Other taxes payable		6,573,600	6,297,305
Total current liabilities		97,976,408	65,316,925
TOTAL LIABILITIES		112,306,128	69,125,238
TOTAL EQUITY AND LIABILITIES		128,959,521	73,092,360

The accompanying notes on pages 5-49 form an integral part of these consolidated financial statements.

Approved for issue and signed on 27 July 2022 by:

Mr. Azad Namazov
General Director
Baku, the Republic of Azerbaijan



Mr. Ariz Huseynov
Deputy General Director
Baku, the Republic of Azerbaijan

“PROKON” LIMITED LIABILITY COMPANY

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021
(in Azerbaijani Manats)**

	Note	Year ended December 31, 2021	Year ended December 31, 2020
Revenue	7	179,237,561	115,669,416
Cost of sales	8	(142,770,566)	(93,544,852)
Gross profit		<u>36,466,995</u>	<u>22,124,564</u>
Other operating expenses	9	(8,552,286)	(7,894,161)
Foreign exchange loss, net		(808,051)	(217,379)
Other income		88,984	534,796
Operating profit		27,195,642	14,547,820
Fair value gain/(loss) on initial recognition		-	(243,033)
Finance costs	10	<u>(5,102,685)</u>	<u>(3,118,381)</u>
Profit before income tax		22,092,957	11,186,406
Income tax expense	11,12	(5,953,482)	(2,602,254)
PROFIT FOR THE YEAR		16,139,475	8,584,152
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Translation of financial information of foreign operations to presentation currency		<u>638,341</u>	<u>-</u>
Other comprehensive income for the year		<u>638,341</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>16,777,816</u></u>	<u><u>8,584,152</u></u>

The accompanying notes on pages 5-49 form an integral part of these consolidated financial statements.

"PROKON" LIMITED LIABILITY COMPANY

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT DECEMBER 31, 2021
(in Azerbaijani Manats)**

	Share capital	Retained earnings	Currency retranslation reserve	Total
Balance at January 1, 2020	100	105,092	-	105,192
Total comprehensive income for the year	-	8,584,152	-	8,584,152
Dividends paid	-	(4,722,222)	-	(4,722,222)
Balance at December 31, 2020	100	3,967,022	-	3,967,122
Profit for the year	-	16,139,475	-	16,139,475
Total comprehensive income for the year	-	-	638,341	638,341
Dividends paid	-	(4,091,544)	-	(4,091,544)
Balance at December 31, 2021	100	16,014,953	638,341	16,653,393

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“PROKON” LIMITED LIABILITY COMPANY

**CONSOLIDATED STATEMENT OF CASH FLOWS
AS AT DECEMBER 31, 2021
(in Azerbaijani Manats)**

	Year ended December 31, 2021	Year ended December 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before tax for the year	22,092,957	11,186,406
<i>Adjustments for:</i>		
Depreciation and amortization	3,955,102	4,569,039
Foreign exchange loss, net	496,087	217,379
Finance costs, net	5,102,685	3,118,381
(Gain)/loss on disposal of property, plant and equipment	-	104,752
(Gain)/loss on disposal of right of use assets and lease modification	30,198	(128,263)
Impairment charge	669,445	-
Fair value gain/(loss) on initial recognition	-	243,033
	32,346,474	19,310,727
<i>(Increase)/decrease in operating assets:</i>		
Trade and other receivables	(27,308,017)	(12,296,066)
Advances given and prepaid expenses	(994,802)	(32,275)
Inventories	(62,825)	323,349
<i>Increase/(decrease) in operating liabilities:</i>		
Trade and other payables	12,054,180	9,715,870
Contract assets/liabilities	(27,082,882)	(30,547,291)
Taxes other than income tax payable	276,295	4,320,650
<i>Net cash flows from operations</i>	(10,771,577)	(9,205,036)
Income tax paid	(466,488)	(262,000)
Interest paid	(5,016,797)	(3,252,217)
Net cash generated by operating activities	(16,254,862)	(12,719,253)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(3,135,784)	(3,822,357)
Loans granted to related parties	(2,990,000)	(6,359,000)
Loan repayments received from related parties	4,382,000	4,802,976
Net cash used in investing activities	(1,743,784)	(5,378,381)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid	(4,091,544)	(4,722,222)
Proceeds from borrowings	93,524,318	63,151,715
Repayment of borrowings	(70,149,066)	(37,801,383)
Repayment of lease liabilities – principal	(545,745)	(2,381,772)
Net cash provided by financing activities	18,737,963	18,246,338
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	739,317	148,704
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	337,156	180,293
Effect of exchange rate changes	295,603	8,159
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	1,372,076	337,156

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