

**Data Processing Center under Ministry of Digital
Development and Transport**

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

31 December 2019

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Independent Auditor's report

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Independent Auditor's Report

To the Owner and Management of "Data Processing Center" LLC:

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Data Processing Center (the "Center") as at 31 December 2019, and the Center's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Center's financial statements comprise:

- the statement of financial position as at 31 December 2019;
- 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 Center 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 Center'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 Center or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Center'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 Center'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 Center'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 Center 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

31 March 2022

Data Processing Center
Statement of Financial Position

<i>In Azerbaijani manats</i>	Note	31 December 2019	31 December 2018
Assets			
Non-current assets			
Property, plant and equipment	7	6,320,915	6,755,399
Computer software and licences	8	11,583,550	11,207,243
Other non-current assets		6,217	6,217
Prepayments		-	1,835,002
Total non-current assets		17,910,682	19,803,861
Current assets			
Inventories	9	394,029	326,639
Trade and other receivables	10	6,127,534	6,118,599
Loan receivables	11	1,472,565	-
Restricted Cash		137,355	69,357
Prepayments		749,293	-
Current income tax prepayments		224,497	397,994
Cash and cash equivalents	12	2,507,271	4,906,396
Total current assets		11,612,544	11,818,985
Total Assets		29,523,226	31,622,846
Equity			
Charter capital		240,000	240,000
Transfers from Government		40,583,871	40,583,871
Accumulated deficit		(18,613,081)	(15,712,852)
TOTAL EQUITY		22,210,790	25,111,019
Liabilities			
Current liabilities			
Trade and other payables	13	7,312,436	6,511,827
Total current liabilities		7,312,436	6,511,827
TOTAL LIABILITIES		7,312,436	6,511,827
TOTAL LIABILITIES AND EQUITY		29,523,226	31,622,846

Approved for issue and signed on behalf of the Management on 11 March 2022


 Elkhan Azizov
 Management Board Member, Acting
 Chairman of Management Board




 Altay Ismayilov
 Chief Financial Officer

Data Processing Center
Statement of Profit or Loss and Other Comprehensive Income

<i>In Azerbaijani manats</i>	Note	2019	2018
Revenue	14	23,021,685	22,418,327
Cost of services	15	(20,309,701)	(19,681,983)
Gross profit		2,711,984	2,736,344
Other operating income		14,503	10,268
Interest income		220,908	-
Loss of fair value on loan receivables		(348,343)	-
Net charge for expected credit losses on financial assets		(1,139,380)	(3,789,077)
Impairment losses on non-financial assets		(347,010)	-
Losses from foreign currency transactions		(1)	(34,998)
Loss on disposal of fixed assets		-	(15,989)
Administrative and other operating expenses	16	(3,287,581)	(3,114,867)
Loss before income tax		(2,174,920)	(4,208,319)
Income tax expense	17	(725,309)	(605,984)
Loss for the year		(2,900,229)	(4,814,303)

Data Processing Center
Statement of Changes in Equity

<i>In Azerbaijani manats</i>	Charter capital	Transfers from Government	Accumulated deficit	Total equity
Balance at 1 January 2018	240,000	32,360,010	(10,898,549)	21,701,461
Transfers from Government	-	8,996,991	-	8,996,991
Carrying amount of intangible assets transferred to ASAN	-	(773,130)	-	(773,130)
Loss for the year			(4,814,303)	(4,814,303)
Total comprehensive loss for the year	-	-	(4,814,303)	(4,814,303)
Balance at 31 December 2018	240,000	40,583,871	(15,712,852)	25,111,019
Loss for the year	-	-	(2,900,229)	(2,900,229)
Total comprehensive loss for the year	-	-	(2,900,229)	(2,900,229)
Balance at 31 December 2019	240,000	40,583,871	(18,613,081)	22,210,790

Data Processing Center
Statement of Cash Flows

<i>In Azerbaijani Manats</i>	Note	2019	2018
Cash flows from operating activities			
Cash receipts from customers		25,914,066	21,893,766
Cash paid to suppliers		(16,604,653)	(15,692,691)
Cash paid to and on behalf of employees		(4,867,993)	(4,580,225)
Cash paid for other administrative expenses		(736,944)	(1,098,117)
Cash payment to budget other than income tax		(2,810,010)	(2,063,132)
Cash receipts through SmartPay and registration of mobile devices, net		1,047,230	2,705,282
Cash generated from operations		1,941,696	1,164,883
Income taxes paid		(554,392)	(2,023,415)
Net cash used in operating activities		1,387,304	(858,532)
Cash flows from investing activities			
Purchases of property, plant and equipment		(592,137)	(1,034,526)
Acquisition of software and licences		(1,594,292)	(3,955,865)
Loan issued		(2,500,000)	
Loan repayments		900,000	-
Net cash used in investing activities		(3,786,429)	(4,990,391)
Cash flows from financing activities			
Transfers from Government		-	8,996,991
Net cash from financing activities			8,996,991
Change in cash and cash equivalents		(2,399,125)	3,148,068
Cash and cash equivalents at the beginning of the year	12	4,906,396	1,758,328
Cash and cash equivalents at the end of the year	12	2,507,271	4,906,396

The accompanying notes on pages 5 to 27 are an integral part of these financial statements.