

"Marsh Insurance and Reinsurance Brokers" Limited Liability Company

Financial statements
for the year ended December 31, 2020

**"MARSH INSURANCE AND REINSURANCE BROKERS"
LIMITED LIABILITY COMPANY**

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**"MARSH INSURANCE AND REINSURANCE BROKERS"
LIMITED LIABILITY COMPANY**

**STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION
AND APPROVAL OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Management is responsible for the preparation of the financial statements that present fairly the financial position of "Marsh Insurance and Reinsurance Brokers" Limited Liability Company ("the Company") as of December 31, 2020, and the results of its operations, cash flows and changes in equity for the year then ended in compliance with International Financial Reporting Standards ("IFRS").

In preparing the financial statements, management is responsible for:

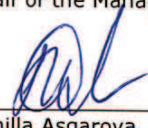
- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- Making an assessment of the Company's ability to continue as a going concern.

Management is also responsible for:

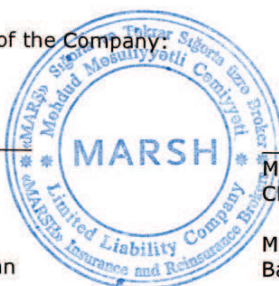
- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Company;
- Maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRS;
- Maintaining statutory accounting records in compliance with legislation and accounting standards of the Republic of Azerbaijan;
- Taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- Preventing and detecting fraud and other irregularities.


The financial statements for the year ended December 31, 2020 were approved by management on March 30, 2021.

On behalf of the Management of the Company:


Ms. Tamilla Asgarova
Director

March 30, 2021
Baku, the Republic of Azerbaijan




Mr. Murad Muradov
CFO

March 30, 2021
Baku, the Republic of Azerbaijan



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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of "Marsh Insurance and Reinsurance Brokers" Limited Liability Company.

Opinion

We have audited the financial statements of "Marsh Insurance and Reinsurance Brokers" Limited Liability Company (the "Company"), which comprise the statement of financial position as at December 31, 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 IFRSs, 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.

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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 skepticism 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.

DELOITTE + TOUCHE

March 30, 2021



**"MARSH INSURANCE AND REINSURANCE BROKERS"
LIMITED LIABILITY COMPANY**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020**
(In thousands of Azerbaijani Manats)

	Notes	Year ended December 31, 2020	Year ended December 31, 2019
Brokerage fee	5, 16	1,835	1,855
Operating expenses	6, 16	<u>(1,130)</u>	<u>(1,218)</u>
Operating profit		705	637
Interest expense on lease liabilities		(6)	(8)
Foreign exchange gain/(loss), net		<u>54</u>	<u>(28)</u>
Profit before tax		753	601
Income tax expense	7	<u>(151)</u>	<u>(120)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>602</u>	<u>481</u>

The notes on pages 8-30 form an integral part of these financial statements.

**"MARSH INSURANCE AND REINSURANCE BROKERS"
LIMITED LIABILITY COMPANY**

**STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020**
(in thousands of Azerbaijan Manats)

	Notes	December 31, 2020	December 31, 2019
ASSETS			
<i>Non-current assets</i>			
Property and equipment	10	189	63
Intangible assets		17	16
Total non-current assets		206	79
<i>Current assets</i>			
Advances paid		25	15
Tax receivables, net		-	8
Trade and other accounts receivable	8, 16	6,907	1,891
Cash	9	2,098	3,461
Total current assets		9,030	5,375
Total assets		9,236	5,454
EQUITY AND LIABILITIES			
<i>Capital and reserves</i>			
Charter capital	11	10	10
Retained earnings		1,163	1,211
Total equity		1,173	1,221
<i>Current liabilities</i>			
Trade and other accounts payable	13, 16	7,773	4,126
Tax payables, net		47	-
Current income tax liability		71	-
Lease liabilities	14	75	64
Total current liabilities		7,966	4,190
<i>Non-current liabilities</i>			
Lease liabilities	14	94	-
Deferred tax liability	7	3	43
Total non-current liabilities		97	43
Total liabilities		8,063	4,233
Total equity and liabilities		9,236	5,454

The notes on pages 8-30 form an integral part of these financial statements.

**"MARSH INSURANCE AND REINSURANCE BROKERS"
LIMITED LIABILITY COMPANY**

**STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020**
(in thousands of Azerbaijan Manats)

	Notes	Charter capital	Retained earnings	Total Equity
Balance at January 1, 2019		10	1,383	1,393
Change in accounting policy	2	-	(10)	(10)
Dividends declared and paid	12	-	(643)	(643)
Total comprehensive income for the year		-	481	481
Balance at December 31, 2019		10	1,211	1,221
Dividends declared and paid	12	-	(650)	(650)
Total comprehensive income for the year		-	602	602
Balance at December 31, 2020		10	1,163	1,173

The notes on pages 8-30 form an integral part of these financial statements.

**"MARSH INSURANCE AND REINSURANCE BROKERS"
LIMITED LIABILITY COMPANY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

(In thousands of Azerbaijani Manats, unless otherwise indicated)

	Notes	Year ended December 31, 2020	Year ended December 31, 2019*
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit for the year		602	481
Adjustments for:			
Income tax expense	7	151	120
Depreciation and amortisation	6	79	103
Interest on lease liabilities		6	8
Foreign exchange loss/(gain), net		(54)	28
Write-off of receivables	6	-	49
Change in provision for doubtful debts	8	169	102
Cash inflows before movement in working capital		953	891
<i>Movements in working capital:</i>			
(Increase) / decrease in advances paid		(10)	5
(Increase) / decrease in trade and other accounts receivable		(5,123)	3,756
Increase in tax payables		15	76
Increase / (decrease) in trade and other accounts payable		3,593	(2,911)
Cash (used in) / generated from operations		(572)	1,817
Income tax paid		(80)	(181)
Net cash (used in) / generated from operating activities		(652)	1,636
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment of lease liabilities		(102)	(96)
Dividends paid	12	(650)	(643)
Net cash used in financing activities		(752)	(739)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of property, equipment and intangible assets		(5)	(10)
Net cash used in investing activities		(5)	(10)
Effect of exchange rate changes on the balance of cash held in foreign currencies		46	(15)
NET (DECREASE) / INCREASE IN CASH		(1,363)	872
CASH, at the beginning of the year	9	3,461	2,589
CASH, at the end of the year	9	2,098	3,461

*Presentation of certain line items in the cash flow from operating activities section as presented in the prior year financial statements has been restated. Changes in the presentation did not have an impact on the net cash (used in) / generated from operating activities line.

The notes on pages 8-30 form an integral part of these financial statements.