

**“SOCAR-AQS” LLC**

**International Financial Reporting Standards  
Consolidated Financial Statements and  
Independent Auditor’s Report**

**31 December 2021**



## Independent Auditor's Report

To the Shareholders and Board of Directors of "SOCAR-AQS" LLC:

### Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of "SOCAR-AQS" LLC (the "Company") and its subsidiaries (together – the "Group") as at 31 December 2021, and the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

### What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated 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 consolidated 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 Group 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 consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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



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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

13 October 2022

Baku, the Republic of Azerbaijan

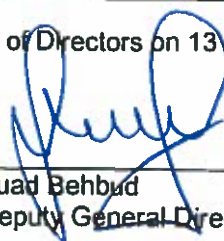
**"SOCAR-AQS" LLC**  
**Consolidated Statement of Financial Position**

<i>In Azerbaijani Manats</i>	Note	31 December 2021	31 December 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, equipment and intangible assets	8	158,265,328	174,449,440
Right-of-use assets	9	659,874	1,344,366
Finance lease receivables	10	1,145,165	1,895,449
Investments in joint ventures	11	7,288,810	8,002,070
Prepayments	14	8,481,205	1,216,434
Other assets	17	62,319,989	62,355,635
<b>Total non-current assets</b>		<b>238,160,371</b>	<b>249,263,394</b>
<b>Current assets</b>			
Inventories	12	60,419,172	67,898,728
Trade and other receivables	13	130,008,815	259,571,568
Finance lease receivables	10	750,284	696,234
Prepayments	14	2,668,952	7,576,398
Contract assets	15	16,192,224	15,345,962
Cash and cash equivalents	16	78,684,962	52,194,916
Other assets	17	57,594	8,099,973
<b>Total current assets</b>		<b>288,782,003</b>	<b>411,383,779</b>
<b>TOTAL ASSETS</b>		<b>526,942,374</b>	<b>660,647,173</b>
<b>EQUITY</b>			
Charter capital	18	571,372	571,372
Other reserves	18	138,641,351	138,641,351
Translation reserve		(1,035,934)	(585,346)
Retained earnings		32,759,534	783,793
<b>Equity attributable to the Company's owners</b>		<b>170,936,323</b>	<b>139,411,170</b>
<b>Non-controlling interest</b>		<b>9,500</b>	<b>9,500</b>
<b>TOTAL EQUITY</b>		<b>170,945,823</b>	<b>139,420,670</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	19	17,125,770	2,143,565
Lease liabilities	9	865,218	2,121,955
Deferred income tax liabilities	26	798,582	12,655,878
<b>Total non-current liabilities</b>		<b>18,789,570</b>	<b>16,921,398</b>
<b>Current liabilities</b>			
Borrowings	19	93,169,970	158,120,023
Lease liabilities	9	1,257,337	1,175,389
Trade and other payables	20	166,357,028	280,425,160
Other taxes payable		62,247,681	61,056,459
Current income tax payable		14,174,965	1,006,156
Provision for loss making projects		-	2,521,918
<b>Total current liabilities</b>		<b>337,206,981</b>	<b>504,305,105</b>
<b>TOTAL LIABILITIES</b>		<b>355,996,551</b>	<b>521,226,503</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>526,942,374</b>	<b>660,647,173</b>

Approved for issue and signed on behalf of Board of Directors on 13 October 2021



Samir Mollayev  
 General Director



Fuad Behbud  
 Deputy General Director, Finance Director



The accompanying notes on pages 5 to 41 are an integral part of these consolidated financial statements.

**"SOCAR-AQS" LLC****Consolidated Statement of Profit or Loss and Other Comprehensive Income**

<i>In Azerbaijani Manats</i>	Note	2021	2020
Revenue from contracts with customers	21	153,397,313	273,311,781
Cost of Services	23	(133,960,281)	(281,698,447)
<b>Gross profit</b>		<b>19,437,032</b>	<b>(8,386,666)</b>
General and administrative expenses	24	(22,226,619)	(67,115,872)
Other income	22	20,098,321	1,842,684
<b>Operating profit</b>		<b>17,308,734</b>	<b>(73,659,854)</b>
Finance costs and finance income	25	(6,590,733)	(8,209,810)
Foreign exchange gain/(loss)		7,827,000	(10,596,420)
Share of results of joint ventures	11	16,759,914	13,176,356
<b>Profit / (Loss) before income tax</b>		<b>35,304,915</b>	<b>(79,289,728)</b>
Income tax (expense)/credit	26	(3,329,174)	6,482,886
<b>PROFIT / (LOSS) FOR THE YEAR</b>		<b>31,975,741</b>	<b>(72,806,842)</b>
<b>Other comprehensive loss:</b>			
Translation of financial information of foreign operations to presentation currency		(450,588)	(585,346)
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR</b>		<b>31,525,153</b>	<b>(73,392,188)</b>
<b>Total comprehensive income / (loss) is attributable to:</b>			
- Owners		31,525,153	(73,392,188)
- Non-controlling interest		-	-
<b>Total comprehensive income / (loss) for the year</b>		<b>31,525,153</b>	<b>(73,392,188)</b>

The accompanying notes on pages 5 to 41 are an integral part of these consolidated financial statements.