"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.

ricewaterhouse Copers Audit Azerbaijan LLC

13 October 2022

Baku, the Republic of Azerbaijan

"SOCAR-AQS" LLC Consolidated Statement of Financial Position

Investments in joint ventures	In Azerbaijani Manats	Note	31 December 2021	31 December 202
Property, equipment and intangible assets	ASSETS			
Right-of-use assets 9				
Fight-of-use assets 9 659,874 1,344,316 1,145,165 1,895,44 Investments in joint ventures 11 7,288,810 8,002,01 7,002,000 1,145,165 1,895,44 1,145,165 1,895,44 1,145,165 1,895,44 1,145,165 1,216,47 1,216		8	158,265,328	174,449,44
Finance lease receivables 10		9		
Investments in joint ventures			1,145,165	1,895,44
Prepayments		11	7,288,810	
Common content assets 17 62,319,989 62,355,65 Cournent assets 238,160,371 249,263,36 Current assets 12 60,419,172 67,898,72 Trade and other receivables 12 60,419,172 67,898,72 Trade and other receivables 10 750,284 696,22 Finance lease receivables 10 750,284 696,22 Frepayments 14 2,668,952 7,576,33 Contract assets 15 16,192,224 15,345,96 Cosh and cash equivalents 16 78,684,962 25,194,91 Other assets 17 57,594 8,099,97 Total current assets 288,782,003 411,383,77 TOTAL ASSETS 268,942,374 660,647,17 EQUITY 170,445,823 138,641,351 Translation reserve 18 138,641,351 138,641,351 Translation reserve 18 138,641,351 138,641,351 Translation reserve 10,035,934 (585,344 Retained earnings 32,759,534 783,79 Equity attributable to the Company's owners 170,936,323 139,411,17 Non-controlling interest 9,500 9,50 TOTAL EQUITY 170,945,823 139,420,67 LIABILITIES 9 855,218 2,121,95 Deferred income tax liabilities 9 855,218 2,121,95 Deferred income tax liabilities 9 8,50,218 2,121,95 Current liabilities 9 1,257,337 1,75,381 Current liabilities 3,37,206,981 504,305,101 Current liabilities 3,37,206,981 504,305,101 Current liabilities 3,37,206,981 504,305,101 Current liabilities 3,37,206,981			8,481,205	1,216,43
Current assets	Other assets	17	62,319,989	62,355,63
Inventories	Total non-current assets		238,160,371	249,263,39
Trade and other receivables 13 130,008,815 259,571,55 Finance lease receivables 10 750,284 696,22 Finance lease receivables 10 750,284 696,22 7,576,35 Contract assets 14 2,668,952 7,576,35 Contract assets 15 16,192,224 15,345,96 Cash and cash equivalents 16 78,684,962 52,194,91 Other assets 17 57,594 8,099,97 Total current assets 288,782,003 411,383,77 TOTAL ASSETS 288,782,003 411,383,77 TOTAL ASSETS 526,942,374 660,647,17 Charter capital 18 571,372 571,37 Other reserves 18 138,641,351 138,641	Current assets			
Tade and other receivables		12	60,419,172	67.898.72
Finance lease receivables Propayments 14 2,668,952 7,576,35 Contract assets 15 16,192,224 15,345,95 Cash and cash equivalents 16 78,684,962 52,194,91 Total current assets 17 57,594 8,099,97 Total current assets 288,782,003 411,383,77 TOTAL ASSETS 288,782,003 411,383,77 TOTAL ASSETS 288,782,003 411,383,77 TOTAL Cassets 18 571,372 571,37 Charter capital 18 571,372 571,37 Cother reserves 18 138,641,351 138,641,351 Translation reserve (1,035,934) (595,344 Retained earnings 170,936,323 139,411,17 Non-controlling interest 9,500 9,500 TOTAL EQUITY 170,945,823 139,420,67 TOTAL EQUITY 170,945,823 139,420,67 TOTAL EQUITY 170,945,823 139,420,67 TOTAL EQUITY 170,945,823 139,420,67 TOTAL Casset liabilities 19 17,125,770 2,143,56 Borrowings 19 17,125,770 2,143,56 Lease liabilities 9 865,218 2,121,95 Deferred income tax liabilities 18,789,570 16,921,39 Current liabilities Borrowings 19 93,169,970 158,120,02 Lease liabilities 19		13		
Prepayments	Finance lease receivables	10		
Contract assets	Prepayments	14		
Cash and cash equivalents 16 78,684,962 52,194,97 Other assets 288,782,003 411,383,77 TOTAL ASSETS 526,942,374 660,647,17 EQUITY 571,372 571,372 Charter capital 18 571,372 571,37 Other reserves 18 138,641,351 138,641,351 Translation reserve (1,035,934) (585,344 Retained earnings 32,759,534 783,79 Equity attributable to the Company's owners 170,936,323 139,411,17 Non-controlling interest 9,500 9,500 TOTAL EQUITY 170,945,823 139,420,67 LIABILITIES 500 9,500 Borrowings 19 17,125,770 2,143,56 Lease liabilities 9 865,218 2,121,95 Deferred income tax liabilities 18,789,570 16,921,391 Current llabilities 18,789,570 16,921,391 Current llabilities 9 3,169,970 158,120,022 Lease liabilities 9 1,257,		15		
Other assets 17 57,594 8,099,97 Total current assets 288,782,003 411,383,77 TOTAL ASSETS 526,942,374 660,647,17 EQUITY 571,372 571,372 Charter capital 18 571,372 571,37 Other reserves 18 138,641,351 138,641,351 Translation reserve (1,035,934) (585,344 Retained earnings 32,759,534 783,79 Equity attributable to the Company's owners 170,936,323 139,411,17 Non-controlling interest 9,500 9,50 TOTAL EQUITY 170,945,823 139,420,67 Lease liabilities 9 865,218 2,121,95 Deferred income tax liabilities 9 865,218 2,121,95 Deferred income tax liabilities 18,789,570 16,921,39 Current liabilities 9 1,257,337 1,175,38 Borrowings 19 93,169,970 158,120,02 Lease liabilities 9 1,257,337 1,175,38 Trade and oth	Cash and cash equivalents			
TOTAL ASSETS 526,942,374 660,647,17 EQUITY Charter capital Charter capital Charter capital Charter capital 18 571,372 571,37 Other reserves 18 138,641,351 138,641,3				8,099,97
EQUITY Charter capital	Total current assets	55	288,782,003	411,383,77
Charter capital 18 571,372 571,372 Other reserves 18 138,641,351 138,641,351 138,641,351 138,641,351 138,641,351 138,641,351 138,641,351 138,641,351 138,641,351 138,641,351 138,641,351 138,641,357 783,79 783,79 783,79 137,79 2,759,534 783,79 783,79 139,411,17 Non-currentling interest 9,500 9,500 9,500 9,500 9,500 70,945,823 139,420,67 139,420,67 14,125,770 2,143,56 12,121,55 12,121,95 12,121,95 12,121,95 12,121,95 12,121,95 12,121,95 12,121,95 12,121,95 12,655,87	TOTAL ASSETS	100	526,942,374	660,647,17
Other reserves 18 138,641,351 138,759 138,759 138,759 139,759 139,750 139,741,117 139,750 139,742,67 143,561 </td <td>EQUITY</td> <td></td> <td></td> <td></td>	EQUITY			
Other reserves 18 138,641,351 138,759 138,759 138,759 139,759 139,750 139,741,117 139,750 139,742,67 143,561 </td <td>Charter capital</td> <td>18</td> <td>571 272</td> <td>E74 07</td>	Charter capital	18	571 272	E74 07
Translation reserve Retained earnings (1,035,934) (585,344 783,79 32,759,534 783,79 32,759				
Retained earnings 32,759,534 783,79 Equity attributable to the Company's owners 170,936,323 139,411,17 Non-controlling interest 9,500 9,50 TOTAL EQUITY 170,945,823 139,420,67 LIABILITIES Non-current liabilities 805,218 2,143,56 Borrowings 19 17,125,770 2,143,56 Lease liabilities 9 865,218 2,121,95 Deferred income tax liabilities 26 798,582 12,655,87 Total non-current liabilities 18,789,570 16,921,39 Current liabilities 9 3,169,970 158,120,02 Lease liabilities 9 1,257,337 1,175,38 Trade and other payables 20 166,357,028 280,425,16 Other taxes payable 62,247,681 61,056,45 Current income tax payable 14,174,965 1,006,156 Provision for loss making projects 2,521,916 Total current liabilities 337,206,981 504,305,106 TOTAL LIABILITIES 355,996,551 521,226,503	Translation reserve	10		
Equity attributable to the Company's owners 170,936,323 139,411,17 Non-controlling interest 9,500 9,500 TOTAL EQUITY 170,945,823 139,420,67 LIABILITIES Non-current liabilities Borrowings 19 17,125,770 2,143,56 26 2798,582 12,655,87 Total non-current liabilities Borrowings 26 798,582 12,655,87 Total non-current liabilities 80 Current liabilities 80 Borrowings 19 93,169,970 16,921,39 Current liabilities 80 Borrowings 19 93,169,970 158,120,02 Lease liabilities 9 1,257,337 1,175,38 Trade and other payables Other taxes payable Current licome tax payable Total current liabilities 337,206,981 504,305,108 TOTAL LIABILITIES 100 139,411,17 139,500 139,411,17 139,500 139,411,17 139,500 139,411,17 139,500 139,411,17 139,500 139,411,17 139,500 139,411,17 139,500 139,500 139,500 139,500 139,411,17 139,500	Retained earnings			
TOTAL EQUITY 170,945,823 139,420,67 LIABILITIES Non-current liabilities Borrowings 19 17,125,770 2,143,56 Lease liabilities 9 865,218 2,121,95 Deferred income tax liabilities 26 798,582 12,655,87 Total non-current liabilities 18,789,570 16,921,39 Current liabilities Borrowings 19 93,169,970 158,120,023 Lease liabilities 9 1,257,337 1,175,383 Trade and other payables 9 1,257,337 1,175,383 Other taxes payable 62,247,681 61,056,455 Current income tax payable 14,174,965 1,006,156 Provision for loss making projects 237,206,981 504,305,108 Total current liabilities 337,206,981 504,305,108 TOTAL LIABILITIES 355,996,551 521,226,503	Equity attributable to the Company's owners		170,936,323	139,411,17
LIABILITIES Non-current liabilities Borrowings 19 17,125,770 2,143,56 Lease liabilities 9 865,218 2,121,95 Deferred income tax liabilities 26 798,582 12,655,87 Total non-current liabilities 18,789,570 16,921,39 Current liabilities 9 9,1,257,337 1,175,38 Lease liabilities 9 1,257,337 1,175,38 Total and other payables 20 166,357,028 280,425,160 Other taxes payable 62,247,681 61,056,455 Current income tax payable 14,174,965 1,006,156 Provision for loss making projects 337,206,981 504,305,105 Total current liabilities 355,996,551 521,226,503	Non-controlling interest		9,500	9,50
Non-current liabilities 19 17,125,770 2,143,56 2,121,95	TOTAL EQUITY	45:	170,945,823	139,420,67
Borrowings	LIABILITIES			
Lease liabilities 9 865,218 2,121,95 Deferred income tax liabilities 26 798,582 12,655,87 Total non-current liabilities 18,789,570 16,921,39 Current liabilities 9 93,169,970 158,120,02 Borrowings 19 93,169,970 158,120,02 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 61,056,450 Current income tax payable 14,174,965 1,006,150 Provision for loss making projects 2,521,916 Total current liabilities 337,206,981 504,305,100 TOTAL LIABILITIES 355,996,551 521,226,503				
Lease liabilities 9 865,218 2,121,95 Deferred income tax liabilities 26 798,582 12,655,87 Total non-current liabilities 18,789,570 16,921,39 Current liabilities 9 93,169,970 158,120,023 Borrowings 19 93,169,970 158,120,023 Lease liabilities 9 1,257,337 1,175,383 Trade and other payables 20 166,357,028 280,425,160 Other taxes payable 62,247,681 61,056,453 Current income tax payable 14,174,965 1,006,150 Provision for loss making projects 2,521,916 Total current liabilities 337,206,981 504,305,109 TOTAL LIABILITIES 355,996,551 521,226,503	Borrowings	19	17.125.770	2 143 56
Deferred income tax liabilities 26 798,582 12,655,876 Total non-current liabilities 18,789,570 16,921,396 Current liabilities 9 3,169,970 158,120,023 Lease liabilities 9 1,257,337 1,175,386 Trade and other payables 20 166,357,028 280,425,160 Other taxes payable 62,247,681 61,056,453 Current income tax payable 14,174,965 1,006,156 Provision for loss making projects 337,206,981 504,305,105 Total current liabilities 355,996,551 521,226,503	Lease liabilities		, .	
Current liabilities Borrowings 19 93,169,970 158,120,023 Lease liabilities 9 1,257,337 1,175,388 Trade and other payables 20 166,357,028 280,425,160 Other taxes payable 62,247,681 61,056,458 Current income tax payable 14,174,965 1,006,156 Provision for loss making projects 337,206,981 504,305,108 TOTAL LIABILITIES AND EQUITY	Deferred income tax liabilities	26		12,655,87
Borrowings	Total non-current liabilities		18,789,570	16,921,39
Lease liabilities 9 1,257,337 1,175,389 Trade and other payables 20 166,357,028 280,425,168 Other taxes payable 62,247,681 61,056,459 Current income tax payable 14,174,965 1,006,159 Provision for loss making projects 2,521,918 Total current liabilities 337,206,981 504,305,109 TOTAL LIABILITIES AND EQUITY	Current liabilities			
Lease liabilities 9 1,257,337 1,175,385 Trade and other payables 20 166,357,028 280,425,166 Other taxes payable 62,247,681 61,056,455 Current income tax payable 14,174,965 1,006,156 Provision for loss making projects 2,521,918 Total current liabilities 337,206,981 504,305,109 TOTAL LIABILITIES 355,996,551 521,226,503	Borrowings	19	93 169 970	158 120 021
Trade and other payables 20 166,357,028 280,425,168 Other taxes payable 62,247,681 61,056,458 Current income tax payable 14,174,965 1,006,156 Provision for loss making projects 2,521,918 Total current liabilities 337,206,981 504,305,108 TOTAL LIABILITIES 355,996,551 521,226,503				
Other taxes payable 62,247,681 61,056,458 Current income tax payable 14,174,965 1,006,156 Provision for loss making projects 2,521,916 Total current liabilities 337,206,981 504,305,108 TOTAL LIABILITIES 355,996,551 521,226,508	Trade and other payables	-		
Current income tax payable 14,174,965 1,006,156 Provision for loss making projects 2,521,916 Total current liabilities 337,206,981 504,305,106 TOTAL LIABILITIES 355,996,551 521,226,503				
Provision for loss making projects 2,521,918 Total current liabilities 337,206,981 504,305,109 TOTAL LIABILITIES 355,996,551 521,226,503				
Total current liabilities 337,206,981 504,305,109 TOTAL LIABILITIES AND EQUITY	Provision for loss making projects		14,174,900	
TOTAL LIABILITIES AND EQUITY	Total current liabilities		337,206,981	JA
TOTAL LIABILITIES AND EQUITY	TOTAL LIABILITIES		355,996,551	
	TOTAL LIABILITIES AND EQUITY		526,942,374	

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

Samir Mollayev General Director

Fual Behbud Deputy General Director, Fire

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

In Azerbaijani Manats	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)
Gross profit		19,437,032	(8,386,666)
General and administrative expenses	24	(22,226,619)	(67,115,872)
Other income	22	20,098,321	1,842,684
Operating profit		17,308,734	(73,659,854)
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
Profit / (Loss) before income tax		35,304,915	(79,289,728)
Income tax (expense)/credit	26	(3,329,174)	6,482,886
PROFIT / (LOSS) FOR THE YEAR		31,975,741	(72,806,842)
Other comprehensive loss:	9		
Translation of financial information of foreign operations to			
presentation currency		(450,588)	(585,346)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		31,525,153	(73,392,188)
Total comprehensive income //less) in attributable to			
Total comprehensive income / (loss) is attributable to:		04 505 450	
- Non-controlling interest		31,525,153 -	(73,392,188)
Total comprehensive income / (loss) for the year		31.525.153	(73,392,188)