

**“SOCAR-AQS” LLC**

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

**31 December 2020**



## 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 2020, 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 2020;
- 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

9 August 2021

Baku, the Republic of Azerbaijan

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

<i>In Azerbaijani Manats</i>	Note	31 December 2020	31 December 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, equipment and intangible assets	8	174,449,440	208,681,502
Right-of-use assets	9	1,344,366	8,067,077
Finance Lease Receivables	10	1,895,449	-
Investments in joint ventures	11	8,002,070	6,222,514
Prepayment for property, equipment and intangible assets	14	1,216,434	5,014,326
Other Assets	17	62,355,635	57,661,493
<b>Total non-current assets</b>		<b>249,263,394</b>	<b>285,646,912</b>
<b>Current assets</b>			
Inventories	12	67,898,728	63,705,759
Trade and other receivables	13	259,571,568	253,163,981
Finance Lease Receivables	10	696,234	-
Prepayments	14	7,576,398	9,054,500
Contract assets	15	15,345,962	27,760,121
Cash and cash equivalents	16	52,194,916	6,287,691
Other assets	17	8,099,973	1,031,118
<b>Total current assets</b>		<b>411,383,779</b>	<b>361,003,170</b>
<b>TOTAL ASSETS</b>		<b>660,647,173</b>	<b>646,650,082</b>
<b>EQUITY</b>			
Charter capital	1	571,372	571,372
Other reserves	1	138,641,351	138,641,351
Translation reserve		(585,346)	-
Retained earnings		783,793	73,590,635
<b>Equity attributable to the Company's owners</b>		<b>139,411,170</b>	<b>212,803,358</b>
<b>Non-controlling interest</b>		<b>9,500</b>	<b>9,500</b>
<b>TOTAL EQUITY</b>		<b>139,420,670</b>	<b>212,812,858</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	19	2,143,565	27,986,227
Lease liabilities	9	2,121,955	5,395,665
Deferred income tax liabilities	24	12,655,878	21,583,489
<b>Total non-current liabilities</b>		<b>16,921,398</b>	<b>54,965,381</b>
<b>Current liabilities</b>			
Borrowings	19	158,120,023	83,910,480
Lease liabilities	9	1,175,389	4,964,366
Trade and other payables	20	280,425,160	224,537,843
Other taxes payable		61,056,459	42,852,664
Current income tax payable		1,006,156	22,606,490
Provision for loss making projects		2,521,918	-
<b>Total current liabilities</b>		<b>504,305,105</b>	<b>378,871,843</b>
<b>TOTAL LIABILITIES</b>		<b>521,226,503</b>	<b>433,837,224</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>660,647,173</b>	<b>646,650,082</b>

Approved for issue and signed on behalf of Board of Directors on 9 August 2021.

Samir Mollayev  
 General Director

Fuad Behbudov  
 Chief Financial Officer

The accompanying notes on pages 1 to 41 are an integral part of these consolidated financial statements.