"GVL" LIMITED LIABILITY COMPANY

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

31 December 2022

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INDEPENDENT AUDITOR'S REPORT

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Independent Auditor's Report

To the Shareholders and Management of the GVL Limited Liability Company

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of GVL Limited Liability Company (the "Company") as at 31 December 2022, and the Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2022;
- 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 Company 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 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 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 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.

PricewaterhouseCoopers Audit Azerbaijan LLC

Baku, the Republic of Azerbaijan

24 November 2023

"GVL" LIMITED LIABILITY COMPANY
Statement of Financial Position

		2022	2021
Assets			
Non-current assets			
Property and equipment	8	66,898	89,053
Right-of-use assets	9	1,661,578	2,153,141
Deferred income tax assets	19	164,007	116,825
Total non-current assets		**1,892,483**	**2,359,019**
Current assets			
Inventories	10	435,903	625,176
Trade and other receivables	11	3,233,390	1,783,675
Prepayments	12	102,227	390,956
Cash and cash equivalents	13	945,985	454,077
Total current assets		**4,717,505**	**3,253,884**
Total assets		**6,609,988**	**5,612,903**
EQUITY			
Share capital	14	100	100
Retained earnings		2,108,486	1,857,472
Total equity		**2,108,586**	**1,857,572**
Liabilities			
Non-current liabilities			
Non-current lease liabilities	9	1,347,185	1,859,990
Total non-current liabilities		**1,347,185**	**1,859,990**
Current liabilities			
Current lease liabilities	9	567,557	499,886
Trade and other payables	15	2,304,584	1,243,377
Current income tax payable		282,074	152,079
Total current liabilities		**3,154,215**	**1,895,342**
Total liabilities		**4,501,400**	**3,755,332**
Total liabilities and equity		**6,609,986**	**5,612,905**

Approved for issue and signed on 23 November 2023.

Mr. Tamerlan Aliyev
General Director

Mr. Elman Bakhishov
Chief Accountant

The accompanying notes on pages 5 to 30 are an integral part of these financial statements.

"GVL" LIMITED LIABILITY COMPANY
Statement of Profit or Loss and Other Comprehensive Income

In Azerbaijani Manats	Note	2022	2021
Revenue from contracts with customers	16	8,399,410	7,095,231
Cost of sales	17	(6,169,095)	(5,245,723)
Gross profit		**2,230,315**	**1,849,508**
General and administrative expenses	18	(1,488,164)	(1,037,685)
Other (losses)/gains, net		(159,453)	16,096
Operating profit		**582,698**	**827,919**
Finance costs	9	(248,871)	(312,789)
Profit before income tax		**333,827**	**515,130**
Income tax expense	19	(82,813)	(119,984)
Profit for the year		**251,014**	**395,146**
Total comprehensive income for the year		**251,014**	**395,146**

"GVL" LIMITED LIABILITY COMPANY
Statement of Changes in Equity

In Azerbaijani Manats	Share capital	Retained earnings	Total Equity
At 1 January 2021	**100**	**1,462,326**	**1,462,426**
Profit for the year	-	395,146	395,146
Total comprehensive income for 2021	-	395,146	395,146
Balance at 31 December 2021	**100**	**1,857,472**	**1,857,572**
Profit for the year	-	251,014	251,014
Total comprehensive income for 2022	-	251,014	251,014
Balance at 31 December 2022	**100**	**2,108,486**	**2,108,586**

The accompanying notes on pages 5 to 30 are an integral part of these financial statements.

In Azerbaijani Manats	Note	2022	2021
Cash flows from operating activities			
Profit before income tax		333,827	515,130
Adjustments for:			
Depreciation and amortisation	8,9	607,223	630,675
Net impairment losses on financial assets	11	-	14,907
Finance costs	9	248,871	312,789
Foreign exchange translation differences		159,453	(16,096)
Operating cash flows before working capital changes		**1,349,374**	**1,457,405**
Increase in trade and other receivables	11	(1,495,986)	(681,938)
Decrease/(increase) in prepayments	12	288,728	(288,308)
Decrease/(increase) in inventories	10	186,897	(568,818)
Increase in trade and other payables	15	978,641	671,435
Changes in working capital		**(41,720)**	**(867,629)**
Interest paid		(356,155)	(205,505)
Net cash from operating activities		**951,499**	**384,271**
Cash flows from investing activities			
Purchases of property and equipment	8	(31,209)	(18,244)
Net cash used in investing activities		**(31,209)**	**(18,244)**
Cash flows from financing activities			
Repayment of lease liabilities – principal	9	(400,217)	(248,980)
Net cash used in financing activities		**(400,217)**	**(248,980)**
Effect of exchange rate changes on cash and cash equivalents		(28,165)	5,876
Cash and cash equivalents at the beginning of the year	13	**454,077**	**331,154**
Cash and cash equivalents at the end of the year	13	**945,985**	**454,077**

The accompanying notes on pages 5 to 30 are an integral part of these financial statements.

1 The Company and Its Operations

These financial statements have been prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2022 for "GVL" LLC (the "Company").

The Company was incorporated and is domiciled in the Republic of Azerbaijan. The Company is a limited liability company and was set up in accordance with the State Registry of Commercial Legal Entities Office of Baku City Tax Department of the Ministry of Taxes of the Republic of Azerbaijan on September 18, 2015 under the registration No. 2003518341.

As of 31 December 2022 and 2021 the Company was ultimately controlled by Mr. Nasib Hasanov.

The following shareholders owned the issued shares of the Company:

	31 December 2022, %	31 December 2021, %
Global Energy Solutions LLC	51	51
Nobel Energy Limited	49	49
Total	100	100

Principal activity. The Company's principal business activity is the provision of technical support services relating to valves repair, maintenance and stock management in the oil and gas industry.

Registered address and place of business. The Company's registered address is Khatai District, 21 Fazail Bayramov str., Baku, AZ1025, the Republic of Azerbaijan. The Company's principal place of business is 8 Noyabr ave. 113, Ravy Tower, 13th floor, Baku, AZ1025, the Republic of Azerbaijan.

Presentation currency. These financial statements are presented in Azerbaijani Manats ("AZN"), unless otherwise stated.

2 Operating Environment of the Company

The Republic of Azerbaijan displays certain characteristics of an emerging market. Current and future growth and stability of the economy is largely dependent upon the effective implementation of economic, fiscal and monetary measures undertaken by the government as well as crude oil prices and sustainability of Azerbaijani manats.

Recent reforms in support of long-term economic stability and sustainability, fiscal and monetary policies, as well as continuous steps to diversify the economy contributed to the overall positive trends in the macroeconomic environment. Upward trend in oil prices over the 2022, hence significant currency inflows into the country ensured a sustainable exchange rate of the national currency, further strengthened with tight monetary policies of the Central Bank of the Republic of Azerbaijan.

The year of 2022 is marked with higher geo-political tension, rise in global commodity prices and inflation in trade partners, lingering problems in the global value chain and impact of these developments on the global economy at the time when the world is gradually leaving the pandemic behind. Global demand recovering faster than supply, sharp volatility of global commodity prices and inflation in trade partners, as well as higher transportation-logistic costs weighed on inflation in Azerbaijan. The monetary policy was oriented towards easing inflationary pressures by means of monetary factors. Whereas external sector indicators improved in Azerbaijan and economic growth rate increased. The external environment was mainly favourable for Azerbaijan in terms of the balance of payments and support of domestic economic activity, and the strategic foreign exchange reserves kept increasing.

The ongoing effects of the political and economic situation are difficult to predict, but they may have further effects on the economy of Azerbaijan. The Company's Management is monitoring the developments in the current environment and taking precautionary measures as it considers necessary in order to ensure the sustainability and development of the Company's business in the foreseeable future. However, the future effects of the current economic situation are difficult to predict, and the management's current expectations and estimates could differ from the actual results.

3 Significant Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB). The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The preparation of the financial statements in conformity with IFRS as issued by the International Accounting Standards Board (IASB) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Going concern

The financial statements have been prepared on the assumption that the Company will continue as a going concern for the foreseeable future, which implies the realization of assets and settlement of liabilities in the normal course of business.

Foreign currency translation

The functional currency of the Company is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and the Company's presentation currency is the national currency of the Republic of Azerbaijan – Azerbaijani Manats ("AZN"). The financial statements are presented in Azerbaijani Manats ("AZN"), which is the Company's presentation currency.

Transactions and balances

Monetary assets and liabilities are translated into each entity's functional currency at the official exchange rate of the Central Bank of the Azerbaijan Republic ("CBAR") at the respective end of the reporting period. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into each entity's functional currency at year-end official exchange rates of the CBAR are recognised in the statement of comprehensive income.

At 31 December 2022, the principal rate of exchange used for translating foreign currency balances was USD 1 = AZN 1.7000 (2021: USD 1 = AZN 1.7000).

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and provision for impairment, where required.

Cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

The proceeds from selling any items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the asset is functioning properly) and the cost of those items are recognized in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Costs of minor repairs and day-to-day maintenance are expensed when incurred. Costs of replacing major parts or components of property and equipment items are capitalised and the replaced part is retired.

At the end of each reporting period management assesses whether there is any indication of impairment of property and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs of disposal and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in profit or loss for the year. An impairment loss recognised for an asset in prior years is reversed where appropriate if there has been a change in the estimates used to determine the asset's value in use or fair value less costs of disposal.

3 Significant Accounting Policies (Continued)

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss for the year.

Depreciation

Depreciation on property and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

	Useful lives in years
Computers and other equipment	5
Furniture and fixture	5
Transport vehicles	5

The residual value of an asset is the estimated amount that the Company would currently obtain from the disposal of the asset less the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property and equipment are derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment and intangible assets are determined as the difference between the sales proceeds and the carrying amount of the asset and are recognised in statement of comprehensive income in the period in which property is derecognized.

Right-of-use assets. The Company leases various buildings and vehicles. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets arising from a lease are initially measured on a present value basis.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- costs to restore the asset to the conditions required by lease agreements.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying assets' useful lives. Depreciation on the items of the right-of-use assets is calculated using the straight-line method over their estimated useful lives as follows:

	Useful lives in years
Warehouses	4
Motor vehicles	4

Intangible assets other than goodwill

The Company's intangible assets other than goodwill have definite useful lives and primarily include capitalised computer software and licences.

Acquired computer software and licences are measured on initial recognition at cost incurred to acquire and bring them to use.

Development costs that are directly associated with identifiable and unique software controlled by the Company are recorded as intangible assets if an inflow of incremental economic benefits exceeding costs is probable. Capitalised costs include employee benefits expense of the software development team and an appropriate portion of relevant overheads. All other costs associated with computer software, e.g., its maintenance, are expensed when incurred.

Intangible assets are amortised using the straight-line method over their useful lives of three to five (3-5) years and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

3 Significant Accounting Policies (Continued)

If impaired, the carrying amount of intangible assets is written down to the higher of value in use and fair value less costs to sell.

Financial instruments – key measurement terms

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Depending on their classification financial instruments are carried at fair value or amortized cost as described below.

Depending on their classification financial instruments are carried at fair value, cost or amortised cost as described below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition and includes transaction costs. Measurement at cost is only applicable to investments in equity instruments that do not have a quoted market price and whose fair value cannot be reliably measured.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised cost is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any write-down for incurred impairment losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest rate method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related items in the statement of financial position.

3 Significant Accounting Policies (Continued)

The effective interest rate method is a method of allocating interest income or interest expense over the relevant period so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the net carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

Initial recognition of financial instruments

Financial instruments at fair value through profit or loss ("FVPL") are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After the initial recognition, expected credit losses ("ECL") allowance is recognised for financial assets measured at AC and investments in debt instruments measured at fair value through other comprehensive income ("FVOCI"), resulting in an immediate accounting loss.

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date that the Company commits to deliver a financial asset. All other purchases are recognised when the entity becomes a party to the contractual provisions of the instrument.

Classification of financial assets

The Company classifies financial assets in the following measurement categories: FVPL, FVOCI and amortised cost. The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

The business model reflects how the Company manages the assets in order to generate cash flows – whether the Company's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows",) or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business model and measured at FVPL.

Business model is determined for a Company of assets (on a portfolio level) based on all relevant evidence about the activities that the Company undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the Company in determining the business model include the purpose and composition of a portfolio, past experience on how the cash flows for the respective assets were collected, how risks are assessed and managed, how the assets' performance is assessed and how managers are compensated.

Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Company assesses whether the cash flows represent solely payments of principal and interest ("SPPI").

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVPL. The SPPI assessment is performed on initial recognition of an asset, and it is not subsequently reassessed.

Financial instruments are reclassified only when the business model for managing the portfolio as a whole changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model. The Company did not change its business model during the current and comparative period and did not make any reclassifications.

The Company's financial assets include cash and cash equivalents, contract assets and trade and other receivables.

3 Significant Accounting Policies (Continued)

Impairment of financial assets – credit loss allowance for ECL

The Company assesses, on a forward-looking basis, the ECL for debt instruments such as term deposits and trade receivables measured at amortised cost. The Company measures ECL and recognises net impairment losses on financial assets at each reporting date. The measurement of ECL reflects; (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The Company applies a simplified approach of ECL calculation for contract assets and trade and other receivables. Under simplified approach ECL is measured on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL").

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets – write-off

Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

The rights to receive cash flows from the asset have expired; or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Classification of financial liabilities

Financial liabilities have the following measurement categories: (a) financial liabilities at fair value through profit or loss and (b) loans and borrowings.

Loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the profit or loss for the year when the liabilities are derecognised as well as through the effective interest rate amortisation process.

3 Significant Accounting Policies (Continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

Cash and cash equivalents generally include cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortised cost using the effective interest rate method.

Restricted cash

The tax authorities introduced VAT deposit accounts and enforced payments of input and output VAT via these accounts. In order to comply with this tax regulation, the Company has opened a VAT deposit account and classified it as restricted cash. In accordance with this regulation, the balance on VAT deposit account may only be withdrawn with a 45 days' notice to the tax authorities.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and are subsequently carried at amortised cost using the effective interest method.

Trade and other payables

Trade payables are accrued when the counterparty performs its obligations under the contract. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Lease liabilities

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Company under residual value guarantees,
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Extension and termination options are included in a number of [property and equipment leases] across the Company. These terms are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor. Extension options (or period after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

3 Significant Accounting Policies (Continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Company, the Company's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, collateral and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the Company as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk, and
- makes adjustments specific to the lease, e.g., term, country, currency and collateral.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance costs. The finance costs are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

To optimise lease costs during the contract period, the Company sometimes provides residual value guarantees in relation to equipment leases. The Company initially estimates and recognises amounts expected to be payable under residual value guarantees as part of the lease liability. Typically, the expected residual value at lease commencement is equal to or higher than the guaranteed amount, and so the Company does not expect to pay anything under the guarantees. At the end of each reporting period, the expected residual values are reviewed, and adjusted if appropriate, to reflect actual residual values achieved on comparable assets and expectations about future prices.

Income taxes

Income taxes have been provided in the consolidated financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge comprises current tax and deferred tax and is recognised in profit or loss for the year unless it relates to transactions that are recognised, in the same or a different period, in other comprehensive income or directly in equity.

Current tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxes other than on income are recorded within operating expenses.

Deferred income tax is provided using the liability method for tax loss carry forwards and on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period which are expected to apply to the period when the temporary differences will be reversed, or the tax loss carry forwards will be utilised. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority and within the individual entity of the Company. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

3 Significant Accounting Policies (Continued)

The Company's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period.

Value added tax

The tax authorities permit the settlement of sales and purchases value added tax ("VAT") on a net basis.

VAT payable

VAT payable represents VAT related to sales net of VAT on purchases which have been settled at the reporting date. Following the updates in Tax Code of Azerbaijan Republic, starting from 1 January 2020, VAT related to sales is payable to tax authorities upon receipt of payment. Where ECL has been recognized for impairment of receivables, impairment charge is recorded for the gross amount of the receivable, including VAT where applicable. The related VAT payable is maintained until the receivable is written off for tax purposes.

VAT related to sales, which has already been collected from the clients and VAT related to purchases, which has already been settled, is recognized in the statement of financial position on a net basis and disclosed as an asset or liability. VAT related to sales which have not been settled at the reporting date (VAT accrual) is also included in VAT payable.

VAT recoverable

VAT recoverable relates to purchases which have not been settled at the consolidated statement of financial position date. VAT recoverable is reclaimable against VAT on sales upon payment for the purchases.

Inventories

Inventories are recorded at the lower of cost and net realisable value. Cost of inventory is determined on the weighted average cost basis ("AVCO"). Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

Prepayments

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company. Other prepayments are written off to profit or loss when the services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss for the year.

Provisions for liabilities and charges

Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense within finance costs.

Levies and charges, such as taxes other than income tax or regulatory fees based on information related to a period before the obligation to pay arises, are recognised as liabilities when the obligating event that gives rise to pay a levy occurs, as identified by the legislation that triggers the obligation to pay the levy. If a levy is paid before the obligating event, it is recognised as a prepayment.

3 Significant Accounting Policies (Continued)

Revenue recognition

Revenue is income arising in the course of the Company's ordinary activities. Revenue is measured based on the fair value of consideration to which the Company expects to be entitled in a contract with a customer. Consideration is considered as capital and operating expenditures incurred during the period of the services rendered plus 5% mark-up. The Company recognizes revenue when it transfers control of a service to a customer. The Company participates as principal in the service provision process and recognize revenue on a gross basis. Revenue is measured at the fair value of the consideration received, or receivable, taking into account contractually defined terms of payment and excluding discounts, returns, taxes or duty.

Contracts with customers

Contract assets

The Company records contract assets for all revenue contracts when recognized revenue exceeds progress billings. The contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

Contract liabilities

The Company records contract liabilities for all contracts when progress billings exceed recognised revenue. Contract liabilities are recognised as revenue when the performance obligation of the Company satisfies under the contract.

Transactions with related parties

For the purposes of financial statements, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Employee benefits

Wages, salaries, contributions to the State Social Protection Fund and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits (such as health insurance and catering services) are accrued in the year in which the associated services are rendered by the employees of the Company. The Company has no legal or constructive obligation to make pension or similar benefit payments beyond the payments to the statutory defined contribution scheme.

4 Critical Accounting Estimates and Judgements In Applying Accounting Policies

The Company makes estimates and assumptions that affect the amounts recognised in the financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Deferred tax recognition. The recognised deferred tax assets represent income taxes recoverable through future deductions from taxable profits and are recorded in the statement of financial position. Deferred income tax assets are recorded to the extent that realisation of the related tax benefit is probable. This includes temporary difference expected to reverse in the future and the availability of sufficient future taxable profit against which the deductions can be utilised. The future taxable profits and the amount of tax benefits that are probable in the future are based on the medium-term business plan prepared by management and extrapolated results thereafter. The business plan is based on management expectations that are believed to be reasonable under the circumstances.

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

Initial recognition of related party transactions. In the normal course of business, the Company enters into transactions with its related parties. IFRS 9 requires initial recognition of financial instruments based on their fair values. Judgement is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analyses. Terms and conditions of related party balances are disclosed in Note 7.

ECL measurement. Measurement of ECLs is a significant estimate that involves determination methodology, models and data inputs. Details of ECL measurement methodology are disclosed in Note 21. The Company regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

Useful lives of property and equipment. The estimation of the useful lives of items of property and equipment is a matter of judgment based on the experience with similar assets. The future economic benefits embodied in the assets are consumed principally through use. However, other factors, such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets. Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Company. The following primary factors are considered: (a) the expected usage of the assets; (b) the expected physical wear and tear, which depends on operational factors and maintenance programme; and (c) the technical or commercial obsolescence arising from changes in market conditions.

Extension and termination options. Extension and termination options are included in a number of property and equipment leases across the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of apartments and vehicles, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in offices and vehicles leases have not been included in the lease liability, because the Company could replace the assets without significant cost or business disruption.

5 Adoption of New or Revised Standards and Interpretations

The following amendments became effective from 1 January 2022:

Proceeds before Intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022)

5 Adoption of New or Revised Standards and Interpretations (Continued)

- The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The proceeds from selling such items, together with the costs of producing them, are now recognised in profit or loss. An entity will use IAS 2 to measure the cost of those items. Cost will not include depreciation of the asset being tested because it is not ready for its intended use. The amendment to IAS 16 also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. An asset might therefore be capable of operating as intended by management and subject to depreciation before it has achieved the level of operating performance expected by management.
- The amendment to IAS 37 clarifies the meaning of 'costs to fulfil a contract'. The amendment explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract; and an allocation of other costs that relate directly to fulfilling. The amendment also clarifies that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract.
- IFRS 3 was amended to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. Prior to the amendment, IFRS 3 referred to the 2001 Conceptual Framework for Financial Reporting. In addition, a new exception in IFRS 3 was added for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37 or IFRIC 21, rather than the 2018 Conceptual Framework. Without this new exception, an entity would have recognised some liabilities in a business combination that it would not recognise under IAS 37. Therefore, immediately after the acquisition, the entity would have had to derecognise such liabilities and recognise a gain that did not depict an economic gain. It was also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.
- The amendment to IFRS 9 addresses which fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to either third parties or the lender. Under the amendment, costs or fees paid to third parties will not be included in the 10% test.
- Illustrative Example 13 that accompanies IFRS 16 was amended to remove the illustration of payments from the lessor relating to leasehold improvements. The reason for the amendment is to remove any potential confusion about the treatment of lease incentives.
- IFRS 1 allows an exemption if a subsidiary adopts IFRS at a later date than its parent. The subsidiary can measure its assets and liabilities at the carrying amounts that would be included in its parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. IFRS 1 was amended to allow entities that have taken this IFRS 1 exemption to also measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. The amendment to IFRS 1 extends the above exemption to cumulative translation differences, in order to reduce costs for first-time adopters. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.
- The requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41 was removed. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

The application of the amendments had no significant impact on the Company's financial statements.

6 New Accounting Pronouncements

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2023 or later, and which the Company has not early adopted.

Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023). The amendments to IAS 12 specify how to account for deferred tax on transactions such as leases and decommissioning obligations. In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations – transactions for which both an asset and a liability are recognised. The amendments clarify that the exemption does not apply and that entities are required to recognise deferred tax on such transactions. The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

Classification of liabilities as current or non-current – Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022). These narrow scope amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. The right to defer only exists if the entity complies with any relevant conditions as of the end of the reporting period. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument.

Classification of liabilities as current or non-current, deferral of effective date – Amendments to IAS 1 (issued on 15 July 2020 and effective for annual periods beginning on or after 1 January 2023). The amendment to IAS 1 on classification of liabilities as current or non-current was issued in January 2020 with an original effective date 1 January 2022. However, in response to the Covid-19 pandemic, the effective date was deferred by one year to provide companies with more time to implement classification changes resulting from the amended guidance.

Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023). The amendment to IAS 8 clarified how companies should distinguish changes in accounting policies from changes in accounting estimates.

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023). IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment provided the definition of material accounting policy information. The amendment also clarified that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. The amendment provided illustrative examples of accounting policy information that is likely to be considered material to the entity's financial statements. Further, the amendment to IAS 1 clarified that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support this amendment, IFRS Practice Statement 2, 'Making Materiality Judgements' was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the company's financial statements.

7 Balances and Transactions with Related Parties

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

At 31 December 2022, the outstanding balances with related parties were as follows:

In Azerbaijani Manats	Shareholders	Entities under common control
Gross amount of trade receivables	114,046	378,170
Allowance for receivables	-	(7,063)
Trade and other payables	(911,200)	(18,781)
Right-of-use asset	1,429,443	-
Lease liability	(1,628,188)	-

The income and expense items with related parties for the year ended 31 December 2022 were as follows:

In Azerbaijani Manats	Shareholders	Entities under common control
Revenue from services rendered	-	363,684
Revenue from sale of goods	-	7,566
Materials and components used	-	(9,700)
Professional services fees	-	(75,000)
Depreciation charge	(476,481)	-
Finance costs	(211,634)	-

At 31 December 2021, the outstanding balances with related parties were as follows:

In Azerbaijani Manats	Shareholders	Entities under common control
Gross amount of trade receivables	114,046	136,887
Allowance for receivables	-	(7,063)
Trade and other payables	(301,887)	(19,496)
Right-of-use asset	1,904,069	-
Lease liability	(2,002,158)	-

The income and expense items with related parties for the year ended 31 December 2021 were as follows:

In Azerbaijani Manats	Shareholders	Entities under common control
Revenue from services rendered	79,083	152,899
Revenue from sale of goods	12,047	61,223
Materials and components used	(643,200)	-
Professional services fees	-	(25,104)
Depreciation charge	(462,082)	-
Finance costs	(205,634)	-

Key management compensation. Key management includes the General Director and the Head of Valve Maintenance Division.

Key management compensation is presented below:

In Azerbaijani Manats	2022 Expense	2021 Expense
Salary	543,514	523,367
Contributions to state pension fund	43,515	38,872
Total key management compensation	**587,029**	**562,239**

8 Property and Equipment

Movements in the carrying amount of property and equipment were as follows:

In Azerbaijani Manats	Machinery and equipment	Computers and office equipment	Leasehold Improvement	Total
Cost at 1 January 2021	436,545	63,558	149,905	650,008
Accumulated depreciation	(302,465)	(34,439)	(149,905)	(486,809)
Carrying amount at 1 January 2021	**134,080**	**29,119**	**-**	**163,199**
Additions	1,705	16,538	-	18,243
Depreciation charge	(74,945)	(17,444)	-	(92,389)
Carrying amount at 31 December 2021	**(73,240)**	**(906)**	**-**	**(74,146)**
Cost at 31 December 2021	438,250	80,096	149,905	668,251
Accumulated depreciation	(377,410)	(51,883)	(149,905)	(579,198)
Carrying amount at 1 January 2022	**60,840**	**28,213**	**-**	**89,053**
Additions	15,648	15,561	-	31,209
Depreciation charge	(37,996)	(15,368)	-	(53,364)
Carrying amount at 31 December 2022	**38,492**	**28,406**	**-**	**66,898**
Cost at 31 December 2022	453,898	95,657	149,905	699,460
Accumulated depreciation	(415,406)	(67,251)	(149,905)	(632,562)
Carrying amount at 31 December 2022	**38,492**	**28,406**	**-**	**66,898**

9 Right-of-Use Assets and Lease Liabilities

The Company leases apartments, warehouse, and vehicles. Rental contracts are typically made for fixed periods of 12 months but may have extension options as described below.

In Azerbaijani Manats	Warehouse	Vehicles	Total
Carrying amount at 1 January 2021	**1,277,072**	**381,017**	**1,658,089**
Modification	1,033,337	-	1,033,337
Depreciation charge	(462,082)	(76,203)	(538,285)
Carrying amount at 31 December 2021	**1,848,327**	**304,814**	**2,153,141**
Modification	57,596	4,700	62,296
Depreciation charge	(476,481)	(77,378)	(553,859)
Carrying amount at 31 December 2022	**1,429,442**	**232,136**	**1,661,578**

9 Right-of-Use Assets and Lease Liabilities (Continued)

The Company recognised lease liabilities as follows:

In Azerbaijani Manats	31 December 2022	31 December 2021
Current lease liabilities	567,557	499,886
Non-current lease liabilities	1,347,185	1,859,990
Total lease liabilities	**1,914,742**	**2,359,876**

Interest expense included in finance costs of 2022 was AZN 248,871. (2021: AZN 312,789).

Total cash outflow for leases in 2022 was AZN 756,372 (2021: AZN 454,485).

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as collateral for borrowings.

Extension and termination options are included in a number of property and equipment leases across the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

10 Inventories

In Azerbaijani Manats	2022	2021
Goods in transit	399,872	589,411
Goods for resale	5,075	22,644
Consumables	30,956	13,121
Total inventories at 31 December	**435,903**	**625,176**

11 Trade and Other Receivables

In Azerbaijani Manats	2022	2021
Trade receivables	2,760,805	1,621,278
Less credit loss allowance	(51,560)	(51,560)
Total financial assets within trade and other receivables	**2,709,245**	**1,569,718**
VAT recoverable	524,145	213,957
Total trade and other receivables at 31 December	**3,233,390**	**1,783,675**

Trade receivables of AZN 1,413,567 (2021: AZN 169,399) net of credit loss allowance is denominated in foreign currency.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2022 or 31 December 2021 respectively. On that basis, the loss allowance as at 31 December 2022 and 31 December 2021 was determined as follows for trade receivables from customers. The expected credit losses are calculated as the difference between the expected future cash flows and the present value of expected cash flows discounted by the asset's refinancing rate.

11 Trade and Other Receivables (Continued)

In Azerbaijani Manats	31 December 2022 Gross carrying Amount	31 December 2021 Gross carrying Amount
Trade receivables		
- current	1,321,571	702,079
- less than 30 days overdue	880,995	652,422
- 30 to 60 days overdue	289,386	161,468
- 61 to 90 days overdue	58,051	39,248
- 91 to 180 days overdue	29,903	15,087
- 181 to 360 days overdue	66,853	26,931
- over 360 days overdue	114,046	24,043
Less credit loss allowance	(51,560)	(51,560)
Net carrying value	**2,709,245**	**1,569,718**

The following table explains the changes in the credit loss allowance for trade receivables under simplified ECL model between the beginning and the end of the annual period:

In Azerbaijani Manats	2022	2021
Allowance for credit losses on trade receivables at 1 January	**51,560**	**36,653**
New originated	-	14,907
Total credit loss allowance charge in profit or loss for the period	-	14,907
Allowance for credit losses on trade receivables at 31 December	**51,560**	**51,560**

12 Prepayments

In Azerbaijani Manats	2022	2021
Advances to suppliers	102,227	249,150
Prepayment for other taxes	-	141,806
Total prepayments	**102,227**	**390,956**

Movements in prepayments are as follows:

In Azerbaijani Manats	Prepayments for services	Other prepayments	Total
Carrying value at 1 January 2021	**210,536**	**30,859**	**241,395**
Additions	706,856	840,559	1,547,415
Prepayments on receipt of related goods or services	(668,242)	(729,612)	1,397,854
Translation to presentation currency	-	-	-
Total prepayments at 31 December 2021	**249,150**	**141,806**	**390,956**
Additions	1,716,513	767,087	2,483,600
Prepayments derecognised on receipt of related goods or services	(1,863,436)	(908,893)	(2,772,329)
Translation to presentation currency			
Total prepayments at 31 December 2022	**102,227**	**-**	**102,227**

13 Cash and Cash Equivalents

In Azerbaijani Manats	2022	2021
Bank balances payable on demand	945,985	454,077
Total cash and cash equivalents at 31 December	**945,985**	**454,077**

The table below discloses the credit quality of cash and cash equivalents balances based on credit risk grades at 31 December 2022. Refer to Note 21 for the description of the Company's credit risk grading system.

In Azerbaijani Manats	Bank balances payable on demand
- Good	945,985
Total cash and cash equivalents, excluding cash on hand	**945,985**

The table below discloses the credit quality of cash and cash equivalents balances based on credit risk grades at 31 December 2021. Refer to Note 21 for the description of the Company's credit risk grading system.

In Azerbaijani Manats	Bank balances payable on demand
- Good	454,077
Total cash and cash equivalents, excluding cash on hand	**454,077**

14 Share Capital

The total authorised number of ordinary shares is 100 shares (2021: 100 shares) with a par value of AZN 1 per share (2021: AZN 1 per share). All issued ordinary shares are fully paid. Each ordinary share carries one vote.

The structure of the share capital is presented in Note 1.

15 Trade and Other Payables

In Azerbaijani Manats	2022	2021
Trade payables	1,895,785	895,029
Total financial payables within trade and other payables at AC	**1,895,785**	**895,029**
Accrued employee benefit costs	351,967	234,823
Advance received from third party	-	87,706
Taxes other than income tax payable	56,832	25,819
Total other payables	**408,799**	**348,348**
Trade and other payables at 31 December	**2,304,584**	**1,243,377**

Refer to Note 23 for disclosure of the fair value of each class of other financial liabilities.

16 Revenue from Contracts with Customers

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

In Azerbaijani Manats	2022	2021
Valve repair and maintenance services	4,918,313	3,379,918
Sale of goods	3,481,097	3,715,313
Total revenue from contracts with customers	**8,399,410**	**7,095,231**

Revenue from provision of services is mainly generated from providing of valve maintenance, valve facility management and valve stock management services to British Petroleum (BP) in Azerbaijan. The contract with BP was signed in August 2020 for five years. This service line represents valve repair and maintenance services provided mainly to "Azerbaijan International Operating Company" and "BP Exploration (Shah Deniz) Limited".

Revenue from sale of goods is generated from sale of oilfield equipment and inventory mainly to "Azerbaijan International Operating Company" and "BP Exploration (Shah Deniz) Limited".

Timing of revenue recognition is as follows:

In Azerbaijani Manats	2022	2021
At a point in time	3,481,097	3,715,313
Over time	4,918,313	3,379,918
Total revenue from contracts with customers	**8,399,410**	**7,095,231**

17 Cost of Sales

In Azerbaijani Manats	2022	2021
Labour cost	2,662,816	2,482,135
Subcontracting costs	216,824	49,232
Materials and components used	103,517	80,635
Depreciation	27,162	61,480
Rent expenses	-	10,096
Other	19,133	18,550
Total cost of services	**3,029,452**	**2,702,128**
Cost of goods for resale	3,139,643	2,543,595
Total cost of sales and services	**6,169,095**	**5,245,723**

Included in labour costs are statutory pension contributions of AZN 469,981 (2021: AZN 362,184).

18 Administrative and Other Operating Expenses

In Azerbaijani Manats	2022	2021
Depreciation and amortisation	580,066	569,194
Staff Cost	444,723	127,832
Professional services fees	117,850	51,074
Bank charges	89,101	85,534
Business trip expenses	82,379	40,219
Insurance	45,808	38,561
Catering services	36,622	25,585
Communication expenses	16,042	12,978
Net impairment losses on financial assets	-	14,907
Other expenses	75,573	71,801
Total general and administrative expenses	**1,488,164**	**1,037,685**

Included in staff costs are statutory pension contributions of AZN 72,100 (2021: AZN 26,129).

19 Income Taxes

(a) Components of income tax expense

Income tax expense recorded in profit or loss comprises the following:

In Azerbaijani Manats	2022	2021
Current tax	129,995	154,465
Deferred tax	(47,182)	(34,481)
Income tax expense for the year	**82,813**	**119,984**

(b) Reconciliation between the tax expense and profit or loss multiplied by applicable tax rate

The income tax rate applicable to the majority of the Company's 2022 and 2021 income is 20%. A reconciliation between the expected and the actual taxation charge is provided below.

In Azerbaijani Manats	2022	2021
Profit before tax	**333,827**	**515,130**
Theoretical tax charge at statutory rate of 20%:	66,765	103,026
Tax effect of items which are not deductible or assessable for taxation purposes:		
- Non-deductible expenses	16,048	16,958
Income tax expense for the year	**82,813**	**119,984**

19 Income Taxes (Continued)

(c) Deferred taxes analysed by type of temporary difference

Differences between IFRS and statutory taxation regulations in Azerbaijan give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below.

In Azerbaijani Manats	31 December 2021	Charged/ (credited) to profit or loss	31 December 2022
Tax effect of deductible/(taxable) temporary differences and tax loss carry forwards			
Difference between tax and accounting value of Property and equipment (different tax depreciation)	19,744	10,180	29,924
Trade and other receivables	2,277	-	2,277
Trade and other payables	42,776	(52,244)	(9,469)
Lease liabilities	(155,753)	(101,500)	(257,253)
Right-of-use assets	197,099	110,772	307,871
Cash and cash equivalents	2,345	-	2,345
Inventories	8,336	79,974	88,310
Net deferred tax asset	**116,825**	**47,182**	**164,007**
Recognised deferred tax asset	272,578	200,926	430,728
Recognised deferred tax liability	(155,753)	(153,745)	(266,721)
Net deferred tax asset	**116,825**	**47,182**	**164,007**

The tax effect of the movements in the temporary differences for the year ended 31 December 2021 are:

In Azerbaijani Manats	31 December 2020	Charged/ (credited) to profit or loss	31 December 2021
Tax effect of deductible/(taxable) temporary differences and tax loss carry forwards			
Difference between tax and accounting value of Property and equipment (different tax depreciation)	10,173	9,571	19,744
Trade and other receivables	(704)	2,981	2,277
Trade and other payables	50,468	(7,692)	42,776
Lease liabilities	(67,036)	(88,717)	(155,753)
Right-of-use assets	89,442	107,657	197,099
Cash and cash equivalents	-	2,345	2,345
Inventories	-	8,336	8,336
Net deferred tax asset	**82,343**	**34,482**	**116,825**
Recognised deferred tax asset	150,083	130,891	272,578
Recognised deferred tax liability	(67,740)	(96,409)	(155,753)
Net deferred tax asset	**82,343**	**34,482**	**116,825**

20 Contingencies and Commitments

Legal proceedings. During the period ended 31 December 2022, the Company was not involved in any legal proceedings and no legal claims were brought against the Company.

Tax contingencies. The taxation system in Azerbaijan is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decision, which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by various level of authorities, which have authority to impose severe fines and penalty interest charges. A tax year generally remains open for review by the tax authorities for three subsequent calendar years; however, under certain circumstances a tax year may remain open longer.

These circumstances may create tax risks in Azerbaijan that are more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

Capital expenditure commitments. At 31 December 2022 the Company has no contractual capital expenditure commitments in respect of property and equipment (31 December 2021: nil).

21 Financial Risk Management

The risk management function within the Company is carried out with respect to financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risks), credit risk and liquidity risk. The primary function of financial risk management is to establish risk limits and to ensure that any exposure to risk stays within these limits. The operational and legal risk management functions are intended to ensure the proper functioning of internal policies and procedures in order to minimise operational and legal risks.

Credit risk. The Company exposes itself to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation.

Exposure to credit risk arises as a result of the Company's lending and other transactions with counterparties, giving rise to financial assets and off-balance sheet credit-related commitments.

The Company's maximum exposure to credit risk is reflected in the carrying amounts of financial assets in the statement of financial position.

Credit risk management. Credit risk is the single largest risk for the Company's business; management therefore carefully manages its exposure to credit risk.

The estimation of credit risk for risk management purposes is complex and involves the use of models, as the risk varies depending on market conditions, expected cash flows and the passage of time. The assessment of credit risk for a portfolio of assets entails further estimations of the likelihood of defaults occurring, the associated loss ratios and default correlations between counterparties.

Limits. The Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Limits on the level of credit risk by product and industry sector are approved regularly by management. Such risks are monitored on a revolving basis and are subject to an annual, or more frequent, review.

Credit risk grading system. For measuring credit risk and grading financial instruments by the amount of credit risk, the Company applies an approach based on risk grades estimated by external international rating agencies (Standard & Poor's – "S&P", Fitch, Moody's). External credit ratings are mapped on an internally defined master scale with a specified range of probabilities of default as disclosed in the table below:

21 Financial Risk Management (Continued)

Master scale credit risk grade	Corresponding ratings of external international rating agencies (S&P)	Corresponding PD interval
Excellent	AAA to BB+	0,01% – 0,5%
Good	BB to B+	0,51% – 3%
Satisfactory	B, B-	3% – 10%
Special monitoring	CCC+ to CC-	10% – 99,9%
Default	C, D-I, D-II	100%

Each master scale credit risk grade is assigned a specific degree of creditworthiness:

- *Excellent* – strong credit quality with low expected credit risk;
- *Good* – adequate credit quality with a moderate credit risk;
- *Satisfactory* – moderate credit quality with a satisfactory credit risk;
- *Special monitoring* – facilities that require closer monitoring and remedial management; and
- *Default* – facilities in which a default has occurred.

The rating models are regularly reviewed by management, back tested on actual default data and updated, if necessary. Despite the method used, the Company regularly validates the accuracy of ratings estimates and appraises the predictive power of the models.

External ratings are assigned to counterparties by independent international rating agencies, such as S&P, Moody's and Fitch. These ratings are publicly available.

Expected credit loss (ECL) measurement. The Company's trade receivables are primarily consisting of: a) receivables from sale of goods; and b) receivables from rendering of services.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2022 or 31 December 2021 respectively. On that basis, the loss allowance as at 31 December 2022 and 31 December 2021 was determined as follows for trade receivables from customers. The expected credit losses are calculated as the difference between the expected future cash flows and the present value of expected cash flows discounted by the asset's refinancing rate.

Staging. For account receivable portfolio, IFRS 9 allows to use practical expedient by classifying such non-defaulted assets to stage 2 and not to perform staging process. Therefore, receivables are classified to either Stage 3 (when the conditions of default are met) or Stage 2 (when a given asset may be treated as non-defaulted) and thus always provisioned in lifetime perspective.

Impairment losses on trade receivables is presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Forward-looking approach for simplified approach for trade receivables. Due dates for trade receivables of the Company are short-term. The long-term macroeconomic development does not play significant role in shaping risk profile in the segments. Therefore, no forward-looking adjustment is implemented for accounts receivables.

The Company regularly reviews its methodology and assumptions to reduce any difference between the estimates and the actual loss of credit. Such back testing is performed at least once a year.

The results of back testing the ECL measurement methodology are communicated to management and further steps for tuning models and assumptions are defined after discussions between authorised persons.

Market risk. The Company takes on exposure to market risks. Market risks arise from open positions in (a) currency, (b) interest rates, all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

21 Financial Risk Management (Continued)

Currency risk. In respect of currency risk, management sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

The table below summarises the Company's exposure to foreign currency exchange rate risk at the end of the reporting period:

	At 31 December 2022			At 31 December 2021		
In Azerbaijani Manats	Monetary financial assets	Monetary financial liabilities	Net position	Monetary financial assets	Monetary financial liabilities	Net position
Azerbaijani Manats	1,532,031	(2,964,915)	(1,432,884)	1,543,877	(2,819,749)	(1,275,872)
Pound Sterling	1,022,248	(468,517)	553,731	252,766	(406,309)	(153,543)
Euros	506,805	(339,616)	167,189	111,986	(27,483)	84,503
US Dollars	594,146	(37,479)	556,667	115,165	(1,364)	113,801
Total	**3,655,230**	**(3,810,527)**	**(155,297)**	**2,023,794**	**(3,254,905)**	**(1,231,111)**

The above analysis includes only monetary assets and liabilities. Non-monetary assets are not considered to give rise to any material currency risk.

The following table presents sensitivities of profit or loss and equity to reasonably possible changes in exchange rates applied at the end of the reporting period relative to the functional currency of the respective Company entities, with all other variables held constant:

	At 31 December 2022	At 31 December 2021
In Azerbaijani Manats	Impact on profit or loss	Impact on profit or loss
Pound Sterling strengthening by 20% (2022: strengthening by 20%)	110,761	(30,709)
Pound Sterling weakening by 20% (202: weakening by 20%)	(110,761)	30,709
Euro strengthening by 20% (2022: strengthening by 20%)	33,438	16,901
Euro weakening by 20% (2022: weakening by 20%)	(33,438)	(16,901)
US Dollar strengthening by 20% (2022: strengthening by 20%)	111,333	22,760
US Dollar weakening by 20% (2022: weakening by 20%)	(111,333)	(22,760)

The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the respective entity of the Company.

Interest rate risk. The Company does not have floating interest rate financial instruments. However, interest margins may increase once there is a need to negotiate new credit facilities.

Liquidity risk. Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to daily calls on its available cash resources. Liquidity risk is managed by the management of the Company. Management monitors monthly rolling forecasts of the Company's cash flows.

The Company seeks to maintain a stable funding base primarily consisting of borrowings, trade and other payables. The Company invests the funds in diversified portfolios of liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements. The Company's liquidity portfolio comprises cash and cash equivalents (Note 13).

The table below shows liabilities at 31 December 2021 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount included in the statement of financial position because the statement of financial position amount is based on discounted cash flows.

When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the reporting period. Foreign currency payments are translated using the spot exchange rate at the end of the reporting period.

21 Financial Risk Management (Continued)

The maturity analysis of financial liabilities at 31 December 2022 is as follows:

In Azerbaijani Manats	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 12 months to 5 years	Total
Liabilities					
Lease liabilities (Note 9)	(63,031)	(126,062)	(567,279)	(1,512,744)	(2,269,116)
Trade payables (Note 15)	(1,895,785)	-	-	-	(1,895,785)
Total future payments, including future principal and interest payments	**(1,958,816)**	**(126,062)**	**(567,279)**	**(1,512,744)**	**(4,164,901)**

The maturity analysis of financial liabilities at 31 December 2021 is as follows:

In Azerbaijani Manats	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 12 months to 5 years	Total
Liabilities					
Lease liabilities (Note 9)	(63,031)	(189,093)	(567,279)	(2,328,688)	(3,148,091)
Trade payables (Note 15)	(895,029)	-	-	-	(895,029)
Total future payments, including future principal and interest payments	**(958,060)**	**(189,093)**	**(567,279)**	**(2,328,688)**	**(4,043,120)**

22 Management of Capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The amount of capital that the Company managed as of 31 December 2022 was AZN 2,109 thousand (2021: AZN 1,857 thousand).

23 Fair Value Disclosures

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

23 Fair Value Disclosures (Continued)

Assets and liabilities not measured at fair value but for which fair value is disclosed

Fair values analysed by level in the fair value hierarchy and the carrying value of assets and liabilities not measured at fair value are as follows:

	31-Dec-22			31-Dec-21		
In Azerbaijani Manats	Level 1 fair value	Level 2 fair value	Carrying value	Level 1 fair value	Level 2 fair value	Carrying value
Assets						
Financial assets at AC						
- Cash and cash equivalents	945,985	-	945,985	454,077	-	454,077
- Trade receivables	-	2,709,245	2,709,245	-	1,569,718	1,569,718
Total Assets	**945,985**	**2,709,245**	**3,655,230**	**454,077**	**1,569,718**	**2,023,795**

	31-Dec-22		31-Dec-21	
In Azerbaijani Manats	Level 2 fair value	Carrying value	Level 2 fair value	Carrying value
LIABILITIES				
- Trade payables	(1,895,785)	(1,895,785)	(895,029)	(895,029)
- Lease liabilities	(2,269,116)	(2,269,116)	(2,359,876)	(2,359,876)
Total LIABILITIES	**(4,164,901)**	**(4,164,901)**	**(3,254,905)**	**(3,254,905)**

The fair values in level 2 and level 3 of the fair value hierarchy were estimated using the discounted cash flows valuation technique.

24 Presentation of Financial Instruments by Measurement Category

For the purposes of measurement, IFRS 9 "Financial Instruments" classifies financial assets into the following categories: (a) financial assets at FVTPL; (b) debt instruments at FVOCI, (c) equity instruments at FVOCI and (c) financial assets at AC. Financial assets at FVTPL have two sub-categories: (i) assets mandatorily measured at FVTPL, and (ii) assets designated as such upon initial recognition. In addition, finance lease receivables form a separate category.

As of 31 December 2022, and 31 December 2021, all the Company's financial assets and liabilities were carried at AC.

25 Events after the Reporting Period

Impact of sanctions from Russia - Ukraine conflict. Since February 2022, numerous sanctions have been announced by majority of western countries against the Russian Federation due to the conflict between the Russian Federation and Ukraine. These sanctions are expected to have certain negative economic impact on the Russian Federation. As of the date of these financial statements, the Company's total exposure to Russian markets was immaterial. The Company's management is thoroughly monitoring the economic situation in the current environment and taking precautionary measures to manage associated risks.