Petrochem Group LLC, Petrochem Performance Products LLC and Petrochem Kazakhstan LLP

Consolidated Financial Statements
For the year ended 31 December 2022

Petrochem Group LLC, Petrochem Performance Products LLC and Petrochem Kazakhstan LLP
Consolidated financial statements

For the year ended 31 December 2022

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Directors' report

The Directors submit their report for the year ended 31 December 2022.

1. Review of activities

Main business and operations

Petrochem Group LLC is mainly engaged in production of chemicals, sales of lubricants, agency activities for the sales of different goods, distribution, import and export of chemical products and provision of other services.

Petrochem Performance Products LLC is mainly engaged in sale, marketing and production of chemicals and associated products including equipment systems as well as provision of related services to the upstream oil and gas sector in the Republic of Azerbaijan.

Petrochem Kazakhstan LLP was mainly engaged in sales of lubricants, import and export of chemical products and provision of other services. This company was disposed off during the current year.

Petrochem Group LLC, Petrochem Performance Products LLC and Petrochem Kazakhstan LLP are together referred to as the "Group".

Consolidated operating results and consolidated statement of financial position of the Group are fully set out in the attached consolidated financial statements. The consolidated net profit after tax for the current year is USD 909,498 (2021: USD 1,743,705).

2. Directors

The Director of Petrochem Group LLC during the year and to the date of this report is Mr. Ahad Aliyev.

The Director of Petrochem Performance Products LLC is Mr. Elshad Ganiyev.

3. Auditors

Grant Thornton were appointed as auditors of the Group for the year ended 31 December 2022 and being eligible, have offered themselves for re-appointment. The Directors have proposed their appointment as auditors of the Group for the year ending 31 December 2023.

These consolidated financial statements for the year ended 31 December 2022 (including comparatives) were approved on 12 May 2023 and signed by:

On behalf of the Management Board:

Mr. Ahad Aliyev	**Mr. Rauf Farzaliyev**
(Director)	**(Chief Accountant)**

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petrochem group

Independent auditor's report
To the Shareholders of Petrochem Group LLC and its subsidiaries

Report on the Consolidated Financial Statements

Qualified opinion

We have audited the accompanying consolidated financial statements of Petrochem Group LLC and its subsidiaries (the "Group") which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the basis for qualified opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for qualified opinion

We were not appointed as auditors of the Group until after 31 December 2019 and thus did not observe the counting of physical inventories at that reporting date. We were unable to satisfy ourselves by alternative means concerning the inventory quantities and valuation held as at 31 December 2019, which are stated in the consolidated statement of financial position as at USD 1,971,894. As a result of this matter, we were unable to determine whether any adjustments might have been necessary in respect of recorded or unrecorded inventory, and elements making up the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows.

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the requirements of the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for qualified our opinion.

Emphasis of matter paragraph

As mentioned in note 1 to the consolidated financial statements, we have audited Petrochem Group LLC, Petrochem Performance Products LLC and Petrochem Kazakhstan LLP separately under the accounting framework "International Financial Reporting Standard", however results and operations of these entities are consolidated for management's purposes, investors and for lenders only.

Independent auditor's report (continued)
To the Shareholders of Petrochem Group LLC and its subsidiaries

Responsibilities of the Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group' internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group' audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

GRANT THORNTON
Baku, Azerbaijan Republic

12 May 2023

Consolidated statement of financial position
At 31 December 2022

	Notes	2022 USD	2021 USD
ASSETS			
Non-current assets			
Property, plant, equipment and right-of-use assets	5	**3,479,122**	3,659,599
Intangible assets	6	**13,736**	14,930
Deferred tax asset	21	**258,440**	260,767
		3,751,298	3,935,296
Current assets			
Inventories	7	**2,322,351**	2,055,927
Trade and other receivables	8	**1,635,968**	2,110,906
Amounts due from related parties	9	**515,782**	584,540
Loan to a related party	9	**-**	37,000
Cash and cash equivalents	10	**1,877,913**	1,417,953
		6,352,014	6,206,326
TOTAL ASSETS		**10,103,312**	10,141,622
EQUITY AND LIABILITIES			
Equity			
Charter capital	11	**3,964,806**	3,964,806
Treasury shares	11	**(5,000,000)**	(5,000,000)
Translation reserves		**1,187,379**	651,352
Retained earnings		**231,103**	353,222
		383,288	(30,620)
Non-controlling interest		**4,015,071**	3,354,615
Total equity		**4,398,359**	3,323,995
LIABILITIES			
Non-current liabilities			
Borrowings	12	**2,666,317**	5,000,000
Lease liabilities	13	**39,705**	99,964
Total non-current liabilities		**2,706,022**	5,099,964
Current liabilities			
Borrowings	12	**1,216,005**	8,125
Lease liabilities	13	**34,570**	83,748
Trade and other payables	14	**1,724,532**	1,625,790
Loan from a related party	9	**23,824**	-
Total current liabilities		**2,998,931**	1,717,663
Total liabilities		**5,704,953**	6,817,627
TOTAL EQUITY AND LIABILITIES		**10,103,312**	10,141,622

These consolidated financial statements for the year ended December 31, 2022 were approved on 12 May 2023 and signed by:

«Petrokem Qrup» Məhdud Məsuliyyətli Cəmiyyəti
petrochem group

Mr. Ahad Aliyev
(Director)

Mr. Rauf Farzaliyev
(Chief Accountant)

The accompanying notes from 1 to 27 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income
For the year ended 31 December 2022

	Notes	2022 USD	[illegible] [illegible]
Revenue	15	12,303,632	10,606,1[illegible]
Cost of sales	16	(7,945,349)	(6,32[illegible]
GROSS PROFIT		4,358,283	4,2[illegible]
Marketing and distribution expenses	17	-	(2[illegible]
Administrative and general expenses	18	(2,411,652)	(2,69[illegible]
Loss on disposal of a subsidiary	1.1	(368,974)	-
Reclassification of translation reserve from other comprehensive income on disposal of a foreign operation		(536,027)	-
Exchange gain/(loss) – net		9,781	5,[illegible]
Other income – net	19	841,169	79[illegible]
PROFIT BEFORE INTEREST AND TAX		1,892,580	2,336,4[illegible]
Finance costs	20	(305,321)	(48,1[illegible]
PROFIT FOR THE YEAR BEFORE TAX		1,587,259	2,288,3[illegible]
Taxations:			
income tax expense	21	(675,434)	(605,2[illegible]
deferred tax (expense)/income	21	(2,327)	60,6[illegible]
PROFIT FOR THE YEAR		909,498	1,743,[illegible]
Other comprehensive income/(loss)			
Reclassification of translation reserve to profit and loss account on disposal of a foreign operation		536,027	-
Translation reserve		-	(3,8[illegible]
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,445,525	1,739,8[illegible]
Profit for the year attributable to:			
Owners of the Parent Company		543,567	1,34[illegible]
Non-controlling interest		365,931	396,2[illegible]
		909,498	1,743,[illegible]
Other comprehensive income/(loss) for the year attributable to:			
Owners of the Parent Company		536,027	(2,1[illegible]
Non-controlling interest		-	(1,7[illegible]
		536,027	(3,81[illegible]
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,445,525	1,739,88[illegible]

The accompanying notes from 1 to 27 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
For the year ended 31 December 2022

	Charter capital USD	Treasury shares USD	Translation reserves USD	Retained earnings USD	Total attributable to the owners of Parent USD	Non-controlling interest (NCI) USD	Total equity USD
At 31 December 2020	3,964,806	-	653,452	(269,969)	4,348,289	3,532,071	7,880,360
Profit for the year	-	-	-	1,347,430	1,347,430	396,275	1,743,705
Other comprehensive income	-	-	(2,100)	-	(2,100)	(1,718)	(3,818)
Total comprehensive income	-	-	(2,100)	1,347,430	1,345,330	394,557	1,739,887
Shares buy back	-	(5,000,000)	-	-	(5,000,000)	-	(5,000,000)
Dividend	-	-	-	(724,239)	(724,239)	(572,013)	(1,296,252)
At 31 December 2021	3,964,806	(5,000,000)	651,352	353,222	(30,620)	3,354,615	3,323,995
Profit for the year	-	-	-	**543,567**	**543,567**	**365,931**	**909,498**
Other comprehensive income	-	-	**536,027**	-	**536,027**	-	**536,027**
Total comprehensive income	-	-	**536,027**	**543,567**	**1,079,594**	**365,931**	**1,445,525**
NCI derecognized on disposal of a subsidiary	-	-	-	-	-	**665,945**	**665,945**
Dividend	-	-	-	**(665,686)**	**(665,686)**	**(371,420)**	**(1,037,106)**
At 31 December 2022	**3,964,806**	**(5,000,000)**	**1,187,379**	**231,103**	**383,288**	**4,015,071**	**4,398,359**

The accompanying notes from 1 to 27 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows
For the year ended 31 December 2022

	Notes	2022 USD	2021 USD
OPERATING ACTIVITIES			
Net profit before tax		**1,587,259**	2,288,316
Adjustments for non-cash and non-operating items:			
Depreciation of property, plant, equipment and right-of-use assets	5	**186,202**	235,524
Loss on disposal of a subsidiary	1.1	**368,974**	-
Translation reserve on disposal of a subsidiary		**536,027**	-
Amortization of intangible assets	6	**1,194**	1,324
Inventories written off during the year	18	**-**	73,490
Finance costs on lease liabilities	20	**11,670**	40,001
Finance costs on borrowing	20	**293,651**	8,125
Gain on disposal of property, plant and equipment	19	**-**	(992)
Reversal of provision for cash at banks	10	**-**	(169)
Reversal of provision for trade receivables	8	**-**	(4,944)
Provision for cash at banks	10	**7,961**	9,497
Trade receivables written off directly	18	**-**	7,023
Income arising on termination of lease contract	19	**(23,381)**	(2,355)
Provision for trade receivables	8	**6,998**	305,379
Net changes in working capital			
VAT deposit		**(40,483)**	489
Inventories		**(796,046)**	228,624
Trade and other receivables		**478,074**	(513,370)
Amounts due from a related party		**68,635**	(206,347)
Loan to a related party		**37,000**	-
Loan from a related party		**23,824**	-
Trade and other payables		**910,913**	548,349
		3,658,472	3,017,964
Income tax paid		**(675,434)**	(605,255)
Net cash generated from operating activities		**2,983,038**	2,412,709
INVESTING ACTIVITIES			
Purchase of property, plant and equipment excluding right-of-use assets		**(69,029)**	(101,376)
Proceed from disposal of property, plant and equipment		**11,237**	16,305
Net cash used in investing activities		**(57,792)**	(85,071)

Consolidated statement of cash flows
For the year ended 31 December 2022

	Notes	2022 USD	2021 USD
FINANCING ACTIVITIES			
Dividend paid		(1,037,106)	(1,296,252)
Share capital buy back		-	(5,000,000)
Proceeds from borrowings	12	-	5,008,125
Repayment of borrowings	12	(1,125,803)	(78,500)
Payment of lease liabilities		(41,248)	(111,831)
Finance costs paid		(293,651)	(8,125)
Net cash used in financing activities		(2,497,808)	(1,486,583)
Net change in cash and cash equivalents		427,438	841,055
Effect of exchange rates changes on cash and cash equivalents		-	(2,608)
Cash and cash equivalents, at the beginning of year		1,430,035	591,588
Cash and cash equivalents, at the end of year	10	1,857,473	1,430,035

1 Legal status and nature of the operations of the Group

Petrochem Group LLC (the "Company") was registered in the General department of National Revenues of the State Tax Service under the Ministry of Economy under the registration no. 1500220591 issued on 30 June 1993 as a limited liability company.

Petrochem Performance Products LLC was registered by the State Register of Commercial Legal Entities of the Ministry of Taxes of the Republic of Azerbaijan under the tax identification no. 1101584111 issued on 3 May 2017 as a limited company.

Petrochem Kazakhstan LLP was registered in the department of registration of rights for real estate and legal entities of the branch of NC JSC "State Corporation "Government for Citizens" in the Mangystau region under the registration no. 1 –290 issued on 27 February 2006 as a limited liability partnership.

The principal activity of Petrochem Group LLC is production of chemicals, sales of lubricants, agency activities for the sales of different goods, distribution, import and export of chemical products and provision of other services.

The principal business activities of the Petrochem Performance Products LLC are sale, marketing and production of chemicals and associated products including equipment systems as well as provision of related services to the upstream oil and gas sector in the Republic of Azerbaijan.

The principal activity of Petrochem Kazakhstan LLP was sales of lubricants, import and export of chemical products and provision of other services.

The registered office of the Petrochem Group LLC business as of 31 December 2022 was located at Matbuat Avenue 31, Yasamal district, AZ 1100, Baku, the Republic of Azerbaijan. This company has 26 employees as at 31 December 2022 (2021: 27).

The registered office of Petrochem Performance Products LLC as well as principal business place of the Petrochem Group LLC as of 31 December 2022 were located at House 8, Salyan highway 29th km, Garadagh district, AZ 1083, Baku, the Republic of Azerbaijan. This company has 25 employees as at 31 December 2022 (2021: 26).

The registered office and principal place of Petrochem Kazakhstan LLP as of 31 December 2022 was located at office 306, Building 61, Business Center "Zvezda Aktau", Mangistau region, Aktau, the Republic of Kazakhstan. The company was disposed off during the year. This company had 6 employees as at December 31, 2021.

Petrochem Group LLC is owned 35 % by Mr. Farkhad Aliyev and the Company has 65% treasury shares.

Petrochem Performance Products LLC is owned 51% by Petrochem Group LLC and 49% by Champion X Azerbaijan LLC.

Petrochem Kazakhstan LLP was owned 55% by Petrochem Group LLC and 45% by Lubricator LLP. The company was disposed off during the year.

Petrochem Group LLC, Petrochem Performance Products LLC and Petrochem Kazakhstan LLP are together referred to as the "Group".

These consolidated special purpose financial statements are prepared for management's purpose and for the investors and lenders only and do not represent statutory accounts for either of the companies or of the Group.

1.1 Disposal of a subsidiary while control is lost

During the year, Petrochem Kazakhstan LLP was disposed off on September 8, 2022, however there were no operation in this company since January 2022. The Company lost control of this company for zero consideration. The details are given on next page:

1 Legal status and nature of the operations of the Group (continued)

1.1 Disposal of a subsidiary while control is lost (continued)

	2022
	USD
Total consideration	Nil
Derecognized amounts of net assets	
Property and equipment	25,860
Inventories	529,622
Trade and other receivables	20,513
Cash and cash equivalents	123
Total assets	576,118
Lease liabilities	(30,271)
Trade and other payables	(842,818)
Total liabilities	(873,089)
Net assets disposed off	(296,971)
Less: non-controlling interest derecognized	665,945
Net disposal	368,974
Loss on disposal of subsidiary	(368,974)
Total consideration	Nil
Cash and cash equivalents in subsidiary disposed off	Nil
Net cash inflow on disposal	Nil

2 Statement of compliance with IFRS

These consolidated financial statements have been prepared for management purposes however accounting framework used for accounting at standalone level was International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). Further the accounting policies applied in the preparation of these consolidated financial statements are consistent with those applied for annual financial year ended 31 December 2021.

3 Standards, interpretations and amendments to existing standards

3.1 Standards, interpretations and amendments to existing standards that are effective in 2022

In the current year the Group has applied the amendments to IFRS 3, IAS 16, IAS 37 and annual improvements to IFRS Standards 2018–2020 issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for an accounting period that begins on or after 1 January 2022.

The application of these amendments to IFRSs has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for the Group's future transactions or arrangements. Other than the above, there are no other significant IFRSs, amendments or interpretations that were effective for the first time for the financial year beginning on or after 1 January 2022.

3 Standards, interpretations and amendments to existing standards (continued)

3.2 Standards, interpretations and amendments to existing standards that are not yet effective and have not been adopted early by the Group

At the date of authorization of these consolidated financial statements, the following new standards, interpretations and amendments to existing standards have been published but are not yet effective and have not been adopted early by the Group. Information on the relevant new standards, amendments and interpretations that are not yet effective are given below:

New and revised IFRS	Effective for annual period beginning on or after
Amendments to IAS 1 'Presentation of Financial Statements' to address the classification of liabilities as current or non-current providing a more general approach based on the contractual arrangements in place at the reporting date.	1 January 2023
IFRS 17 'Insurance Contracts' which requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts.	1 January 2023
Amendments to IFRS 17 'Insurance Contracts' to address concerns and implementation challenges identified after IFRS 17 was published in 2017.	1 January 2023
Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4). The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 'Insurance Contracts' from applying IFRS 9 'Financial Instruments', so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.	1 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) which require that an entity discloses its material accounting policies, instead of its significant accounting policies.	1 January 2023
The IASB issued 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)' that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.	1 January 2023
The amendments replace the definition of Accounting Estimates (Amendments to IAS 8) – The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".	1 January 2023
Amendments to IAS 1 'Presentation of Financial Statements' to address the classification of liabilities as current or non-current providing a more general approach based on the contractual arrangements in place at the reporting date.	1 January 2023

Management anticipates that all the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. The Group's management has yet to assess the impact of these changes on the Group's financial statements.

4 Summary of significant accounting policies

4.1 Overall considerations

These consolidated financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below. Further the accounting policies applied in the preparation of these consolidated financial statements are consistent with those applied for the financial year ended 31 December 2021.

4 Summary of significant accounting policies (continued)

4.2 Foreign currency translation

Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operate ("the functional currency" Azerbaijan New Manat – AZN). The consolidated financial statements are then translated to presentation currency (United States dollars – USD).

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognized in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined. The exchange rates used by the Group in the preparation of these consolidated financial statements are as follows:

Year end	31 December 2022	31 December 2021
Spot rate	**USD 1 = AZN 1.7000**	USD 1 = AZN 1.7000
Spot rate	**USD 1 = KZT 0.0022**	USD 1 = KZT 0.0023
Average rate	**USD 1 = AZN 1.7000**	USD 1 = AZN 1.7000
Average rate	**USD 1 = KZT 0.0022**	USD 1 = KZT 0.0023

4.3 Basis of consolidation

The Group financial statements consolidate those of the Company and all its subsidiaries (as disclosed in note 1) as of 31 December 2022 on line by line basis. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- can use its power to affect its returns.

All subsidiaries have a reporting date of December 31 and are consolidated line by line.

All transactions and balances between Group companies are eliminated in full on consolidation, including unrealised gains and losses on transactions between Group companies where unrealised losses on intra-Group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests, if any, are presented as part of equity. These represent the portion of a subsidiary's profit or loss and net assets that are not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

4 Summary of significant accounting policies (continued)

4.4 Property, plant, equipment and right-of-use assets

Property, plant and equipment are initially recognized at acquisition cost or construction cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management.

Petrochem Group LLC, Petrochem Performance Products LLC and Petrochem Kazakhstan LLP follow cost model and hence the assets were subsequently measured using the cost model, cost less subsequent depreciation and impairment losses (if any).

Other assets are initially recognized at acquisition cost or construction cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management of the Group. These assets are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

Petrochem Group LLC and Petrochem Performance Products LLC recognize depreciation on a reducing balance method and write-down the cost less estimated residual value for all assets. "Petrochem Kazakhstan" LLP recognizes assets on a straight-line method for all other assets. The annual rates for Group ranges between:

Buildings	7%
Plant, machinery and equipment	10 – 33%
Vehicles	10 – 25%
Office equipment	15 – 40%
Right-of-use assets	Over the period of lease liability

As no finite useful life for land can be determined, related carrying amounts are not depreciated.

Depreciation on additions to property, plant and equipment is charged from the month in which the asset is acquired or capitalized while no depreciation is charged for the month in which the asset is disposed of.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets are recognized in profit or loss within 'other income – net'.

4.5 Intangible assets

Intangible assets include acquired software and its related licenses in operations or administration that qualifies for recognition as an intangible asset.

They are accounted for using the cost model. Capitalized costs are amortized on a reducing balance method

for Petrochem Group LLC and Petrochem Performance Products. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in note 4.6.

The useful life of software is 10 years. Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and install the specific software.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss when the asset is derecognized.

4 Summary of significant accounting policies (continued)

4.6 Impairment testing of non-financial assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are large independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use.

To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows.

The data used for impairment testing procedures are directly linked to the latest approved budget of the Group, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles, such as market and asset-specific risks factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

4.7 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognized when the Group' becomes party to the contractual provisions of the financial instrument and are measured initially at fair value plus transactions costs.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expired.

Financial assets and financial liabilities are measured subsequently as described below.

Classification and measurement

Financial assets

On initial recognition, a financial asset is classified as measured: at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) or Fair Value through Profit and Loss (FVTPL).

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding

4 Summary of significant accounting policies (continued)

4.7 Financial Instruments (continued)

Classification and measurement (continued)

Financial assets (continued)

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment:

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is being managed and information is provided to management.

Assessment whether contractual cash flows are solely payments of principal and profit:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Profit' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic financing risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and profit, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Reclassifications:

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Impairment

The Group recognizes allowance for impairment for expected credit losses (ECL) on financial assets measured at amortised cost and commitments issued.

The Group measures allowance for impairment at an amount equal to lifetime ECL, except for those financial instruments on which credit risk has not increased significantly since their initial recognition, in which case 12-month ECL is measured.

4 Summary of significant accounting policies (continued)

4.7 Financial instruments (continued)

Impairment (continued)

Measurement of ECL

ECL are probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expect to receive).
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn finance commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expect to receive.

Credit-impaired financial assets:

At each reporting date, the Group assess whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. For trade receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision model and has used average default rates as per the best estimate of management for the financial assets of similar credit risk profile.

Write-off:

Assets carried at amortized cost are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group has exhausted all legal and remedial efforts to recover from the customers. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group' procedures for recovery of amounts due.

Presentation of impairment

Loss allowance for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Classification and subsequent measurement of financial liabilities

Financial liabilities comprise of borrowings, lease liabilities and trade and other payables.

Financial liabilities are measured subsequently at amortized cost using the effective interest method.

All interest-related charges are included within 'interest expenses'.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

4 Summary of significant accounting policies (continued)

4.8 Inventories

Inventories are stated at the lower of cost and net realizable value. Raw materials cost comprises of purchase cost and other costs incurred in bringing the raw material to their present location and condition. Finished goods cost comprises of direct material cost, direct labour and an appropriate share of production overheads based on normal operating capacity. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, are recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs. Petrochem Group LLC, Petrochem Performance Products LLC and Petrochem Kazakhstan" LLP assign costs for inventories using weighted average cost method. When inventories are sold, the carrying amounts of those inventories are recognized as an expense in the period in which the related revenue is recognized.

4.9 Cash and cash equivalents

Cash and cash equivalents are items, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand, current account balances with banks and are initially and subsequently are carried at amortized cost using the effective interest method. Further the Group has applied IFRS 9 ECL model to calculate the impairment of cash at banks.

For the purpose of the statement of cash flows, all cash and bank balances are considered to be cash equivalents.

4.10 Equity and retained earnings

Share capital represents the nominal value of shares that have been issued.

Currency exchange reserves represents the effect of currency translation from functional currency to reporting currency.

The Company holds treasury shares as explained in note 11. In the absence of a standard or interpretation that specifically applies to this transaction, as per management judgement, the Company has adopted a policy to disclose these treasury shares at their repurchase price as an element of equity.

Dividend distributions payable to equity shareholders are included in 'trade and other payables' when the dividends have been approved in a general meeting prior to the reporting date.

Retained earnings/ Accumulated losses include all current and prior years' profits and losses.

4.11 Provisions and contingent liabilities

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material. Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination.

4 Summary of significant accounting policies (continued)

4.12 Revenue

IFRS 15 Revenue from Contracts with Customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found across several Standards and Interpretations within IFRSs. It establishes a new five-step model, explained below that will apply to revenue arising from contracts with customers.

Step 1 Identify the contract with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations.

Step 2 Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer.

Step 3 Determine the transaction price: Transaction price is the amount of consideration to which the Group expect to be entitled in exchange for transferring the promised goods and services to a customer excluding amounts collected on behalf of third parties.

Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Group expect to be entitled in exchange for satisfying each performance obligation.

Step 5 Recognize revenue as and when the Group satisfy a performance obligation.

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods and materials supplied or services provided excluding rebates and trade discounts.

The Group applies the revenue recognition criteria set out below to each separately identifiable component of the sales transaction in order to reflect the substance of the transaction. The consideration received from these transactions is allocated to the separately identifiable component by taking into account the relative fair value of each component. Revenue is recognized when the amount of revenue can be measured reliably, collection is probable, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the Group different activities have been met. These activity-specific recognition criteria are described below.

Sale of goods

Revenue from the sale of goods is recognized when the significant risk and rewards of ownership of the goods have passed to the buyer and the Group retaining neither a continuing managerial involvement to the degree usually associated with ownership, nor any effective control over the goods sold.

Service income

Revenue from rendering of services comprises service contracts. Service income is recognized based on stage of completion of services provided.

Rental income

Rental income is recognized when earned, on a time apportionment basis.

4.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are recognized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in 'finance costs'.

4 Summary of significant accounting policies (continued)

4.14 Operating expenses

Operating expenses are recognized in profit or loss upon recognized of the service or at the date of their ...

4.15 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within twelve months after the service is rendered) are recognized in the period in which the service is rendered and are not discounted. The expected cost of compensated absences is recognized as an expense when the employee renders services that increase their entitlement or, in the case of non-accumulating absences, when the absences occur.

End of service benefits

As required by Azerbaijan legislation, the Group withhold amount of pension contributions from the salaries of employees and pays them to the state pension fund along with its own share of contribution. Upon retirement all retirement benefit payments are made by the state pension fund. Further, in accordance with amendments in the Tax Code of the Republic of Azerbaijan during the year 2019, these rates have been set at 15% and 10% for the entity and employees respectively.

In accordance with Tax Code of the Republic of Kazakhstan, the entity in Kazakhstan must withhold and pay pension fund contributions on a monthly basis.

There is also social tax payable by the entity at a flat rate of gross income, less exempt amounts. The minimum tax base for social tax per employee is the minimum monthly wage. The entity also must pay social insurance contributions, which form part of social tax.

4.16 Taxation

Current tax

The current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible and is calculated on statutory numbers. The current tax expense of the Group is calculated using tax rates that have been enacted or substantively enacted in the Azerbaijan Republic and Republic of Kazakhstan during the reporting period.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet method.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

4 Summary of significant accounting policies (continued)

4.16 Taxation (continued)

Deferred tax (continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized. Deferred tax is charged or credited in the consolidated statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred income tax assets and deferred income tax liabilities are offset and reported net on the statement of financial position if:

- The Group has a legally enforceable right to set off current income tax assets against current income tax liabilities: and
- Deferred tax assets and the deferred income tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

The Azerbaijan Republic and Republic of Kazakhstan also have various other taxes, which are assessed on the activities of the Group. These taxes are included as a component of operating expenses in the consolidated statement of comprehensive income.

4.17 Significant management judgement in applying accounting policies

The preparation of consolidated financial statements requires management to make judgement, estimates and assumptions that affect the application of the Group' accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. The Group has consistently applied the estimates and judgements as applied by the Group in the annual financial year ended 31 December 2021. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Currency translations

The functional currencies of the Group companies are AZN and KZT. The presentation currency in these consolidated financial statements is USD. For the purpose of conversion, the share capital of the Group companies has been approximately recorded at historical cost in these consolidated financial statements. The opening retained earnings as at 1 January 2017 have been translated at 'average rate from establishment of each company to 1 January 2017. The profits for the year 2017, 2018, 2019, 2020, 2021 and 2022 have been translated at average rate of respective years. Therefore, translation reserve has been recorded in these consolidated financial statements.

Estimating allowance for doubtful accounts

At each reporting date, the management uses an allowance matrix to measure Expected Credit Loss (ECL) of trade receivables. Impairment on trade receivable is recognized based on ECL model with various assumptions.

The Group recognized allowance for impairment for expected credit losses (ECL) on financial assets measured at amortized cost. Impairment losses are recognized in the profit or loss. The Group measures allowance for impairment at an amount equal to lifetime ECL, except for those financial instruments on which credit risk has not increased significantly since their initial recognition, in which case 12-month ECL is measured. 12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after reporting date. The impairment is recorded having applied the Loss Given Default (LGD) and probability of default (PD) amount to the cost of financial assets considered for the purpose of calculation of impairment.

4 Summary of significant accounting policies (continued)

4.17 Significant management judgement in applying accounting policies (continued)

Estimating allowance for doubtful accounts (continued)

For the purpose of calculation of PD, historical ageing has been obtained, the roll rates and healing rate ... been calculated based on the history of aged receivables. The same rates were used for the calculat... average roll rates and conditional probability. The LGD was calculated by dividing the total default am... with total loss amount. The forward looking assumption was also applied, and outlook of collection has ... considered positive.

Control assessment

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are chang... to one or more of the three elements of control listed in note 4.3. Management has reviewed its cont... assessments in accordance with IFRS 10 and has concluded that there is no effect on the classificatio... subsidiaries or otherwise) of any of the Company's investees held during the period or comparative per... covered by these consolidated financial statements.

Petrochem Group LLC is owned 35 % by Mr. Farkhad Aliyev and the Company has 65 % treasury shares. T... shareholders of Petrochem Performance Products LLC are Petrochem Group LLC and Champion ... Azerbaijan LLC. The shareholders of Petrochem Kazakhstan LLC were Petrochem Group LLC an... Lubricator LLP and the ompany was disposed off during the year. Petrochem Performance Product LLC an... Petrochem Kazakhstan LLC were established under an agreement. As per the agreements of both compan... all the shareholders have right to appoint equal directors. As the Petrochem Group LLC holds more than 5... of the ordinary shares and voting rights in Petrochem Performance products LLC and Petrochem Kazakhs... LLC and also managing and controlling day to day operations., the management has assessed its involvem... in these subsidiaries in accordance with IFRS 10's control definition and guidance and it has concluded tha... the control rests with the Petrochem Group LLC. However, during the current year, Petrochem Kazakhstan LLP was disposed off so Petrochem Group LLC has only one subsidiary at reporting date i.e., Petroche... Performance Products LLC.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Group' future taxable income against which the deductible temporary differences can be recognized. In addition, significant judgement is required in assessing the impact of any legal or economic limits or un-certainties.

4.18 Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may substantially be different.

Impairment of non-financial assets

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results.

4 Summary of significant accounting policies (continued)

4.18 Estimation uncertainty (continued)

Impairment of non-financial assets (continued)

These assumptions relate to future events and circumstances. The actual results may vary and may cause significant adjustments to the Group' assets within the next financial year. In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Group. The carrying amounts are analyzed in in note 5. Actual results, however, may vary due to technical or other obsolescence.

Useful lives of intangible assets

Management reviews the useful lives of intangible assets at each reporting date, based on the expected utility of the assets to the Group. The carrying amounts are analyzed in note 6.

Inventories

Inventories are measured at the lower of cost or net realizable value. Cost is estimated based on allocation mechanism. In estimating net realizable values, management takes into account the most reliable evidence available at the times the estimates are made. The Group review its inventory to assess loss on account of obsolescence on a regular basis. In determining whether allowance for obsolescence should be recognized in the consolidated statement of comprehensive income, the Group make judgments as to whether there is any observable data indicating that there is any future recoverability of an item and the net realizable value for such item.

Notes to the consolidated financial statements (continued)
For the year ended 31 December 2022

5 Property, plant, equipment and right-of-use assets

	Land	Buildings	Plant, machinery and equipment	Motor vehicles	Office equipment	Right-of-use assets	Total
	USD	USD	USD	USD	USD	USD	USD
Cost							
At 1 January 2022	2,236,872	1,104,916	64,300	1,780,909	500,169	356,279	6,043,445
Additions	-	16,842	-	32,944	19,243	60,299	129,328
Disposals	-	-	-	(11,765)	-	(216,266)	(228,031)
Disposal of a subsidiary	-	-	-	(2,206)	(1,261)	(53,971)	(57,438)
At 31 December 2022	2,236,872	1,121,758	64,300	1,799,882	518,151	146,341	5,887,304
Accumulated depreciation							
At 1 January 2022	-	540,016	45,565	1,236,231	351,835	210,199	2,383,846
Charge for the year	-	43,568	11,917	52,597	48,852	29,268	186,202
Disposals	-	-	-	(528)	-	(129,760)	(130,288)
Disposal of a subsidiary	-	-	-	(2,044)	(721)	(28,813)	(31,578)
At 31 December 2022	-	583,584	57,482	1,286,256	399,966	80,894	2,408,182
Net carrying amount							
At 31 December 2022	2,236,872	538,174	6,818	513,626	118,185	65,447	3,479,122

The Group has recorded lease liabilities as per IFRS 16 'Leases' at the present value of remaining lease payments. The Group has recorded right of use assets equal to the lease liabilities. For further detail please refer to note 13.

Notes to the consolidated financial statements (continued)
For the year ended 31 December 2022

5 Property, plant, equipment and right-of-use assets (continued)

	Land USD	Buildings USD	Plant, machinery and equipment USD	Motor vehicles USD	Office equipment USD	Right-of-use assets USD	Total USD
Cost							
At 1 January 2021	2,236,872	1,103,562	63,712	1,714,522	496,827	369,694	5,985,189
Additions	-	1,354	588	95,124	4,310	10,641	112,017
Disposals	-	-	-	(28,306)	(920)	(22,183)	(51,409)
Translation differences	-	-	-	(431)	(48)	(1,873)	(2,352)
At 31 December 2021	2,236,872	1,104,916	64,300	1,780,909	500,169	356,279	6,043,445
Accumulated depreciation							
At 1 January 2021	-	497,465	36,817	1,178,514	312,806	147,722	2,173,324
Charge for the year	-	42,551	8,748	71,230	39,651	73,344	235,524
Disposals	-	-	-	(13,316)	(597)	(9,982)	(23,895)
Translation differences	-	-	-	(197)	(25)	(885)	(1,107)
At 31 December 2021	-	540,016	45,565	1,236,231	351,835	210,199	2,383,846
Net carrying amount							
At 31 December 2021	2,236,872	564,900	18,735	544,678	148,334	146,080	3,659,599

In the opinion of management, there has been no impairment in carrying value of the property, plant and equipment of the Group as at 31 December 2022 (2021: Nil).

5 Property, plant, equipment and right-of-use assets (continued)

Depreciation charged to consolidated statement of comprehensive income is as follows:

	2022 USD	2021 USD
Cost of sales (note 16)	60,805	109,514
Marketing and distribution expenses (note 17)	-	400
Administrative and general expenses (note 18)	125,397	125,610
	186,202	235,524

6 Intangible assets

	Software USD	License USD	Total USD
Cost			
At 1 January 2022	11,027	12,623	23,650
At 31 December 2022	11,027	12,623	23,650
Accumulated amortization			
At 1 January 2022	3,833	4,887	8,720
Charge for the year	420	774	1,194
At 31 December 2022	4,253	5,661	9,914
Net carrying amount			
At 31 December 2022	6,774	6,962	13,736
Cost			
At 1 January 2021	11,027	12,623	23,650
At 31 December 2021	11,027	12,623	23,650
Accumulated amortization			
At 1 January 2021	3,368	4,028	7,396
Charge for the year	465	859	1,324
At 31 December 2021	3,833	4,887	8,720
Net carrying amount			
At 31 December 2021	7,194	7,736	14,930

7 Inventories

	2022 USD	2021 USD
Raw materials	-	928
Packing materials	84,522	55,691
Finished goods	2,099,745	1,873,694
Others	138,084	125,614
	2,322,351	2,055,927

8 Trade and other receivables

	2022 USD	2021 USD
Financial assets		
Trade receivables	2,752,961	2,674,554
Less: Allowance for impairment loss (ECL)	(1,333,808)	(1,360,855)
Trade receivables, net	1,419,153	1,313,699
Advances to employees	77	9,028
	1,419,230	1,322,727
Non-financial assets		
Advances to suppliers	-	59,294
Prepayment and deposits	130,732	251,805
Tax receivables	86,006	163,182
Prepaid VAT	-	313,898
	216,738	788,179
Total trade and other receivables	1,635,968	2,110,906

The following table show reconciliations from the opening to the closing balance of the allowance for impairment loss.

	2022 USD	2021 USD
Balance at 1 January	1,360,855	1,060,483
Charge of impairment loss for the year	6,998	305,379
Reversal during the year	-	(4,944)
Written off during the year	(34,045)	-
Translation reserves	-	(63)
Balance at 31 December	1,333,808	1,360,855

9 Related parties

The Group in the normal course of business carries on business with other enterprises that fall within the definition of a related party contained in IFRS. These transactions are carried out in normal course of the business and are measured at exchange amounts, being the amounts agreed by both parties.

The related parties of the Group include its key management personnel and entities under common control as described below. Details of related party transactions entered into during the year are set as following.

Transactions with key management personnel

The compensation of directors and other key members of management of the Group during the year were as follows:

	2022	2021
Short-term employee benefits	USD	USD
- Salaries and other benefits	206,338	286,240

Transactions with related parties

	2022	2021
	USD	USD
Revenue	3,974,135	2,861,569
Dividend	(1,037,106)	(1,296,252)

Amounts due from related parties

	2022	2021
	USD	USD
Mr. Ahad Aliyev	-	24,029
Champion X Azerbaijan LLC	515,782	560,511
	515,782	584,540

Loan (from)/to a related party

	2022	2021
	USD	USD
Loan (from)/to a shareholder – Mr. Farkhad Aliyev	(23,824)	37,000
	(23,824)	37,000

The loan is interest free and is payable on demand.

10 Cash and cash equivalents

	2022	2021
	USD	USD
Cash on hand	1,917	2,346
Cash at banks	1,855,556	1,427,689
VAT deposit	44,005	3,522
Less: Allowance for impairment loss (ECL)	(23,565)	(15,604)
	1,877,913	1,417,953

10 Cash and cash equivalents (continued)

The following table show reconciliations from the opening to the closing balance of the allowance for impairment loss.

	2022	2021
	USD	USD
Balance at January 1,	15,604	6,278
Charge of impairment loss for the year	7,961	9,497
Reversal for provision for the year	-	(169)
Translation reserves	-	2
Balance at December 31,	23,565	15,604

Cash and cash equivalents for consolidated statement of cash flows include the following:

	2022	2021
	USD	USD
Cash on hand	1,917	2,346
Cash at banks	1,855,556	1,427,689
	1,857,473	1,430,035

11 Charter capital and treasury shares

Share capital of the Company consists of fully paid ordinary shares of 100 with a par value of AZN 64,000 (USD 39,648) (2021: AZN 64,000) each. During the prior year, the Company obtained loan from a bank and bought back shares from Mr. Galym at a price higher than its par value of USD 2,577,124. These shares were bought back for a consideration of USD 5,000,000 paid to Mr. Galym. These shares have been classified as treasury shares.

	2022	2021
	USD	USD
Total capital issued and fully paid at 31 December	3,964,806	3,964,806

Shareholder	2022 Percentage (%)	2021 Percentage (%)	2022 USD	2021 USD
Mr. Farkhad Aliyev	35.00	35.00	1,387,682	1,387,682
Petorchem Group LLC- treasury shares	65.00	65.00	2,577,124	2,577,124
	100.00	100.00	3,964,806	3,964,806

12 Borrowings

	2022	2021
	USD	USD
Non-current		
Pasha Bank OJSC	2,666,317	5,000,000
	2,666,317	5,000,000
Current		
Pasha Bank OJSC	1,209,008	-
Accrued interest	6,997	8,125
	1,216,005	8,125
Total borrowings	3,882,322	5,008,125

On 22nd of December 2021, the Group entered into credit facility agreement with Pasha Bank OJSC for a total amount of AZN 60 million. The Group has obtained loan of AZN 8,500,000 (USD 5 million) out of total credit facility till the year ended 31 December 2022. The interest rate on availed loan is 6.5% per annum and it could be up to 25% if the entire loan credit facility is availed. The interest is paid on monthly basis. The repayment for loan will take place each month starting from 21 January 2022 till 22 December 2025. The loan is pledged against shares of Mr. Farkhad in Petrochem Group LLC, his country house and land in Bilgeh.

As per the agreement, the Company cannot pay dividend without confirmation form Pasha Bank OJSC. The dividend was paid with the prior approval of Pasha Bank during the year.

During the year ended 2022, the Company was in non-compliance of the following covenants:

As per the agreement, 100% of the turnover of the borrower and the Group companies must be transferred to Pasha Bank OJSC. However, it was not transferred.

As per the agreement, the Company cannot change its legal status and founders. However, Petrochem Kazakhstan LLP was disposed during the year.

Movement in borrowings is as follows:

	2022	2021
	USD	USD
Balance at January 1,	5,008,125	78,500
Proceeds from new borrowings and accrued interest	-	5,008,125
Repayment of borrowings	(1,125,803)	(78,500)
Balance at December 31,	3,882,322	5,008,125

13 Lease liabilities

The Group has recorded lease liabilities and right-of-use assets as per IFRS 16 'Leases' at the present value of remaining lease payments.

	2022 USD	2021 USD
Non-current		
Lease liabilities	39,705	99,964
	39,705	99,964
Current		
Lease liabilities	34,570	83,748
	34,570	83,748
Total lease liabilities	74,275	183,712

31 December 2022	Within 1 year USD	Between 1 to 5 years USD	After 5 years USD	Total USD
Minimum lease payments	41,365	45,741	-	87,106
Future finance cost	(6,795)	(6,036)	-	(12,831)
Present value of minimum lease payments	59,174	95,885	-	74,275

31 December 2021	Within 1 year USD	Between 1 to 5 years USD	After 5 years USD	Total USD
Minimum lease payments	109,864	110,095	-	219,959
Future finance cost	(26,116)	(10,131)	-	(36,247)
Present value of minimum lease payments	83,748	99,964	-	183,712

14 Trade and other payables

	2022 USD	2021 USD
Financial liabilities		
Trade payables	1,438,216	429,411
Payables to employees	118,931	64,547
	1,557,147	493,958
Non-financial liabilities		
Taxes payable	142,214	1,118,763
Payable to authority	25,171	6,334
Other payables	-	6,735
	167,385	1,131,832
Total trade and other payables	1,724,532	1,625,790

15 Revenue

	2022	2021
	USD	USD
Sale of goods	10,644,115	8,431,388
Rendering of services	1,659,517	2,174,789
	12,303,632	10,606,177

16 Cost of sales

	2022	2021
	USD	USD
Cost of goods sold	6,700,879	5,170,565
Cost of services	607,890	659,112
Salaries and other benefits	575,775	387,709
Depreciation expense (note 5)	60,805	109,514
	7,945,349	6,326,900

17 Marketing and distribution expenses

	2022	2021
	USD	USD
Salaries and other benefits	-	16,622
Transportation expenses	-	9,415
Other expenses related to staff	-	502
Depreciation expense (note 5)	-	400
Travel expenses	-	64
Other expenses	-	688
	-	27,691

These expenses were related to a subsidiary of the Group which has been disposed of during the year, therefore there were no marketing and distribution expenses during the current year.

18 Administrative and general expenses

	2022 USD	2021 USD
Salaries and other benefits	**711,976**	721,764
Legal and professional expenses	**339,624**	152,549
Depreciation expense (note 5)	**125,397**	125,610
Security expenses	**54,825**	58,165
Repair and maintenance expenses	**48,641**	42,448
Rental expenses	**42,248**	20,912
Bank charges	**39,977**	42,168
Insurance expenses	**28,739**	28,373
Technical support service	**27,815**	23,838
Tax expenses	**27,748**	37,145
Utility expenses	**26,839**	23,580
Other staff related costs	**24,147**	46,211
Communication expenses	**18,792**	14,384
Office and printing expenses	**11,759**	11,203
Provision for cash at banks	**7,961**	9,497
Provision for trade receivables (ECL)	**6,998**	305,379
Advertising expense	**3,201**	3,953
Amortization expense	**1,194**	1,324
Penalty expenses and others	**-**	850,121
Inventories written off	**-**	73,490
Trade receivables written off directly	**-**	7,023
Other expenses	**863,771**	100,847
	2,411,652	2,699,984

19 Other income – net

	2022 USD	2021 USD
Income from rent & services	**194,612**	193,707
Management fee	**184,115**	165,701
Reversal of provision for trade receivable	**-**	4,944
Income arising on termination of lease contract	**23,381**	2,355
Gain on disposal of property, plant and equipment	**-**	992
Reversal of provision for cash at banks	**-**	169
Other income	**439,061**	422,345
	841,169	790,213

20 Finance costs

	2022 USD	2021 USD
Interest expense on bank loan	**293,651**	8,125
Interest expense on lease liabilities	**11,670**	40,001
	305,321	48,126

21 Taxation

Deferred tax asset

During the year ended 31 December 2022 and 2021, Azerbaijan's tax rate for companies' profits was 20%. The tax rate is expected to remain the same for the following fiscal year. Financial numbers of these non-statutory consolidated financial statements may not reconcile with tax returns as these are prepared for management's internal purposes. Deferred taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

	2022 USD	2021 USD
Deferred tax assets as at 1 January	**260,767**	200,153
Deferred tax (expense)/income	**(2,327)**	60,644
Deferred tax asset as at 31 December	**258,440**	260,767

The deferred tax asset as at reporting date is as follows:

	2022	2021
Deductible temporary difference:	**USD**	USD
Property, plant, equipment and right-of-use assets	**(83,524)**	(221,527)
Intangible assets	**(5,415)**	(4,542)
Trade receivables	**1,333,812**	1,360,857
Cash at banks	**23,565**	15,604
Lease liabilities	**23,761**	153,441
Net deductible temporary differences	**1,292,199**	1,303,833
Deferred tax asset at 20% (2021: 20%)	**258,440**	260,767

21 Taxation (continued)

Income tax expenses

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of the Group on individual basis at 20% (2021: 20%) and the reported tax expense in profit or loss are as follows:

	2022	2021
	USD	USD
Income tax expense	(675,434)	(605,255)
Deferred tax (expense)/income	(2,327)	60,644
	(677,761)	(544,611)

	2022	2021
	USD	USD
Profit for the year before tax	1,587,259	2,288,316
Domestic effective tax rate	20%	20%
Theoretical tax expense	(317,452)	(457,663)
Non-deductible items		
Adjustment	(357,982)	(147,592)
Income tax expense	(675,434)	(605,255)
Tax effect of temporary differences	(2,327)	60,644
Income tax expense	(677,761)	(544,611)

22 Commitments, contingencies and operational risk

Capital commitments

The Group has no capital commitments as at 31 December 2022 (2021: Nil).

Contingent liabilities

The Group has no major contingencies and commitments at 31 December 2022 (2021: Nil).

Guarantees issued on behalf of the Group

During the year, Pasha Bank has issued guarantees on behalf of the Company of AZN 23,385 (USD 13,756).

Business environment and regulatory environment

The Group's main operations are conducted in the Azerbaijan Republic. Azerbaijan continues economic reforms and development of its legal, tax, and regulatory framework to strengthen and diversify the economy. In this respect, Azerbaijan endorsed strategic road maps for development of national economy and main economic sectors in 2016. Legislation including tax, currency fluctuation and customs legislations within the Azerbaijan Republic is changing rapidly. The future economic direction of the Azerbaijan Republic is largely dependent upon the implementation of economic, financial, legislative and monetary measures undertaken by the government. The Group's consolidated financial position will continue to be affected by developments in Azerbaijan, however; the Group does not believe that these contingencies, as related to its operation, are any more significant than those of similar enterprises in the Azerbaijan Republic.

22 Commitments, contingencies and operational risk (continued)

Business environment and regulatory environment (continued)

The Group management is closely watching these developments in current environment and taking appropriate necessary actions to support the sustainability and development of Group's business in foreseeable future. The accompanying consolidated financial statements do not include any adjustments that may result from the future clarification of these uncertainties. Such adjustments, if any, will be reported in the period when they become known and estimable. Commercial legislation of the Republic of Azerbaijan, including tax legislation, may allow more than one interpretation. In addition, there is a risk of tax authorities making arbitrary judgments of business activities. If a treatment, based on management's judgment of the Group's business activities, was to be challenged by the tax authorities, the Group may be assessed for additional taxes, penalties and interest. Generally, taxpayers are subject to tax audits with respect to three calendar years preceding the year of the audit. However, completed audits do not exclude the possibility of subsequent additional tax audits performed by upper-level tax inspectorates reviewing the results of tax audits of their subordinate tax inspectorates. Management believes that its interpretation of the relevant legislation as at 31 December 2022 is appropriate and that the Group's tax, and currency positions will be sustained.

The disruption of the global supply chains, conflict between the Russian Federation and Ukraine as well as rising consumer demand for goods lead to significant inflationary pressures to the global economy in 2022, including soaring commodity prices.

During recent years, the Azerbaijani Government has continued reforms to accelerate transition to a more balanced economy and reduce dependence on the oil and gas sector. During 2022, oil and gas prices reached multi-year highs, contributing to significant trade surplus, and increased foreign currency inflows into the Azerbaijani economy. At the same time, these global trends contributed to high inflationary pressures in the country.

During 2021 and 2022, the CBAR continued to maintain stability of the Azerbaijani manat, which was kept flat at 1.7000 for 1 USD throughout the period. During the first half of 2022, the CBAR increased refinancing rate due to the increased inflation, and, as a result, refinancing rate reached 7.75% per annum (31 December 2021: 7.25% per annum). During 2022, global rating agencies have revised up growth forecast for Azerbaijan and upgraded Azerbaijani Government's credit rating by one notch. The upgrade reflects the effectiveness of economic policy in recent years, expressed in better fiscal management and greater ability to absorb future disruptions during the post pandemic period. Fiscal performance remains strong and is improving faster than expected, thanks to prudent fiscal management amid economic recovery and high hydrocarbon prices. However, with inflation at multi-decade highs in many countries, policymakers in advanced economies have pivoted toward tightening of their monetary policies through reduction of their balance sheets and aggressive interest rate hikes, In the event of global recession, which might be triggered by such tightening, demand for hydrocarbons will fall, which would negatively impact Azerbaijan economy.

23 Categories of financial assets and liabilities

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial assets and financial liabilities:

Financial assets	**Notes**	**2022**	2021
Financial assets measured at amortized cost:		**USD**	USD
Current:			
Trade and other receivables	8	**1,419,230**	1,322,727
Amounts due from related parties	9	**515,782**	584,540
Loan to a related party	9	-	37,000
Cash and cash equivalents	10	**1,877,913**	1,417,953
		3,812,925	3,362,220

23 Categories of financial assets and liabilities (continued)

		2022	2021
		USD	USD
Financial liabilities			
Financial liabilities measured at amortized cost:			
Non-current:			
Borrowings	12	**2,666,317**	5,000,000
Lease liabilities	13	**39,705**	99,964
Current:			
Borrowings	12	**1,216,005**	8,125
Lease liabilities	13	**34,570**	83,748
Trade and other payables	14	**1,557,147**	493,958
Loan from a related party	9	**23,824**	-
		5,537,568	5,685,795

See note 4.7 for a description of the accounting policies for each category of financial instruments. A description of the financial instrument risk of the Group, including risk management objectives and policies is given in note 24. Information relating to fair values is presented in note 25.

24 Financial instrument risk

Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The financial assets and liabilities of the Group by category are summarized in note 23. The main types of risks are market risk, credit risk and liquidity risk.

The risk management of the Group is coordinated in close cooperation with the directors of the Group and focuses on actively securing the short to medium term cash flows by minimizing the potential adverse effects on the performance of the Group through internal risk reports which analyze by degree and magnitude of risks. The Group does not actively engage in the trading of financial assets for speculative purposes nor do they write options. The most significant financial risks to which the Group is exposed are described below.

24.1 Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The Group are exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk, which result from both its operating and investing activities.

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Exposures to currency exchange rates arise from the Group' transactions and bank accounts and a company in Kazakhstan. Management of the Group' does not enter into futures agreements to hedge its currency risk due to the immaturity of local financial markets.

24 Financial instrument risk (continued)

Risk management objectives and policies (continued)

24.1 Market risk (continued)

Foreign currency risk

	Notes	USD	AZN	KZT	Others	2022 USD
Financial assets						
Trade and other receivables	8	-	1,419,230	-	-	1,419,230
Amounts due from related parties	9		515,782			515,782
Loan to a related party	9	-	-	-	-	-
Cash and cash equivalents	10	182,264	1,640,957	-	54,692	1,877,913
		182,264	3,575,969	-	54,692	3,812,925
Financial liabilities						
Borrowings	12	3,882,322	-	-	-	3,882,322
Lease liabilities	13	-	74,275	-	-	74,275
Trade and other payables	14	-	1,557,147	-	-	1,557,147
Loan from a related party	9		23,824			23,824
		3,882,322	1,655,246	-	-	5,537,568
Open position		(3,700,058)	1,920,723	-	54,692	(1,724,643)

	Notes	USD	AZN	KZT	Others	2021 USD
Financial assets						
Trade and other receivables	8	-	1,302,867	19,860	-	1,322,727
Amounts due from a related party	9	-	584,540	-	-	584,540
Loan to a related party	9	37,000	-	-	-	37,000
Cash and cash equivalents	10	185,664	1,232,060	-	229	1,417,953
		222,664	3,119,467	19,860	229	3,362,220
Financial liabilities						
Borrowings	12	5,008,125	-	-	-	5,008,125
Lease liabilities	13	-	153,441	30,271	-	183,712
Trade and other payables	14	306,152	163,082	24,156	568	493,958
		5,314,277	316,523	54,427	568	5,685,795
Open position		(5,091,613)	2,802,944	(34,567)	(339)	(2,323,575)

24 Financial instrument risk (continued)

Risk management objectives and policies (continued)

24.1 Market risk (continued)

Foreign currency risk

The following table details the Group' sensitivity to a 5% in 31 December 2022 and 31 December 2021 increase and decrease in the USD against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where the USD strengthens 5% against the relevant currency. For a 5% weakening of the USD against the relevant currency, there would be a comparable impact on the profit and other equity, and the balances below would be negative.

	Profit for the year		Equity	
	2022	2021	**2022**	2021
	USD	USD	**USD**	USD
Strengthening USD 5% / (5%)	**96,036**	138,402	**76,829**	110,722
Weakening USD 5% / (5%)	**(96,036)**	(138,402)	**(76,829)**	(110,722)

Interest rate risk

Interest rate risk is the risk that the future cash flow of the financial instruments will fluctuate because of the changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. Management of the Group does not enter into future agreements to hedge its interest rate risk. However, these are monitored on regular basis and corrective measures initiated wherever required. All the borrowings and lease liabilities are on fixed interest rates; therefore, interest rate sensitivity analysis has not been disclosed.

24.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group is exposed to this risk for various financial instruments, for example by granting credit terms to customers.

The maximum exposure of the Group to credit risk is limited to the carrying amount of financial assets recognized at the reporting date, as summarized below:

	2022	2021
	USD	USD
Classes of financial assets - carrying amounts:		
Trade and other receivables (note 8)	1,419,230	1,322,727
Amounts due from a related party (note 9)	515,782	584,540
Loan to a related party (note 9)	-	37,000
Cash at banks, net (excluding cash on hand) (note 10)	1,875,996	1,415,607
Total carrying amount	3,811,008	3,359,874

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by Group and incorporates this information into its credit risk controls. Where available at reasonable cost, external

24 Financial instrument risk (continued)

Risk management objectives and policies (continued)

24.2 Credit risk (continued)

credit ratings and/or reports on customers and other counterparties are obtained and used. The policy of the [illegible] is to deal only with creditworthy counterparties.

The Group uses an allowance matrix to measure the ECL of trade receivables from individual costumers, [illegible] comprise a very large number of small balances. The Group has established a provision model and has used [illegible] default rates as per the best estimate of management for the financial assets of similar credit risk profile.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects [illegible] short maturities of the exposure. The Group consider that cash and cash equivalents have low credit risk based [illegible] the external credit ratings of the counterparties.

To manage its risk exposure, the Group places its cash with reputable banks. The Group consider their balance [illegible] from related parties to be fully recoverable. These balances neither past due nor impaired.

24.3 Liquidity risk

Liquidity risk also referred to as funding risk is the risk that an enterprise will encounter difficulty in raising [illegible] to meet commitments associated with financial instruments. Liquidity risk may result from an inability to [illegible] financial asset quickly at close to its fair value.

The Group maintains sufficient cash balances and monitors liquidity requirements on a regular basis and [illegible] management ensures that sufficient funds are available to meet any future commitments. The Group is also [illegible] supported by its related parties for the funding of long-term liquidity needs.

The table below summarizes the maturity profile of the Group' financial liabilities:

	Range of interest rate per annum	Within 1 year	1 to 5 years	Over 5 years	Total
		AZN	AZN	AZN	AZN
31 December 2022					
Borrowings	6.5%	1,216,005	2,666,317	-	3,882,322
Lease liabilities	17.82%	34,570	39,705	-	74,275
		1,250,575	2,706,022	-	3,956,597
31 December 2021					
Borrowings	6.5%	8,125	5,000,000	-	5,008,125
Lease liabilities	17.82%	83,748	99,964	-	183,712
		91,873	5,099,964	-	5,191,837

The above amounts reflect the contractual cash flows, which may differ to the carrying values of the liabilities at the reporting date. Balances due within one year equal their carrying balances as the impact of discounting is not significant.

25 Fair value measurement

Assets and liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

25 Fair value measurement (continued)

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All the financial assets and liabilities of the Group are carried at amortized cost and none of the non-financial assets and liabilities have been fair valued, so fall under level 3. Therefore, the fair value hierarchy disclosure which requires a three-level category of fair value is not disclosed because it does not have significant disclosure impact to the consolidated financial statements.

26 Capital management policies and procedures

The capital management objectives of the Group are:

- to ensure the ability of the Group to continue as a going concern; and
- to provide an adequate return to shareholders by pricing products commensurately with the level of risk.

The Group monitor capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the consolidated statement of financial position. The Group sets the amount of capital in proportion to its overall financing structure. The Group manage the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to shareholders and return capital to shareholders.

There have been no changes in the strategy for capital maintenance or externally imposed capital requirements from the previous year. Capital for the reporting periods is summarized as follows:

	2022 USD	2021 USD
Total equity	**4,398,359**	3,323,995
Less Cash and cash equivalents (note 10)	**(1,877,913)**	(1,417,953)
Capital	**2,520,446**	1,906,042
Total equity	**4,398,359**	3,323,995
Borrowings (note 12)	**3,882,322**	5,008,125
Overall financing	**8,280,681**	8,332,120
Capital-to-overall financing ratio	**30%**	23%

27 Events after the reporting date

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization of these consolidated financial statements.