Nobel Energy Limited

Formerly known as
Nobel Oil Services (UK) Limited

Annual Report and Financial Statements
for the year ended 31 December 2022

Registered number: 09102634

Nobel Energy Limited (Formerly Nobel Oil Services (UK) Limited)

Contents

Nobel Energy Limited (Formerly Nobel Oil Services (UK) Limited)

Strategic report

The directors present their strategic report on the Company for the year ended 31 December 2022.

On 10 March 2022, the Company changed its name from Nobel Oil Services (UK) Limited to Nobel Energy Limited.

Principal activities

The Company is a holding company for subsidiaries within the Nobel Energy Group of companies (the "Group").

The Company is a limited company, which is incorporated and domiciled in the United Kingdom. The address of its registered office is 7 Albert Buildings, 49 Queen Victoria Street, London, United Kingdom, EC4N 4SA.

Results

The results of the Company are set out in the statement of profit or loss and comprehensive income on page 9.

Review of the business

The loss for the financial year was $92,945 thousand (2021: profit of $7,243 thousand). The loss reported arose due to substantial impairment charges on investments in subsidiaries in 2022.

The Company has net assets of $166,700 thousand (2021: $259,645 thousand). The directors are satisfied that this is sufficient to support the future operations of the Company.

Key performance indicators

The Board monitors the progress of the Company by reference to the following KPIs:

	2022	**2021**	
ROI (%)	16.1	37.2	Ratio of dividend income to total investment in subsidiaries and joint ventures
Total debt to equity (%)	23.4	nil	Ratio of total debts to total equity

Strategy

Management of the Company formulated a vision, mission and set strategic objectives for the Company which, following input from the Directors, were approved by the Board.

The Company's strategy is to support the Group to achieve its strategic objectives in the near and medium term, which are to:

(a) Gain revenue growth by diversifying the Group's service businesses along the oil and gas value chain in the upstream and downstream segments;

(b) Gain revenue growth by diversifying the customer base both in Azerbaijan and in target regions while at the same time, broadening and deepening services to existing clients;

(c) Continue to build the competency and capability of the Group companies; and

(d) Expand services into the Energy sector utilizing competency and capability of existing Group companies and through acquisitions.

To achieve the desired level of growth and diversification, the Company is adopting a dual growth strategy – efficiently increase revenue, achieve diversification, and build capability and inorganic growth by targeting selective acquisitions and joint ventures.

Nobel Energy Limited (Formerly Nobel Oil Services (UK) Limited)

Strategic report

Future developments

The directors are of the opinion that the Company is in a position to continue its principal activities and there are no future developments which would detract from this purpose.

Principal risks and uncertainties

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by management. Compliance with regulations, legal and ethical standards is a high priority for the Company finance and accounting department takes on an important oversight role in this regard.

The principal risks and uncertainties currently faced by the Company are the followings:

- Successful implementation of the necessary policies for the Company businesses to ensure operational safety, regulatory compliance and financial control;
- Management of relationships with joint venture partners and the successful joint control of joint operations;
- Maintenance of sufficient equity and debt funding for investment in new and existing projects; and
- Merger and acquisitions risks which may arise from potential challenges and uncertainties associated with combining or acquiring another business.

Financial risk management

Financial risk includes price risk, credit risk, liquidity risk and cash flow risk. These are addressed and managed. An overall risk management program seeks to identify, assess and if necessary, mitigate these financial risks in order to minimize potential adverse effects on performance.

Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt or equity balance.

Total debt to total asset ratio for the year ended 2022 is 18.6% (2021: nil).

The capital structure of the Company is comprised of equity and fixed rate loans with banks.

Further details regarding financial risk management can be found in note 14 to the financial statements.

This report was approved by the Board of Directors on 13 March 2024 and signed on its behalf by:

Toghrul Ahmadov
Director

Directors' report

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2022.

Directors

The directors, who served during the year and up to the date of signing these financial statements, except as noted, were as follows:

Gustaf Tage Nobel

Imran Ahmadzada

James Cowie

Richard Manson Duff

Yusif Jabbarov (resigned 23 December 2022)

Toghrul Ahmadov (appointed 23 December 2022)

Compliance with section 172 of the Companies Act 2006.

By working in a manner which promotes the Company`s five Core Values, the Company`s Directors have performed their duties with a view to promote the success of the Company and can confirm that they have considered the following when acting as a Director:

a. Long-term planning

Long-term decisions are made with a view to seeking to improve financial and non-financial operation of the Company. Decisions taken in relation to strategic, long-term matters are taken with a view to achieving positive outcomes under the Excellence and Innovation Core Values.

b. The interests of employees

The Company`s directors view company employees as highly valued assets, essential to the Company's ongoing success. Decisions are taken with a view to promoting the People-oriented Core Value.

c. Fostering good business relationships

The Company`s directors have empowered the managements of its subsidiaries and affiliates to seek to build positive relationships with stakeholders based on mutual trust and clear communication of expectations. Such behaviours principally promote the Integrity Core Value.

d. Operational impacts on the environment and community

The Company`s directors make decisions to promote the Company operating in a manner which has positive health, safety and environmental impacts wherever possible. Also, directors have sought to promote health and well-being within the workforce. The main core values which are promoted here are Safety and Integrity Core Values.

e. High standards of business conduct

The Directors promote the Company operating in a way which demonstrates strong business ethics in everything it does, both in terms of within the Company and in its dealings with external stakeholders. This is embodied in our Integrity Core Value.

f. Shareholders

The Company is wholly owned by one shareholder.

Statement of Directors` Responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulation.

Directors' report

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with UK-adopted international accounting standards.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Going concern

The Company's Ultimate Beneficial Owner has provided written notification that he will not recall the repayment of any amounts owed by The Company or its subsidiaries.

In addition, the Company performed analysis of forecasted cash flows of its investments and itself to ensure that it will have sufficient funds to meet its future obligation. Going concern assessment covered the period to September 2025. A severe but plausible downside scenario that included the inability of the Company to obtain loans from the bank with the effect of $34,350 thousand decrease, and the removal of cash flows of Audubon Group with the effect of 40% reduction in consolidated operational cash inflows and $30,867 thousand decrease in forecasted cash balances.

On the basis of the above analysis the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future, and it is therefore appropriate to adopt the going concern basis in preparation of the financial statements.

Nobel Energy Limited (Formerly Nobel Oil Services (UK) Limited)

Directors' report

Dividends

No dividends were recommended and paid during the year (2021: $2,057 thousand).

Political donations

The Company made no political donations during the year (2021: nil).

Future developments

Please see Strategic Report.

Financial risk management

Please see Strategic Report.

Events after the balance sheet date

Details of events after the balance sheet date are presented in the note 16 to the financial statements.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed.

This report was approved by the Board of Directors on 13 March 2024 and signed on its behalf by:

Toghrul Ahmadov
Director

Independent auditors' report to the members of Nobel Energy Limited

Report on the audit of the financial statements

Qualified opinion

In our opinion, except for the effects of the matter described in the Basis for qualified opinion paragraph below, Nobel Energy Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: Statement of financial position as at 31 December 2022; Statement of profit or loss and other comprehensive income, Statement of changes in equity and Statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for qualified opinion

In preparing the financial statements for the year ended 31 December 2022, the company has taken the exemption from producing consolidated financial statements under section 401 of the Companies Act 2006. As explained in note 3 to the financial statements, the parent company Neqsol Holding B.V. has not prepared its own consolidated financial statements and as such Nobel Energy Limited is not entitled to the exemption from the requirement to produce consolidated financial statements under section 401 of the Companies Act 2006, as it has not met all of the necessary conditions. As a result, the financial statements are not in compliance with the requirements of the Companies Act 2006 and UK-adopted international accounting standards in respect of these matters.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 qualified opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2022 is consistent with the financial statements and, except for the effects of the matter described in the Basis for qualified opinion paragraph above, has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report, except for the effects of the matter described in the Basis for qualified opinion paragraph above.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine 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, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to increase the profitability of the company. Audit procedures performed by the engagement team included:

- Enquiries with management around known or suspected instances of non-compliance with laws and regulations, claims and litigation, and instances of fraud;
- Understanding management's controls designed to prevent and detect irregularities and understanding and assessing management's ongoing processes for investigating any whistleblowing allegations;
- Review of board minutes;
- Challenging management on assumptions and judgements made in their significant accounting estimates; and
- Identifying and testing journal entries with specific focus on entries containing unusual account combinations and other fraud risk criteria in response to the risk of management override of controls.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Bruce Collins

Bruce Collins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
13 March 2024

Nobel Energy Limited (Formerly Nobel Oil Services (UK) Limited)

Statement of profit or loss and other comprehensive income
For the year ended 31 December 2022

	Note	2022 $'000	2021 $'000
General and administrative expenses	7	(4,414)	(384)
Impairment of investments	10	(111,585)	(87,700)
Operating loss		**(115,999)**	**(88,084)**
Dividend income	6	23,503	95,350
Finance costs, net		(432)	-
Foreign exchange loss, net		(17)	(23)
(Loss)/profit before income tax		**(92,945)**	**7,243**
Income tax expense	9	-	-
(Loss)/profit for the year		**(92,945)**	**7,243**

All amounts relate to continuing operations. There was no other comprehensive income during the year of 2022 (2021: nil).

Nobel Energy Limited (Formerly Nobel Oil Services (UK) Limited)

Statement of financial position
As at 31 December 2022

	Note	31 December 2022 $'000	31 December 2021 $'000
Assets			
Non-current assets			
Investment in subsidiaries	10	143,569	253,954
Investment in joint ventures	10	2,076	2,076
Long-term receivables from related parties		40	40
Total non-current assets		145,685	256,070
Current assets			
Dividends receivable		119	2,200
Cash and bank balances	11	64,304	1,504
Total current assets		64,423	3,704
Total assets		**210,108**	**259,774**
Current liabilities			
Trade and other payables	12	4,370	129
Total current liabilities		4,370	129
Non-current liabilities			
Borrowings	13	39,038	-
Total non-current liabilities		39,038	-
Total liabilities		**43,408**	**129**
Equity attributable to the owners of the Company			
Share capital		-	-
Share premium	14	5,240	5,240
Merger reserve	15	17,338	17,338
Retained earnings		144,122	237,067
Total equity		**166,700**	**259,645**
Total equity and liabilities		**210,108**	**259,774**

The Company (registered number: 09102634) financial statements on pages 10 to 32 were approved by the Board of Directors and authorised for issue on 13 March 2024 and were signed on its behalf by:

Toghrul Ahmadov
Director

Nobel Energy Limited (Formerly Nobel Oil Services (UK) Limited)

Statement of changes in equity
For the year ended 31 December 2022

Company	Share Capital $'000	Share Premium $'000	Merger reserve $'000	Retained earnings $'000	Total Equity $'000
	Equity attributable to equity holders of the Company				
Balance at 1 January 2021	**-**	**5,240**	**223,406**	**25,813**	**254,459**
Profit for the year	-	-	-	7,243	7,243
Total comprehensive income for the year	**-**	**-**	**-**	**7,243**	**7,243**
Transfer	-	-	(206,068)	206,068	-
Distribution of dividends to shareholder	-	-	-	(2,057)	(2,057)
Balance at 31 December 2021	**-**	**5,240**	**17,338**	**237,067**	**259,645**
Loss for the year	-	-	-	(92,945)	(92,945)
Total comprehensive loss for the year	**-**	**-**	**-**	**(92,945)**	**(92,945)**
Balance at 31 December 2022	**-**	**5,240**	**17,338**	**144,122**	**166,700**

Merger reserve

The balance on the reserve relates to the capital reorganisation that took place on 25 June 2014, which created a new holding company, which is incorporated and domiciled in the United Kingdom.

Nobel Energy Limited (Formerly Nobel Oil Services (UK) Limited)

Statement of cash flows

For the year ended 31 December 2022

	Note	2022 $'000	2021 $'000
Operating activities			
Loss/(profit) for the year		(92,945)	7,242
Adjustments for:			
Dividend income	6	(23,503)	(95,350)
Finance cost	13	438	-
Finance income		(6)	-
Impairment of investment in subsidiaries	10	111,585	87,700
		(4,431)	(408)
Movement in working capital:			
Increase/(decrease) in trade and other payables		4,241	(163)
Net cash used in operating activities		**(190)**	**(571)**
Investing activities			
Investments in subsidiary undertakings	10	(1,200)	(9,951)
Interest received		6	-
Dividends received		25,584	11,320
Net cash generated from investing activities		**24,390**	**1,369**
Financing activities			
Proceeds from borrowings	13	38,600	-
Dividends paid to shareholder of the company		-	(2,057)
Net cash generated from/(used in) financing activities		**38,600**	**(2,057)**
Net increase/(decrease) in cash and cash equivalents		**62,800**	**(1,259)**
Cash and cash equivalents at beginning of year		**1,504**	**2,763**
Effect of foreign exchange rate changes		-	-
Cash and cash equivalents at end of year	11	**64,304**	**1,504**

1. GENERAL INFORMATION

Nobel Energy Limited (formerly Nobel Oil Services (UK) Limited), (the "Company") is a private company limited by shares and it was incorporated and domiciled on 25 June 2014 in England, UK. The address of its registered office is 7 Albert Buildings, 49 Queen Victoria Street, London, United Kingdom, EC4N 4SA.

The details of the Company's investments are set out in note 8.

2. ADOPTION OF NEW AND REVISED STANDARDS

In the current year, the following standards and amendments have been adopted.

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

• 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.

New and revised IFRSs in issue but not yet effective

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

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. The Company does not expect material impact of the amendment on its financial statements.

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. The Company does not expect material impact of the amendment on its financial statements.

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. The Company does not expect material impact of the amendment on its financial statements.

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

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The financial statements have been prepared on the historical cost basis, except where fair value measurement required by law of accounting standards. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The principal accounting policies adopted are set out below. These accounting policies have been consistently applied to all years presented, unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions. 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.

Consolidated financial statements

The Company is wholly owned subsidiary of Neqsol Holding B.V.. At the date of signing these audited financial statements Neqsol Holding B.V. has not prepared consolidated financial statements for the year ended 31 December 2022. The Company cannot therefore claim exemption by virtue of section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements for the year ended 31 December 2022. Nobel Energy Limited's independent auditors report for year ended 31 December 2022 includes a qualified opinion on this basis.

These financial statements are the Company's separate financial statements.

Going concern

The Company's Ultimate Beneficial Owner has provided written notification that he will not recall the repayment of any amounts owed by The Company or its subsidiaries.

In addition, the Company performed analysis of forecasted cash flows of its investments and itself to ensure that it will have sufficient funds to meet its future obligation. Going concern assessment covered the period to September 2025. A severe but plausible downside scenario that included the inability of the Company to obtain loans from the bank with the effect of $34,350 thousand decrease, and the removal of cash flows of Audubon Group with the effect of 40% reduction in consolidated operational cash inflows and $30,867 thousand decrease in forecasted cash balances.

On the basis of the above analysis the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future, and it is therefore appropriate to adopt the going concern basis in preparation of the financial statements. Functional and presentation currency

The functional currency of the Company is USD, since the majority of operations of the Company is in USD. The financial statements are presented in USD which is the Company's presentation currency. All values are rounded to the nearest thousand ($'000), except where otherwise indicated.

Foreign currencies

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date with the difference recognized in the statement of profit or loss and other comprehensive income. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Investments in associates and joint ventures

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Investment in an associate or a joint venture is initially recognized at cost. Dividend income on the investment is recognized when the dividend becomes receivable with signed resolution act.

When necessary, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount higher of value in use and fair value less costs of disposal with its carrying amount. Any impairment loss recognised, forms part of the carrying amount of the investment.

Dividend income

Dividend income on the investment is recognized when the dividend becomes receivable with signed resolution act.

Operating taxes

There are also various other taxes that do not meet the definition of an income tax under IAS 12, which are assessed on the Company's activities. These taxes are included as a component of operating expenses in the statement of profit or loss and other comprehensive income.

Impairment of investments

At the end of each reporting period, the Company reviews the carrying amounts of investments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the investment is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs of disposal and value in-use. In assessing value in-use, the estimated future cash flows are discounted to their present value using the weighted average cost of capital (WACC) that reflects current market assessments of the time value of money and the risks specific to the investment for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an investment is estimated to be less than its carrying amount, the carrying amount of the investment is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the investment is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where the Company currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents comprise bank balances and cash deposits with banks with original maturities of three months or less.

Financial assets

Financial assets include cash and cash equivalents and dividend receivables measured at amortised cost are presented in the statement of financial position net of the allowance for ECL.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Impairment of financial assets

The Company measures loss allowance at an amount equal to 12-month ECL. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. If the credit risk of financial asset has increased significantly since initial recognition, a loss allowance at an amount equal to lifetime ECL is recognized.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

1. The financial instrument has a low risk of default,
2. The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
3. Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

If historical experience indicates that financial assets, for which information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full, the Company considers this as an event of default for internal risk management purposes.

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that default has occurred using qualitative criteria/events, such as those defined under (iii) Credit-impaired financial assets.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) Significant financial difficulty of the issuer or the borrower;
(b) A breach of contract, such as a default or past due event (see (ii) above);
(c) It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

(iv) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire; or when it transfers the financial assets and substantially all the risk and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risk and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities (other than financial guarantees), including trade and other payables are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognized on an effective yield basis.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

An exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and key estimations that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

Transfer of subsidiary

Once the substance of the transaction has been determined to be a distribution, a judgement should be applied to determine whether this constitutes a return on capital (dividend income) or a return of capital (a reduction or reallocation of the cost of investment). Where the substance of the transaction is a return of capital is when the company is being fully liquidated and all assets are being hived up to the parent or return of a particular asset which was contributed previously. If the substance of the distribution is judged to be a return of capital to Parent company, rather than a dividend, Parent would reallocate a portion of the carrying value of its investment in subsidiary to a separate investment in distributed entity. One way to achieve this would be to base the reallocation on the relative values of subsidiary and distributed entity.

Impairment of investment

The recoverable amount of investment is determined based on value-in-use calculations. These calculations use cash flow projections based on existing contracts, new contracts signed, drilling plans and management's assumption of continuity of projects. Cash flows beyond the five-year period are extrapolated using the estimated growth rate stated below. The growth rate is projected real GDP growth rate of Azerbaijan economy.

Assumptions used for value-in-use calculations to which the recoverable amount is most sensitive were:

	2022	2021
Growth rate beyond six years	2.3% p.a.	4% p.a.
WACC	12.7% p.a.	12% p.a.

The discount rate used is WACC and reflect specific risks relating to the relevant investment. If the revised estimated WACC applied to the discounted cash flows of the investment had been 10% higher than management's estimates, the Company would need to reduce the carrying value of investment by $14,360 thousand.

The growth rate, used to determine terminal value beyond 5 years period had been 10% lower than management's estimates, the Company would need to reduce the carrying value of investment by $1,739 thousand.

5. AUDITORS' REMUNERATION

The analysis of the auditors' remuneration is as follows:

	2022 $'000	2021 $'000
Fees payable to the Company's auditors for the audit of the parent company and consolidated financial statements	187	145
Total	**187**	**145**

6. DIVIDEND INCOME

	2022 $'000	2021 $'000
Dividend income from subsidiaries	23,000	93,970
Dividend income from joint ventures	503	1,380
Total dividend income	**23,503**	**95,350**

7. GENERAL AND ADMINSITRATIVE EXPENSES

	2022 $'000	2021 $'000
Legal and professional fees	4,212	179
Auditor remuneration	187	145
Other expenses	15	60
Total general and administrative expenses	**4,414**	**384**

8. STAFF COSTS

No employees are employed by the Company in either year.

The directors received no remuneration for their services to the Company in either year as their services to the Company were incidental to their services to the group. The present directors are employed by and receive remuneration for services from wholly owned subsidiaries of the group and ultimate parent company.

9. INCOME TAX EXPENSE

	2022 $'000	2021 $'000
Current tax	-	-
Deferred tax	-	-
Income tax expense for the year	-	-

The charge for the year can be reconciled to the profit in the statement of profit or loss and other comprehensive income as follows:

	2022 $'000	2021 $'000
Profit before tax	(92,945)	7,243
Tax at the UK corporation tax rate of 19% (2021: 19%)	17,660	(1,376)
Tax exempt income net of expenses that are not deductible in determining taxable profit	(16,818)	1,453
Effect of unrecognized tax assets on carried-forward tax losses	(842)	(77)
Income tax expense for the year	-	-

Factors affecting current and future tax charges

Legislation was introduced in Finance Act 2021 to increase the main rate of UK corporation tax on profits from 19% to 25% effective from 1 April 2023. This is not expected to have a material impact on the Company.

10. INVESTMENTS

The Company has a number of subsidiaries and joint ventures held directly and indirectly which operate and are incorporated around the world.

(a) Subsidiaries

The Company had the following subsidiaries at 31 December 2022:

Nobel Energy Limited (Formerly Nobel Oil Services (UK) Limited)

Notes to the financial statements
For the year ended 31 December 2022

Name	Principal activity	Place of incorporation and registered office	Proportion of ordinary shares directly held by the Company (%)
Nobel Oil Investment (UK) Limited	Holding company	7 Albert Buildings, 49 Queen Victoria Street, London, EC4N 4SA, United Kingdom	100
Nobel Oil Ltd	Holding company	Henville Building, Prince Charles Street, Charlestown, Nevis	100
Absheron Qazma LLC	Holding company	14 S.A. Shirvani street, apt. 102, Baku, the Republic of Azerbaijan	75
Nobel Energy Americas LLC	Holding company	1209 Orange street, Wilmington, New Castle, 19801, Delaware, USA	100
Gas Supply Solutions Holding LLC	Holding company	Didube District, 129a Davit Agmashenebeli avenue, office No.4, Tbilisi, Georgia	100
Nobel Energy Management LLC	Management company	Khatai District, 113 "8 Noyabr" Avenue, Baku, AZ1026, the Republic of Azerbaijan	90
Prokon LLC	(i)	Sabail District, 89 Neftchilar Avenue, apt. 35, Baku, AZ1004, the Republic of Azerbaijan	95
Global Energy Solutions LLC	(ii)	Binagadi District, 1B Rashid Behbudov street, apt. 4, Baku, AZ1114, the Republic of Azerbaijan	90
Llamrei DMCC	(iii)	Unit No.30-01-1048, Jewellery & Gemplex 3, Plot No.DMCC-PH2-J&GPlexS, Dubai, United Arab Emirates	100
GVL LLC	(iv)	Khatai District, 21 Fazil Bayramov street, Baku, AZ1025, the Republic of Azerbaijan	49
SOCAR-AQS LLC	(v)	Sabail District, 96 Nizami street, Landmark Office Plaza I, Baku, AZ1010, the Republic of Azerbaijan	73.77

(i) Construction and project management services
(ii) Oilfield equipment maintenance services
(iii) Oilfield equipment and spare parts trading
(iv) Repair and maintenance services to mechanical equipment in the oil and gas industry
(v) Integrated drilling and well management services

The proportion of the voting rights in the subsidiary undertakings held directly by the Company do not differ from the proportion of ordinary shares held.

Investment in subsidiaries

Company	2022 $'000	2021 $'000
Balance at 1 January	253,954	249,873
Additions in the year	1,200	9,951
Transfer	-	81,830
Impairment	(111,585)	(87,700)
At 31 December	**143,569**	**253,954**

During 2022, the Company recognised impairment of $111,585 thousand (2021: $87,700 thousand) over the investment in SOCAR-AQS LLC.

During 2022, the Company has made additional contributions in the share capital of its subsidiaries, Nobel Oil Ltd and Nobel Oil Investment (UK) Limited in the amount of $1,150 thousand and $50 thousand, respectively.

During 2021, the Company has made additional contributions in the share capital of its subsidiaries, Nobel Oil Ltd, Nobel Energy Management LLC and Nobel Oil Investment (UK) Limited in the amount of $8,440 thousand, $1,350 thousand and $161 thousand, respectively.

In January 2021, the Company's ownership interest in SOCAR-AQS LLC subsidiary was transferred from Nobel Oil Ltd to the Company for nil consideration. The Company recorded this transfer at $81,830 thousand. In addition, the Company transferred $228,302 thousand amount from investment in Nobel Oil Ltd to investment in SOCAR-AQS LLC.

Investments in subsidiaries and joint ventures are recorded at cost, which is the fair value of the consideration paid.

Some of subsidiaries' financial statements are available on their websites.

The Company's shareholder is Neqsol Holding B.V., registered in Netherlands, with 100% ownership of the capital since 9 June 2022. The Company's ultimate controlling party is Mr. Nasib Hasanov.

(b) Investment in joint ventures

The Company had the following joint ventures at 31 December 2022:

Name	Principal activity	Place of incorporation and registered office	Proportion of ordinary shares directly held by the Company (%)
SDL Denholm Ltd	Fabrication works for the oil and gas industry	8th Floor The Aspect, 12 Finsbury Square, London, EC2A 1AS, United Kingdom	50
Denholm Oilfield Services (Azerbaijan) Ltd	Fabrication works for the oil and gas industry	19 Woodside Crescent, Glasgow, G3 7UL, United Kingdom	50
Wood Group Azerbaijan B.V.	*Oilfield engineering,* procurement and construction services	*C/O Centralis Netherlands BV, Zuidplein* 126, WTC, Toren H 15e, Amsterdam, 1077XV, Netherlands	49
Lamor NBO LLC	Dormant	Masazir District, 6 "Bakhchali Evlar" apartment complex, apt.15, Absheron region, the Republic of Azerbaijan	50

The table below summarizes movements in the carrying amount of the Company's investment in joint ventures:

Company	2022 $'000	2021 $'000
Balance at cost at 1 January	2,076	2,076
Additions in the year	-	-
At 31 December	**2,076**	**2,076**

(c) Details of joint ventures

At 31 December 2022, the Company's interests in joint ventures and their summarized aggregate financial information, including total assets, liabilities, revenues and profit or loss, were as follows:

Name	Total current assets $'000	Total non-current assets $'000	Total current liabilities $'000	Total non-current liabilities $'000	Net assets $'000	Revenue $'000	Profit/ (loss) $'000	Total comprehensive income $'000	Interest held (%)	Share of profit (%)	Country of incorporation
SDL Denholm Ltd	2,096	433	964	-	1,565	4,424	(424)	(424)	50	50	United Kingdom
Denholm Oilfield Services (Azerbaijan) Ltd	309	-	52	-	257	678	(94)	(94)	50	50	United Kingdom
Wood Group Azerbaijan B.V.	13,191	149	10,983	353	1,888	38,807	1,050	1,050	49	49	Netherlands
Lamor NBO LLC	-	-	-	-	-	-	-	-	50	50	Azerbaijan
Total	**15,596**	**582**	**11,999**	**353**	**3,710**	**43,909**	**532**	**532**			

At 31 December 2021, the Company's interests in joint ventures and their summarized aggregate financial information, including total assets, liabilities, revenues and profit or loss, were as follows:

Name	Total current assets $'000	Total non-current assets $'000	Total current liabilities $'000	Total non-current liabilities $'000	Net assets $'000	Revenue $'000	Profit/ (loss) $'000	Total comprehensive income $'000	Interest held (%)	Share of profit (%)	Country of incorporation
SDL Denholm Ltd	3,240	768	1,442	75	2,491	8,073	1,093	1,093	50	50	United Kingdom
Denholm Oilfield Services (Azerbaijan) Ltd	427	-	76	-	351	1,304	27	27	50	50	United Kingdom
Wood Group Azerbaijan B.V.	14,477	447	13,859	-	1,065	39,487	429	429	49	49	Netherlands
Lamor NBO LLC	-	-	-	-	-	-	-	-	50	50	Azerbaijan
Total	**18,144**	**1,215**	**15,377**	**75**	**3,907**	**48,864**	**1,549**	**1,549**			

11. CASH AND BANK BALANCES

	31 December 2022 $'000	31 December 2021 $'000
Bank balances	3,298	1,504
Call deposits	61,006	-
Total cash and bank balances	**64,304**	**1,504**

At 31 December 2022, call deposits represent two (2021: nil) USD denominated call deposits in the amount of $61,006 thousand (2021: nil) placed with the interest rate of 1.2% p.a.

12. TRADE AND OTHER PAYABLES

	31 December 2022 $'000	31 December 2021 $'000
Trade payables	4,352	111
Accrued expenses and other creditors	18	18
Total trade and other payables	**4,370**	**129**

13. BORROWINGS

	31 December 2022 $'000	31 December 2021 $'000
Bank loans	38,600	-
Accrued interest payable	438	-
Amount due for settlement within 12 months	-	-
Amount due for settlement after 12 months	39,038	-
Total borrowings	**39,038**	**-**

At 31 December 2022 and 2021, borrowings of the Company were represented by the following facilities:

	Interest rate	Rate	31 December 2022 $'000	Rate	31 December 2021 $'000
USD denominated					
Pasha Bank	Fixed	4.5%	20,000	-	-
Pasha Bank	Fixed	6.5%	10,000	-	-
Pasha Bank	Fixed	4.4%	8,600	-	-
Interest payable			438		-
Total			**39,038**		**-**
Long-term portion of borrowings			**39,038**		**-**
Current portion repayable in one year and shown under current liabilities			**-**		**-**

Reconciliation of liabilities arising from financing activities

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

		Cash changes, $'000			Non-cash changes, $'000		
	1 January 2022	Financing cash flows (i)	Repay-ment of bank loans	Interest paid	Effect of foreign exchange rate changes	Interest expense	31 December 2022
Loans and borrowings	-	38,600	-	-	-	438	39,038

(i) The cash flows from bank loans make up the total amount of proceeds from borrowings in the statement of cash flows.

14. SHARE CAPITAL AND SHARE PREMIUM

Nobel Energy Limited (formerly Nobel Oil Services (UK) Limited) was incorporated on 25 June 2014 in the United Kingdom. The Company's authorised share capital is comprised of 3 ordinary shares with a par value of $1 each.

On incorporation 1 ordinary share of $1 was issued at par. Subsequently, the Company's principal shareholder paid in share capital of $5,240 thousand in exchange for 2 issued ordinary share at $1 each.

During 2022, no dividends (2021: $2,057 thousand) were declared and distributed to the ultimate shareholder of the Company.

15. MERGER RESERVE

	Merger reserve 2022 $'000	Merger reserve 2021 $'000
Balance at 1 January	**17,338**	**223,406**
Transfer	-	(206,068)
Balance at 31 December	**17,338**	**17,338**

In accordance with section 610 of the Companies Act 2006 the difference between the nominal value of equity instruments issued (1 ordinary share of $1) and the carrying amount of entities contributed to the share capital of the Company has been credited to the merger reserve.

16. ULTIMATE PARENT COMPANY

The Company is a wholly owned subsidiary company of Neqsol Holding B.V., which is incorporated in the Netherlands, and ultimately owned by Mr Nasib Hasanov.

The registered address of Neqsol Holding B.V. is Museumlaan 2, 3581HK Utrecht, Postbus 2943, 1000CX Amsterdam, the Netherlands.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt or equity balance.

Total debt to total asset ratio for the year ended 2022 is 18.6% (2021: nil).

The capital structure of the Company is comprised of equity and fixed rate loans with banks.

Categories of financial instruments

The financial assets are represented by receivables from related parties, dividend receivables and cash and cash equivalents (bank balances and deposits with maturity dates less than three months). All financial assets held by the Company are recorded at amortised cost.

The financial liabilities of the Company are represented by borrowings and trade and other payables initially recognized at fair value less transaction costs. Subsequently they are measured at amortised cost using the effective interest method.

The carrying amounts of the Company's financial assets and liabilities as at 31 December 2022 and 2021 are as follows, which are assumed to approximate their fair values:

	Note	31 December 2022 $'000	31 December 2021 $'000
Financial assets measured at amortized cost			
Receivables from related parties		40	40
Dividends receivable		119	2,200
Cash and cash equivalents	11	64,304	1,504
Total financial assets		**64,463**	**3,744**
Financial liabilities measured at amortized cost			
Loans with banks	13	39,038	-
Trade and other payables	12	4,370	129
Total financial liabilities		**43,408**	**129**

The main risks arising from the Company's financial instruments are credit, liquidity and currency risks.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. Financial assets which are potentially subject to concentration of credit risk consist principally of receivables from related parties, dividend receivables and cash and cash equivalents.

The maximum exposure to credit risk at 31 December 2022 and 2021 is as follows:

	Note	31 December 2022 $'000	31 December 2021 $'000
Receivables from related parties		40	40
Dividends receivable		119	2,200
Cash and cash equivalents	11	64,304	1,504
Total		**64,463**	**3,744**

The Company has not recognized expected credit losses (2021: nil) with respect to its receivables from related parties, dividend receivables and cash and cash equivalents.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the directors, which have established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. The undiscounted amount is derived from interest rate curves at the end of the reporting year. The contractual maturity is based on the earliest date on which the Company may be required to pay.

31 December 2022	Carrying amount $'000	Contractual cash flows $'000	Less than 6 months $'000	6-12 months $'000	1-5 years $'000	Over 5 years $'000
Non-derivative financial liabilities						
Loans with banks	39,038	46,449	964	898	44,587	-
Trade and other payables	4,370	4,370	4,370	-	-	-
Total non-derivative financial liabilities	**43,408**	**50,819**	**5,334**	**898**	**44,587**	**-**

31 December 2021	Carrying amount $'000	Contractual cash flows $'000	Less than 6 months $'000	6-12 months $'000	1-5 years $'000	Over 5 years $'000
Non-derivative financial liabilities						
Trade and other payables	129	129	129	-	-	-
Total non-derivative financial liabilities	**129**	**129**	**129**	**-**	**-**	**-**

Currency risk

The Company is exposed to currency risk on purchases and borrowings that are denominated in currencies other than USD. The currencies in which these transactions primarily are denominated is US Dollars (USD).

The control over foreign currency risk arising from trading operations is managed in the following ways:

- Monitoring of interconnection between foreign currency position level for each currency and the relevant liquidity level for these currencies;
- Forecasting the tendencies of volatility in the rates of foreign currencies;
- Analysis of activity and the Company's operations.

Exposure to currency risk

The Company's exposure to foreign currency risk was as follows based on notional amounts:

	31 December 2022 EUR denominated $'000	31 December 2021 EUR denominated $'000
Cash and cash equivalents	259	300
Net exposure	**259**	**300**

The following exchange rates applied at year end:

	31 December 2022	31 December 2021
AZN / 1 EUR	1.0666	1.1326

Sensitivity analysis

A weakening of the USD, as indicated below, against the following currency at 31 December 2022 and 2021 would have decreased equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting year. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Impact on profit or loss	
	2022 $'000	2021 $'000
AZN / EUR 10% weakening (2021: 10% weakening)	26	30

A strengthening of the USD against the above currency would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

18. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties, are disclosed below:

	31 December 2022 $'000		31 December 2021 $'000	
	Related party balances	Total category as per financial statements caption	Related party balances	Total category as per financial statements caption
Long-term receivables from related parties		40		40
- entities under common control	40		40	
Dividends receivable		119		2,200
- subsidiaries of the Company	119		2,200	
Trade and other payables		4,370		129
- subsidiaries of the Company	4,191		-	

	31 December 2022 $'000		31 December 2021 $'000	
	Related party transactions	Total category as per the financial statements caption	Related party transactions	Total category as per the financial statements caption
Dividend income		23,503		95,350
- subsidiaries of the Company	23,000		93,970	
- joint ventures of the Company	503		1,380	
General administrative expenses		4,414		177,108
- subsidiaries of the Company	4,191		9,396	
Impairment of investments		111,585		87,700
- subsidiaries of the Company	111,585		87,700	

19. EVENTS AFTER THE REPORTING PERIOD

New market entry

On 7 April 2023, the Company, through its subsidiary in the United States - Nobel Energy Americas, successfully finalized the acquisition of the Audubon Group of Companies (the "Audubon Group"), a prominent U.S. based Engineering, Procurement, and Construction (EPC) services business with 100% ownership. The acquisition presents a valuable opportunity for the Company to access new resources, cutting-edge technologies, and diverse customer segments. By incorporating Audubon Group into its portfolio, Nobel Energy aims to enhance its competitive position within the industry.

The sales price has several components - $70,000 thousand due at closing; approximately $55,000 thousand due in 3 annual payments beginning one year after the closing anniversary date subject to determination of the final net working capital adjustment, estimated to be 3 payments of $18,300 thousand plus interest; and earnout payments over the next four years based on achieved levels of EBITDA and other factors, as defined. There are other minor components to the final price, including reimbursement of related professional fees associated with the agreement, net working capital adjustments, etc.

The Company`s separate funds will be the source of approximately $115,000 thousand of the proceeds described above, while $10,000 thousand will be funded by bank borrowings by the Audubon Group just prior to the closing. The Earnout payments will be funded by the Audubon Group`s profits generated in each of the years 2022 through 2025 based on EBITDA, as defined in the agreement, in each of those years. Earnout payments applicable to 2022 are scheduled to be 100% of EBITDA in excess of $12,500 thousand, payable near September of 2023 subject to Board approval. Earnout payments applicable to the years 2023, 2024, and 2025 are scheduled to be 100% of EBITDA, as defined, in excess of $12,500 thousand and up to $25,000 thousand, with an additional 24% of EBITDA, as defined, in excess of $25,000 thousand, payable on or near June 30 of the subsequent year subject to Board approval.

New subsidiaries

On 25 May 2023, the Company established a new subsidiary, Enerso LLC, with 95% ownership of shares.

On 4 August 2023, the Company purchased the remaining 50% shares of SDL Denholm Limited from Denholm Energy Services for a cash consideration of $369,000. The Company obtained control of SDL Denholm mainly due to licenses and certificates held to perform fabrication services in the oil and gas industry. Subsequently, SDL Denholm Limited was renamed to SDL Nobel Limited.

On 22 November 2023, the Company established a new subsidiary, Prokon Nakhchivan LLC, with 95% ownership of shares.