PETCO TRADING (UK) LIMITED

(Registered No. 06695912)

DIRECTORS' REPORT, STRATEGIC REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

Registered address
1 Blake Mews
Kew Gardens
Richmond upon Thames
Surrey, TW9 3GA
United Kingdom

PETCO TRADING (UK) LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors have the pleasure in submitting their report and the Audited Financial Statements of PETCO Trading (UK) Limited ("the Company") for the year ended 31 December 2023.

PRINCIPAL PLACE OF BUSINESS

The Company is a private limited company incorporated and domiciled in the United Kingdom (Registered No. 06695912) and has its principal place of business at One New Ludgate, 9th Floor, 60 Ludgate Hill, London, EC4M 7AW, United Kingdom and the registered address of the entity is at 1 Blake Mews, Kew Gardens, Richmond upon Thames, Surrey, TW9 3GA, United Kingdom.

PRINCIPAL ACTIVITIES

The principal activities of the Company over the course of the financial year consist of marketing of crude oil, trading in crude oil, fuel oil and petroleum products, gas and liquified natural gas ("LNG").

HOLDING COMPANY

The holding company is PETRONAS Trading Corporation Sdn. Bhd. ("PETCO"), a company incorporated and domiciled in Malaysia.

The ultimate holding company is Petroliam Nasional Berhad ("PETRONAS"), a company incorporated and domiciled in Malaysia. PETRONAS' financial statements are available at www.petronas.com.

DIVIDENDS

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

RESERVES AND PROVISIONS

There were no material movements to or from reserves and provisions during the year other than as disclosed in the financial statements.

POLITICAL CONTRIBUTIONS

The Company made no political donations or incurred any political expenditure during the financial year.

GOING CONCERN

The Directors believe that the Company has considered all available information about the future in its assessment of its ability to continue as a going concern, for at least the next 12 months from the date of signing these financial statements, which includes the following:

- The Company has developed robust strategies and initiatives, translated into its approved business plan for the next five financial years. Together with its cashflow forecast for the next two years from the year ended 31 December 2023, the Company is confident that it will generate sustainable business for the foreseeable future.
- The Company has sufficient and easy access to financial resources.
- The Company has term contracts with reputable, creditworthy customers and reliable suppliers across different regions.
- The Company is not aware of any events or conditions that may cast significant doubt about the going concern assumption.
- The Company does not intend to liquidate or cease trading.

GOING CONCERN (CONTINUED)

- The Company continued to assess the potential impact of Russian-Ukraine invasion and change in market and price environment in subsequent periods and prepared budget with sensitivity analysis to stress test going concern status of the Company. The details of the assessment are in the Strategic Report on pages 6 to 10 and in Note 1.6 to the financial statements.

Accordingly, the financial statements have been prepared on a going concern basis.

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Shamsul Bahari bin Salleh
Ahmad Hakimi bin Muhammad Radzi
Domenico Nunzio Ciaglia
Jazlinawati Binti Osman
Ezran Bin Mahadzir

DIRECTORS' INTERESTS

The Directors in office at the end of the year who have interests and deemed interests in the shares of the Company and of its related corporations other than wholly-owned subsidiaries (including the interests of the spouses and/or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' are as follows:

Number of shares in PETRONAS Chemicals Group Berhad

Name	Balance at 1.1.2023	Bought	Sold	Balance at 31.12.2023
Directors				
Shamsul Bahari bin Salleh	2,000	-	-	2,000

None of the other Directors holding office at 31 December 2023 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 19 of the financial statements), by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES

There were no changes in the issued and paid up capital of the Company during the financial year.

ENGAGING WITH STAKEHOLDERS

The directors regularly and actively engaged with the Company's employees, customers, suppliers, shareholders, and other relevant stakeholders to understand relevant stakeholder views. This is to ensure that all decision making is sufficiently informed and is supportive of directors' duties under Section 172 of Companies Act 2006. Further details on how Company's relationship with stakeholders' shapes and influences strategic consideration around issues material to them can be found in the Strategic Report on page 7.

Employees

The Company regards its employees as its most valued asset and puts great emphasis on the wellbeing and morale of the employees. Regular engagement with employees helps the Company understand the areas of importance with regards to the working environment and Company culture. Directors conduct regular face to face engagement sessions with employees to inform them on the latest developments and to hear employees' concerns and suggestions.

Through PETRONAS intranet, employees can access articles by leaders in PETRONAS and Company information.

Customers and suppliers

The Company and relevant Directors proactively and continuously engage with its customers and suppliers through both face to face meetings and digital platforms. Business trips to office locations of key customers and suppliers ensure loyalty and expansion of the Company's business relationships. Directors also regularly participate in industry events such as International Petroleum Week in London, the Asia Pacific Petroleum Conference in Singapore, the Abu Dhabi International Exhibition & Conference, to build relationships with new and existing customers and suppliers.

Shareholders

The Company regularly engages with its shareholder, PETCO, with representation at the shareholder's Board of Directors meetings, providing regular updates on business performance, strategies and plans for future years, as well as participating in other regular meetings at the PETRONAS Group headquarters in Kuala Lumpur.

Other stakeholders

The Company also regularly engages with its bankers, government agencies and service providers to provide them with the required regulatory information to comply with laws and regulations. The Company has actively participated in the surveys conducted by the Office of National Statistics during the year.

EVENTS AFTER REPORTING DATE

There were no significant events after the reporting period other than disclosed in Note 25 to the financial statements.

PETCO TRADING (UK) LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

OTHER INFORMATION

In the opinion of the Directors, the financial performance of the Company for the financial year ended 31 December 2023 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

The Strategic Report on pages 6 to 10 contains a description of the Company's exposure to principal risks, as well as an outline of its future developments.

In respect of the Directors or past Directors of the Company, the amount of:

i) fees and other benefits paid to or receivable by them from the Company or its subsidiary companies as remuneration for their services to the Company or its subsidiary companies; and

ii) the estimated money value of any other benefits received or receivable by them otherwise than in cash from the Company or from any of its subsidiaries; and

iii) the total of the amount paid to or receivable by any third party in respect of the services provided to the Company or any of its subsidiary companies by any Director or past Director of the Company are disclosed in Note 19.

DISCLOSURE OF INFORMATION TO AUDITOR

The Directors who held office at the date of approval of this Directors' Report confirm that, so far that they are aware, there is no relevant audit information (as defined by Section 418(3) of the Companies Act 2006) of which the Company's auditor is unaware; and each Director has taken all steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

DIRECTORS INDEMNITY PROVISIONS

During the period under review, the Company had in force an indemnity provision in favour of the Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in Section 234 of the Companies Act 2006. Such qualifying third-party indemnity provision remains in force as at date of approving the Directors' report.

AUDITOR

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and Ernst and Young LLP will therefore continue in office.

FUTURE DEVELOPMENTS

Directors have disclosed future developments related to the Company in the Strategic Report.

PETCO TRADING (UK) LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

STREAMLINED ENERGY AND CARBON REPORTING (SECR)

Details on the Company's UK energy use and associated greenhouse gas emissions are presented below:

	2023	2023	2022	2022
Scope 2 emissions	kWh	Tonnes CO_2e	kWh	Tonnes CO_2e
Electricity	99,586	21	149,785	29
Gas Combustions	79,594	15	23,121	4
	179,180	36	172,906	33
Intensity ratios				
Tonnes of Co_2e per employee		0.6		0.6
Average number of employees		60		55

Electricity and gas emissions relate to energy usage at the UK head office building. The building complies with the ISO 9001:2015 standards and the company follows the ESOS (Energy Savings Opportunity Scheme) recommendations, where practical. The company obtained its gas and electricity meter readings and calculated the emissions in accordance with the UK Government Greenhouse Gas Conversion Factors 2023. No particular action taken on energy efficiency.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

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SHAMSUL BAHARI BIN SALLEH
CHAIRMAN

Registered address:
1 Blake Mews, Kew Gardens, Richmond upon Thames,
Surrey, TW9 3GA, United Kingdom
Date: 01 March 2024

PETCO TRADING (UK) LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors have the pleasure in submitting their strategic report on the Company for the year ended 31 December 2023.

BUSINESS REVIEW

The Company's financial performance during the year was as follows:

	2023 '000	2022 '000	% Change
Oil/products sales and marketing volume (bbl)	47,315	25,595	85%
LNG and gas sales volume (btu)	189,571	225,720	(16%)

	2023 USD'000	2022 USD'000 *(restated)*	% Change
Revenue	3,214,757	3,298,507	(3%)
Net trading income/(loss)	41,761	(1,335)	>100%
Gross profit	37,913	33,568	13%
Profit for the year	17,286	10,657	62%

	31.12.2023 USD'000	31.12.2022 USD'000	% Change
Total assets	374,518	1,450,347	(74%)
Total equity	33,797	16,511	105%
Current assets as % of current liabilities	1.1:1	1:1	
Average number of employees	60	55	

In 2023 the company continued to recover from the prior year impact of volatile commodity markets due to the recovery of the oil demand.

The European LNG and gas markets continue to evolve in response to changing supply and demand patterns primarily resulting from the decline in pipeline gas flows from Russia as a result of the conflict in Ukraine. Along with the historically low levels of European gas storage inventory in the initial run up to the 22/23 Winter period this led to a period of unprecedented volatility in LNG and gas prices and has seen European markets pivot away from Russian supplies towards LNG to satisfy demand. This resulted in Europe becoming the premium market for LNG deliveries for large periods of time as Europe and Asia competed for cargoes. The high volatility in LNG and gas prices, which is anticipated to continue in 2024. Whilst a warm start to the winter in Europe and full storage inventories has led to a fall in spot gas prices, there is still considerable risk of global supply and demand balance disruptions for 2023/2024 .

Overall economic recovery has positively impacted oil prices and subsequently improved Company's results for the year by USD 6.63 million in comparison to prior year. Total assets as at 31 December 2023 stood at USD374.5 million, lower than prior year by 74% mainly driven by decrease in current assets at the year-end.

The Company continues to implement its core strategies in:
- monetising and optimising PETRONAS assets in West of Suez;
- expanding its marine fuels business;
- sourcing and optimisation of feedstock to PETRONAS refineries; and
- focusing on strategic sourcing and optimisation of LNG cargoes and Gas West of Suez.

BUSINESS REVIEW (CONTINUED)

The Company continued to achieve optimal value for PETRONAS's foreign equity crude, developing relationships with key players in the market in collaboration with PETRONAS's Upstream division. In particular, the Company actively collaborated with PETRONAS entities in Brazil and Argentina to seek potential trading and marketing opportunities in the coming years.

SECTION 172 OF THE COMPANIES ACT 2006

The Directors are required to act in a manner which complies with their duties as set out in the UK Companies Act 2006. The Directors must act in accordance with a set of general duties as detailed Section 172 of the Companies Act 2006 which is summarised as follows:

'A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:
a. the likely consequences of any decision in the long term,
b. the interests of the company's employees,
c. the need to foster the company's business relationships with suppliers, customers and others,
d. the impact of the company's operations on the community and the environment,
e. the desirability of the company maintaining a reputation for high standards of business conduct, and the need to act fairly as between members of the company.'

The Directors have a duty to promote the success of the Company for the benefit of the stakeholders as a whole and have regard to the interests of the stakeholders in their decision making. The values of the Directors and the stewardship of the Company are aligned with those of the Petronas Group.

As outlined in the sections below for 'Principal Risks' of the Strategic Report, the Directors of the Company has put in place various risk management measures to protect the Company and those stakeholders who depend on it.

Principal decisions
We define principal decisions taken by the Board as those decisions in the financial year that are of a strategic nature and/or that are significant to any of our key stakeholder groups identified in section below for 'Engaging with Stakeholders' of the Strategic Report. Below we outline the principal decisions made by the Board. This explains how the Directors have engaged with, or in relation to, the different key stakeholder groups, and how stakeholder interests were considered over the course of decision-making:

- The Company's employees now operate on a hybrid working arrangement as standard.

The Directors consider that they have acted in accordance with their duties under Section 172 in the decisions taken during the year ended 31 December 2023. The level of information disclosed on the principal decisions above is consistent with the size and complexity of the business. We describe how stakeholders were considered during the decision-making process by summarising the relevant discussions. The relevance of each stakeholder group's interests may differ depending on the nature of decisions being considered. Board decisions will not necessarily result in a positive outcome for all our stakeholders, but by considering our purpose, values and business objectives, and having due regard for stakeholder relationships, the Board aims to ensure that its decisions promote the long-term success of the Company.

ENGAGING WITH STAKEHOLDERS

Effective and high-quality engagement with stakeholders is vital for the success of the Company. Therefore, the Company regularly engages with employees, customers, suppliers, shareholders, and other relevant stakeholders. Effective engagement with key stakeholders enables two-way dialogue, stakeholders are informed on a regular basis on Company's key activities and strategies which may potentially impact them, and Company obtains valuable information from key stakeholders which helps to shape Company's plans and strategies to ensure sustainability and future growth of the Company.

Senior leaders of the Company regularly participate in virtual meetings with clients, industry events and conferences. By carefully listening to the concerns of key stakeholders, the Company could successfully deliver bespoke solutions to its customers and improved the way it works with its customers, which serves as an invaluable differentiating factor in the competitive market.

Listening to the concerns of stakeholders, the Company rolled out digitalisation initiative in the year, which has significantly improved the efficiency of communication with various stakeholders.

FUTURE DEVELOPMENTS

The Company is committed to contributing a sustainable growth through directing its efforts in expanding and establishing a niche trading portfolio and trading for PETRONAS's requirements. By leveraging on its resources and human talent, the Company strives to deliver profitable business expansion.

PRINCIPAL RISKS

It is the Company's culture to uphold good corporate governance and institutionalise distinctive risk management capability to continuously enhance its operational excellence for sustainable business.

The Company's risk management system is governed by its ultimate holding company's centralised risk management control and framework. The risk management system dynamically monitors, and controls exposed risk faced by the Company. The risks are described as follows:

Commodity price risk
The Company faces the probability of financial loss due to the volatility of commodity prices for crude oil, petroleum products, fuel oil, LNG and gas as well as financial instruments.

Credit risk
The Company has exposure to financial loss from failure of counterparties to make payments for the crude oil, fuel oil and petroleum products, LNG and gas delivered.

Operational control risk
The Company is subject to operational control risk around its normal course of business activities. Deficiencies in information systems, breaches of internal controls, human errors, management failure, operational problems, fraud or geopolitical instability could lead to disruption of business, financial loss, regulatory intervention or damaged reputation.

Inventory risk
The Company is potentially exposed to physical loss of inventories and decrease in value of its inventories due to commodity price movements.

Performance risk
Performance risk is the potential exposure of the Company to financial loss arising from failure of counterparties to perform their contractual obligations.

PRINCIPAL RISKS (CONTINUED)

Basis risk
This is the potential financial loss arising from different pricing terms on hedging strategy for sale and purchase of crude oil, fuel oil, petroleum products, LNG and gas.

Government protection
UK Government announced several stimulus packages for the companies in the UK. However, PTUK has not so far relied on these support packages.

Customers
The Company's customers continue to trade and have access to our products by taking or receiving products as usual at oil, gas and LNG terminals and via oil and LNG tankers. Majority of Company's customers are PETRONAS group subsidiaries and major oil and gas players.

The Company has not faced any issues regarding its receivables and customers have been paying as per the contractual due dates. The Company manages its credit risk as per the PETRONAS Credit Risk guidelines and minimises credit risk by ensuring that all potential third-party counterparties are assessed prior to registration and entering new contracts. Existing third-party counterparties are also subject to regular reviews, including re-appraisal and approval of granted limits. These limits are reviewed when there is a change in market environment. Before entering any new deal with customers, the Company reviews the current credit limit. Majority of sales are with related parties, which are less subject to credit risk. Majority of the sales to third parties are usually on secured basis. Therefore, changes in market environment due to Russia-Ukraine war will not have adverse impact in terms of credit risk.

Supply chain
The Company's suppliers continue to operate and have no restrictions in delivering products purchased by the Company as usual at oil, gas and LNG terminals and via oil and LNG tankers. The Company has a diverse base of suppliers and majority of supplies are generated from other PETRONAS group subsidiaries, whose ability to supply the required crude oil, petroleum products, gas and LNG to the Company have not been significantly impacted by Russia-Ukraine war. Therefore, there is a minimal potential risk of supply chain disruption for the Company arising from current market conditions. In addition, there has been no disruption to Company's trading operations from the service providers such as freight/shipping, inspection, and other relevant services. The Company's fuel oil blending operations in offshore Malta has been continuing normally without any disruption.

Employees
The Company's employees have been working on a hybrid home and office arrangement since September 2021. All employees can work from home without any restrictions or interruptions and have been delivering their duties without any issues or delays. The Company can continue for an undefined period of time with employees working remotely.

Financing
The Company's ability to obtain financing has not been impacted by Russia-Ukraine invasion. The Company's banks confirmed their readiness to support the Company with its financing needs as per the existing facilities. The Company does not have any long-term borrowings and only borrows short-term trade loans to finance the trade purchases.

The Company buys the needed products only after identifying the sales of ready products, which minimise the exposure from the liquidity risk.

PRINCIPAL RISKS (CONTINUED)

Industry risk factor
Oil, LNG and product prices are subject to international supply and demand and margins can be volatile. Political developments, increased supply from new oil or alternative sources, technical change, global economical condition can impact supply and demand and prices for our products.

Challenges

The year 2023 saw a significant shift in LNG & Gas market dynamics. On the supply side, the conflict between Russia and Ukraine resulted in significant supply disruptions within the European energy system. Russian flows have dropped significantly throughout 2023, with LNG having to step up to fill in the supply gap.

With the EU mandated minimum gas storage levels of 90% by 1st November 2023, the significant rise in European Gas prices this year made Europe the premium LNG market globally all year long. This benefitted the Company, as the utilization of regassification capacity across Europe picked up by an estimated 25 million tonnes year-over-year.

With such an uncertain fundamental supply & demand background, European energy market has remained extremely volatile this year. This has significantly increased the costs of doing business for market participants, as credit risks and margin requirements by the Intercontinental Exchange (ICE) curb market liquidity.

The Company continues to monitor the political and economic events and forecasts to manage any potential impacts to its business including its employees.

Information on financial instruments and financial risk factors is explained in Note 20.

Going concern

Directors of the Company continue to adopt the going concern basis in preparing the financial statements (details noted in the Directors' Report).

Approved by the Board of Directors and signed on its behalf in accordance with a resolution of the Directors:

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SHAMSUL BAHARI BIN SALLEH
CHAIRMAN
Date: 01 March 2024

PETCO TRADING (UK) LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2023

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the company financial statements in accordance with UK-adopted international accounting standards ("IFRSs"). Under company law the 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 group and the company and of the profit or loss of the group and the company for that period.

In preparing these financial statements the directors are required to:

- select suitable accounting policies in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance;
- in respect of the company financial statements, state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and/ or the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the company and the group financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and parent company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Approved by the Board of Directors and signed on its behalf in accordance with a resolution of the Directors:

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SHAMSUL BAHARI BIN SALLEH
CHAIRMAN

Registered address:
1 Blake Mews, Kew Gardens, Richmond upon Thames,
Surrey, TW9 3GA, United Kingdom
Date: 01 March 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PETCO TRADING (UK) LIMITED

Opinion

We have audited the financial statements of Petco Trading (UK) Limited for the year ended 31 December 2023 which comprise Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and the related notes 1 to 27, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2023 and of its profit 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

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 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

PETCO TRADING (UK) LIMITED
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are Companies Act 2006, International Financial Reporting Standards and the relevant direct and indirect tax compliance regulation in the United

Kingdom. In addition, the Company must comply with laws and regulations relating to its operations, health and safety and UK data protection laws.

- We understood how the Company is complying with those frameworks by performing inquiries of management to understand how the Company maintains and communicates its policies and procedures in these areas. We corroborated our inquiries of management through reading board minutes of meetings held during the year, up to the auditor's report date.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. We considered the risk of improper revenue and net trading income recognition through management override of controls and unauthorised trading to be fraud risks. Based on this we:
  - Incorporated data analytics over the entire population of revenue and net trading income and carried out further tests of detail on selected journal entries;
  - Performed tests of details of journal entries, focusing on journals recorded near the year end, high-risk manual postings and checked the correctness of the opening balances carried forward and reviewed them for completeness;
  - We performed confirmation and valuation procedures over derivative open contracts and reconciled movement in derivative mark-to-market to unrealised gain/(loss) in statement of profit or loss; and
  - We also performed test of details over journal entries, focusing on high-risk manual postings.

Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations through performing inquiries of senior management and those charged with governance as well as through reading the board minutes.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Kiran Jamil (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

Dated: 1st March 2024

PETCO TRADING (UK) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	31.12.2023 USD'000	31.12.2022 USD'000
ASSETS			
Property, plant and equipment	3	1,235	2,147
Net investment in lease	7.2	9,454	-
Deferred tax assets	4	-	1,045
Derivative assets	12	2,153	1,418
TOTAL NON-CURRENT ASSETS		**12,842**	**4,610**
Inventories	6	-	52,828
Trade and other receivables	7.1	257,626	919,246
Net investment in lease	7.2	9,431	-
Tax receivable		1,756	-
Derivative assets	12	71,924	290,855
Cash and cash equivalents	8	20,940	182,808
TOTAL CURRENT ASSETS		**361,677**	**1,445,737**
TOTAL ASSETS		**374,519**	**1,450,347**
EQUITY			
Share capital	9	146	146
Merger reserve		76	76
Retained earnings		33,575	16,289
TOTAL EQUITY		**33,797**	**16,511**
LIABILITIES			
Lease liabilities	5	10,725	-
Deferred tax liabilities	4	1,407	-
Derivative liabilities	12	2,153	1,418
TOTAL NON-CURRENT LIABILITIES		**14,285**	**1,418**
Trade and other payables	10	260,404	1,072,930
Lease liabilities	5	9,256	2,554
Borrowings	11	-	66,203
Derivative liabilities	12	56,777	290,386
Tax payable		-	345
TOTAL CURRENT LIABILITIES		**326,437**	**1,432,418**
TOTAL LIABILITIES		**340,722**	**1,433,836**
TOTAL EQUITY AND LIABILITIES		**374,519**	**1,450,347**

The financial statements were approved by the Board of Directors on 01 March 2024 and signed on its behalf by:

SHAMSUL BAHARI BIN SALLEH
CHAIRMAN
PETCO TRADING (UK) LIMITED (Registered No. 06695912)

The notes set out on pages 19 to 62 are an integral part of these financial statements.

PETCO TRADING (UK) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 USD'000	2022 USD'000 *(restated)*
Revenue	13,14*,27	3,214,757	3,298,507
Net trading (loss) / income	14*	41,761	(1,335)
Cost of revenue	14*, 27	(3,218,605)	(3,263,604)
Gross profit		37,913	33,568
Administration expenses		(24,728)	(23,033)
Other income		6,749	4,108
Operating profit	15	19,934	14,643
Finance costs	5	(226)	(60)
Profit before taxation		19,708	14,583
Income tax expense	18	(2,422)	(3,926)
Profit for the year		17,286	10,657
TOTAL COMPREHENSIVE PROFIT FOR THE YEAR		17,286	10,657

* Information provided in Note 14 includes a non-GAAP measure that management deems relevant for understanding of the Financial Statements.

PETCO TRADING (UK) LIMITED (Registered No. 06695912)

The notes set out on pages 19 to 62 are an integral part of these financial statements.

PETCO TRADING (UK) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Non-Distributable		*Distributable*	
	Share Capital	**Merger Reserve**	**Retained Earnings**	**Total Equity**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Balance at 1 January 2022	146	76	5,632	5,854
Profit for the year, representing total comprehensive income for the year	-	-	10,657	10,657
Balance at 31 December 2022	146	76	16,289	16,511
Balance at 1 January 2023	146	76	16,289	16,511
Profit for the year, representing total comprehensive income for the year	-	-	17,286	17,286
Balance at 31 December 2023	146	76	33,575	33,797

The notes set out on pages 19 to 62 are an integral part of these financial statements.

PETCO TRADING (UK) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 USD'000	2022 USD'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		19,708	14,583
Adjustments for:			
Depreciation	3	920	918
Gain on sale of property, plant, and equipment	3	(359)	-
Decrease in expected credit losses	20	-	(175)
Interest income		(2,235)	(417)
Interest expense	5	226	60
Unrealised loss/(gain) on foreign exchange	15	2,342	(3,767)
Unrealised (gain) /loss on derivatives		(14,678)	4,627
Operating profit before changes in working capital:		5,924	15,829
Decrease/(increase) in trade and other receivables		654,394	(81,336)
(Decrease)/ increase in trade and other payables		(812,512)	444,282
Decrease /(increase) in inventories	6	52,828	(38,199)
Cash (used in)/generated from operations		(99,366)	340,576
Net tax paid		(2,063)	(818)
Net cash flows (used in)/ generated from operating activities		(101,429)	339,758
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure	3	(9)	(7)
Interest income received from deposits		2,235	417
Net cash flows generated from investing activities		2,226	410
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of trade loans	11	652,788	1,247,187
Repayment of trade loans	11	(718,991)	(1,568,150)
Repayment of lease liability	5	(1,539)	(856)
Interest paid on lease liability	5	(226)	(15)
Net cash flows generated used in financing activities		(67,968)	(321,834)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(167,171)	18,334
Net foreign exchange difference on cash and cash equivalents		5,303	(6,407)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		182,808	170,881
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	8	20,940	182,808

The notes set out on pages 19 to 62 are an integral part of these financial statements.

1. BASIS OF PREPARATION

1.1 Reporting entity

PETCO Trading (UK) Limited, privately owned limited company, is incorporated and domiciled in the United Kingdom. The Company's registered office is 1 Blake Mews, Kew Gardens, Richmond upon Thames, Surrey, TW9 3GA, United Kingdom. The Company is primarily involved in marketing of crude oil, fuel oil blending and trading in crude oil, petroleum products, gas and LNG.

1.2 Statement of compliance

The financial statements of the Company have been prepared in accordance with UK-adopted international accounting standards.

As of 1 January 2023, the Company had adopted new IFRS, amendments to IFRS and IFRIC Interpretation (collectively referred to as "pronouncements") that have been issued by the International Accounting Standard Board ("IASB") as described fully in Note 23.

The adoption of these pronouncements does not have any material impact to the financial statements of the Company.

IASB has also issued new and revised pronouncements which are not yet effective for the Company and therefore, have not been adopted for in these financial statements. These pronouncements including their impact on the financial statements in the period of initial application are set out in Note 24.

The financial statements were approved and authorised for issue by the Board of Directors on 01 March 2024 .

1.3 Basis of measurement

The financial statements of the Company have been prepared on historical cost basis except for certain items are measured at fair value as disclosed in the accounting policies below.

1.4 Functional and presentation currency

The financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The Company's financial statements are presented in United States Dollar (USD), which is also the Company's functional currency.

All financial information is presented in USD and has been rounded to the nearest thousand, unless otherwise stated.

1.5 Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

1. BASIS OF PREPARATION (CONTINUED)

1.5 Use of estimates and judgments (continued)

In particular, information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in Note 2.6: Inventories and Note 20: Financial Instruments.

The key estimate made for derivatives is the determination of the fair value of the derivative liabilities. All fair values for derivatives are level 1 and level 2 in the hierarchy. The key estimate made for the inventories is the estimation of the net realisable value of the inventories.

1.6 Going concern

The Directors believe that the Company has considered all available information about the future in its assessment of its ability to continue as a going concern, for at least the next 12 months from the date of signing, which includes the following:

- During the year company made a profit of USD17.3 million (31 December 2022: 10.7 million). At the balance sheet date it held Net Assets of USD 33.8 million (31 December 2022: USD16.5 million). The Company's cash balances as at 31 December 2023 stood at USD 20.9 million (31 December 2022: USD182.8 million).
- The Company has developed robust strategies and initiatives, translated into its approved business plan for the next five financial years. Together with its cashflow forecast for the next two years from the year ended 31 December 2023, the Company is confident that it will generate sustainable business for the foreseeable future. The Company fully hedges its positions, hence mitigating its exposure to any adverse market price movements.
- The Company has sufficient and easy access to financial resources to cover its working capital requirements.
- The Company does not have long term loans and other commitments.
- The Company has term contracts with reputable, creditworthy customers and reliable suppliers across different regions.
- The Company is not aware of any events or conditions that may cast significant doubt about the going concern assumption.
- The Company does not intend to liquidate or cease trading.
- The Company assessed the potential impact of oil and LNG price environment in subsequent periods on Company's operations. The details of the assessment are in the Strategic Report on pages 6 to 10. Directors believe that company's ability to continue as going concern is not impacted by current economic environment.

Having reviewed the future cash flow forecasts of the Company in the light of the on going Russia-Ukraine war and the recent developments in the international oil and European LNG/Gas markets, and in consideration of the current financial condition of the Company, the Directors have concluded that the Company will continue to have sufficient funds in order to meet its obligations as they fall due for at least 12 months from the approval of the financial statements and thus continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1. BASIS OF PREPARATION (CONTINUED)

1.6 Going concern (Continued)

The Directors have also considered the sensitivity of cash flow forecasts under a variety of severe but plausible scenarios that may arise as a result of the Russia-Ukraine war pandemic and oil market challenges.

Included in these are:

1. 100% reduction of Crude marketing margin from PEPASA
2. 100% reduction in Crude Trading and 80% reduction of Dynamic Forward Trading (DFT) for Crude Trading.
3. 80% reduction of Light Distillates and Dynamic Forward Trading (DFT)
4. 50% reduction of fuel oil trading
5. 45% reduction in LNG cargo trading and 80% reduction of Dynamic Forward Trading (DFT) for LNG cargo trading.

Cash flow projections in each severe but plausible scenario also suggest that the company will continue to be a going concern for at least the 12 months from the approval of the financial statements.

Accordingly, the financial statements have been prepared on a going concern basis.

2. ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise stated.

2.1 Property, plant and equipment and depreciation

Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated any impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the assets to working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

2. ACCOUNTING POLICIES (CONTINUED)

2.1 Property, plant and equipment and depreciation (continued)

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced item of property, plant and equipment is derecognised with any corresponding gain or loss recognised in the profit or loss accordingly. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

Depreciation

Depreciation for property, plant and equipment is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Property, plant and equipment are not depreciated until the assets are ready for their intended use.

The estimated useful lives of the other property, plant and equipment are as follows:

- Office equipment, furniture, and fittings 1 - 5 years
- Computer software and hardware 1 - 3 years
- Lease properties (right-of-use) 10 years

The depreciable amount is determined after deducting residual value. The residual value, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, period and method of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the profit or loss.

2.2 Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assess whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and

2. ACCOUNTING POLICIES (CONTINUED)

2.2 Leases (continued)

(i) Definition of a lease (continued)

- the customer has the right to direct the use of the asset when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. The customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

At inception or on reassessment of a contract that contains a lease component, the Company allocate the consideration in the contract to each lease and non-lease component based on their relative stand-alone prices.

(ii) Recognition and initial measurement

(a) As a lessee

The Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate is used. Generally, the Company use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Company are reasonably certain to exercise; and
- penalties for early termination of a lease unless the Company are reasonably certain not to early terminate the contract.

The Company exclude variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs. The Company assess at lease commencement whether it is reasonably certain to exercise the extension options in determining the lease term. The Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. ACCOUNTING POLICIES (CONTINUED)

2.2 Leases (continued)

(b)As a lessor

When the Company act as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. If an arrangement contains lease and non-lease components, the Company apply IFRS 15 Revenue from Contracts with Customers to allocate the consideration in the contract based on the stand-alone selling price. The Company recognise assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Company use the interest rate implicit in the lease to measure the net investment in the lease. When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Depreciation of certain right-of-use assets are subsequently capitalised into carrying amount of other assets whenever they meet the criteria for capitalisation. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The Company will reassess whether it is reasonably certain to exercise the extension option if there is a significant change in circumstances within its control.

When the lease liability is remeasured as described in the above paragraph, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

When there is lease modification due to increase in the scope of lease by adding the right-to-use one or more underlying assets, the Company assess whether the lease modification shall be accounted for as a separate lease or similar to reassessment of lease liability. The Company account for lease modification as a separate lease when the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments.

When there is lease modification due to decrease in scope, the Company decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease. The corresponding gain or loss shall be recognised in profit or loss. Lease liabilities are remeasured for all other lease modifications with corresponding adjustments to the right-of-use asset.

2. ACCOUNTING POLICIES (CONTINUED)

(b) As a lessor

The Company recognise lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue". The Company recognise finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Company's net investment in the lease. The Company aim to allocate finance income over the lease term on a systematic and rational basis. The Company apply the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirements in IFRS 9 Financial Instruments

2.3 Financial instruments

Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

Regular way purchases or sales were recognised on the trade date i.e. the date that the Company commits to purchase or sell the financial asset.

A financial asset (unless it is a receivable without a significant financing component) or a financial liability is initially measured at fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, any directly attributable transaction costs incurred at the acquisition or issuance of the financial instrument. A trade receivable that does not contain a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

(i) Financial Assets

Financial assets are classified as measured at: amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"), as appropriate.

The Company determines the classification of financial assets at initial recognition and are not reclassified subsequently to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Financial instruments (continued)

Classification and subsequent measurement (continued)

(i) Financial Assets (continued)

Subsequent measurement

Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method (Note 2.3.(iv)). Interest income and foreign exchange gains and losses are recognised in profit or loss.

Fair value through other comprehensive income

Debt instruments

This category comprises debt instruments where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt instruments are not designated as at fair value through profit or loss.

Equity instruments

Fair value through other comprehensive income category also comprises investment in equity that are not held for trading, and the Company irrevocably elects to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Subsequent measurement

Financial assets categorised as fair value through other comprehensive income are subsequently measured at fair value with unrealised gains and losses recognised directly in other comprehensive income and accumulated under fair value through other comprehensive income reserve in equity. For debt instruments, when the investment is derecognised or determined to be impaired, the cumulative gain or loss previously recorded in equity is reclassified to the profit or loss. For equity instruments, the gains or losses accumulated in other comprehensive income are never reclassified to profit or loss.

Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Financial instruments (continued)

(i) Financial Assets (continued)

Subsequent measurement

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses recognised in the profit or loss. The methods used to measure fair value are stated in Note 2.14.

(ii) Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

Financial liabilities at fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), liabilities that are classified as held-for trading and financial liabilities that are specifically designated into this category upon initial recognition. On initial recognition, the

Financial liabilities at fair value through profit or loss (continued)

Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
b) a group of financial liabilities or assets and financial liabilities is managed, and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Company's key management personnel; or
c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of IFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Company recognises the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

Amortised cost

Subsequent to initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method (see Note 2.3. (iv)). Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Financial instruments (continued)

(iii) Derivative financial instruments

The Company uses derivative financial instruments such as swaps and futures to manage certain exposures to fluctuations in commodity prices.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the year are recognised in the profit or loss.

In general, contracts to sell or purchase non–financial items to meet expected own use requirements are not accounted for as financial instruments. However, contracts to sell or purchase commodities that can be net settled or which contain written options are required to be recognised at fair value, with gains and losses recognised in the profit or loss.

(iv) Effective interest method

Amortised cost was computed using the effective interest method. This method used effective interest rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument to the net carrying amount of the financial instrument. Amortised cost considers any transaction costs and any discount or premium on settlement.

(v) Offsetting of financial instruments

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

(vi) Amortised cost of financial instruments

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2.3 (iv)) where effective interest rate is applied to the amortised cost.

(vii) Derecognition of financial instruments

A financial asset is derecognised when the rights to receive cash flows from the asset have expired or, the Company has transferred their rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement without retaining control of the asset or substantially all the risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss, except for equity investments at fair value through other comprehensive income where the gain or loss are recognised in other comprehensive income.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Financial instruments (continued)

(vii) Derecognition of financial instruments *(continued)*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liabilities extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss. In the case of waiver of debt from owners, the gain is recognised in equity as capital reserve.

2.4 Impairment

(i) Financial Assets

The Company recognises loss allowances for expected credit losses ("ECL") on financial assets measured at amortised cost and contract assets using the simplified approach permitted by IFRS 9. The Company measures loss allowances at an amount equal to lifetime ECL, except for debt securities that are determined to have low credit risk at the reporting date, other debt securities for which credit risk has not increased significantly since initial recognition and finance lease receivables, which are measured as 12-month ECL. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information, where available.
The Company assumes that the credit risk on a financial asset has increased significantly if it is past due.

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument, while 12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date.

The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced using an allowance account.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment (see Note 2.3. (i)).

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Impairment (continued)

(ii) Other Assets

The carrying amounts of other assets, other than inventories, deferred tax assets and non-current assets or disposal groups classifies as held for sale, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the profit or loss.

A cash-generating unit is the smallest identifiable asset group that generates cash flows from continuing use that are largely independent from other assets and groups. An impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less cost to sell and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment losses are credited to the profit or loss in the year in which the reversals are recognised.

2.5 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and bank balances which have an insignificant risk of changes in fair value and are used by the Company in the management of their short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and restricted deposits, if any.

2.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Cost of raw materials and petroleum products includes crude oil costs, export duty, transportation charges and processing costs and is determined on a weighted average basis.

2. ACCOUNTING POLICIES (CONTINUED)

2.7 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future net cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the accretion in the provision due to the passage of time is recognised as finance cost.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Possible obligations whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company, are not recognised in the financial statements but are disclosed as contingent liabilities unless the possibility of an outflow of economic resources is considered remote.

2.8 Employee benefits

(i) Short term benefits

Wages and salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company.

(ii) Defined contribution plans

The Company makes contributions to defined contribution pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred.

2.9 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the profit or loss except to the extent it relates to items recognised directly in equity, in which case it is recognised in equity.

(i) Current tax
Current tax expense is the expected tax payable on the taxable income for the year, using the statutory tax rates at the reporting date, and any adjustment to tax payable in respect of previous years.

(ii) Deferred tax
Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unabsorbed capital allowances, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unabsorbed capital allowances, unused tax losses and unused tax credits can be utilised.

2. ACCOUNTING POLICIES (CONTINUED)

(ii) Deferred tax (continued)

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities where they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously. Deferred tax asset is reviewed at each reporting date and is reduced to the extent that it is no longer probable that future taxable profit will be available against which the related tax benefit can be realised.

2.10 Foreign currency transactions

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are translated to the functional currency at rates of exchange ruling on the transaction dates.

Monetary assets and liabilities denominated in foreign currencies at the reporting date have been retranslated to the functional currency at rates ruling on the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies, which are measured at fair value, are retranslated to the functional currency at the foreign exchange rates ruling at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Gains and losses on exchange arising from retranslation are recognised in the profit or loss.

2.11 Revenue

Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer and exclude amounts collected on behalf of third parties. The Company recognises revenue when or as it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

Revenue is measured based on the consideration specified in a contract with a customer and exclude amounts collected on behalf of third parties. the Company recognise revenue when or as it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset. An entity transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;

(b) the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

2. ACCOUNTING POLICIES (CONTINUED)

2.11 Revenue (continued)

(c) the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Where the Company acts as agent on behalf of a third party to procure or market energy commodities, any associated fee income is recognised but no purchase or sale is recorded.

2.12 Net trading income

Net trading income is attributable to the Company's main business. The Company undertakes significant activities which, for the purposes of disclosure in the financial statements of the Company have been classified as 'third party trading'.

Sales and purchase of commodities accounted for under IFRS 15 are presented on a gross basis in Revenue from contracts with customers and Cost of Revenue respectively. Physically settled commodity derivatives that represent third party trading are presented net alongside financially settled derivative contracts in Net trading income.

All commodity derivative financial instruments entered into by the Company are recognised in the financial statements on the date of trade. All open commodity contracts are included at fair value on the balance sheet and unrealised gains and losses are recognised within the Net Trading Income.

2.13 Finance income and finance costs

The Company's finance income and finance costs comprise:
- interest income earned on cash and bank balances and short-term deposit placements; and
- interest expense and other costs incurred in connection with borrowings.

Interest income and interest expense are recognised as and when earned/incurred in the statement of profit or loss.

2.14 Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

(i) Financial instruments

The fair value of financial instruments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business at the end of reporting date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

2. ACCOUNTING POLICIES (CONTINUED)

2.14 Fair value measurements (continued)

(ii) Non-financial assets

For non-financial assets, the fair value measurement considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identifiable 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 input).

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer. The Company recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

2.15 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period
  Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
  Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3. PROPERTY, PLANT AND EQUIPMENT

2023	As at 1.1.2023 USD'000	Additions USD'000	Disposal USD'000	As at 31.12.2023 USD'000
At cost:				
Own use				
Office equipment, furniture & fittings	209	9	-	218
Computer software and hardware	23	-	-	23
	232	9		241
Right-of-use				
Lease vessel	-	18,965	(18,965)	-
Lease properties	3,928	-	-	3,928
	3,928	18,965	(18,965)	3,928
	4,160	18,974	(18,965)	4,169

2023	As at 1.1.2023 USD'000	Charge for the year USD'000	As at 31.12.2023 USD'000
Accumulated Depreciation:			
Own use			
Office equipment, furniture & fittings	100	47	147
Computer software and hardware	23	-	23
	123	47	170
Right-of-use			
Lease properties	1,891	873	2,764
	1,891	**873**	**2,764**
	2,014	**920**	**2,934**

During the year 2023, a vessel was leased and subsequently sub-leased to a related party on the same day resulting in a gain of USD 359k.

2022	As at 1.1.2022 USD'000	Additions USD'000	As at 31.12.2022 USD'000
At cost:			
Own use			
Office equipment, furniture & fittings	202	7	209
Computer software and hardware	23	-	23
	225	7	232
Right-of-use			
Lease properties	3,928	-	3,928
	4,153	**7**	**4,160**

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2022	As at 1.1.2022 USD'000	Charge for the year USD'000	As at 31.12.2022 USD'000
Accumulated Depreciation:			
Own use			
Office equipment, furniture & fittings	55	45	100
Computer software and hardware	23	-	23
	78	45	123
Right-of-use			
Lease properties	1,018	873	1,891
	1,018	873	1,891
	1,096	**918**	**2,014**

	As at 31.12.2023 USD'000	As at 31.12.2022 USD'000
Carrying amount:		
Own use		
Office equipment, furniture & fittings	71	110
Computer software and hardware	-	-
	71	110
Right-of-use		
Lease properties	1,164	2,037
	1,164	2,037
	1,235	2,147

Cost of fixed assets that are fully depreciated and still in use is USD 56k (2022: USD 56k).

3.1. As a lease

Right-of-use assets

Depreciation of right-of-use asset

	2023 USD'000	2022 USD'000
Recognised in profit and loss	873	873

4. DEFERRED TAX

The components and movements of deferred tax assets and liabilities during the year are as follows:

	As at 1.1.2023 USD'000	Charged to profit or loss USD'000	As at 31.12.2023 USD'000
Deferred tax assets			
Unrealised derivatives losses	1,045	(1,045)	-
Deferred tax liability			
Unrealised derivatives gain	-	(1,407)	(1,407)
TOTAL	**1,045**	**(2,452)**	**(1,407)**

	As at 1.1.2022 USD'000	Charged to profit or loss USD'000	As at 31.12.2022 USD'000
Deferred tax assets			
Unrealised derivatives losses	2,442	(1,397)	1,045

5. LEASE LIABILITIES

The Company has a lease contract for the lease of an office building used in its operations which runs up to 2025. The Company's obligations under its lease are secured by the lessor's title to the leased assets. Generally, is restricted from assigning and subleasing the leased assets. The lease was discounted at an incremental borrowing rate of 2.31%. The office lease contract does not include extension and termination options.

During the year, the Company entered into a two-year lease contract for the lease of a vessel with third party that was sublease to a related party and it runs up to December 2025. The lease was discounted at an incremental borrowing rate of 6.08%.

	31.12.2023 USD'000	31.12.2022 USD'000
As at 1 January	2,554	-
Additions	18,966	3,364
Accretion of interest	226	46
Payments	(1,765)	(856)
As at 31 December	**19,981**	**2,554**
Current	**9,256**	**2,554**
Non-current	**10,725**	**-**

6. INVENTORIES

	31.12.2023 USD'000	31.12.2022 USD'000
Finished goods	-	52,828
	-	52,828

During 2023, nil (2022: nil) was recognised as an expense for inventories carried at net realisable value. This is recognised in cost of revenue.

7. RECEIVABLES

7.1 TRADE AND OTHER RECEIVABLES

	31.12.2023 USD'000	31.12.2022 USD'000
Trade		
Trade receivables	158,155	787,311
Amount due from		
- Ultimate holding company	1,162	319
- Holding company	343	629
- Related companies	73,895	94,893
Other receivables	23,146	35,745
	256,701	**918,897**
Non-trade		
Amount due from		
- Ultimate holding company	256	306
- Related companies	669	43
	925	**349**
	257,626	**919,246**

Other receivables of USD 23 million (2022: USD 35 million) include a collateral balance with broker of USD 18 million (2022: USD 15 million) and VAT receivables of USD 5 million (2022: USD 20 million).

Total amount of trade receivables balances is USD 257 million (2022: USD919 million). Information about the Company's exposure to credit and market risk, and impairment losses for trade receivables is included in Note 20. Amount due from ultimate holding company, immediate holding company and related companies arose in the normal course of business.

7.2 NET INVESTMENT IN LEASE

	31.12.2023 USD'000	31.12.2022 USD'000
As at 01 January	-	-
Additions	19,324	-
Accretion of interest	98	-
Payments	(537)	-
As at 31 December	**18,885**	-
Current	**9,431**	-
Non-current	**9,454**	-

During the year, the Company entered into a two-year lease contract for the lease of a vessel with third party that was sub-leased to a related party and it runs up to December 2025. The lease was discounted at an incremental borrowing rate of 6.08%.

8. CASH AND CASH EQUIVALENTS

	Note	31.12.2023 USD'000	31.12.2022 USD'000
Cash and bank balances	20	20,940	182,808

All cash and bank balances are interest bearing.

9. SHARE CAPITAL

	Number of shares		Amount	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Authorised:			USD	USD
Ordinary shares of GBP 1 each	100,000	100,000	146,475	146,475
Redeemable preference shares of GBP 1 each	200,000	200,000	285,370	285,370
Issued and fully paid:				
Ordinary shares of GBP 1 each	100,000	100,000	146,475	146,475

9. SHARE CAPITAL

Ordinary shares

Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

Redeemable preference shares

The right to rank, as regards to dividends and return on capital, in priority to the ordinary shares. At the option of the Company, all or part of the redeemable preference shares can be redeemed at a premium at any time upon giving notice in writing to the redeemable preference shareholders. These holders do not have voting rights, except for matters affecting the rights and interest of preference shareholders. No redeemable preference shares are issued by the company.

Dividends

No dividend was paid during the financial year. No dividends have been proposed or declared in respect of current financial year.

10. TRADE AND OTHER PAYABLES

	31.12.2023 USD'000	31.12.2022 USD'000
Trade payables	75,075	179,379
Other payables	7,175	3,348
Amount due to ultimate holding company	863	541
Amount due to related companies	177,291	889,662
	260,404	1,072,930

Amount due to ultimate holding company and related companies arose in the normal course of business. Information regarding outstanding balances arising from related party transactions as at 31 December 2023 are disclosed in note 18.

11. BORROWINGS

Unsecured term loans

Unsecured term loans were borrowed from MUFG Bank, London to finance the fuel oil blending activities.

	31.12.2023 USD'000	31.12.2022 USD'000
Current		
Unsecured term loans	-	66,203

PTUK borrowed the above loans under the below facilities:

Trade finance facility provider	Facility Limit USD'000	Cost of borrowing
Standard Chartered Bank, London	400,000	SOFR + 0.40%
Citibank, Singapore	140,000	SOFR + 0.75%
MUFG Bank, London	350,000	SOFR+0.12% to 0.65%
HSBC, UK	200,000	SOFR + 0.30% to 0.70%

The above trade finance facilities are uncommitted by the lenders and do not have expiry dates.

11. BORROWINGS (CONTINUED)

Reconciliation of movement of liabilities to cash flows arising from financing activities during the year are as follows:

	Term Loans USD'000	Revolving credits USD'000	Total USD'000
Balance as at 1 January 2023	**66,203**	-	**66,203**
Changes from financing cash flows			
Drawdown	652,788	-	652,788
Repayment	(718,991)	-	(718,991)
Total changes from financing cash flows	(66,203)	-	(66,203)
Balance as at 31 December 2023	-	-	-
Balance as at 1 January 2022	**389,178**	-	**389,178**
Changes from financing cash flows			
Drawdown	1,247,187	-	1,247,187
Repayment	(1,570,162)		(1,570,162)
Total changes from financing cash flows	**(322,975)**	-	**(322,975)**
Balance as at 31 December 2022	**66,203**	-	**66,203**

12. DERIVATIVES

	Note	31.12.2023 USD'000	31.12.2022 USD'000
Derivative assets			
Non-current			
Commodity derivative contracts	20	2,153	1,418
Current			
Commodity derivative contracts		71,924	273,419
Related party - LIEL		-	17,436
	20	71,924	290,855
		74,077	**292,273**
Derivative Liabilities			
Non-current			
Related party - LIEL	20	2,153	1,418
Current			
Commodity derivative contracts		5,090	87,058
Related party - LIEL		51,687	203,328
	20	56,777	290,386
		58,930	**291,804**

Derivative assets are set off against the derivative liabilities on same currency and financial instrument basis (see Note 20 and Note 21) as contractual arrangements include the right to offset and settlement is intended to occur on a net basis for each currency.

In the normal course of business, the Company enters into derivative financial instruments to manage its normal business exposures in relation to commodity prices, consistent with risk management policies and objectives. The mark to market position of crude oil, fuel oil, petroleum products and gas forwards and futures is based on the fair value difference between forward market price at the date of measurement and the contracted price.

13. REVENUE

Revenue Streams

The Company generates revenue primarily from marketing of crude oil, fuel oil and trading in crude oil, petroleum products and LNG. The Company has the following main revenue streams:

- **Sales in crude oil, petroleum products and LNG**
  Sales of crude oil, petroleum products and LNG to related companies and/or third parties. The Company acts as a principal in these transactions, therefore full sales revenue is recognised on Company's financial statements for these transactions.

- **Fuel oil**
  Sale of 0.5% low sulphur fuel oil to related companies and/or third parties. Company acts as a principal in these transactions, therefore full sales revenue is recognised on Company's financial statements for these transactions.

- **Marketing of crude oil ("Marketing")**
  The Company acts as a marketing agent for PETRONAS Chad Marketing Inc. for the sale of Doba crude oil. The Company acts as an agent in these transactions, therefore only fixed sourcing fee (not the full sales revenue) is recognised on Company's financial statements for these transactions.

  The Company provides advisory services to PETRONAS E&P Argentina S.A. in support of their domestic sales in Argentina. SLA fee is recognized in the Company's financial statements.

	2023 USD'000	2022 USD'000 *(restated)*
Revenue from contracts with customers *(see Note 27)*	3,214,757	3,298,507
Revenue for the year	3,214,757	3,298,507

In the following table, revenue is disaggregated by primary geographical markets, major products/services lines and timing of revenue recognition:

	2023 USD'000	2022 USD'000 *(restated)*
Primary geographical markets *(see Note 27)*		
- Africa	228	289,989
- Asia	1,132,427	133,846
- North America	1,086,475	143,281
- Europe	413,551	2,344,488
- South America	582,076	386,903
	3,214,757	3,298,507

13. REVENUE (CONTINUED)

Disaggregation of revenue from contracts with customers

	2023	2022
	USD'000	USD'000
Major products/services lines *(see Note 27)*		*(restated)*
- Crude oil & petroleum product sales	2,144,227	670,065
- Fuel oil sales	-	41,890
- LNG sales	1,069,787	2,585,776
- Crude oil marketing	743	776
	3,214,757	3,298,507

	2023	2022
	USD'000	USD'000
Timing of revenue recognition		*(restated)*
- Products transferred at a point in time *(see Note 27)*	3,214,757	3,298,507

Contract balances

The following table provides information about receivables, payables to customers, contracts assets and contracts liabilities from contracts with customers:

	31.12.2023	31.12.2022
	USD'000	USD'000
Receivables	233,555	898,370

Nature of goods and services

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises the revenue at a time when it transfers the control over a good or service to a customer. This revenue recognition criteria applies to all revenue streams of the Company. Control over a product or service is passed to a customer according to the contract terms (based on Incoterms):

Incoterms	Timing of recognition or method used to recognise revenue	Significant payment terms
▪ FOB ▪ CFR ▪ CIF	Revenue is recognised when the Company delivers the crude oil, petroleum product or fuel oil on board the vessel nominated by the customer at loading port specified in the contract	Standard payment term for the crude oil and products supplied shall be made within 30 days of the Bill of Lading date, unless the contract stipulates different payment terms.
▪ DES ▪ DAP	Revenue is recognised when the Company delivers the crude oil, petroleum products, fuel oil or LNG at a destination point specified in the contract	Standard payment term for the crude oil, products and LNG supplied shall be made within 5 to 10 days of the Notice of Readiness date at a destination point, unless the contract stipulates different payment terms.

There are no variable elements in consideration, obligation for returns or refunds, nor warranty in the provision of goods and services by the Company.

14. NET TRADING INCOME

	2023 USD'000	2022 USD'000 *(restated)*
Net trading (loss)/ income gas	25,488	(4,897)
Net trading income crude oil, petroleum product and fuel oil	16,273	3,562
	41,761	(1,335)

Reconciliation of invoiced amounts for crude, fuel oil, product and LNG with the Financial Statements

	Invoice Amount (non GAAP measure) USD'000	Netting adjustment USD'000	Statement of Profit or Loss and Other Comprehensive Income USD'000
For the year ended 31 December 2023			
Revenue	4,372,514	1,157,757	3,214,757
Cost of revenue	(4,360,089)	(1,141,484)	(3,218,605)
Net trading income crude oil, petroleum product and fuel oil		16,273	

	Invoice Amount (non GAAP measure USD'000	Netting adjustment *(restated)* USD'000	Statement of Profit or Loss and Other Comprehensive Income *(restated)* USD'000
For the year ended 31 December 2022			
Revenue	4,546,389	1,247,882	3,298,507
Cost of revenue	(4,507,924)	(1,244,320)	(3,263,604)
Net trading income crude oil, petroleum product and fuel oil		3,562	

The Company enters into third party trading transactions as defined in note 2.12. Business performance related to trading transactions in crude, fuel oil and petroleum products is measured by management based on invoiced amounts as they occur, as presented in column Adjusted.

15. OPERATING PROFIT/(LOSS)

Included in operating profit are the following charges and credits:

	Note	2023 USD'000	2022 USD'000
Auditor's remuneration	16	701	619
Depreciation of property, plant, and equipment	3	920	918
Staff costs	17	15,936	13,766
Net loss on realised foreign exchange		(492)	5,823
Net gain / (loss) on unrealised foreign exchange		2,342	(3,767)
and credits:			
Net (gain) / loss on realised derivative		(11,103)	(74,321)
(reversal) / charge on expected credit losses	20	-	(175)

16. AUDITOR'S REMUNERATION

	2023 USD'000	2022 USD'000
Audit of these financial statements	627	539
Additional fees for audit of prior year financial statements	54	4
Amounts receivable by the company's auditor and its associates in respect of taxation compliance services	20	76
	701	619

17. STAFF NUMBERS AND COSTS

The average number of persons employed by the Company during the year, analysed by category was as follows:

	Number of employees 2023	2022
Marketing and trading	9	10
Logistics	17	17
Finance, risk and administration	34	28
	60	55

The aggregate payroll costs of these persons were as follows:

	2023 USD'000	2022 USD'000
Wages and salaries	13,032	11,270
Social security costs	1,698	1,093
Defined contributions	700	668
Training	51	27
Other benefits	454	708
	15,935	13,766

18. INCOME TAX EXPENSE

	2023 USD'000	2022 USD'000
Current tax expense		
United Kingdom corporation tax charge for the current year	-	1,822
Effect of group relief in prior year	(32)	707
	(32)	2,529
Deferred tax expense		
Origination and reversal of temporary differences	2,309	1,620
Effect of changes in tax rates	145	(223)
Total tax expense/(benefit)	2,454	1,397
Tax per income statement	2,422	3,926

Corporation tax is calculated at 23.5% (2022: 19%) of the estimated assessable profit / (loss) for the year.

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (23.5%) (2022 19%). The differences are explained below:

	2023 USD'000	2022 USD'000
Profit / (loss) on ordinary activities before taxation	19,708	14,583
Profit / (loss) on ordinary activities multiplied by standard rate of Corporation tax in the UK of 23.52% (2021: 19%)	4,635	2,771
Effects of:		
Adjustments in respect of prior year	(32)	3,056
Other expenses not deductible for tax purposes	2	148
Income not taxable	-	(4)
Fixed asset adjustment	8	-
Temporary difference	-	-
Effect of group relief in prior year	-	-
Tax rate changes	145	(223)
Losses not recognised	(2,336)	(1,822)
Tax expense	2,422	3,926

Deferred tax not recognised

A deferred tax liability of USD 1.4 million (deferred tax asset 2022: USD 1 million) was recognised at the Balance Sheet date. A potential deferred tax asset of USD 59.6 million (2022: USD 51 million) has not been recognised at the Balance Sheet date, on the basis that the availability of suitable taxable profits arising in the future against which the temporary difference could reverse is not considered probable. The unrecognised deferred tax asset is in relation to tax losses of USD 239 million (2022: USD 246 million).

19. RELATED PARTIES DISCLOSURES

Significant transactions with related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, including all entities within the PETRONAS group. Related parties may be individuals or other entities. Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly and an entity that provides key management personnel services to the Company. The key management personnel include all the Directors of the Company, and certain members of senior management of the Company.

Key management personnel compensation

	2023 USD'000	2022 USD'000
Emolument	874	727

Directors' remuneration

The directors of this Company (Registered No. 06695912) (other than the CEO) are remunerated by the ultimate parent company, PETRONAS. The aggregate remuneration paid to directors in respect of their services as a Director of this Company amounted to USD 0.87 million (2022: USD 0.73 million), this also included the accrued retirement benefits of one of the directors. The emolument paid to the highest paid director was USD 0.863 million (2022 USD 0.72 million).

Other transactions with related parties

In addition to the transactions detailed elsewhere in the financial statements, the Company had the following transactions with related parties during the financial year:

	2023 USD'000	2022 USD'000
Sales of goods and services		
Ultimate holding company	2,597	1,114
Associated companies	1,035,478	616,640

	2023 USD'000	2022 USD'000
Purchases of goods and services		
Ultimate holding company	1,081	1,142
Associated companies	1,650,909	1,182,730

19. RELATED PARTIES DISCLOSURES (CONTINUED)

	Amount owed by at year end		Amount owed to at year end	
	2023	2022	2023	2022
	USD'000	USD'000	USD'000	USD'000
Ultimate holding company	1,418	625	863	541
Associated companies	93,793	113,001	231,130	1,094,408

Sales and purchase of goods includes sales and purchases of crude oil, petroleum products, LNG and natural gas. The sales and purchase of natural gas, third party trading of crude oil, petroleum products and fuel oil are included within the net trading income. Sales and purchase of services includes administration, marketing and sourcing fee, volume fee, optimisation fee, support service charges, management related fee and recharge of expenses. The directors of the company have the opinion that all transactions have been entered into in the normal course of business and have been established on a commercial basis. Amounts owed by / to at year end includes derivative assets / liabilities positions with an associated company. Information regarding outstanding balance arising from related transactions as at 31 December 2023 are disclosed in Note 7.1, 7.2, 10 and 12. The balances are not secured and usually settled by cash with payment terms of 30 days.

20. FINANCIAL INSTRUMENTS

Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(i) Fair value through profit or loss ("FVTPL")
(ii) Amortised Cost ("AC")

31.12.2023	Note	FVTPL USD'000	AC USD'000	Total Carrying Amount USD'000
Financial Assets				
Trade and other receivables*	7.1	-	252,947	252,947
Lease receivables	7.2	-	18,885	18,885
Derivative assets	12	74,077	-	74,077
Cash and cash equivalents	8	-	20,940	20,940
		74,077	292,772	366,849
Financial Liabilities				
Trade and other payables	10	-	260,404	260,404
Lease liabilities	5	-	19,981	19,981
Derivative liabilities	12	58,930	-	58,930
		58,930	280,385	339,315

20. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management

31.12.2022	Note	FVTPL USD'000	AC USD'000	Total Carrying Amount USD'000
Financial Assets				
Trade and other receivables*	7.1	-	898,370	898,370
Derivative assets	12	292,273	-	292,273
Cash and cash equivalents	8	-	182,808	182,808
		292,273	1,081,178	1,373,451
Financial Liabilities				
Trade and other payables	10	-	1,072,930	1,072,930
Borrowings	11	-	66,203	66,203
Derivative liabilities	12	291,804	-	291,804
		291,804	1,139,133	1,430,937

* These balances exclude non-financial instruments balances such as prepayments and input VAT.

The Company is exposed to various risks that are particular to its core business, which consists of marketing of crude oil and sales and purchase of crude oil, petroleum products, LNG, and gas. These risks, which arise in the normal course of the Company's business, comprise credit risk, liquidity risk and market risks relating to interest rates, foreign currency exchange rates and commodity prices.

The PETRONAS Group has policies and guidelines in place that set the foundation for a consistent approach towards establishing an effective financial risk management across the PETRONAS Group. Risk taking activities are undertaken within acceptable level of risk or risk appetite, whereby the risk appetite level reflects business considerations and capacity to assume such risks. The risk appetite is established at Board level, where relevant, based on defined methodology and translated into operational thresholds.

The Company's goal in risk management is to ensure that the management understands, measures and monitors the various risks that arise in connection with their operations. Policies and guidelines have been developed to identify, analyse, appraise and monitor the dynamic risks facing the Company. Based on this assessment, the Company adopts appropriate measures to mitigate these risks in accordance with the Company's view of the balance between risk and reward.

Credit Risk

Credit risk is the potential exposure of the Company to losses in the event of non-performance by counterparties. The Company's exposures to credit risk arise principally from customer receivables. Credit risks are controlled by individual subsidiaries in line with the PETRONAS' policies and guidelines.

20. FINANCIAL INSTRUMENTS (CONTINUED)

<u>**Financial risk management (continued)**</u>

Credit Risk (continued)

With respect to credit risk arising from the other financial assets of the Company, which comprise cash, and derivative financial assets, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Company limits its counterparty credit risk by performing know your client process by PETRONAS risk team.

i) Receivables

Risk management objectives, policies, and processes for managing the risk

The Company minimises credit risk by ensuring that all potential third-party counterparties are assessed prior to registration and entering new contracts. Existing third-party counterparties are also subject to regular reviews, including re-appraisal and approval of granted limits. The creditworthiness of counterparties is assessed based on analysis of all available quantitative and qualitative data regarding business risks and financial standing, together with the review of any relevant third party and market information. Reports are prepared and presented to the management that cover the Company's overall credit exposure against limits and securities, exposure by segment and overall quality of the portfolio.

Depending on the types of transactions and creditworthiness of the counterparty, the Company further mitigates and limits risks related to credit by requiring collateral or other credit enhancements such as cash deposits, letter of credit and bank guarantees.

As at 31 December 2023, the Company had USD15 million receivables (2022: USD137 million) secured by letter of credit.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Company.

At each reporting date, the Company assesses whether any of the trade receivables and contract assets are credit impaired. The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

20. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (continued)

Credit Risk (continued)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by the carrying amounts in the statement of financial position.

At each reporting date, the Company assesses whether financial assets carried at amortised 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.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the customer;
- a breach of contract such as a default;
- it is probable that the customer will enter bankruptcy or other financial reorganisation;

Concentration of credit risk

Exposure to losses increases with concentrations of credit risk which may exist when several counterparties are involved in similar activities or operate in the same industry sector or geographical area, which may result in their ability to meet contractual obligations being impacted by changes in economic, political or other conditions. The Company's principal customers with which it conducts business are located globally and there is no significant concentration of credit risk at reporting date.

The exposure of credit risk for trade receivables at the reporting date by product is as follows:

	31.12.2023 USD'000	31.12.2022 USD'000
Crude Oil	60,240	103,253
Fuel Oil	15,642	32,087
LNG and gas	149,946	761,584
Others	7,727	1,446
	233,555	898,370

20. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (continued)

Credit Risk (continued)

Recognition and measurement of impairment loss
In managing credit risk of trade receivables, the Company manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. The Company performs credit rating assessment of all its counterparties in order to measure ECL of trade receivables for all segments using the PETRONAS Credit Risk Rating System. This credit rating assessment considers quantitative assessment using the counterparties' financial statements or a qualitative assessment of the counterparties, which includes but is not limited to their reputation, competitive position, industry and geopolitical outlook.

In determining the ECL, the probability of default assigned to each counterparty is based on their individual credit rating. This probability of default is derived by benchmarking against available third party and market information, which also incorporates forward looking information. Loss given default is the assumption of the proportion of financial asset that cannot be recovered by conversion of collateral to cash or by legal process and is assessed based on the Company's historical experience.

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is USD 233 million (2022: USD 898 million). No impairment for receivables in the reporting period. Expected credit losses are not provided for receivables if they are not past due.

The ageing of trade receivables as at the reporting date is as follows:

	Note	31.12.2023 USD'000	31.12.2022 USD'000
Current		228,832	895,246
Within one year		2,784	2,826
Over one year		1,939	298
	7.1	233,555	898,370

The Company has not recognised any loss allowance for trade receivables that are secured by collateral and/or other credit enhancements such as letter of credit and bank guarantees.

20. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (continued)

Credit Risk (continued)

The movements in the allowance for impairment losses of receivables during the year are as follows:

Lifetime ECL	31.12.2023	31.12.2022
	USD '000	USD '000
Opening balance	-	175
(Reversal)/impairment recognised	-	(175)
Closing balance	-	-

i) Cash and bank balances

Credit risk from balances with banks and financial institutions is managed by Company's Treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Credit rating of the Company's investments at period end is at least equivalent with Moody's rating A3. The Company's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2023 and 31 December 2022 is the carrying amounts as illustrated on note 19 except for derivative financial instruments. The Company's maximum exposure relating to financial derivative instruments is noted in the liquidity table below.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's exposure to liquidity risk arises principally from its trade and other payables, and borrowings. In managing its liquidity risk, the Company maintains sufficient cash and liquid marketable assets. The Company's current credit rating enables it to access banking facilities in excess of current and future requirements of the Company.

During the year ended 31 December 2023, the Company drew loans of USD 653 million (2022: USD 1,247 million). The Company repaid USD 719 million (2022: USD 1,570 million) of loans during the period. Remaining amount of loans as at 31 December 2023 was USD Nil (2022: USD 66 million).

The Company's borrowing powers are not limited by its Articles of Association.

Maturity analysis

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

20. FINANCIAL INSTRUMENTS (CONTINUED)

Maturity analysis (continued)

	Carrying amount	Total	Contractual cash flow Within one year	1-2 years	2-5 years	More than 5 years
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
2023						
Trade and other payables	260,404	260,404	260,404	-	-	-
Derivative liabilities	58,930	58,930	56,777	2,153	-	-
Short-term borrowings	-	-	-	-	-	-
Lease liability	19,981	19,981	9,256	10,725		
	339,315	**339,315**	**326,437**	**12,878**	**-**	**-**
2022						
Trade and other payables	1,072,930	1,072,930	1,072,930	-	-	-
Derivative liabilities	291,804	291,804	290,386	1,418	-	-
Short-term borrowings	66,203	66,203	66,203	-	-	-
Lease liability	2,554	2,554	1,067	1,487	-	-
	1,433,491	**1,433,491**	**1,430,586**	**2,905**	**-**	**-**

Market risk

Market risk is the risk or uncertainty arising from changes in market prices and their impact on the performance of the business.

The market price changes that the Company is exposed to include interest rates, foreign currency exchange rates, commodity price, equity prices and other indices that could adversely affect the value of the Company's financial assets, liabilities or expected future cash flows.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Since most of the Company's financial assets and liabilities are fixed rate instruments measured at amortised cost, a change in interest rate is not expected to have material impact on the Company's profit or loss.

The Company's borrowings comprise unsecured term loans with a maximum maturity of 120 days and incur interest ranging from SOFR + 0.40% to SOFR + 0.75%per annum (See Note 11). All these loans were repaid in less than 120 days and therefore the exposure to interest rate risk is immaterial.

20. FINANCIAL INSTRUMENTS (CONTINUED)

Market risk (continued)

Foreign exchange risk

The Company is exposed to varying levels of foreign exchange risk when they enter transactions that are not denominated in the respective companies' functional currencies and when foreign currency monetary assets and liabilities are translated at the reporting date. The main underlying economic currency of the Company's cash flow is USD.

The Company's foreign exchange management policy is to minimise economic and significant transactional exposures arising from currency movements. The company coordinates the handling of foreign exchange risks typically by matching receipts and payments for the same currency. Residual net positions are actively managed and monitored against prescribed policies and control procedures.

The Company's exposure to foreign currency risk is primarily from Pound Sterling (GBP). The Company's exposure to foreign currency changes for all other currencies is not material.

The Company's significant exposure to foreign currency risk, based on carrying amounts as at the reporting date is as follows:

	Denominated in GBP			
	31.12.2023		31.12.2022	
	GBP'000	USD'000	GBP'000	USD'000
Trade and other receivables	151,197	192,571	743,623	897,180
Derivative assets	46,229	58,896	227,669	274,704
Trade and other payables	(151,520)	(192,938)	(941,584)	(1,143,397)
Derivative liabilities	(46,256)	(58,930)	(155,128)	(187,176)
Cash and cash equivalents	3,231	4,019	100,341	121,071
Net exposure	2,881	3,618	(25,079)	(37,618)

	Denominated in EUR			
	31.12.2023		31.12.2022	
	EUR'000	USD'000	EUR'000	USD'000
Trade and other receivables	1,637	1,771	1,470	1,951
Derivative assets	14	16	125	133
Trade and other payables	(1,701)	(1,884)	(8,649)	(9,600)
Derivative liabilities	-	-	(125)	(133)
Cash and cash equivalents	329	356	4,146	4,423
Net exposure	279	259	(3,033)	(3,226)

Currency risk sensitivity analysis

Sensitivity analysis for a given market variable provided in this note, discloses the effect on profit or loss and equity as at 31 December 2023 assuming that a reasonably possible change in the relevant market variable had occurred at 31 December 2023 and been applied to the risk exposures in existence at that date to show the effects of reasonably possible changes in price on profit or loss and equity to the next annual reporting date.

20. FINANCIAL INSTRUMENTS (CONTINUED)

Market risk (continued)

Currency risk sensitivity analysis (continued)

Reasonably possible changes in market variables used in the sensitivity analysis are based on implied volatilities, where available, or historical data for equity and commodity prices and foreign exchange rates. Reasonably possible changes in interest rates are based on management judgement and historical experience.

The sensitivity analysis is hypothetical and should not be considered to be predictive of future performance because the Company's actual exposure to market prices is constantly changing with changes in the Company's portfolio of among others, commodity, debt and foreign currency contracts. Changes in fair values or cash flows based on a variation in a market variable cannot be extrapolated because the relationship between the change in market variable and the change in fair value or cash flows may not be linear.

In addition, the effect of a change in a given market variable is calculated independently of any change in another assumption and mitigating actions that would be taken by the Company. In reality, changes in one factor may contribute to changes in another, which may magnify or counteract the sensitivities.

The following table demonstrates the indicative pre-tax effects on the profit or loss and equity of applying reasonably foreseeable market movements in the following currency exchange rates:

	Appreciation in foreign currency rate %	Effect on profit or loss USD'000
31.12.2023		
GBP	10	362
EUR	10	26
31.12.2022		
GBP	10	3,762
EUR	5	161

This analysis assumes all other variables, in particular interest rates, remain constant. A depreciation in foreign currency rate above would have had equal but opposite effect, on the basis that all other variables remain constant.

Commodity price risk

The Company is exposed to changes in crude oil, petroleum products and gas prices which may affect the value of the Company's assets, liabilities or expected future cash flows. To mitigate these exposures from a business perspective, the Company enters various financial instruments. In effecting these transactions, the Company operates within policies and procedures designed to ensure risks are minimised.

All financial instruments positions are marked-to-market by independent risk management department and reported to management for performance monitoring and risk management purposes on a daily basis.

20. FINANCIAL INSTRUMENTS (CONTINUED)

Commodity price risk (continued)

	Change in year-end price	Effect on profit or loss FY 2023 USD'000	Effect on profit or loss FY 2022 USD'000
Gas prices	+5%	-	(166)
	-5%	-	166
Oil & petroleum price	+5%	(5,809)	(7)
	-5%	5,809	7

Hedging Activities
The majority of the hedged forecast transactions are expected to occur at various dates within the next three months.

Fair value information
The carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

The following table analyses financial instruments carried at fair value by valuation method.

	Financial instruments carried at fair value			
31.12.2023	**Level 1 USD'000**	**Level 2 USD'000**	**Level 3 USD'000**	**Total USD'000**
Financial Assets:				
Commodity swaps and futures	23,988	-	-	23,988
Commodity physical contracts	-	50,089	-	50,089
	23,988	50,089	-	74,077

	Financial instruments carried at fair value			
31.12.2023	**Level 1 USD'000**	**Level 2 USD'000**	**Level 3 USD'000**	**Total USD'000**
Financial Liabilities:				
Commodity physical contracts	-	5,090	-	5,090
Related party - LIEL	-	53,840	-	53,840
	-	58,930	-	58,930

20. FINANCIAL INSTRUMENTS (CONTINUED)

Market risk (continued)

Fair value information (continued)

31.12.2022	Financial instruments carried at fair value			
	Level 1 USD'000	**Level 2 USD'000**	**Level 3 USD'000**	**Total USD'000**
Financial Assets:				
Commodity swaps and futures	133	-	-	133
Commodity physical contracts	-	274,703	-	274,703
Related party - LIEL	-	17,436	-	17,436
FX forwards	-	-	-	-
	133	292,139	-	292,272

31.12.2022	Financial instruments carried at fair value			
	Level 1 USD'000	**Level 2 USD'000**	**Level 3 USD'000**	**Total USD'000**
Financial Liabilities:				
Commodity swaps and futures	18,593	-	-	18,593
Commodity physical contracts	-	68,465	-	68,465
Related party - LIEL	-	204,746	-	204,746
FX forwards	-	-	-	-
	18,593	273,211	-	291,804

Derivatives
The calculation of fair value for derivative financial instruments depends on the type of instruments. The fair value of commodity swap and commodity forward contracts is based on the fair value difference between market price at the date of measurement and the contracted price.

Transfer between Level 1 and Level 2 fair values
There have been no transfers between Level 1 and Level 2 fair values during the financial year (2022: No transfer in either direction).

	Financial instruments carried at fair value		
	As at 1 Jan 2023 USD'000	**Net credit USD'000**	**As at 31 Dec 2023 USD'000**
Net Derivative financial position held at fair value through profit or loss	469	14,678	15,147

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20. FINANCIAL INSTRUMENTS (CONTINUED)

Market risk (continued)

Income/(expense), net gains and (losses) arising from financial instruments

2023	Interest income/ (expense) USD'000	Others[1] USD'000	Total USD'000
Financial instrument at fair value through profit or loss - mandatorily required by IFRS 9	-	25,781[2]	25,781
Financial assets at amortised cost	2,235	20,335 *	22,570
Financial liabilities at amortised cost	(226) *	(19,844)*	(20,070)
Total	**2,009**	**26,272**	**28,281**

2022	Interest income/ (expense) USD'000	Others[1] USD'000	Total USD'000
Financial asset at fair value through profit or loss - mandatorily required by IFRS 9	-	(835)[2]	(835)
Financial assets at amortised cost	418	(427) *	(9)
Financial liabilities at amortised cost	(61)	6,250*	6,189
Total	**357**	**4,988**	**5,345**

[1] Others relates to gains and losses arising from financial instruments, such as realised and unrealised gains or losses on foreign exchange and oil and gas futures.

[2] Includes gains and losses on oil and gas futures presented in Net Trading Income, which are used to hedge the Company's expected purchase, sale or usage requirements.

* These amounts are included within Other Income/(Expenses) on the face of Statement of Profit or Loss and Other Comprehensive Income. The remaining amount in this category relates realised/unrealised foreign exchange losses and gains.

21. OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

The following tables shows the amounts recognised for financial assets and liabilities, which are subject to offsetting arrangements, on a gross basis and the amounts offset in the Statement of Financial Position.

The amounts set off below relate to receivables from and payables to various Counterparties which are subject to EFET arrangements, where the Company currently has an enforceable legal right to offset and the intention to settle on a net basis. Net settlement is made on 20th of every month.

	Gross amounts recognised financial assets (liabilities) USD'000	Amounts set off USD'000	Net amount presented in the Statement of Financial Position USD'000
Financial assets			
Other trade receivables	213,951	(55,796)	158,155
Trade and other receivables from related parties	151,861	(75,536)	76,325
Lease receivables	18,885	-	18,885
Other receivables	18,467	-	18,467
Derivative assets	118,854	(44,777)	74,077
31 December 2023	522,018	(176,109)	345,909
Financial liabilities			
Trade payables	(130,871)	55,796	(75,075)
Amounts due to related parties	(253,689)	75,536	(178,153)
Lease liabilities	(19,981)	-	(19,981)
Other payables	(7,175)	-	(7,175)
Derivative liabilities	(103,707)	44,777	(58,930)
31 December 2023	(515,423)	176,109	(339,314)

	Gross amounts recognised financial assets (liabilities) USD'000	Amounts set off USD'000	Net amount presented in the Statement of Financial Position USD'000
Financial assets			
Other trade receivables	1,139,755	(352,444)	787,311
Trade and other receivables from related parties	494,109	(397,919)	96,190
Other receivables	51,234	-	51,234
Derivative assets	432,549	(140,276)	292,273
31 December 2022	2,117,647	(890,639)	1,227,008
Financial liabilities			
Trade payables	(531,823)	352,444	(179,379)
Amounts due to related parties	(1,303,612)	397,919	(905,693)
Other payables	(3,347)	-	(3,347)
Derivative liabilities	(432,080)	140,276	(291,804)
31 December 2022	(2,270,862)	890,639	(1,380,223)

22. CAPITAL MANAGEMENT

The Group and the Company define capital as total equity and debt of the Group and the Company. The objective of the Group's and the Company's capital management is to maintain an optimal capital structure and ensuring availability of funds in order to meet financial obligations and support business growth. As a subsidiary of Petroliam Nasional Berhad ("PETRONAS"), the Group's and the Company's approach in managing capital is outlined in the PETRONAS Financial Policy.

There were no changes in the Group's and the Company's approach to capital management during the year.

23. ADOPTION OF NEW AND REVISED PRONOUNCEMENT

During the financial year, the Company adopted the following pronouncements that have been issued by the IASB and are applicable as listed below:

Effective for annual periods beginning on or after 1 January 2023
Amendment to IFRS 17 Insurance Contracts.
Amendments to IAS 1 Presentation of Financial Statements and IAS Practice Statement 2 (Disclosure of Accounting Policies).
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates).
Amendments to IAS 12 Income Taxes (Deferred Tax related to Assets and Liabilities arising from a Single Transaction).
Amendments to IAS 12 Income Taxes (International Tax Reform – Pillar Two Model Rules).
The initial application of the above mentioned pronouncements does not have any material impact to the financial statements of the company.

24. PRONOUNCEMENTS NOT YET IN EFFECT

The following standards pronouncements that have been issued by the IASB will become effective in future financial reporting periods and have not been adopted by the Company in these financial statements:

Effective for annual periods beginning on or after 1 January 2024
Amendments to IFRS 16 Leases (Lease Liability in a Sale and Leaseback).
Amendments to IAS 1 Presentation of Financial Statements (Classification of Liabilities as Current or Non-current).
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures (Supplier Finance Arrangements).

Effective for annual periods beginning on or after 1 January 2025
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability.

The Company is expected to apply the abovementioned pronouncements beginning from the respective dates the pronouncements become effective. The initial application of the abovementioned pronouncements is not expected to have any material impacts to the financial statements of the Company.

25. SUBSEQUENT EVENTS

There were no significant events after the reporting date.

26. IMMEDIATE HOLDING COMPANY AND ULTIMATE HOLDING COMPANY

The immediate holding company is PETRONAS Trading Corporation Sdn. Bhd. ("PETCO"), a company incorporated and domiciled in Malaysia.

The ultimate holding company is Petroliam Nasional Berhad ("PETRONAS"), a company incorporated and domiciled in Malaysia.

The holding and ultimate holding companies' registered offices are at Tower 1, PETRONAS Twin Towers, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia.

PETRONAS' consolidated financial statements are available to be viewed online or downloaded from www.petronas.com.my.

27. CHANGE IN PRESENTATION AND RECLASSIFICATIONS

The Directors have elected to change accounting policy during the year ended 31 December 2023 of the presentation with regard to physically settled commodity derivates that represent third party trading.

The previous accounting policy for the year ended 31 December 2022 was to present these gross in revenue and cost of revenue.

The directors have re-considered the substance of the physically settled commodity derivatives and the purpose is for the company to trade (i.e., take advantage of price fluctuations). Therefore, a more faithful presentation would be to reflect this net. Noting that the change has been applied retrospectively.

The impact on the prior year financial statements is as follows.

Statement of profit and loss and comprehensive income

	31 December 2022 as reported previously USD'000	Decrease in revenue and cost of revenue USD'000	31 December 2022 restated USD'000
Revenue	3,977,844	(679,337)	3,298,507
Net trading (loss) / income	(587)	(748)	(1,335)
Cost of revenue	(3,943,689)	680,085	(3,263,604)
Gross profit	**33,568**	**-**	**33,568**

Under the previous accounting policy, revenue and cost of revenue for the year ended 31 December 2023 would have been USD 4,372,513,865 and USD 4,360,089,475 respectively, with no change to net profit.