

PTT International Trading London Ltd

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PTT International Trading London Ltd

Company information

Directors

Disathat Panyarachun	
Pattaraporn Vorasaph	
Kritch Chairuangyoth	
Donnaya Senanarong	(Appointed on 16 January 2019)
Jaturong Worawitsurawatthana	(Appointed on 1 March 2019)
Worawan Kanchanakeaw	(Appointed on 1 March 2019)

Company Secretary

Vistra Company Secretaries Limited

Registered Office

Suite 7, 5th Floor Berkeley Square House
London, United Kingdom
W1J6BU

Registered Number

10443326 (England and Wales)

Bankers

Bangkok Bank Public Co Ltd, London
Standard Chartered Bank, Singapore
JP Morgan Chase Bank, NA, London
Mizuho Bank Ltd, Singapore
MUFG Bank Ltd, Singapore Branch

Auditor

Ernst & Young LLP
1 More London Riverside
London
SE1 2AF

PTT International Trading London Ltd

Strategic report

For the financial year ended 31 December 2019

The directors present their Strategic report of the company for the year ended 31 December 2019.

Business

The company is wholly owned by PTT Public Company Limited (PTT PLC) and is the flagship for international trading business of PTT PLC in the Western corridor. The company was incorporated on 24 October 2016.

The principal activity of the company is the marketing and trading of crude oil and petroleum products. This physical trading is also supported by a derivative trading desk, which helps to mitigate the risks and limits the exposure to market volatility. The company purchases or acquires competitively priced supply of crude oil and petroleum products to feed into the PTT group system, and helps optimising the trading activities of the group. The company also seeks out and presents to the group new business flow opportunities by means of new investment and business partnership.

The directors are delighted to report revenue of US\$2,344 million (2018: US\$2,086 million), operating profit of US\$13 million (2018: US\$4 million), and profit after tax of US\$11 million (2018: US\$3 million).

Business objective and strategy

The company's objective is to expand trading activity in the western market. The company will play the main role in connecting the trading network for our valued customers, partners and the PTT Group.

The company operates under global book management scheme by optimising benefits among our head office in Bangkok and the eastern trading flagship in Singapore. The company, therefore, contributes to this global book by focusing its activities to the west.

Principal risks

The Board of Directors are in charge of agreeing and applying risk management principles and policies while also ensuring that management has an effective internal control system. Management remains responsible for the actual assessment and compliance of the risks facing the company within the policies and principles approved by the Board. Management considers the following risks to be important:

Risk management

Traders need to follow strictly the trading limits as set out by the Board of Directors; all trades are reviewed and monitored to ensure their compliance with the guidelines given to the company by head office. All counterparties are also vetted and pre-approved by the Credit and Management teams prior to concluding the first trading transaction with them.

Principal risks (cont'd)

Credit risk

The company's business is in the global oil market so its trade receivables and market exposures are mainly with international oil companies, financial institutions and other trading houses. The company operates a strict credit risk management policy, which in reality means that very few counterparties are given open credit. Exposures which exceed the authorised levels are minimised by the use of Letters of credit, and receivables may be discounted with financial institutions, effectively selling down the risk to the financial institutions. In the financial period under review, the company did not suffer any credit losses.

Operational and other risks

Operational risk is the exposure to losses that may occur as a consequence of carrying out physical operations and from inadequate internal processes and systems. The company regularly and thoroughly assesses its operational risk levels and maintains systems and teams in place to prevent operational errors; should errors occur, the systems in place ensure quick detection in order to minimise the consequences and impacts on the company. Any failure in the business process triggers a revised risk assessment and a full review of the relevant procedures in order to improve them and prevent a repetition in the future.

Legal risk

Our in house and also external legal advisors are involved in every significant transaction. They provide invaluable and essential advice to senior management on all business issues to ensure that the business of the company is conducted in a manner that complies with all legal and statutory requirements.

Liquidity risk management

Liquidity management is essential to ensure sufficient cash is available to the company to meet all contractual obligations as they fall due. Management ensure that sufficient credit lines are available with the banks in order to enable all financial requirements to be met by the company in a timely manner. This is closely monitored and consistently tracked by the finance and credit teams of the company.

On behalf of the Board of Directors:



Disathat Panyarachun
Chairman

11 March 2020

PTT International Trading London Ltd

Directors' report For the financial year ended 31 December 2019

The directors present their report with the financial statements of PTT International Trading London Ltd (the "Company") for the financial year ended 31 December 2019.

Dividends

During the period, dividends paid was US\$343,860 (2018:Nil).

The company's trading profit for the year, after taxation, was US\$10,606,923 (2018: US\$3,421,848).

Directors

The directors who served during the year and up to the date of this report were:

Disathat Panyarachun	
Pattaraporn Vorasaph	
Kritch Chairuangyoth	
Donnaya Senanarong	(Appointed on 16 January 2019)
Jaturong Worawitsurawatihana	(Appointed on 1 March 2019)
Worawan Kanchanakeaw	(Appointed on 1 March 2019)

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all the relevant audit information and to establish that the company's auditors are aware of that information.

Auditor

The auditors, Ernst & Young LLP are deemed to be appointed under section 487(2) of the Companies Act 2006.

The auditors, Ernst & Young LLP, will be proposed for re-appointment at the forthcoming Annual General meeting.

On behalf of the Board of Directors:



Disathat Panyarachun
Chairman

11 March 2020

PTT International Trading London Ltd

**Directors' responsibilities statement
For the financial year ended 31 December 2019**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable 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 financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Opinion

We have audited the financial statements of PTT International Trading London Ltd for the year ended 31 December 2019 which comprise of the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows, and the related notes 1 to 23 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its profit for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 below. 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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 period 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 by the parent company, 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 5, 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.

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

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

11 March 2020

PTT International Trading London Ltd

Statements of comprehensive income
For the financial year ended 31 December 2019

	Notes	2019 US\$	2018 US\$
Revenue	3	2,344,203,439	2,086,084,390
Cost of sales		(2,339,974,969)	(2,083,906,885)
Gross profit		4,228,470	2,177,505
Other income	4	12,020,311	3,915,174
Interest income		202,936	126,338
Administrative expenses	5	(855,214)	(669,334)
Personnel expenses	6	(1,816,933)	(1,268,857)
Other operation income/(expense)		170,483	(6,687)
Finance costs	7	(927,112)	(57,812)
Profit before taxation		13,022,941	4,216,327
Taxation	9	(2,416,018)	(794,479)
Profit after taxation		10,606,923	3,421,848
Profit for the year		10,606,923	3,421,848

The notes form part of these financial statements.

PTT International Trading London Ltd

Statement of financial position
As at 31 December 2019

	Notes	2019 US\$	2018 US\$
Share capital and reserve			
Share capital	10	10,513,513	10,513,513
Retained earnings		14,645,498	4,382,435
		<u>25,159,011</u>	<u>14,895,948</u>
Non-current assets			
Property, plant and equipment	11	85,911	89,084
Right-of-use assets	12	478,851	–
		<u>564,762</u>	<u>89,084</u>
Current assets			
Trade and other receivables	13	303,094,735	114,111,197
Other debtors, deposits and prepayments	14	8,819,641	1,002,443
Amounts due from holding company - trade	15	70,789,832	1,390,370
Amounts due from related companies - trade	15	70,422,568	15,096,998
Amounts due from related companies - non-trade	15	3,643,397	9,831,856
Cash and bank balances	16	2,678,470	141,166
Derivative financial instruments	21	489,918	846,223
		<u>459,938,561</u>	<u>142,420,253</u>
Current liabilities			
Amounts due to holding company - trade	15	261,655	51,153,837
Amounts due to holding company - non-trade	15	–	70,919
Amounts due to related companies- trade	15	166,973	1,812,936
Amounts due to related companies - non-trade	15	182,556	433
Trade creditors	17	82,140,186	45,696,506
Trade accruals	17	243,586,320	27,123,460
Other creditors and accruals		1,359,915	718,971
Bills payable	18	99,149,676	–
Derivative financial instruments	21	6,248,720	421,800
Tax payable		1,807,869	614,527
Lease liabilities	20	279,607	–
		<u>435,183,477</u>	<u>127,613,389</u>
Non-current liabilities			
Lease liabilities		160,835	–
Net current assets		<u>24,755,084</u>	<u>14,806,864</u>
Total net assets		<u>25,159,011</u>	<u>14,895,948</u>

The financial statements were approved by the Board of Directors on 11 March 2020 and were signed on its behalf by:



Disathat Panyarachun
Chairman



Kritch Chaiuangyoth
Director

The notes form part of these financial statements.

PTT International Trading London Ltd

Statement of changes in equity
For the financial year ended 31 December 2019

	Share capital US\$	Retained earnings US\$	Total US\$
At 1 January 2018	10,513,513	960,587	11,474,100
<i>Changes in equity</i>			
Total comprehensive income for the year	–	3,421,848	3,421,848
At 31 December 2018 and at 1 January 2019	10,513,513	4,382,435	14,895,948
<i>Changes in equity</i>			
Dividends paid	–	(343,860)	(343,860)
Total comprehensive income for the year	–	10,606,923	10,606,923
At 31 December 2019	10,513,513	14,645,498	25,159,011

The notes form part of these financial statements.

PTT International Trading London Ltd

Statement of cash flows
For the financial year ended 31 December 2019

	2019 US\$	2018 US\$
Cash flows from operating activities		
Profit before taxation	13,022,941	4,216,327
Adjustments:		
Depreciation of fixed assets and right-of-use assets	244,169	9,600
Loss on disposal of property, plant and equipment	–	1,015
Interest income	(202,936)	(126,338)
Interest expense	927,112	57,812
Revaluation of derivative financial instruments to fair value	6,183,225	(1,124,164)
Revaluation of inventories to fair value	–	200,382
Operating profit before working capital changes	20,174,511	3,234,634
Increase in trade and other debtors, prepayments and deposits	(196,800,736)	(52,252,192)
Decrease in inventory	–	67,200,108
Increase in bills payable	99,149,676	–
Increase in trade creditors and accruals	253,547,484	29,172,794
Net increase in balances with related and holding companies	(170,963,514)	(47,042,654)
Cash flows generated from operations	5,107,421	312,690
Interest paid	(907,276)	(57,812)
Interest received	202,936	126,338
Income tax paid	(1,222,676)	(320,819)
Net cash flows generated from operating activities	3,180,405	60,397
Cash flows from investing activity		
Purchase of property, plant and equipment	(7,158)	(89,243)
Net cash flows used in investing activity	(7,158)	(89,243)
Cash flows from financing activities		
Dividends paid	(343,860)	–
Payment of lease liabilities	(292,083)	–
Net cash flows generated from financing activities	(635,943)	–
Net increase/(decrease) in cash and cash equivalents for the year	2,537,304	(28,846)
Cash and cash equivalents at beginning of year	141,166	170,012
Cash and cash equivalents at end of year	2,678,470	141,166

The notes form part of these financial statements.

PTT International Trading London Ltd

**Notes to the financial statements
For the financial year ended 31 December 2019**

1. Corporate information

PTT International Trading London Ltd (the "Company") is a private company, limited by shares, domiciled and incorporated in London. The address of the Company's registered office and its principal place of business is Suite 7, 5th Floor Berkeley Square House, London, United Kingdom, W1J6BU.

The Company's immediate holding company and ultimate parent of the group is PTT Public Company Limited, a company incorporated in Thailand. The Company's related parties are all subsidiaries of PTT Public Company Limited. The financial statements of PTT Public Company Limited are available at its registered office situated at 555 Vibhavadi Rangsit Road, Chatuchak, Bangkok 10,900, Thailand.

The principal activities of the Company are the marketing and trading of crude oil and petroleum products.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and with those parts of the Companies Act 2006 applicable to Companies reporting under IFRS.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States dollars ("USD" or "US\$").

The notes form part of these financial statements.

2. Summary of significant accounting policies (cont'd)

2.2 *New standards, interpretations and amendments adopted by the Company*

The Company has adopted all the new and revised standards which are effective for annual periods beginning on or after 1 January 2019. Except for the impact arising from the adoption of IFRS 16, the adoption of the other new and revised standards did not have material effect on the financial performance or position of the Company.

IFRS 16 Leases

IFRS 16 replaces IAS 17 for annual periods on or after 1 January 2019. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Company adopted the new standard using modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of application. The Company elected to use the practical expedient to not reassess whether a contract is, or contains, a lease at 1 January 2019.

Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term leases and leases of low-value assets. The Company recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

As at 31 December 2019, the Company recognised right-of-use assets of US\$334,487 and lease liabilities of US\$334,487 for its leases previously classified as operating leases as at 1 January 2019.

For the year ended 31 December 2019:

- Depreciation expense increased by US\$233,838 because of the increase in right-of-use assets.
- Rental expense relating to previous operating leases decreased by US\$96,044.
- Finance costs increased US\$19,836 relating to the interest expense on additional lease liabilities recognised.

Notes to the financial statements
For the financial year ended 31 December 2019

2. Summary of significant accounting policies (cont'd)

2.2 *New standards, interpretations and amendments adopted by the Company (cont'd)*

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitment as of 31 December 2018, as follows:

	S\$'000
Asset	
Operating lease commitments as at 31 December 2018	556,857
Weighted average incremental borrowing rate as at 1 January 2019	3.6%
	<hr/>
Discounted operating lease commitments as at 1 January 2019	411,597
Less:	
Commitments relating to short-term leases	(77,110)
	<hr/>
Lease liabilities as at 1 January 2019	334,487
	<hr/>

2.3 *Standards issued but not yet effective*

The Company has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to IAS 1 <i>Presentation of Financial Statements</i>	1 January 2020
Amendments to IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	1 January 2020

In October 2018, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.

The notes form part of these financial statements.

2. Summary of significant accounting policies (cont'd)

2.4 Significant accounting judgements and estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Fair value of financial instruments

Where the fair values of financial instruments recorded on the statement of financial position cannot be derived from active markets, they are determined using valuation techniques. The inputs into these valuation techniques are derived from observable market data. The most frequently applied valuation techniques are swap models, using present value calculations. The models incorporate various inputs including forward value and related index.

2.5 Property, plant and equipment

Depreciation is computed on a straight-line basis over the estimated useful life of the assets as follows:

Office equipment - 5 years

2. Summary of significant accounting policies (cont'd)

2.6 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Building - 1 to 5 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in note 2.8.

(b) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The notes form part of these financial statements.

2. Summary of significant accounting policies (cont'd)

2.6 Leases (cont'd)

Company as a lessee (cont'd)

(b) Lease liabilities (cont'd)

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.7 **Financial instruments**

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

The notes form part of these financial statements.

2. Summary of significant accounting policies (cont'd)

2.7 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement

Subsequent measurement depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) *Amortised cost*

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

(ii) *Fair value through other comprehensive income (FVOCI)*

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

(iii) *Fair value through profit or loss*

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

The notes form part of these financial statements.

2. Summary of significant accounting policies (cont'd)

2.7 *Financial instruments (cont'd)*

(a) *Financial assets (cont'd)*

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.8 *Impairment of financial assets*

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company recognises loss allowance based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

2. Summary of significant accounting policies (cont'd)

2.9 *Impairment of non-financial assets*

The Company assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written-down to its recoverable amount. 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. Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charged is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2.10 *Cash and bank balances*

Cash and bank balances comprise demand deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.11 *Taxes*

(a) *Income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the countries where the Company operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The notes form part of these financial statements.

2. Summary of significant accounting policies (cont'd)

2.11 Taxes (cont'd)

(b) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

2.12 Revenue

(a) Sale of goods

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good to the customer, which is when the customer obtains control of the good. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(b) Interest

Interest income is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

(c) Derivative financial instruments

Derivative financial instruments include commodity swaps and commodity forward of which profit or loss arising are recognised on deal date.

For off-balance sheet derivative financial instruments outstanding at the end of each reporting period for trading purposes, the derivative financial instruments are estimated based on the difference between fixed and variable commodity price calculated by reference to an agreed upon notional principal amount. The resultant gains or losses are recognised in profit or loss.

The notes form part of these financial statements.

2. Summary of significant accounting policies (cont'd)

2.13 Foreign currencies

The accounting records of the Company are maintained in USD and USD is the functional currency.

Transactions in foreign currencies during the financial year are recorded in USD using exchange rates approximating those ruling at the transaction dates. Foreign currency monetary assets and liabilities at the end of the reporting period are translated into USD at exchange rates approximating those ruling at that date. All resultant exchange differences are recognised in profit or loss.

2.14 Derivative financial instruments

The Company uses derivative financial instruments to manage its risks associated with commodity price fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

(a) Commodity forward contracts

Commodity forward contract for physical sales and purchases of commodities are measured at fair value. Unrealised gains or losses are reported in profit or loss. Fair value is determined by reference to quoted market/futures prices at the close of business on the end of the reporting period.

(b) Futures contracts

Futures contracts are measured at fair value. Unrealised gains or losses are reported in profit or loss. Fair value is determined by reference to quoted futures prices of recognised futures market at the close of business on the end of the reporting period.

Initial margin deposits and variation margins on futures contracts are included in current assets or current liabilities as appropriate.

2.15 Inventories

The inventories are principally acquired with the purpose of selling in the near future and generating a profit from fluctuations in price or broker-traders' margin. These inventories are measured at fair value less cost to sell. When such inventories are measured at fair value less cost to sell, the changes in fair value are recognised in profit or loss in the financial year of the change.

The notes form part of these financial statements.

PTT International Trading London Ltd

Notes to the financial statements
For the financial year ended 31 December 2019

3. Revenue

	2019	2018
	US\$	US\$
Sale of goods	2,336,961,128	2,086,565,112
Realised gain/(loss) on derivative financial instruments	13,425,536	(1,604,869)
Unrealised (loss)/gain on derivative financial instruments	(6,489,666)	1,280,977
Unrealised gain/(loss) on forward commitments	306,441	(156,830)
	<u>2,344,203,439</u>	<u>2,086,084,390</u>

4. Other income

Other income	12,020,311	3,915,174
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Other income pertains to share of profits from a joint trading agreement with third parties.

5. Administrative expenses

Legal and professional fees	92,746	79,641
Depreciation	99,926	9,600
Entertainment	32,251	12,727
Subscription fees	148,201	166,016
Office rental	59,275	108,425
Travelling expense	105,945	19,111
Telecommunication	14,019	9,890
Other expenses	225,860	205,179
Auditor's remuneration - Audit services	76,991	58,745
	<u>855,214</u>	<u>669,334</u>

The notes form part of these financial statements.

PTT International Trading London Ltd

Notes to the financial statements
For the financial year ended 31 December 2019

6. Personnel expenses

	2019 US\$	2018 US\$
Wages and salaries	1,020,690	743,040
Social Security costs	155,670	156,692
Other staff costs	640,573	369,125
	<hr/>	<hr/>
	1,816,933	1,268,857
	<hr/>	<hr/>

The average monthly number of employees during the year was as follows:

Director	5	3
Managing Director	1	1
Trader	4	2
Operations	1	1
Administration	1	1
Chartering	1	-
	<hr/>	<hr/>
	13	8
	<hr/>	<hr/>

Director's remuneration	<hr/>	<hr/>
	46,637	12,532
	<hr/>	<hr/>

Information regarding the highest paid director for the year ended 31 December 2019 is as follows:

Director's fee	<hr/>	<hr/>
	9,912	5,375
	<hr/>	<hr/>

7. Finance costs

Banks and financial institutions	907,276	57,812
Others	19,836	-
	<hr/>	<hr/>
	927,112	57,812
	<hr/>	<hr/>

The notes form part of these financial statements.

PTT International Trading London Ltd

**Notes to the financial statements
For the financial year ended 31 December 2019**

8. Profit before income tax

	2019	2018
	US\$	US\$
The profit before income tax is stated after charging:		
Cost of inventories recognised as expense	2,329,077,362	2,081,665,330
Depreciation - owned assets	99,926	9,600
Auditors' remuneration	76,991	58,745
Foreign exchange differences	(170,483)	6,687

9. Taxation

A reconciliation between taxation and the product of accounting profit multiplied by the applicable tax rate for the financial year ended 31 December 2019 was as follows:

Profit before taxation	13,022,941	4,216,327
Tax at the applicable tax rate 18% (2018: 19%)	2,344,129	801,102
Adjustments:		
Non-deductible expenses	25,189	5,314
Capital allowance	(1,288)	(16,681)
Over provision of tax payable for prior years	(83,569)	-
Others	131,557	4,744
Current income tax expense	2,416,018	794,479

The notes form part of these financial statements.

10. Share capital and reserves

Share capital <i>Issued and fully paid:</i>	2019		2018	
	No. of shares	US\$	No. of shares	US\$
At beginning of year (GBP Ordinary Shares) GBP £1 per share	10,420,000	10,513,513	420,000	513,513
At beginning of year (USD Ordinary Shares) US\$1 per share	-	-	10,000,000	10,000,000
At 31 December 2019	10,420,000	10,513,513	10,420,000	10,513,513

The Company's share capital that the directors are authorised to issue in accordance with the provisions of the Articles of Association is 10,000,000 ordinary shares of GBP £1 each, and 16,000,000 ordinary shares of USD \$1 each.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

	2019 US\$	2018 US\$
Dividends declared and paid during the year:		
Dividends on ordinary shares:		
Final dividend of US\$0.033 per share (2018: US\$0.033 per share	343,860	-

Retained earnings

The retained earnings represent the net profit of all current and prior periods' retained profits and losses.

PTT International Trading London Ltd

Notes to the financial statements
For the financial year ended 31 December 2019

11. Property, plant and equipment

Company	Office equipment US\$	Total US\$
Cost		
At 1 January 2018	12,745	12,745
Additions	89,243	89,243
Disposal	(1,450)	(1,450)
At 31 December 2018 and at 1 January 2019	100,538	100,538
Additions	7,158	7,158
At 31 December 2019	107,696	107,696
Accumulated depreciation		
At 1 January 2018	2,289	2,289
Charge for the year	9,600	9,600
Disposal for the year	(435)	(435)
At 31 December 2018 and at 1 January 2019	11,454	11,454
Charge for the year	10,331	10,331
At 31 December 2019	21,785	21,785
Net book value		
At 31 December 2018	89,084	89,084
At 31 December 2019	85,911	85,911

The notes form part of these financial statements.

12. Right-of-use assets

	Right-of-use assets US\$	Total US\$
Cost		
At 1 January 2019	334,487	334,487
Additions	378,202	378,202
At 31 December 2019	<u>712,689</u>	<u>712,689</u>
Accumulated depreciation		
At 1 January 2019	–	–
Charge for the period	233,838	233,838
At 31 December 2019	<u>233,838</u>	<u>233,838</u>
At 31 December 2019	<u>478,851</u>	<u>478,851</u>

13. Trade and other receivables

Trade receivables are in the ordinary course of business, and are non-interest bearing and are normally due on 30 to 60 days' terms. They are recognised at their original invoice amounts which represent their fair value on initial recognition.

The Company has no trade receivables that were past due and/or impaired at the end of the reporting period.

	2019 US\$	2018 US\$
Trade receivables	303,094,735	114,111,197

14. Other debtors, deposits and prepayments

Deposits	128,885	105,215
VAT receivables	795,144	323,019
Prepaid expenses	120,397	89,573
Amount due from broker	7,775,215	484,636
	<u>8,819,641</u>	<u>1,002,443</u>

The notes form part of these financial statements.

PTT International Trading London Ltd

Notes to the financial statements
For the financial year ended 31 December 2019

15. Amounts due from/(to) holding company and related companies

All amounts due from/(to) the holding company or related companies whether trade or non-trade in nature are unsecured, interest free and repayable when due.

	2019 US\$	2018 US\$
Amount due from Group Companies		
Amounts due from holding company - trade	70,789,832	1,390,370
Amounts due from related companies - trade	70,422,568	15,096,998
Amounts due from related companies - non-trade	3,643,397	9,831,856
	<hr/>	<hr/>
	144,855,797	26,319,224
	<hr/>	<hr/>
Amount due to Group Companies		
Amounts due to holding company - trade	261,655	51,153,837
Amounts due to holding company - non-trade	-	70,919
Amounts due to related company - trade	166,973	1,812,936
Amounts due to related company - non-trade	182,556	433
	<hr/>	<hr/>
	611,184	53,038,125
	<hr/>	<hr/>

16. Cash and bank balances

Cash and bank balances	2,678,470	141,166
	<hr/>	<hr/>

17. Trade creditors and accruals

Trade creditors and accruals are in the ordinary course of business, and are, non-interest bearing and are normally settled on 30 to 60 days' terms.

Trade creditors	82,140,186	45,696,506
Trade accruals	243,586,320	27,123,460
	<hr/>	<hr/>
	325,726,506	72,819,966
	<hr/>	<hr/>

The notes form part of these financial statements.

Notes to the financial statements
For the financial year ended 31 December 2019

18. Bills payable

The bills payable have an average maturity of 2 to 31 days with effective interest rate of 2.35593% (2018: Nil%) per annum.

19. Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, significant transactions with related parties, on terms agreed between the parties, were as follows:

	2019 US\$	2018 US\$
Income		
Sales to holding company	630,086,325	238,561,066
Sales to related company	206,964,295	244,297,366
	<hr/>	<hr/>
Expenses		
Purchases from holding company	239,380,615	510,074,738
Purchases from related company	66,804,949	78,452,051
	<hr/>	<hr/>

Key management's employee benefits

Key management's short-term employee benefits paid to directors amounted to US\$46,637 (2018: US\$12,532).

20. Lease liabilities

Set out below are the carrying amounts of lease liabilities and movements during the year:

	2019 US\$
Cost	
At 1 January 2019	334,487
Additions	378,202
Accretion of interest	19,836
Payments	(292,083)
At 31 December 2019	<hr/> 440,442 <hr/>
Current	279,607
Non-current	160,835

The notes form part of these financial statements.

21. Financial instruments

(a) *Fair values of financial instruments*

All carrying amount of financial assets and liabilities at the end of the reporting period approximates their fair value due to the relatively short-term maturity of these financial instruments.

Derivatives

The fair value of commodity price swaps is estimated based on the difference between fixed and variable commodity price calculated by reference to an agreed upon notional principal amount.

The fair value of commodity forward contracts is determined by reference and quoted market/futures prices at the close of business on the end of the reporting period.

The fair value of futures is determined by reference to quoted futures prices of recognised future market at the close of business on the end of the reporting period.

As at 31 December 2019, the fair value of financial derivatives for trading purposes in the balance sheet are presented in the following table:

	Year end positive fair value US\$	Year end negative fair value US\$
2019		
<i>Forward commitments</i>		
Third parties	103,748	-
Holding and related companies	290,070	-
<i>Derivatives</i>		
Swaps - holding and related companies	96,100	98,098
Futures	-	6,150,622
	489,918	6,248,720
2018		
<i>Forward commitments</i>		
Third parties	68,377	-
Related companies	19,000	-
<i>Derivatives</i>		
Swaps - related companies	-	421,800
Futures	758,846	-
	846,223	421,800

The notes form part of these financial statements.

21. Financial instruments (cont'd)

(b) *Fair value hierarchy*

The Company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 - Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can access at the measurement date;

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset for liability, either directly or indirectly; and

Level 3 - Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
2019				
<i>Financial assets</i>				
Derivative swaps	–	96,100	–	96,100
Fair value commitment				
- forward contracts	–	393,818	–	393,818
<i>Financial liabilities</i>				
Futures contracts	6,150,622	–	–	6,150,622
Derivative swaps	–	98,098	–	98,098
2018				
<i>Financial assets</i>				
Futures contracts	758,846	–	–	758,846
Fair value commitment				
- forward contracts	–	87,377	–	87,377
<i>Financial liabilities</i>				
Futures contracts	–	–	–	–
Derivative swaps	–	421,800	–	421,800

The notes form part of these financial statements.

21. Financial instruments (cont'd)

(c) *Level 2 fair value measurements*

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Derivative swaps

Derivative swaps are fair valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include estimating based on the difference between fixed and variable commodity price calculated by reference to an agreed upon notional principal amount.

Forward commitments

Commodity forward contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation technique is forward pricing, using present value calculations.

(d) *Amounts due from/(to) holding company and related companies, derivative financial instruments, trade receivables, other debtors and deposits, trade creditors and other creditors and accruals*

The carrying amounts of these financial assets and liabilities at the end of the reporting period approximates their fair values due to the relatively short-term maturity of these financial instruments or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

22. Financial risk management objectives and policies

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and commodity price risk. Risk management is reviewed and agreed by the Board of Directors of the Company under policies approved by Trading Risk Management Committee ("TRMC") of its holding company, PTT Public Company Limited ("PTT PLC"). The Company identifies, evaluates and hedges financial risks in close co-operation with PTT PLC. TRMC provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investing excess liquidity.

(a) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents and derivatives), the Company minimises credit risk by dealing exclusively with high credit rating counterparties. Credit valuation adjustments for significant counterparty credit risk relating to derivatives have been made. However, there is no assurance there will be no other losses due to counterparties' failure to meet their obligations in the future.

The notes form part of these financial statements.

22. Financial risk management objectives and policies (cont'd)

(a) *Credit risk (cont'd)**Credit risk concentration profile*

The Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Company trades only with recognised and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Company does not offer credit terms without the approval of Trading Credit Committee of PTT PLC.

The Company determines concentrations of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Company's trade exposure at the end of the reporting period is as follows:

	2019		2018	
	US\$	% of total	US\$	% of total
By country				
Thailand	71,288,888	16%	17,948,230	14%
Singapore	130,022,044	29%	51,191,251	39%
United States	222,123,375	50%	37,535,552	29%
Switzerland	11,633,955	3%	3,899,727	3%
Spain	3,776	—	18,259,764	14%
Others	8,699,473	2%	1,764,042	1%
	<u>443,771,511</u>	<u>100%</u>	<u>130,598,566</u>	<u>100%</u>

(i) Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Company. Cash and cash equivalents and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit rating and no history of default.

(ii) Financial assets that are either past due or impaired

The Company has no trade receivables that were past due and/or impaired at the end of the reporting period.

The notes form part of these financial statements.

22. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of credit facilities.

As at the end of the reporting period, all of the Company's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

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

	2019			Total US\$
	One year or less US\$	One year to five years US\$	Over five years US\$	
Trade creditors and accruals	325,726,506	–	–	325,726,506
Other creditors and accruals	1,359,915	–	–	1,359,915
Amounts due to related and holding company	611,184	–	–	611,184
Bills payable	99,149,676	–	–	99,149,676
Derivative liabilities	6,248,720	–	–	6,248,720
Total	433,096,001	–	–	433,096,001
	2018			Total US\$
	One year or less US\$	One year to five years US\$	Over five years US\$	
Trade creditors and accruals	72,819,966	–	–	72,819,966
Other creditors and accruals	718,973	–	–	718,973
Amounts due to related and holding company	53,038,124	–	–	53,038,124
Derivative liabilities	421,800	–	–	421,800
Total	126,998,863	–	–	126,998,863

The notes form part of these financial statements.

22. Financial risk management objectives and policies (cont'd)

(c) *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primary from their loans and borrowings and cash and bank balances. The Company's cash balances are placed with reputable banks and financial institutions, which generate interest income for the Company. The Company manages its interest rate risks by placing such balances on varying maturities and interest rate terms.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if the interest rate has been 15 basis point lower/higher with all other variables held constant, the Company's profit/(loss) net of taxation would have been US\$15,910 (2018: US\$5,133) higher/lower, arising mainly as a result of lower/higher interest expense on short-term loans and borrowings.

(d) *Foreign currency risk*

The Company's sales and purchases are denominated primarily in US\$. This creates a natural hedge for its transactions as the receipts and payments from its receivables and payables are settled within a short period of time.

(e) *Commodity price risk*

The Company is exposed to movements in the prices of the products it trades which are generally sold as commodities in the world market.

The Company enters into commodity swaps, in which the Company agrees to exchange, at specified intervals, the difference between fixed and variable commodity price calculated with reference to an agreed-upon notional principal amount. These swaps are designed to hedge against the Company's exposure to adverse fluctuations in commodity price.

The Directors determine the appropriate hedging activities to be undertaken by the Company with the aim of prudently managing the market risk associated with transaction undertaken in the normal course of business. All treasury risk management activities are carried out under strict supervision by the Directors.

During the year, if commodities price index moved by 1.0% higher and lower with all other variables held constant, the Company's profit would have respectively increased and decreased by US\$42,285 (2018: US\$21,775). This effect would have been mitigated by the Company's physical sales and purchase commitments.

The notes form part of these financial statements.

22. Financial risk management objectives and policies (cont'd)**(f) Capital management**

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholders' value.

The Company and its group comply with PTT Public Company Limited (PTT PLC) Group's finance policy as its 100% owned subsidiaries. Consisting of capital structure, capital increase, dividend policy, internal and external funding as well as financial management. The finance policy is applied among the Group to strengthen the Group's finance management capability to achieve international standards and to promote good governance, including clear, concise and transparent operation with performance level comparable to leading players in the industry.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to maintain the gearing ratio at less than 100%.

	Company	
	2019 US\$	2018 US\$
Trade and other payables	327,086,421	73,538,937
Less: Cash and bank balances	(2,678,470)	(141,166)
Net debt	324,407,951	73,397,771
Share capital and reserves	25,159,011	14,895,948
Total capital	25,159,011	14,895,948
Capital and net debt	349,566,962	88,293,719
Gearing ratio	93%	83%

23. Ultimate parent company

The company was a subsidiary undertaking of PTT Public Company Limited, a company incorporated in Thailand, which held 100% of the company's issued share capital at the reporting date.

The largest group of undertakings for which group accounts are drawn up is that headed by PTT Public Company Limited. The address group accounts can be obtained from is shown in Note 1.

The notes form part of these financial statements.

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