Company Registration No. 10443326 (England & Wales)

PTT International Trading London Ltd

Annual Financial Statements
31 December 2020

PTT International Trading London Ltd

Index

PTT International Trading London Ltd

Company information

Directors

Disathat Panyarachun
Pattaraporn Vorasaph
Kritch Chairuangyoth
Donnaya Senanarong
Jaturong Worawitsurawatthana
Worawan Kanchanakeaw

Company Secretary

Vistra Company Secretaries Limited

Registered Office

Suite 7, 5^{th} 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
2 St Peters Square
Manchester
M2 3DF

The directors present their Strategic report of the company for the year ended 31 December 2020.

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$1,141 million (2019: US$2,344 million), operating profit of US$17 million (2019: US$13 million), and profit after tax of US$14 million (2019: US$11 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 February 2021

The directors present their report with the financial statements of PTT International Trading London Ltd (the "Company") for the financial year ended 31 December 2020.

Dividends

During the period, dividends paid was US$1,066,000 (2019: US$343,860).

The company's trading profit for the year, after taxation, was US$14,045,432 (2019: US$10,606,923).

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
Jaturong Worawitsurawatthana
Worawan Kanchanakeaw

Going concern

The Directors have considered the Company's current and future prospects, its availability of financing, and the impact of COVID-19, and are satisfied that the Company can continue to pay its liabilities as they fall due for a period of 12 months from the date of approval of these financial statements. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and have no reason to believe that a material uncertainty exists that may cast significant doubt over the ability of the Company to continue as a going concern. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

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 February 2021

Directors’ responsibilities statement
For the financial year ended 31 December 2020

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 2020 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 24 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 2020 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. 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 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.

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 there is 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.

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, 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 6, 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. Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations.

- We understood how PTT International Trading London Ltd is complying with those frameworks by making and corroborating enquiries of management and those charged with governance to understand how the company maintains and communicates its policies and procedures in these areas.

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by consider the risk of management override and determining that revenue recognition may present a fraud risk.

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
Manchester
2 March 2021

PTT International Trading London Ltd

Statements of comprehensive income
For the financial year ended 31 December 2020

	Notes	2020 US$	2019 US$
Revenue	3	1,140,933,767	2,344,203,439
Cost of sales		(1,137,460,464)	(2,339,974,969)
Gross profit		3,473,303	4,228,470
Other income	4	18,235,028	12,020,311
Interest income		50,873	202,936
Administrative expenses	5	(1,406,623)	(855,214)
Personnel expenses	6	(2,518,539)	(1,816,933)
Other operation (expense)/income		(49,403)	170,483
Finance costs	7	(430,979)	(927,112)
Profit before taxation		17,353,660	13,022,941
Taxation	9	(3,308,228)	(2,416,018)
Profit after taxation		14,045,432	10,606,923
Profit for the year		14,045,432	10,606,923

The notes form part of these financial statements.

PTT International Trading London Ltd

Statement of financial position
As at 31 December 2020

	Notes	2020 US$	2019 US$
Share capital and reserve			
Share capital	10	10,513,513	10,513,513
Retained earnings		27,624,930	14,645,498
		38,138,443	25,159,011
Non-current assets			
Property, plant and equipment	11	83,586	85,911
Right-of-use assets	12	196,819	478,851
		280,405	564,762
Current assets			
Trade and other receivables	13	57,424,956	303,094,735
Other debtors, deposits and prepayments	14	16,027,725	8,819,641
Amounts due from holding company - trade	15	12,204,756	70,789,832
Amounts due from related companies - trade	15	799,525	70,422,568
Amounts due from related companies - non-trade	15	11,505,312	3,643,397
Cash and bank balances	16	2,000,812	2,678,470
Inventory	21	48,189,902	–
Derivative financial instruments	22	1,077,229	489,918
		149,230,217	459,938,561
Current liabilities			
Amounts due to holding company - trade	15	11,355	261,655
Amounts due to holding company - non-trade	15	195,314	–
Amounts due to related companies- trade	15	7,211,454	166,973
Amounts due to related companies - non-trade	15	–	182,556
Trade creditors	17	31,834,428	82,140,186
Trade accruals	17	50,015,379	243,586,320
Other creditors and accruals		345,289	1,359,915
Bills payable	18	–	99,149,676
Derivative financial instruments	22	13,245,269	6,248,720
Tax payable		120,671	1,807,869
Advance from Broker	17	8,232,921	–
Lease liabilities	20	66,150	279,607
		111,278,230	435,183,477
Non-current liabilities			
Lease liabilities	20	93,949	160,835
Net current assets		37,951,987	24,755,084
Total net assets		38,138,443	25,159,011

The financial statements were approved by the Board of Directors on 11 February 2021 and were signed on its behalf by:

Disathat Panyarachun
Chairman

Worawan Kanchanakeaw
Worawan Kanchanakeaw
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 2020

	Share capital US$	Retained earnings US$	Total US$
At 1 January 2019	10,513,513	4,382,435	14,895,948
Changes in equity			
Dividends paid	–	(343,860)	(343,860)
Total comprehensive income for the year	–	10,606,923	10,606,923
At 31 December 2019 and at 1 January 2020	10,513,513	14,645,498	25,159,011
Changes in equity			
Dividends paid	–	(1,066,000)	(1,066,000)
Total comprehensive income for the year	–	14,045,432	14,045,432
At 31 December 2020	10,513,513	27,624,930	38,138,443

The notes form part of these financial statements.

PTT International Trading London Ltd

Statement of cash flows
For the financial year ended 31 December 2020

	2020 US$	2019 US$
Cash flows from operating activities		
Profit before taxation	17,353,660	13,022,941
Adjustments:		
Depreciation of fixed assets and right-of-use assets	525,502	244,169
Expected credit losses	760,235	–
Interest income	(50,873)	(202,936)
Interest expense	430,979	927,112
Revaluation of derivative financial instruments to fair value	6,409,238	6,183,225
Revaluation of inventories to fair value	1,390,763	–
Operating profit before working capital changes	26,819,504	20,174,511
Increase in trade and other debtors, prepayments and deposits	237,701,460	(196,800,736)
Decrease in inventory	(49,580,665)	–
(Decrease)/increase in bills payable	(99,149,676)	99,149,676
(Decrease)/increase in trade creditors and accruals	(236,658,405)	253,547,484
Net change in balances with related and holding companies	127,153,143	(170,963,514)
Cash flows generated from operations	6,285,361	5,107,421
Interest paid	(418,012)	(907,276)
Interest received	50,873	202,936
Income tax paid	(4,995,425)	(1,222,676)
Net cash flows generated from operating activities	922,797	3,180,405
Cash flows from investing activity		
Purchase of property, plant and equipment	(7,307)	(7,158)
Net cash flows used in investing activity	(7,307)	(7,158)
Cash flows from financing activities		
Dividends paid	(1,066,000)	(343,860)
Payment of lease liabilities	(527,148)	(292,083)
Net cash flows used in financing activities	(1,593,148)	(635,943)
Net (decrease)/increase in cash and cash equivalents for the year	(677,658)	2,537,304
Cash and cash equivalents at beginning of year	2,678,470	141,166
Cash and cash equivalents at end of year	2,000,812	2,678,470

The notes form part of these financial statements.

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$").

2.2 *Going concern*

The Directors have considered the Company's current and future prospects, its availability of financing, and the impact of COVID-19, and are satisfied that the Company can continue to pay its liabilities as they fall due for a period of 12 months from the date of approval of these financial statements. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and have no reason to believe that a material uncertainty exists that may cast significant doubt over the ability of the Company to continue as a going concern. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

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

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards which are effective for annual periods beginning on or after 1 January 2020. The adoption of these standards and interpretations did not have material effect on the financial performance or position of the Company.

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

2.4 *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 IFRS 3 *Reference to the Conceptual Framework*	1 January 2022
Amendments to IAS 16 *Property, Plant and Equipment - Proceeds before Intended Use*	1 January 2022
Amendments to IAS 37 *Onerous Contracts - Cost of Fulfilling a Contract*	1 January 2022
Amendments to IAS 1 *Classification of Liabilities as Current or Non-Current*	1 January 2022

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

2.5 *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:

<u>Fair value of financial instruments</u>

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.

2.6 *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)

2.7 ***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.

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

2.7 *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.

2.8 *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.

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

2.8 *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.

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

2.8 *Financial instruments (cont'd)*

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

<u>Derecognition</u>

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*

<u>Initial recognition and measurement</u>

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.

<u>Subsequent measurement</u>

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.

<u>De-recognition</u>

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)

2.9 *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)

2.10 *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 re-valued 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.

2.11 *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.

2.12 *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.

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

2.12 *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.

2.13 *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.

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

2.14 *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.

2.15 *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.

2.16 *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.

3. Revenue

	2020 US$	2019 US$
Sale of goods	1,134,510,466	2,336,961,128
Realised gain on derivative financial instruments	12,832,539	13,425,536
Unrealised loss on derivative financial instruments	(6,937,874)	(6,489,666)
Unrealised gain on forward commitments	528,636	306,441
	1,140,933,767	2,344,203,439

4. Other income

Other income	18,235,028	12,020,311

Majority of the other income pertains to share of profits from a joint trading agreement with third parties.

5. Administrative expenses

Legal and professional fees	79,521	92,746
Depreciation	105,199	99,926
Entertainment	12,759	32,251
Subscription fees	156,361	148,201
Office rental	52,213	59,275
Travelling expense	14,322	105,945
Telecommunication	13,925	14,019
Other expenses	912,323	225,860
Auditor’s remuneration - Audit services	60,000	76,991
	1,406,623	855,214

6. Personnel expenses

	2020 US$	2019 US$
Wages and salaries	1,129,094	1,020,690
Social Security costs	306,704	155,670
Other staff costs	1,082,741	640,573
	2,518,539	1,816,933

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

Director	5	5
Managing Director	1	1
Trader	4	4
Operations	1	1
Administration	1	1
Chartering	1	1
	13	13

Director's remuneration	53,637	46,637

Information regarding the highest paid director for the year ended 31 December 2020 is as follows:

Director's fee	10,708	9,912

7. Finance costs

Banks and financial institutions	418,012	907,276
Others	12,967	19,836
	430,979	927,112

8. Profit before income tax

	2020 US$	2019 US$
The profit before income tax is stated after charging:		
Cost of inventories recognised as expense	1,127,252,001	2,329,077,362
Depreciation - owned assets	105,199	99,926
Auditors' remuneration	60,000	76,991
Foreign exchange differences	49,403	(170,483)

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 2020 was as follows:

	2020 US$	2019 US$
Profit before taxation	17,353,660	13,022,941
Tax at the applicable tax rate 19% (2019: 18%)	3,297,195	2,344,129
Adjustments:		
Non-deductible expenses	19,730	25,189
Capital allowance	(1,388)	(1,288)
Over provision of tax payable for prior years	–	(83,569)
Others	(7,309)	131,557
Current income tax expense	3,308,228	2,416,018

10. Share capital and reserves

	2020		2019	
Share capital	No. of shares	US$	No. of shares	US$
Issued and fully paid:				
At beginning and end of year (GBP Ordinary Shares) GBP £1 per share	420,000	513,513	420,000	513,513
At beginning and end of year (USD Ordinary Shares) US$1 per share	10,000,000	10,000,000	10,000,000	10,000,000
At end of year	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.

	2020	**2019**
	US$	US$
Dividends declared and paid during the year:		
Dividends on ordinary shares:		
Final dividend of US$0.102 per share (2019: US$0.033 per share	1,066,000	343,860

Retained earnings

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

11. Property, plant and equipment

Company	**Office equipment** US$	**Total** US$
Cost		
At 1 January 2019	100,538	100,538
Additions	7,158	7,158
At 31 December 2019 and at 1 January 2020	107,696	107,696
Additions	7,307	7,307
At 31 December 2020	115,003	115,003
Accumulated depreciation		
At 1 January 2019	11,454	11,454
Charge for the year	10,331	10,331
At 31 December 2019 and at 1 January 2020	21,785	21,785
Charge for the year	9,632	9,632
At 31 December 2020	31,417	31,417
Net book value		
At 31 December 2019	85,911	85,911
At 31 December 2020	83,586	83,586

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 and 31 December 2020	712,689	712,689
Accumulated depreciation		
At 1 January 2019	–	–
Charge for the period	233,838	233,838
At 31 December 2019 and at 1 January 2020	233,838	233,838
Charge for the year	282,032	282,032
At 31 December 2020	515,870	515,870
At 31 December 2019	478,851	478,851
At 31 December 2020	196,819	196,819

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.

	2020 US$	2019 US$
Trade receivables	57,424,956	303,094,735

14. Other debtors, deposits and prepayments

Deposits	130,603	128,885
VAT receivables	151,438	795,144
Prepaid expenses	81,646	120,397
Amount due from broker	15,664,038	7,775,215
	16,027,725	8,819,641

The notes form part of these financial statements.

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.

	2020 US$	2019 US$
Amount due from Group Companies		
Amounts due from holding company - trade	12,204,756	70,789,832
Amounts due from related companies - trade	799,525	70,422,568
Amounts due from related companies - non-trade	11,505,312	3,643,397
	24,509,593	144,855,797
Amount due to Group Companies		
Amounts due to holding company - trade	11,355	261,655
Amounts due to holding company - non-trade	195,314	–
Amounts due to related company - trade	7,211,454	166,973
Amounts due to related company - non-trade	–	182,556
	7,418,123	611,184

16. Cash and bank balances

Cash and bank balances	2,000,812	2,678,470

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.

Advances from broker are interest free and arise from the utilisation of short-term funding facilities provided by the broker for the purpose of entering into margined positions.

Trade creditors	31,834,428	82,140,186
Trade accruals	50,015,379	243,586,320
Advances from brokers	8,232,921	–
	90,082,728	325,726,506

18. Bills payable

The bills payable have an average maturity of 2 to 31 days with effective interest rate of nil (2019: 2.35593%) 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:

	2020 US$	**2019** US$
Income		
Sales to holding company	246,783,693	630,086,325
Sales to related company	254,123,172	206,964,295
Expenses		
Purchases from holding company	22,391	239,380,615
Purchases from related company	43,361,632	66,804,949

Key management's employee benefits

Key management's short-term employee benefits paid to directors amounted to US$347,506 (2019: US$46,637).

20. Lease liabilities

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

Cost		
At 1 January	440,442	334,487
Additions	–	378,202
Accretion of interest	12,967	19,836
Payments	(293,310)	(292,083)
At 31 December	160,099	440,442
Current	66,150	279,607
Non-current	93,949	160,835

21. Inventory

	2020 US$	2019 US$
Commodity inventories carried at fair value less cost to sell	48,189,902	–

Commodity inventories were measured using quoted market prices and categorised as Level 2.

22. 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.

22. Financial instruments (cont'd)

(a) *Fair values of financial instruments (cont'd)*

As at 31 December 2020, the fair value of financial derivatives for trading purposes in the balance sheet are presented in the following table:

2020	**Year end positive fair value** US$	**Year end negative fair value** US$
Forward commitments		
Third parties	378,104	–
Holding and related companies	544,350	–
Derivatives		
Swaps - holding and related companies	154,775	2,080,260
Futures	–	11,165,009
	1,077,229	13,245,269
2019		
Forward commitments		
Third parties	103,748	–
Holding and related companies	290,070	–
Derivatives		
Swaps - holding and related companies	96,100	98,098
Futures	–	6,150,622
	489,918	6,248,720

22. 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$
2020				
Financial assets				
Derivative swaps	–	154,775	–	154,775
Fair value commitment - forward contracts	–	922,454	–	922,454
Financial liabilities				
Futures contracts	11,165,009	–	–	11,165,009
Derivative swaps	–	2,080,260	–	2,080,260
2019				
Financial assets				
Derivative swaps	–	96,100	–	96,100
Fair value commitment - forward contracts	–	393,818	–	393,818
Financial liabilities				
Futures contracts	6,150,622	–	–	6,150,622
Derivative swaps	–	98,098	–	98,098

22. 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.

23. 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.

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

(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.

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 it 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:

	2020		**2019**	
	US$	% of total	US$	% of total
By country				
Thailand	12,796,817	18%	71,288,888	16%
Morocco	31,889,072	44.5%	–	–
Singapore	1,323,999	2%	130,022,044	29%
United States	59,838	0.2%	222,123,375	50%
Switzerland	17,645,328	25%	11,633,955	3%
Spain	7,158,749	10%	3,776	–
Others	165,259	0.3%	8,699,473	2%
	71,039,062	100%	443,771,511	100%

(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.

23. 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:

	2020			
	One year or less US$	**One year to five years** US$	**Over five years** US$	**Total** US$
Trade creditors and accruals	81,849,807	–	–	81,849,807
Other creditors and accruals	345,289	–	–	345,289
Amounts due to related and holding company	7,418,123	–	–	7,418,123
Advance from Brokers	8,232,921	–	–	8,232,921
Derivative liabilities	13,245,269	–	–	13,245,269
Total	111,091,409	–	–	111,091,409

	2019			
	One year or less US$	**One year to five years** US$	**Over five years** US$	**Total** 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

23. 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$21,068 (2019: US$15,910) 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$34,733 (2019: US$42,285). This effect would have been mitigated by the Company's physical sales and purchase commitments.

23. 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	
	2020	**2019**
	US$	US$
Trade and other payables	90,428,016	327,086,421
Less: Cash and bank balances	(2,000,812)	(2,678,470)
Net debt	88,427,204	324,407,951
Share capital and reserves	38,138,443	25,159,011
Total capital	38,138,443	25,159,011
Capital and net debt	126,565,647	349,566,962
Gearing ratio	70%	93%

24. 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.