

PETRONAS ENERGY TRADING LIMITED

**Financial statements
for the year ended
31 December 2022**

Company Registration No: 03359379 (England and Wales)

Confidential



**PETRONAS ENERGY TRADING LIMITED
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FOR THE YEAR ENDED 31 DECEMBER 2022**

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**PETRONAS ENERGY TRADING LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2022**

Directors

Shamsairi Mohd Ibrahim
Ezran Mahadzir
Mohamed Fasluddeen Abdul Hadi

Secretary

Jones, Alan Michael

Registered office

One New Ludgate
9th Floor, 60 Ludgate Hill
London
EC4M 7AW

Company number

03359379

Auditors

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

Bankers

JP Morgan
25 Bank Street
Canary Wharf
London E14 5JP

JP Morgan Chase Bank Berhad
Level 18, Integra Tower, The Intermark
348 Jalan Tun
50400 Kuala Lumpur

CIMB Bank Berhad
London Branch
27 Knightsbridge
London SW1X 7YB

Citibank
25 Canada Square
Canary Wharf
London E14 5LB

HSBC
City of London Branch
60 Queen Victoria Street
London EC4N4TR

**PETRONAS ENERGY TRADING LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

STRATEGIC REPORT

The Directors present their report together with the Audited Financial Statements for the year ended 31 December 2022.

Principal Activities

The principal activities of PETRONAS Energy Trading Limited (the "Company") were to monetise and add value to the natural gas positions of the PETRONAS Group in the UK and Northwest Europe through optimisation of its gas supply, marketing and capacity positions. The Company provided support services to other operating units within the PETRONAS Group.

Following a business transfer on 01 November 2020, all business contracts with active counterparties have been novated to PETCO Trading (UK) Limited ("PTUK") and no trades have remained with PETRONAS Energy Trading Limited ("PETL").

PTUK is a wholly-owned UK subsidiary of PETRONAS Trading Corporation Sdn. Bhd. ("PETCO"), the immediate parent company incorporated and located in Kuala Lumpur, Malaysia.

Business review

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

	2022 GBP'000	2021 GBP'000	Change (%)
Loss for the year	(204)	(987)	(79)
Total equity	3,129	3,333	(6)

During the year, the Company only had administrative matters recorded as General and Administration expenses.

Section 172 Of The Companies Act 2006

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

'A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a. the likely consequences of any decision in the long term,
- b. the interests of the company's employees,
- c. the need to foster the company's business relationships with suppliers, customers and others,
- d. the impact of the company's operations on the community and the environment,
- e. the desirability of the company maintaining a reputation for high standards of business conduct, and
- f. the need to act fairly as between members of the company.'

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

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

PETRONAS ENERGY TRADING LIMITED
STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

Business Environment, Principal Risks and Uncertainties

As the Company's financial statements are prepared on other than going concern basis the Directors believe no specific risks and uncertainties are applicable to this entity. The leadership of the Company monitors the levels of risk on a daily basis and intervenes whenever necessary. Further details on the nature of the risks faced by the Company are disclosed in note 21 to the financial statements.

The Company has provided warranties and indemnities to the buyer of Humbly Grove Energy Limited which the Company sold in March 2020. The warranties consist of general and tax warranties, which are normally found in a sale and purchase agreement. Some of the general warranties expired in September 2021, while others will expire in March 2023. Tax warranties are due to expire in March 2027. The Company will therefore maintain an active company status during this period, after which the intent is to liquidate the company. During the year the Company settled a Climate Change Levy of GBP 463K. No other claims have been received from the buyer of Humbly Grove Energy Limited.

Engaging with Stakeholders

Effective and high-quality engagement with stakeholders is vital for the success of the company. Therefore, The Company regularly engaged with customers, suppliers, shareholders, and other relevant stakeholders.

By Order of the Board



Shamsairi Mohd Ibrahim
Director

Date: 05 March 2023

**PETRONAS ENERGY TRADING LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Company for the year ended 31 December 2022.

Events after the reporting date

There were no significant events after the reporting period as per note 26 to the financial statements.

Dividends

The Company has not declared any dividend during the year (2021: Nil).

Political Contribution

The Company made no political contribution or incurred any political expenditures during the year (2021: Nil).

Statement of Going Concern

The financial statements have been prepared on other than going concern basis.

The Company has provided warranties and indemnities to the buyer of Humbly Grove Energy Limited which the Company sold in March 2020. The warranties consist of general and tax warranties, which are normally found in a sale and purchase agreement. Some of the general warranties expired in September 2021, while others will expire in March 2023. Tax warranties are due to expire in March 2027. The Company will therefore maintain an active company status during this period, after which the intent is to liquidate the company. No other claims have been received from the buyer of Humbly Grove Energy Limited.

The Directors have determined that the accounting policies applied in the preparation of financial statements are consistent with those adopted in prior year and no change is required due to the financial statements being prepared on the basis that the company will no longer be a going concern. Remaining liquidation costs are within the Company's working capital level and expected to be immaterial. Consequently, the financial statements have been prepared on the basis that the company will no longer be a going concern.

Directors and Directors' interests

The Directors of the Company who served during the year and subsequent to the year end were as follows:

Shamsairi Mohd Ibrahim
Ezran Mahadzir
Mohamed Fasluddeen Abdul Hadi

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

Number of shares in PETRONAS Chemicals Group Berhad				
Name	Balance at 1.1.2022	Bought	Sold	Balance at 31.12.2022
Shamsairi Bin Mohd Ibrahim	6,000	-	-	6,000
Mohamed Fasluddeen Abdul Hadi	6,000	-	-	6,000

Number of shares in PETRONAS Gas Berhad				
Name	Balance at 1.1.2022	Bought	Sold	Balance at 31.12.2022
Shamsairi Bin Mohd Ibrahim	1,000	-	-	1,000

Shareholders

The Company regularly engages with its shareholder, PETRONAS LNG Sdn Bhd., with representations from shareholder as members of the Company's board of directors, providing regular updates on business performance.

**PETRONAS ENERGY TRADING LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

Other stakeholders

The Company also regularly engages with its bankers, government agencies and service providers to provide them with the required regulatory information to comply with laws and regulations.

Auditors

In the absence of a notice proposing that the appointment be terminated, Ernst & Young LLP will be deemed to be re-appointed as the Company's auditor for the next year.

Directors Indemnity Provisions

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

Directors' Statement as to the Disclosure of Information to the Auditor

The Directors who were members of the board at the time of approving the directors' report are listed on the Company information page. Having made enquiries of fellow directors and of the Company's auditor, each of these Directors confirms that:

- To the best of each Director's knowledge and belief, there is no information relevant to the preparation of the Company's report of which the Company's auditor is unaware; and
- Each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

By Order of the Board



Shamsairi Mohd Ibrahim
Director

Date: 05 March 2023

Company Registration No: 03359379 (England and Wales)

**PETRONAS ENERGY TRADING LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2022**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the company financial statements in accordance with UK-adopted international accounting standards ("IFRSs"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and the company for that period.

In preparing these financial statements the directors are required to:

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

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

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

By Order of the Board



Shamsairi Mohd Ibrahim
Director

Date: 05 March 2023

**PETRONAS ENERGY TRADING LIMITED
INDEPENDENT AUDITOR'S REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PETRONAS ENERGY TRADING LIMITED

Opinion

We have audited the financial statements of PETRONAS Energy Trading Limited for the year ended 31 December 2022 which comprise the Statement of Profit or Loss Account and Other Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows and the related notes 1 to 27 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion, the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Emphasis of matter – financial statements prepared on a basis other than going concern

We draw attention to note 1 to the financial statements which explains that the directors intend to liquidate the company and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in Note 1. Our opinion is not modified in respect of this matter.

Other information

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

**PETRONAS ENERGY TRADING LIMITED
INDEPENDENT AUDITOR'S REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022**

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 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are Companies Act 2006, International Financial Reporting Standards and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations and UK data protection laws.
- We understood how the Company is complying with those frameworks by performing inquiries 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. We considered the risk of management override of controls relating to financial statement and disclosures to be a fraud risk. We performed audit procedures to obtain an understanding of the Company's financial statement close process. We checked the correctness of the opening balances carried forward and reviewed them for completeness.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations through performing inquiries of senior management and those charged with governance and through reading of board minutes.

A further description of our responsibilities for the audit of the financial statements is located on the

**PETRONAS ENERGY TRADING LIMITED
INDEPENDENT AUDITOR'S REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Ernst & Young LLP

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

Date: 7 March 2023

PETRONAS ENERGY TRADING LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £'000	2021 £'000
Other income	3	-	27
Other expenses	4	(27)	-
Administrative expenses		(177)	(550)
Operating loss	5	(204)	(523)
Income tax charge	9	-	-
Loss for the year from continuing operations		(204)	(523)
Discontinued operations			
(Loss)/profit after tax for the year from discontinued operations	8	-	(464)
Loss for the year		(204)	(987)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(204)	(987)

The notes set out on pages 16 to 37 are an integral part of these financial statements.

PETRONAS ENERGY TRADING LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Share Capital	Retained deficit	Capital Contribution Reserve	Revaluation Reserve	Total
	£'000	£'000	£'000	£'000	£'000
As at 1 January 2022	429,364	(405,991)	5,655	(25,695)	3,333
Loss for the year	-	(204)	-	-	(204)
As at 31 December 2022	<u>429,364</u>	<u>(406,195)</u>	<u>5,655</u>	<u>(25,695)</u>	<u>3,129</u>
As at 1 January 2021	429,364	(405,004)	5,655	(25,695)	4,320
Loss for the year	-	(987)	-	-	(987)
As at 31 December 2021	<u>429,364</u>	<u>(405,991)</u>	<u>5,655</u>	<u>(25,695)</u>	<u>3,333</u>

The notes set out on pages 16 to 37 are an integral part of these financial statements.

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PETRONAS ENERGY TRADING LIMITED
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £'000	2021 £'000
ASSETS			
Trade and other receivables	12	412	9,778
Derivative assets	13	-	22,409
Cash and cash equivalents	14	2,941	5,966
TOTAL CURRENT ASSETS		3,353	38,153
TOTAL ASSETS		3,353	38,153
EQUITY			
Share capital	15	429,364	429,364
Retained deficit		(406,195)	(405,991)
Capital contribution reserve	16	5,655	5,655
Revaluation reserve	16	(25,695)	(25,695)
TOTAL EQUITY		3,129	3,333
LIABILITIES			
Trade and other payables	18	224	13,619
Derivative liabilities	13	-	17,423
Lease liabilities	10	-	2,952
Provisions	17	-	826
TOTAL CURRENT LIABILITIES		224	34,820
TOTAL LIABILITIES		224	34,820
TOTAL EQUITY AND LIABILITIES		3,353	38,153

By Order of the Board



Shamsairi Mohd Ibrahim

Director

Date: 05 March 2023

The notes set out on pages 16 to 37 are an integral part of these financial statements.

PETRONAS ENERGY TRADING LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £'000	2021 £'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation - from continuing operations`	(204)	(523)
(Loss)/profit before taxation - from discontinued operations	-	(464)
Adjustments for:		
Provision CCL	-	464
Operating loss before changes in working capital	(204)	(523)
Changes in working capital	(2,611)	(1,603)
Cash used in operations	(2,815)	(2,126)
Interest received	-	-
Interest paid	-	-
Net cash used in operating activities	(2,815)	(2,126)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from transfer of business	-	4,200
Net cash generated from investing activities	-	4,200
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liabilities – principal	(210)	(1,104)
Net cash used in financing activities	(210)	(1,104)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(3,025)	970
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	5,966	4,996
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	2,941	5,966

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The notes set out on pages 16 to 37 are an integral part of these financial statements.

**PETRONAS ENERGY TRADING LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. BASIS OF PREPARATION

1.1 Statement of compliance

The financial statements of PETRONAS Energy Trading Limited (the “Company”) for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Directors on 05 March 2023. The Company is incorporated and domiciled in the United Kingdom under the Companies Act 2006 as a private limited company by shares. The address of the registered office is given on the Company information page. The principal activities of the Company are set out in the Strategic Report on pages 4 - 5.

The financial statements of the Company have been prepared in accordance with UK-adopted international accounting standards (“IFRSs”).

As of 1 January 2022, the Company had adopted amendments to IFRS and IFRS Interpretation Committee (“IFRIC”) (collectively referred to as “pronouncements”) that have been issued by the International Accounting Standard Board (“IASB”) as described fully in Note 24.

IASB has also issued new and revised pronouncements which are not yet effective for the Company and therefore, have not been adopted for in these financial statements. These pronouncements including their impact on the financial statements in the period of initial application are set out in Note 25.

1.2 Basis of measurement

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

Going concern

The financial statements have been prepared on other than going concern basis.

The Company has provided warranties and indemnities to the buyer of Humbly Grove Energy Limited which the Company sold in March 2020. The warranties consist of general and tax warranties, which are normally found in a sale and purchase agreement. Some of the general warranties expired in September 2021, while others will expire in March 2023. Tax warranties are due to expire in March 2027. The Company will therefore maintain an active company status during this period, after which the intent is to liquidate the company. The Directors have determined that the accounting policies applied in the preparation of financial statements are consistent with those adopted in prior year and no change is required due to the financial statements being prepared on the basis that the company will no longer be a going concern.

Remaining liquidation cost are within the Company’s working capital level and expected to be immaterial. Consequently, the financial statements have been prepared on the basis that the company will no longer be a going concern.

1.3 Functional and presentation currency

The financial statements are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The Company’s financial statements are presented in GBP Sterling (“£”), which is the Company’s functional currency. All values are rounded to the nearest thousand (£’000), except when otherwise indicated.

1.4 Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

PETRONAS ENERGY TRADING LIMITED
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

1. BASIS OF PREPARATION (continued)

1.4 Use of estimates and judgements (continued)

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

Note 17	: Provisions
Note 21	: Financial instruments

Lease

The Company assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. The Company considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Company also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. The Company first determine the closest available borrowing rates before using significant judgement to determines the adjustments required to reflect the term, security, value or economic environment of the respective leases.

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

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Leases

(i) Definition of a lease

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

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. The customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

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

PETRONAS ENERGY TRADING LIMITED
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Leases (continued)

(ii) Recognition and initial measurement (continued)

Lease payments included in the measurement of the lease liability comprise the following:

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

The Company exclude variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Company assesses at lease commencement whether it is reasonably certain to exercise the extension options in determining the lease term.

The Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company present right-of-use assets that do not meet the definition of investment property in 'plant and equipment' and separate lease liabilities in the statement of financial position.

Subsequent measurement

(a) As a lessee

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

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

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

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

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

PETRONAS ENERGY TRADING LIMITED
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Immediately before classification as held for sale, the assets (or all the assets and liabilities in a disposal group) are remeasured in accordance with the Company's applicable accounting policies. Thereafter, on initial classification as held for sale, the assets or disposal groups are measured at the lower of carrying amount and fair value less cost to sell. Any differences are charged to the profit or loss.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, contract assets, contract costs, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Company's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets, property, plant and equipment and investment properties once classified as held for sale are not amortised or depreciated.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations; or
- is part of single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

Additional disclosures are provided in Note 8. All other notes to the financial statements include amounts of continuing operations, unless otherwise stated.

2.3 Financial instruments

Recognition and initial measurement

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

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

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

i) Financial assets

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

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

PETRONAS ENERGY TRADING LIMITED
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Financial instruments (continued)

Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described below, are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Subsequent measurement

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

Amortised cost

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

Fair value through other comprehensive income

Debt instruments

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

Equity instruments

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

Fair value through other comprehensive income (continued)

Subsequent measurement

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

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses recognised in the profit or loss. The methods used to measure fair value are stated in Note 2.11.

PETRONAS ENERGY TRADING LIMITED
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Financial instruments (continued)

ii) Financial liabilities

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

Financial liabilities at fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

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

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

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

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

Amortised cost

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

iii) Derivative financial instruments

The Company use derivative financial instruments such as interest rate and foreign currency swap, forward contracts, future and options, to manage certain exposures to fluctuations in foreign currency exchange rates, interest rates and commodity prices.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains and losses arising from changes in fair value on derivatives during the year are recognised in the profit or loss.

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

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

PETRONAS ENERGY TRADING LIMITED
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Financial instruments (continued)

iv) Effective interest method

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

v) Offsetting of financial instruments

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

vi) Amortised cost of financial instruments

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

vii) Derecognition of financial instruments

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

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

2.4 Impairment

i) Financial assets

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income.

The Company measures loss allowances on debt securities and cash and cash equivalent at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, other debt securities for which credit risk has not increased significantly since initial recognition, which are measured as 12-month expected credit loss.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

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

PETRONAS ENERGY TRADING LIMITED
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Impairment (continued)

The Company assume that the credit risk on a financial asset has increased significantly if it is past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by to actions such as realising security.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12-months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which is exposed to credit risk.

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

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

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

ii) Other assets

The carrying amounts of other assets, other than inventories, deferred tax assets and non-current assets or disposal groups classifies as held for sale, are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the profit or loss.

In respect of other assets, impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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

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

For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

An impairment loss in respect of goodwill is not reversed in the subsequent period. In respect of other assets, impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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

PETRONAS ENERGY TRADING LIMITED
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Cash and cash equivalents

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

2.6 Provisions

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

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

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

In particular, information about provisions that have the most significant effect on the amount recognised in the financial statements are described in note 17.

2.7 Trade receivables

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e. only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section 2.4 (i) Financial instruments – initial recognition and subsequent measurement.

2.8 Taxation

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

Current tax

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

Deferred tax

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

PETRONAS ENERGY TRADING LIMITED
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Taxation (continued)

Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill and the initial recognition of an asset or liability in a transaction which is not a business combination and that affects neither accounting nor taxable profit nor loss. Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities where they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax asset is reviewed at each reporting date and is reduced to the extent that it is no longer probable that the future taxable profit will be available against which the related tax benefit can be realised.

The tax expense represents the sum of the tax currently payable and deferred tax.

Sales Tax (Value added tax)

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

- a) Where the sales tax incurred on 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.
- b) Receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.9 Foreign currency transactions

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

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

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

Gains and losses on exchange arising from retranslation are recognised in the profit or loss, except for differences arising on the retranslation of equity instruments at FVOCI, which are recognised in equity and are never reclassified to profit or loss.

2.10 Employee Benefits

Short term benefits

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

Defined contribution plans

Contributions to their respective countries' statutory pension schemes and certain other independently-administered funds which are defined contribution plans.

Such contributions are recognised as an expense in the profit or loss as incurred.

2.11 Fair value measurement

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

PETRONAS ENERGY TRADING LIMITED
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Fair value measurement (continued)

i) Financial instruments

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

ii) Non-financial assets

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

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

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

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

the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3 OTHER INCOME

	2022 £'000	2021 £'000
Gain on foreign exchange	-	27

4 OTHER EXPENSES

	2022 £'000	2021 £'000
Loss on foreign exchange	27	-

5 OPERATING LOSS

	2022 £'000	2021 £'000
Operating loss is stated after charging:		
Loss on foreign exchange (Note 4)	27	-
Employee benefits expense (Note 6)		64
Management Services	115	392

PETRONAS ENERGY TRADING LIMITED
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

6 EMPLOYEE BENEFITS	2022	2021
	£'000	£'000
Wages and salaries	-	-
National insurance contributions	-	-
Pension costs	-	-
Others	-	64
	<u>-</u>	<u>64</u>

There were no employees during the year; 2021 (Nil)

7 AUDITORS' REMUNERATION	2022	2021
	£'000	£'000
Audit of the financial statements	<u>22</u>	<u>20</u>
Taxation compliance services	<u>5</u>	<u>9</u>
Total non-audit services	<u>5</u>	<u>9</u>
Total auditors' remuneration	<u>27</u>	<u>29</u>

8 DISCONTINUED OPERATIONS

On 30 September 2019, the Company entered into a Sales and Purchase Agreement to sell entire issued share capital of Humbly Grove Energy Limited to EP UK Investments Limited. The sale of Humbly Grove Energy Limited was completed on 20 March 2020. Humbly Grove Energy Limited was classified as a disposal group held for sale and as a discontinued operation. The business of Humbly Grove Energy Limited represented the entirety of former PETL Group's Gas Storage operating segment until completion of the divestment transaction. The finance lease agreement has been terminated in accordance with the cessation of Company's ownership of HEGL on the date of completion of sale.

At the Company-level, non-current assets held for sale pertain to the investment in Humbly Grove Energy Limited and the related balances under the finance lease arrangements (i.e., finance lease asset under Property, plant and equipment and finance lease liability). The results of discontinued operations for the year until disposal completion are presented below:

	2022	2021
	£'000	£'000
Revenue	-	-
Cost of sales	-	-
Gross Loss	-	-
Finance costs	-	-
Provisions	-	(464)
Impairment and fair value changes	-	-
Impairment writeback on investment	-	-
Profit/(loss) before tax from a discontinued operations	-	-
Tax expenses	-	-
Profit/(loss) for the year from discontinued operations	-	(464)
Deferred tax credit recognised through reserves	-	-
Total comprehensive Profit/(loss) for the year from discontinued operations	<u>-</u>	<u>(464)</u>
Cash flow for discontinued operations:	2022	2021
	£'000	£'000
Operating	-	-
Investing	-	-
Financing	-	-
Net cash inflow/(outflow)	<u>-</u>	<u>-</u>

PETRONAS ENERGY TRADING LIMITED
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

9 TAX EXPENSES	2022 £'000	2021 £'000
The taxation charge/(credit) is made up as follows:		
9.1 Amounts recognised through the Income Statement		
<i>Current tax:</i>		
Corporation tax on profits for the period	-	-
<i>Deferred tax:</i>		
Increase in deferred tax provision in the period	-	-
Rate change adjustment	-	-
Total tax charge/(credit) recognised through the Income Statement	-	-
9.2 Amounts recognised through Reserves		
<i>Current tax:</i>		
Arising in respect of transitional adjustments due to adoption of IFRS	-	-
<i>Deferred tax:</i>		
Decrease in deferred tax provision	-	-
Rate change adjustment	-	-
Total tax (credit)/charge recognised through Reserves	-	-
Factors affecting tax charge / (credit) for the period:		
The tax assessed for the period is lower than the standard rate of income tax in the UK 19.00% (2020: 19.00%). The differences are explained below:		
Loss on ordinary activities before tax:		
Continued Operations	(204)	(523)
Discontinued Operations	-	(464)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2021 for 19.00%)	(39)	(188)
Effects of:		
Expenses not deductible for tax purposes	-	-
Adjustments in respect of previous periods	-	-
Movement of unrecognised deferred tax	39	188
Impact of higher tax rates for ring fence activities	-	-
Total tax charge for the period	-	-
Income tax expense reported in the statement of comprehensive income	-	-
Income tax attributable to a discontinued operation	-	-

9.3 Deferred tax not recognised

A potential deferred tax asset of £499,587 (2021: £560,236) has not been recognised at the Balance Sheet date, on the basis that the availability of suitable taxable profits arising in the future against which the temporary difference could reverse is not considered probable.

The unrecognised deferred tax asset is in relation to tax losses of £1,998,350 (2021: £1,777,313).

9.4 Future increase in the rate of corporation tax

A UK budget resolution was announced on 3 March 2021 and substantially enacted on 24 May 2021, increasing the main UK corporation tax rate from 19% to 25% effective from 1 April 2023. Therefore, deferred tax has been provided at 25% being the rate enacted at the balance sheet date on the basis that any deferred tax which may unwind before 1 April 2023 is unlikely to be material

PETRONAS ENERGY TRADING LIMITED
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

10 LEASES

The Company has lease contracts for lease of building and land used in its operations for period between 10 to 25 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, is restricted from assigning and subleasing the leased assets. The leases were discounted at incremental borrowing rate at 2.31% (2021: 2.31%). The Right of Use asset was transferred to PTUK on 01 November 2020 with the Lease liability being transferred on 01 June 2022.

	2022 £'000	2021 £'000
Liabilities		
As at 1 January	2,952	4,056
Accretion of interest	28	88
Payments	(238)	(1,192)
Novation of lease to PTUK	(2,742)	-
As at 31 December	-	2,952

The Company had total cash outflows for leases of £238,487 in 2022 (2021: £1,192,438).

11 OTHER INVESTMENTS

	2022 £'000	2021 £'000
Unquoted equity shares - MPF	-	-
	-	-

Investment in MPF Holding Limited

On 24 June 2020, Calon Energy Limited entered into administration. The shareholding held by Petronas Energy Trading Ltd in MPF Holdings Limited, parent company of Calon Energy Limited, has been fully impaired reflecting its fair value.

12 TRADE AND OTHER RECEIVABLES

	2022 £'000	2021 £'000
Trade receivables	2	396
Receivables from related parties	309	7,085
VAT receivable	7	1,401
Prepayments	84	206
Other non-trade receivables	10	12
Accrued trade income	-	678
	412	9,778

Receivables from other related parties arose in the normal course of business. Due to the nature of these receivables the carrying value approximates their fair value.

13 DERIVATIVE ASSETS AND LIABILITIES

	2022 £'000	2021 £'000
13.1 Derivative assets		
Commodity derivative contracts	-	21,465
Related party	-	944
	-	22,409
	2022 £'000	2021 £'000
13.2 Derivative liabilities		
Commodity derivative contracts	-	4,560
Related Parties	-	12,863
	-	17,423

PETRONAS ENERGY TRADING LIMITED
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

14 CASH AND CASH EQUIVALENTS	2022	2021
	£'000	£'000
Cash at banks	2,941	5,966
	<u>2,941</u>	<u>5,966</u>
Cash at banks balances are interest bearing.		
15 SHARE CAPITAL	2022	2021
	No of shares	No of shares
	'000	'000
Issued capital		
Ordinary shares of the Company, £1 each	429,364	429,364
	<u>429,364</u>	<u>429,364</u>
	2022	2021
	'000	'000
Ordinary shares issued and fully paid		
As at 1 January	429,364	429,364
Increase during the period	-	-
As at 31 December	<u>429,364</u>	<u>429,364</u>
16 RESERVES	2022	2021
	£'000	£'000
Capital contribution reserve		
As at 1 January	5,655	5,655
Deferred tax credit recognised through Reserves	-	-
As at 31 December	<u>5,655</u>	<u>5,655</u>
<p>The capital contribution reserve arose from the revaluation of interest free loan from related party. The fair value of the loan was calculated based on the present value of future cash payments discounted using the prevailing market rate of interest for similar instruments.</p> <p>Revaluation Reserve This reserve records the changes in fair value of financial asset classified as fair value through other comprehensive income.</p>		
17 PROVISIONS		Total
		£'000
Dilapidation provision		
As 1 January 2021		326
Unwinding of discount		36
At 31 December 2021		<u>362</u>
Unwinding of discount		-
Disposal		(362)
At 31 December 2022		<u>-</u>
Due in more than one year as at 31 December 2021		<u>362</u>
Due in more than one year as at 31 December 2022		<u>-</u>

This provision was novated across to PTUK on 01 June 2022.

CCL provision

The Company has provided warranties and indemnities to the buyer of Humbly Grove Energy Limited ("HGEL") which the Company sold in March 2020. The warranties consist of general and tax warranties, which are normally found in a sale and purchase agreement. Some of the general warranties expired in September 2021, while others will expire in March 2023. Tax warranties are due to expire in March 2027.

PETRONAS ENERGY TRADING LIMITED
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

18 TRADE AND OTHER PAYABLES	2022 £'000	2021 £'000
Trade payables	40	95
Payable to related parties	2	11,331
Accrued trade expenses	134	1,845
Other accruals	48	348
	224	13,619

Payables to related parties arose in the normal course of business. Due to the nature of these payables the carrying value approximates their fair value.

19 RELATED PARTIES DISCLOSURE

Significant transactions with related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly and an entity that provides key management personnel services to the Company. The key management personnel include all the Directors of the Company.

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

	Sales of goods and services		Purchases of goods and services	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Associated companies	-	-	122	356
Outstanding at the year end	Amount owed by at year end		Amount owed to at year end	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Associated companies	309	7,035	2	11,331

Sales and purchase of goods includes sales and purchases natural gas. The sales and purchase of natural gas are included within the net trading income. Sales and purchase of services includes administration and management related fee and recharge of expenses. All transactions have been entered into in the normal course of business and have been established on a commercial basis. Amounts owed to at year end includes derivative liability positions with an associated company. All balances relate to the normal course of business and are all secured in nature. There are no guarantees provided or received for any related party balances.

Directors Remuneration

The directors of this Company are remunerated by the ultimate parent company, Petronas. The aggregate remuneration paid to directors in respect of their services as a Director of this Company amounted to GBP 585. The emolument paid to the highest paid director was GBP 260.

20 IMMEDIATE AND ULTIMATE PARENT COMPANIES

The immediate parent of the Company is PETRONAS LNG Sdn. Bhd, a Company incorporated in Kuala Lumpur, Malaysia. The ultimate parent of which the Company is a member is Petroliaam Nasional Berhad ("PETRONAS"), a company incorporated in Malaysia. Copies of PETRONAS's financial statements can be obtained from Tower 1, PETRONAS Twin Towers, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia.

PETRONAS ENERGY TRADING LIMITED
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

21 FINANCIAL INSTRUMENTS

Categories of financial instruments

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

- i. Fair value through other comprehensive income ("FVOCI");
- ii. Amortised cost ("AC")
- iii. Fair value through profit or loss ("FVTPL")

					Total Carrying Amount £'000
31 December 2022	Note	FVOCI £'000	AC £'000	FVTPL £'000	
Company					
Financial assets					
Trade and other receivables*	12	-	321	-	321
Derivative assets	13	-	-	-	-
Cash and cash equivalents	14	-	2,941	-	2,941
		<u>-</u>	<u>3,262</u>	<u>-</u>	<u>3,262</u>
Financial liabilities					
Lease liabilities	10	-	-	-	-
Trade and other payables	18	-	(224)	-	(224)
Derivative liabilities	13	-	-	-	-
		<u>-</u>	<u>(224)</u>	<u>-</u>	<u>(224)</u>
31 December 2021		FVOCI	AC	FVTPL	Total Carrying Amount £'000
Company		£'000	£'000	£'000	
Financial assets					
Trade and other receivables	12	-	8,170	-	8,170
Derivative assets	13	-	-	22,409	22,409
Cash and cash equivalents	14	-	5,966	-	5,966
		<u>-</u>	<u>14,136</u>	<u>22,409</u>	<u>36,545</u>
31 December 2021		FVOCI	AC	FVTPL	Total Carrying Amount £'000
Company		£'000	£'000	£'000	
Financial liabilities					
Lease liabilities	10	-	(2,952)	-	(2,952)
Trade and other payables	18	-	(13,619)	-	(13,619)
Derivative liabilities	13	-	-	(17,423)	(17,423)
		<u>-</u>	<u>(16,571)</u>	<u>(17,423)</u>	<u>(33,994)</u>

* These balances exclude non-financial instruments balances.

PETRONAS ENERGY TRADING LIMITED
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

21 FINANCIAL INSTRUMENTS (continued)
Financial Risk Management

The Company is exposed to various risks that are particular to its core business. These risks, which arise in the normal course of the Company's business, comprise credit risk, liquidity risk and market risk relating to interest rates, foreign currency exchange rates, and commodity prices.

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

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

Credit risk

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

Trade Receivables

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

Depending on the types of transactions and counterparty creditworthiness, the Company further mitigate and limit risks related to credit by requiring collateral or other credit enhancements such as parental guarantees and letter of credit.

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

At 31 December 2022 the Company had NIL customers (2021: NIL) that owed it more than £10 Mil each and accounted for approximately NIL (2021: NIL%) of all the receivables.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due by customer type and rating, and coverage by letters of credit or other forms of credit insurance. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The letters of credit and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by Company's Treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

The Company's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2022 and 2021 is the carrying amounts as illustrated on page 35 except for derivative financial instruments. The Company's maximum exposure relating to financial derivative instruments is noted in the liquidity table below.

PETRONAS ENERGY TRADING LIMITED
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

21 FINANCIAL INSTRUMENTS (continued)

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Company to manage risk concentrations at both the relationship and industry levels.

Liquidity risk

Liquidity risk is the risk that Company will not be able to meet its financial obligations as they fall due. Company's exposure to liquidity risk arises principally from its trade and other payables, and borrowings. In managing its liquidity risk, the Company maintain sufficient cash and access to credit facilities.

Maturity analysis

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

payments.

	Contractual cash flow					
	Carrying amount	Total	Within one year	1-2 years	2-5 years	More than 5 years
	£'000	£'000	£'000	£'000	£'000	£'000
As at 31 December 2022						
Trade and other payables	(224)	(224)	(224)	-	-	-
Derivative liabilities	-	-	-	-	-	-
Short-term borrowings	-	-	-	-	-	-
Lease liabilities	-	-	-	-	-	-
	<u>(224)</u>	<u>(224)</u>	<u>(224)</u>	<u>-</u>	<u>-</u>	<u>-</u>
As at 31 December 2021						
Trade and other payables	(13,619)	(13,619)	(13,619)	-	-	-
Derivative liabilities	(17,423)	(17,423)	(17,423)	-	-	-
Short-term borrowings	-	-	-	-	-	-
Lease liabilities	(2,952)	(2,952)	(2,952)	-	-	-
	<u>(33,994)</u>	<u>(33,994)</u>	<u>(33,994)</u>	<u>-</u>	<u>-</u>	<u>-</u>

Market risk

Market risk is the risk or uncertainty arising from changes in market prices and their impact on the performance of the business. The market price changes that the Company is exposed to include interest rates, foreign currency exchange rates, commodity prices, and other indices that could adversely affect the value of the Company's financial assets, liabilities or expected future cash flows.

Foreign exchange risk

The Company are exposed to varying levels of foreign exchange risk when they enter into transactions that are not denominated in its functional currencies and/or when foreign currency monetary assets and liabilities are translated at the reporting date. The main underlying economic currencies of cash flows are GBP and Euro.

the Company's foreign exchange management policy is to minimise economic and significant transactional exposures arising from currency movements. coordinates the handling of foreign exchange risks centrally typically by matching receipts and payments for the same currency. When deemed necessary and appropriate, the Company will enter into derivative financial instruments to hedge and minimise its exposures to the foreign currency movements.

PETRONAS ENERGY TRADING LIMITED
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

21 FINANCIAL INSTRUMENTS (continued)

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

	2022 £'000	2021 £'000
Euro denominated assets		
Cash and bank balances	509	1,528
Trade and other receivables	-	-
Derivative assets	-	10,807
	<u>-</u>	<u>12,335</u>
Euro denominated liabilities		
Trade and other payables	(2)	(1,059)
Derivative liabilities	-	-
	<u>(2)</u>	<u>(1,059)</u>
Net exposure	<u>507</u>	<u>11,276</u>

Sensitivity analysis for a given market variable provided in this note, discloses the effect on profit or loss and equity as at 31 December 2022 assuming that a reasonably possible change in the relevant market variable had occurred at 31 December 2022 and been applied to the risk exposures in existence at that date to show the effects of reasonably possible changes in price on profit or loss and equity to the next annual reporting date. Reasonably possible changes in market variables used in the sensitivity analysis are based on implied volatilities, where available, or historical data for equity and commodity prices and foreign exchange rates. Reasonably possible changes in interest rates are based on management judgment and historical experience.

The following table demonstrates the sensitivity to a reasonably possible change in Euro exchange rate, with all other variables held constant. The impact on the Company's loss before taxation is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

	Change in Euro rate	Effect on loss before taxation 2022 £'000	Effect on loss before taxation 2021 £'000
Foreign exchange rates			
	+10%	51	1,128
	-10%	(51)	(1,128)

Commodity price risk

The Company is exposed to changes in gas prices which may affect the value of the Company's assets, liabilities or expected future cash flows. To mitigate these exposures from a business perspective, the Company enters into various financial instruments. In effecting these transactions, the Company operates within policies and procedures designed to ensure that risks are minimised. All financial instruments positions are marked-to-market and reported to management for performance monitoring and risk management purposes on a daily basis.

There are no outstanding derivatives as at 31 December 2022.

The following table shows the effect of price changes from natural gas on the Company:

	Change in year-end price	Effect on loss before taxation 2022 £'000	Effect on loss before taxation 2021 £'000
Gas Prices			
	+5%	-	(1,113)
	-5%	-	1,113

PETRONAS ENERGY TRADING LIMITED
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

21 FINANCIAL INSTRUMENTS (continued)

Fair value information

The carrying amounts of cash and cash equivalents, short-term receivables and payables reasonably approximate their fair values due to the relatively short-term nature of these instruments. Amounts stated as Level 1 in the prior year financial statements have been reclassified to Level 2 to conform with the current year presentation and in accordance with IFRS13. The following table analyses financial instruments carried at fair value and those not carried out at fair value for which fair value is disclosed, together with their fair values and carrying amounts in the statement of financial position.

	Fair value of financial instruments carried at fair value			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
31 December 2022				
Financial assets				
Commodity derivative contracts	-	-	-	-
	-	-	-	-

	Fair value of financial instruments carried at fair value			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
31 December 2022				
Financial liabilities				
Commodity derivative contracts	-	-	-	-
	-	-	-	-

	Fair value of financial instruments carried at fair value			
	Level 1 (Restated) £'000	Level 2 (Restated) £'000	Level 3 £'000	Total £'000
31 December 2021				
Financial Assets				
Commodity derivative contracts	-	22,409	-	22,409
	-	22,409	-	22,409
Financial liabilities				
Commodity derivative contracts	-	(17,423)	-	(17,423)
	-	(17,423)	-	(17,423)

There were no transfers between Level 1 and Level 2 during the year (2021: Nil).

22 CAPITAL MANAGEMENT

The Company define capital as total equity and debt of Company. The objective of the Company's capital management is to maintain an optimal capital structure and ensuring availability of funds in order to support its business and maximises shareholder value. As a subsidiary of Petroliaam Nasional Berhad ("PETRONAS"), the Company's approach in managing capital is set out in the PETRONAS Group Corporate Financial Policy.

The Company is not a going concern as at 31 December 2022. Capital employed of the Company is GBP 3,129,000 (2021: GBP 3,333,000). The Company monitors the capital structure and seeks to adjust this as considered appropriate. There is no externally imposed capital requirement.

23 CONTINGENT LIABILITIES

There were no contingent liabilities at the end of the year.

PETRONAS ENERGY TRADING LIMITED
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

24 ADOPTION OF NEW AND REVISED PRONOUNCEMENTS

As of 1 January 2022, the Company adopted the following pronouncements that have been issued by the IASB and are applicable as listed below:

Effective for annual periods beginning on or after 1 January 2022:

- Amendments to IFRS 9 Financial Instruments (Annual Improvements to IFRS Standards 2018–2020)
- Amendments to Illustrative Examples accompanying IFRS 16 Leases (Annual Improvements to IFRS Standards 2018–2020)
- Amendments to IFRS 3 Business Combinations (Reference to the Conceptual Framework)
- Amendments to IAS 16 Property, Plant and Equipment (Property, Plant and Equipment—Proceeds before Intended Use)
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts—Cost of Fulfilling a Contract)
- Amendments to IFRS 16 Leases (Lease Liability in a Sale and Leaseback)
- Amendments to IAS 1 Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)

25 PRONOUNCEMENTS YET IN EFFECT

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

Effective for annual periods beginning on or after 1 January 2023:

- Amendments to IFRS 17 Insurance Contracts

Effective for annual periods beginning on or after 1 January 2024:

- Amendments to IAS 1 Presentation of Financial Statements and IAS Practice Statement 2 Making Materiality Judgements (Disclosure of Accounting Policies).
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimate and Errors (Definition of Accounting Estimates)
- Amendments to IAS 12 Income Taxes (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)

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

26 SUBSEQUENT EVENTS

There were no significant events after the reporting period.