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Sonatrach Petroleum Corporation

Independent Auditor's report

For the year ended December 31, 2020

Sonatrach Petroleum Corporation

Craigmuir Chambers, Road Town, Tortola, British Virgin Islands

This report contains 33 pages

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Sonatrach Petroleum Corporation

Independent Auditor's report

For the year ended December 31, 2020

To the Shareholder of Sonatrach Petroleum Corporation,

Opinion

We have audited the financial statements of Sonatrach Petroleum Corporation ("The Company"), which comprise the statement of financial position as at December 31, 2020 the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2020 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

Audit Framework

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in France, 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.

Other Information

Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines 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, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report.

However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Paris La Défense, July 5, 2021

KPMG Audit
A division of KPMG S.A.

Bertrand Desbarrières
Partner

SONATRACH PETROLEUM CORPORATION

Stand-alone Financial Statements
for the year ended December 31, 2020

SONATRACH PETROLEUM CORPORATION
TABLE OF CONTENTS

STAND-ALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

SONATRACH PETROLEUM CORPORATION

STAND-ALONE STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2020

(Expressed in United States dollars)

	Note	**2020**	**2019**
Assets			
Non-current Asset			
Property, plant and equipment	4	$ 31,366	$ 34,662
Intercompany Loans	5	6,063,236	12,126,471
Investments in subsidiaries	6	6,000	6,000
Right of use	4	163,348,325	211,875,011
Total non-current assets		169,448,927	224,042,145
Current Assets			
Trade and other receivables	7	105,692,525	368,312,612
Prepayments		1,270,676	499,796
Intercompany Loans		6,348,028	11,592,626
Due from related companies	5/21	290,686,442	289,438,173
Cash and cash equivalents	8	204,639,401	164,556,950
Total current assets		608,637,070	834,400,156
Total assets		**$ 778,085,997**	**$ 1,058,442,301**
Equity and liabilities			
Capital and reserves			
Issued capital	9	20,000,000	20,000,000
Retained earnings		449,437,039	462,273,819
Total equity		469,437,039	482,273,819
Non-current liabilities			
Non Current financial debt	10	115,697,488	158,493,487
Total non-current liabilities		115,697,488	158,493,487
Current liabilities			
Trade and other payables	12	113,390,075	242,185,433
Current financial debt	10	47,212,074	51,426,490
Due to related companies	11	32,349,320	122,121,350
Current income tax liabilities		-	1,941,722
Total current liabilities		192,951,469	417,674,995
Total liabilities		308,648,957	576,168,482
Total equity and liabilities		**$ 778,085,997**	**$ 1,058,442,300**

SONATRACH PETROLEUM CORPORATION

STAND-ALONE INCOME STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2020

(Expressed in United States dollars)

	Note	2020	2019
Revenue from hydrocarbon products	2/14	$ 1,021,873,166	$ 2,561,178,924
Revenue from freight, demurrage and others	14	16,659,062	35,615,202
Cost of hydrocarbon products	14	(997,834,697)	(2,537,018,839)
Other operating costs	2	(4,309,993)	(19,482,449)
Realised gain/(loss) on swaps and futures		-	-
Change in unrealised gain/(loss) on swaps and futures		-	-
Gross profit		**36,387,538**	**40,292,838**
Financial income	14/15	2,406,730	9,563,255
Dividend income	14	6,500,000	8,800,000
Other income	14	1,821,096	2,457,153
Foreign exchange gain/(loss)		185,733	(35,237)
Administrative expenses	13	(4,846,366)	(4,704,922)
Financial expenses	15	(144,057)	(180,346)
Other expenses		(133,371)	(389,760)
Profit before tax		**42,177,302**	**55,802,981**
Income tax expense	2	(3,071,523)	(3,860,421)
Profit for the year		**$ 39,105,780**	**$ 51,942,559**

SONATRACH PETROLEUM CORPORATION

STAND-ALONE STATEMENT IN CHANGES OF EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2020

(Expressed in United States dollars)

		Issued capital	Retained earnings	Total
Balance at January 1, 2019	2	**$ 20,000,000**	**$ 410,331,259**	**$ 430,331,259**
Profit for the year	2	-	51,942,559	51,942,559
Payment of dividends		-	-	-
Balance at January 1, 2020	2	**20,000,000**	**462,273,819**	**482,273,819**
Profit for the year	2	-	39,105,780	39,105,780
Payment of dividends		-	(51,942,559)	(51,942,559)
Balance at December 31, 2020	2	**$ 20,000,000**	**$ 449,437,039**	**$ 469,437,039**

SONATRACH PETROLEUM CORPORATION

STAND-ALONE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

(Expressed in United States dollars)

	2020	2019
Cash flows from operating activities		
Profit before tax	$ 42,177,302	$ 55,802,981
Financial income recognised in profit or loss	(2,406,730)	(9,563,255)
Finance cost recognised in profit or loss	144,057	180,346
Dividend income recognised in profit or loss	(6,500,000)	(8,800,000)
Depreciation	21,777	25,885
Impairment loss/Reversal recognised on trade receivables	-	154,061
Foreign exchange adjustment on property, plant and equipment	161	(1,851)
	33,436,567	37,798,167
Movement in working capital		
(Increase)/decrease in trade and other receivables	262,620,087	(131,338,637)
(Increase)/decrease in inventories	-	-
(Increase)/decrease in prepayments	(770,880)	80,970
(Increase)/decrease in due from related companies	10,059,565	(253,008,353)
Increase/(decrease) in Non current financial debt	(42,795,999)	158,493,487
Increase/(decrease) in current financial debt	(4,214,416)	51,426,490
Increase/(decrease) in trade and other payables	(128,795,357)	82,714,626
Increase/(decrease) in due to related companies	(89,772,030)	69,838,256
Cash generated from operations	**39,767,538**	**16,005,006**
Right of Use	48,526,686	(211,875,011)
Finance operating cost	(144,057)	(178,873)
Finance operating income	784,415	3,193,658
Income taxes paid	(5,013,245)	(2,432,746)
Net cash provided by operating activities	**83,921,337**	**(195,287,966)**
Cash flows from investing activities		
Payments for property, plant and equipment	(18,641)	(25,527)
Interest received	1,622,315	6,369,597
Dividends received	6,500,000	8,800,000
Net cash generated by investing activities	**8,103,673**	**15,144,070**
Cash flows from financing activities		
Dividends paid	(51,942,559)	-
Net cash provided by financing activities	**(51,942,559)**	**-**
Net increase/(decrease) in cash and cash equivalents	40,082,451	(180,143,896)
Cash and cash equivalents at the beginning of the year	164,556,950	344,700,846
Cash and cash equivalents at the end of the year	**204,639,401**	**164,556,949**

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Sonatrach Petroleum Corporation (the "Company") was incorporated in the British Virgin Islands ("BVI") on May 3, 1989 in accordance with the International Business Companies Ordinance of 1984. The Company's principal activity is the trading of oil and liquefied petroleum gas ("LPG") products.

On January 1, 2007, the Company was automatically re-registered under the BVI Business Companies Act, 2004. The address of its registered office is Craigmuir Chambers, P.O. Box 71, Road Town, Tortola, BVI.

The stand-alone financial statements were authorised for issue on 1st July 2021 by the Board of Directors (the "Board").

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared for the years ended December 31, 2020 and 2019 (the "reporting dates") in accordance with IFRS including new standards adopted by the IASB, that are obligatory for accounting periods commencing on or after January 1st, 2019. This includes in particular amendments to IAS 1, IAS 8, IAS 39, IFRS 3, IFRS 9, IFRS 7 and IFRS 16.

Basis of preparation

In regards to IAS 27.38, the stand-alone financial statements have been prepared on the historical cost basis except for financial instruments accounted for in in accordance with IFRS 9.

The accounting policies have been consistently applied to all years presented, except otherwise stated, and the principal accounting policies are set out below.

Restatement of prior period financial information

In the context of evolving tax regulations, the company has initiated in 2013 discussions with HMRC in relation to the taxation of activities and services provided by SPC London Branch to SPC BVI.

The company has decided to reflect the discussions with HMRC as follow:

- ✓ In the 2013 accounts, for 2013 and 2012 the tax provision was estimated at $2.9m, and financial statements were restated to present comparable information and 2012 opening equity was restated for adjustments related to prior periods for $16m.
- ✓ In the 2014 accounts, the tax provision was estimated at $2m, and a provision for late payment interest related to the tax provision was estimated at $2m for 2014 and $1m for 2013 and financial statements were restated to present comparable information. The 2013 opening equity was restated for adjustments related to prior periods for $1.6m related to the late payment interest.
- ✓ In the 2015 accounts, the whole tax and late payment interest provisions was revalued following the current level of the discussions with HMRC, additional provision was added for $46.3m in the year income tax expense and for $4.2m in the year financial expense.

✓ On the 6th of September 2016, the company reached a final settlement with HMRC whereby the profit split method has been identified and agreed upon as being the appropriate method to attribute 51.14% profits to SPC for the UK based operations.

Investment in subsidiaries

A subsidiary is an entity (including a special purpose entity) over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Investments in subsidiaries are recorded at historical cost for the preparation of the non-consolidated financial statements less any impairment in the value of the subsidiaries.

Related parties

The Company's transactions and outstanding balances with related parties are disclosed. Parties are considered related if one party has control, joint control, and significant influence over the other party in making financial and operating decisions.

Foreign currencies

The financial statements are presented in the currency of the primary economic environment in which the entity operates (its functional currency) which is the United States ("US") dollars. In preparing the financial statements, transactions in currencies other than the US dollars ("foreign currencies") are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical costs in a foreign currency are not translated. Exchange differences are recognised in the income statement in the period in which they arise.

Property, plant and equipment

Office equipment, motor vehicle and software are recorded at cost less accumulated depreciation and subsequent accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful life, using the straight-line method over four years. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of a fixed asset is determined as the differences between the sales proceed and the carrying amount of the asset and is recognised in the income statement.

The time-charter agreement states that, the vessel should go into dry-dock for cleaning, painting and serious repairs every 30 to 60 months from delivery date. Such repairs include, but are not limited to, major overhauling of machineries, structural repairs, paint, engine, tank cleaning and coating, cooling system, etc. Other variables are also considered in the estimate such as the location of the shipyard and the currency in which the shipyard operates. Such costs are capitalized as a component of the vessel and amortized over the period between 2 dry-docks which is over 5 years.

Impairment of tangible assets

At each reporting date, the Company reviews the carrying amount of its tangible assets (the "assets") to determine whether there is any indication that they have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revaluated amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the revised carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the income statement unless the relevant asset is carried at a revaluated amount, in which case the reversal of the impairment loss would be treated as a revaluation increase.

Inventories

Lube oil — Inventories stored on the LPG vessels is valued at the lower of cost and net realisable value. Cost is determined by weighted average method. These inventories are only held for the Very Large Crude Carrier (VLCC), there are no other sales to third parties performed.

Crude-oil — Crude-oil inventories held for trading purposes are measured at fair value less costs to sell. Changes in fair value less costs to sell are recognized in profit or loss in the period of the change.

Financial assets, financial liabilities and equity instruments issued by the Company

Classification and measurement
Financial assets
IFRS 9 contains three principal classification categories for financial assets: Amortised cost, Fair Value through Other Comprehensive Income (FVOCI), and Fair Value through Profit and Loss (FVPL). This classification depends on the business model in which a financial asset is managed and its contractual cash flow characteristics.
Financial assets at amortized cost: these are financial assets held to collect contractual cash flows that consist solely of payments of principal and interests (SPPI) at specified dates. They are initially measured at fair value and subsequently measured at amortized cost using the effective interest method. This category mainly includes cash, trade receivables, term deposits, loans…
Financial assets at FVOCI: these are debt instruments managed to collect and sell contractual cash flows that consist solely of payments of principal and interests (SPPI) at specified dates. They are initially measured at fair value, and subsequently measured at FV through OCI (recyclable). These are also equity instruments (non-consolidated) with irrevocable election at initial recognition to present changes in fair value in OCI with no recycling of gains or losses to income statement (except for dividends). The Company is not concerned by this category.
Financial assets at FVTPL: these are financial assets acquired with the intention of resale in the short term, derivatives held for trading, equity instruments (non-consolidated investments) not measured at FVOCI by option and debt securities that are not managed under “collect and sell” and do not meet SPPI requirements. This category mainly includes derivatives instruments.
Financial liabilities
Financial liabilities at amortised cost: these are borrowings initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.
Financial liabilities at fair value through profit or loss: these are financial liabilities held for trading. This category corresponds mainly to derivative instruments.

Equity instruments issued by the company

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

Recognition and de-recognition

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognises financial liabilities when, and only when, its obligations are discharged, cancelled or they expire.

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value. Realised gains and losses on these investments are recorded in the income statement on the last in first out basis.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liabilities, or, where appropriate, a shorter period.

Fair value

The fair values of financial assets and financial liabilities is based on their quoted market prices at the reporting date ("valuation date") without any deduction for estimated future selling costs. Where no sale occurred at the valuation date, financial assets are priced at current bid price while financial liabilities are priced at current asking price.

Securities not traded on an exchange or over-the-counter shall have the value as the Company considers fair and reasonable; provided that the Company shall obtain at least one independent dealer or third-party pricing service quote (unless no quotes are available) and may not value such security above the highest price obtained from all independent dealer or third-party pricing service.

The fair value of derivatives that are not exchange-traded is estimated at the amount that the Company would receive or pay to terminate the contract at the valuation date taking into account current market conditions and the current creditworthiness of the counterparties.

The valuation methods for each level are generally as follows:

- Level 1 (unadjusted quoted prices): prices accessible to the entity at the measurement date on active markets, for identical assets or liabilities.
- Level 2 (observable data): data concerning the asset or liability, other than the market prices included in initial level 1 input, which is directly observable (such as a price) or indirectly observable (i.e. deducted from observable prices);
- Level 3 (non-observable data): data that is not observable on a market, including observable data that have been significantly adjusted.

Impairment of financial assets

IFRS 9 introduces a new impairment model which consists in recognizing impairment losses on financial assets based on Expected Credit Losses (ECL).
The Company recognises an allowance for ECL for all debt instruments not held at fair value through profit or loss. These instruments are essentially trade receivables.
For trade receivables, the Company applies a simplified approach in calculating ECL. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Cash and cash equivalents

The Company considers cash at bank and short-term deposits with original maturities of three months or less to be cash and cash equivalents.

Provision

A provision is recognised when the Company has a present obligation as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into consideration the risks and uncertainties surrounding the obligation.

Leasing

From the 1 January 2019, the Company’s leases are recorded in application of IFRS 16. The Company recognizes an asset corresponding to the right of use of the leased assets, and an equivalent financial liability. The amortization of the right of use and a financial interest expense replace the leases expenses.

The Company applies this standard using the modified retrospective approach and opted to use the two exemptions from capitalization allowed for leases of less than twelve months and leases of assets with an individual value of less than USD 5,000 when new. Accordingly, the information presented for 2018 has not been restated.

As stated above, the right of use is recognized at an amount corresponding to the initial debt, adjusted for prepaid and accrued payments on the original lease, and any estimated repair costs. The right of use is amortized on a straight-line basis over the term of the lease. As the implicit interest rate of the leases is not easily determined, the Company applies a discount rate based on its estimated borrowing rate.

The main leases affected by IFRS 16 concern real estate and vessels. The impacts on the financial statements are the following (See Notes 4 and 10):

Effects on the balance sheet: increase in lease assets and financial liabilities. This is similar to the effect on reported equity that arises from financing the purchase of an asset. The newly recognised lease asset—the right-of-use asset—is a non-current non-financial asset, and the lease liability is part of current and non-current financial liabilities.

Effects on the income statement:
(a) increase in Depreciation costs
(b) higher finance cost
(c) expense related to leases removed from rent related expenses
The overall effect on the income statement from adopting IFRS 16 is neutral. This is because no difference is expected between the sum of depreciation and interest for leases.

Effects on the cash flow statement:
Changes in accounting requirements do not cause a difference in the amount of cash transferred between the parties. However, IFRS 16 has an effect on the presentation.

Revenue recognition

IFRS 15 ("Revenue from contracts with customers") establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue and related interpretations.

The Company has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. January 1, 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18.

Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

Revenue is measured at the fair value of the consideration received or receivable. It is reduced for estimated rebates and other similar allowances.

The revenue of the Company mainly includes of the following activities:

Sale of hydrocarbon products — Revenue from the sale of hydrocarbon products is recognised when all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the products.
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the products sold.
- the amount of revenue can be measured reliably.
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Freight revenue — Freight revenue is recognised on a monthly basis based on a fixed contractual annual amount, less a prorated amount for any time the vessel is not available for use. Regarding Freight revenue, the Company only acts as an agent with related parties. Henceforth, in regards of IFRS 15, the company only presents the margin of the operation in the financial statements.

Interest income — Interest income is recorded on the accrual basis, by the reference to the principal outstanding and at the effective interest rate applicable.

Dividend income — Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Deferred income — Amounts received in advance for the performance of services are classified as deferred income.

Other operating costs

All the expenses contributing directly in the realization of the revenues are classified as other operating expenses. The main items are: freight, port expenses and demurrage.

Taxation

Under the current laws of the BVI, the Company is not subject to income, estate, corporation or capital gains taxes.

As discussed above (see note 2 “Restatement of prior period financial information”) the company has engaged discussion with HMRC in 2013 and it was agreed at the completion of the negotiation with HMRC that a profit split of the trading profit being attributable to the UK operations should be used as a basis for settling the historic open years.

Therefore, the profit split method has been identified and agreed with HMRC as the appropriate method to attribute profit to SPC BVI.

Dividend distribution

Dividend distribution to the Company’s shareholder is recognised as a liability in the Company’s financial statements in the period in which the dividends are approved by the shareholder.

3. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company’s accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have significant risks of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of property, plant and equipment

The entity reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. Management determined that the initial estimated useful life of the shipping vessels of between 20 and 25 years remains the most relevant estimate.

(Expressed in United States dollars)

4. PROPERTY, PLANT AND EQUIPMENT

	Total	Office Equipment	Motor vehicle	Software	Right of Use
COST					
January 1 2019	**$ 2,280,142**	**$ 1,164,090**	**$ 10,267**	**$ 1,105,785**	**$ 0**
Additions	25,527	25,527	-	-	261,346,467
Disposal	(10,267)	-	(10,267)	-	-
Conversion adjustements	32,284	32,284	-	-	-
January 1 2020	**2,327,685**	**1,221,900**	**-**	**1,105,785**	**261,346,467**
Additions	18,641	18,641	-	-	14,456
Disposal	(22,852)	(22,852)	-	-	-
Conversion adjustement	33,540	33,540		-	187,203
Decembre 31 2020	**2,357,015**	**1,251,229**	**-**	**1,105,785**	(261,173,721)
ACCUMULATED DEPRECIATION					
January 1 2019	**2,245,500**	**1,129,448**	**10,267**	**1,105,785**	**-**
Additions	34,225	34,225	-	-	49,471,456
Disposal	(10,267)	-	(10,267)	-	-
Conversion adjustement	23,565	23,565	-	-	-
January 1 2020	**2,293,023**	**1,187,238**	**-**	**1,105,785**	**49,471,456**
Additions	21,777	21,777	-	-	48,728,345
Disposal	(22,852)	(22,852)	-		
Conversion adjustement	33,701	33,701		-	
Decembre 31 2020	**2,325,649**	**1,219,863**	**0**	**1,105,785**	98,199,801
NET BOOK VALUE					
Decembre 31 2019	**$ 34,662**	**$ 34,662**	**-**	**-**	**211,875,011**
Decembre 31 2020	**$ 31,366**	**$ 31,366**	**-**	**-**	**163,348,325**

According to IFRS16, the company has recognised the right of use corresponding to its leased assets, the right of use mainly includes the leases corresponding to the vessels and the real estate of the head-quarter of the company.

Depreciation

The following useful life is used in the calculation on the depreciation:

Office equipment and software, on a straight-line basis over	4 years
Office rental/Right of Use, on a straight-line basis over	Term of the lease

(Expressed in United States dollars)

5. DUE FROM RELATED COMPANIES

Non current		**2020**	**2019**
Intercompany Loans	(i)	$ 6,063,236	$ 12,126,471
Current			
Intercompany Loans	(i)	6,348,028	11,592,626
Due from parent company		-	287,473,476
Due from related parties	(ii)	290,686,442	1,964,697
		$ 297,034,469	$ 301,030,799

(i) Due from subsidiaries – non-current

	2020	**2019**
ALTC	$ -	$ -
HMTC	-	-
NOVSL	6,063,236	12,126,471
RNTC	-	-
SGCC	-	-
SPOTC	-	-
	$ 6,063,236	**$ 12,126,471**

Alrar Transportation Corporation

The balance from ALTC relates to the funding of the construction of its LPG Vessel ("Alrar"), which was delivered on September 16, 2004. The amount is unsecured, interest is accrued at an annual rate of 5.5%, the final repayment in 2020 is $1.8 m (2019 $3.6 m). The bank loan related to the construction of the LPG vessel "Alrar" has been paid in full as of March 31, 2015.

Hassi Messaoud Transportation Corporation

The balance from HMTC relates to the funding of the construction of a LPG Vessel ("Hassi Messaoud"), which was delivered on March 31, 2005. The amount is unsecured, interest is accrued at an annual rate of 5.5%, the final repayment in 2020 is $1.8 m (2019 $3.5 m). The bank loan related to the construction of the LPG vessel "Hassi Messaoud" has been paid in full as of March 31, 2015.

New Ocean *Shipping Venture*

The balance from NOSVL relates to the funding of the construction of a VLCC Vessel ("Mesdar"), which was delivered on November 3, 2007.

The loan represented 100% of the initial working capital required to construct the VLCC. In prior years, the loan was recorded as due from joint venture. During the year 2008, the remaining shares of the joint venture shares were purchased back and the loan increased to 100%.

In November 2, 2015, the bank loan related to the construction of the vessel was paid in full by New Ocean Shipping Venture.

(Expressed in United States dollars)

At the same date, the Loan from SPC was reconfigured in a new loan and raised from $29.7 m to $42.4 m with a rate of LIBOR + 0.375. The repayment for 2020 is $6 m (2019 $6 m).

Rhourd Enouss Transportation Corporation

The balance from RNTC relates to the funding of the construction of its LPG Vessel (“Rhourd Enouss”), which was delivered on December 5, 2004. The amount is unsecured, interest is accrued at an annual rate of 5.5%, the final repayment in 2020 is $1.8 m (2019 $3.6m). The bank loan related to the construction of the LPG vessel “Rhourd Enouss” was paid in full as of March 31 2015.

Sonatrach Gas Carrier Corporation

The balance from SGCC is NIL. LPG Vessel “Reggane” was delivered on November 30, 1999. The loan from SPC was fully paid as of June 01, 2016.

Sonatrach Petroleum Overseas Transportation Corporation

The balance from SPOTC SGCC is NIL LPG Vessel (“Djanet”) was delivered on October I, the loan from SPC was fully paid as of June 01, 2016.

(i) Due from subsidiaries - current

	2020	2019
ALTC	7,182	1,828,659
HMTC	7,182	1,786,988
NOVSL	6,082,828	6,131,501
RNTC	7,182	1,845,479
SGCC	22,175	-
SPOTC	221,478	-
	$ 6,348,028	**$ 11,592,626**

These amounts represent short-term advances and amounts paid by the Company on behalf of the subsidiaries on normal commercial terms. All amounts are unsecured, interest free and have no fixed repayment terms.

(Expressed in United States dollars)

(ii) Due from related parties

	2020	2019
Sonatrach Spa	7,005,816	7,473,476
Sonatrach Raffineriea Italiana	2,273,622	-
ALTC	-	649,241
RNTC	-	736,464
SGCC	-	578,992
SPOTC	1,043,190	-
SIHC	100,363,814	100,000,000
SPIC	180,000,000	180,000,000
	$ 290,686,442	**$ 289,438,173**

The amount due from Sonatrach Spa relates to trade receivables, which are on normal commercial terms. All amounts are unsecured, interest free and have no fixed repayment terms. The amounts due by SPOTC, ALTC, RNTC and SGCC are off hires, which will be offset against future hires.

SPC BVI entered into the following loan agreements, with:

- SPIC on 10.01.2019 for 200 million USD, on which a partial refund was made for 20 million USD, maturing 09.01.2022, and
- SIHC on 06.05.2019 for 100 million USD maturing 31.12.2021.

(Expressed in United States dollars)

6. INVESTMENTS IN SUBSIDARIES

Subsidiaries	Place of Incorporation	% Holding	Principal activity	2020	2019
SGCC 1,000 shares with no par value	BVI	100%	Transportation of LPG	$ 1,000	$ 1,000
SPOTC 1,000 shares with no par value	BVI	100%	Transportation of LPG	1,000	1,000
ALTC 1,000 shares with no par value	BVI	100%	Transportation of LPG	1,000	1,000
RNTC 1,000 shares with no par value	BVI	100%	Transportation of LPG	1,000	1,000
HMTC 1,000 shares with no par value	BVI	100%	Transportation of LPG	1,000	1,000
NOVSL 1,000 shares with no par value	BVI	100%	Transportation of Crude Oil	1,000	1,000
				$ 6,000	$ 6,000

7. TRADE AND OTHER RECEIVABLES

	2020	2019
Trade receivables	$ 104,413,087	$ 363,273,234
Allowance for doubtful debts	(34,126)	(123,954)
	104,378,962	363,149,280
Other receivables	1,313,563	5,163,332
	$ 105,692,525	**$ 368,312,612**

(Expressed in United States dollars)

Trade receivables

The standard credit period on sales of hydrocarbon products is 30 days. No interest is charged on the trade receivables for the first 30 days from the date of the bill of lading. Thereafter, interest is charged at Libor + commission per annum on the outstanding balance. There are some specific arrangements made with some clients where the payments are due in 180 days and where the interest charged is at Libor + 1.5%.

Before accepting new customers, the Company assesses the potential customer's credit quality and defines the credit period and the guarantees required. The Company's largest customer has an open balance of $58,578,932 *as of December 31, 2020* (2019 - $*152,670,984*). Its credit period is 180 days, interest is charged at the Libor rate + 1.5% and a letter of credit is required as a guarantee.

Ageing of past due

The table below shows the ageing of receivables at the reporting date:

		2020			2019	
0 - 31 days		104,154,127	99.75%		362,205,161	99.72%
31 - 180 days		130,016	0.12%		1,059,951	0.28%
181 - 1 year		93,985	0.09%		-	0.00%
1 - 5 years		34,959	0.03%		8,122	0.00%
+ 5 years		-	0.00%		-	0.00%
Total	**$**	**104,413,087**	**100.00%**	**$**	**363,273,234**	**100.00%**

Movement in the allowance for doubtful debts

	2020	2019
Balance at the beginning of the year	(123,955)	(511,593)
Impairment losses recognised on receivables	10,868	376,770
Amounts recovered over the year	-	-
Amounts written off as uncollectible	78,960	10,868
Balance at the end of the year	**(34,126)**	**(123,955)**

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 for groupings of various customer segments with similar loss pattern (product type, customer type and rating…). The letters of credit and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment

In determining the recoverability of receivables for the year, the Company holds a meeting with all parties concerned to discuss the possibilities to recover the receivables. Depending on the age and recoverability of the outstanding amounts, the accounting department determines the allowance for doubtful debts. Any write-offs of significant receivables need to be approved by the Board.

The concentration of credit risk is limited because the customer base is large and unrelated. Accordingly, management believes that there is no further credit provision required in excess of the allowance for doubtful debts.

(Expressed in United States dollars)

8. CASH AND CASH EQUIVALENTS

	2020	2019
Cash	42,039,401	61,556,950
Time deposits	162,600,000	103,000,000
	$ 204,639,401	**$ 164,556,950**

9. ISSUED CAPITAL

	2020	2019
Authorised, issued and fully paid		
Share capital: 1000 ordinary shares with no par value		
Share premium	$ 20,000,000	$ 20,000,000

Share rights

All shares shall:

-have one vote each;
-be subject to redemption, purchase or acquisition by the Company for fair value and;
-have the same rights with regard to dividends and distributions upon liquidation of the Company.

10. FINANCIAL DEBT

	2020	2019
Non current finanical debt	$ 115,697,488	$ 158,493,487
Current financial debt	47,212,074	51,426,490
	$ 162,909,562	**$ 209,919,977**

According to IFRS 16, the Company has recognized a financial debt related to the right of use of its leased assets. The financial debt mainly includes the leases debt corresponding to the vessels and the real estate of the headquarter of the company.

(Expressed in United States dollars)

11. DUE TO RELATED COMPANIES

		2020	2019
Due to parent company		801,836	-
Due to subsidiaries		1,600,753	-
Due to related parties	(i)	29,946,731	122,121,350
		$ 32,349,320	**$ 122,121,350**

(i) Due to related parties

An amount of $11,809,534 due to SRI as well as $18,137,197 is due to Sonatrach SpA (2019 - $122,121,350) and includes $18,113,031 (2019 - $122,109,782) that relates to purchases of hydrocarbon products made on normal commercial terms.

All amounts are unsecured, interest free and have no fixed repayment terms.

12. TRADE AND OTHER PAYABLES

	2020	2019
Trade payables	108,579,191	240,665,011
Other payables	4,810,885	1,520,422
	$ 113,390,075	**$ 242,185,433**

The related credit period with this supplier is 180 days, but the Company's policy is to discount the invoices within an average of 60 days. No credit limit or guarantees have been required by the supplier.

The standard credit period on purchases of hydrocarbon products is 30 days. No interest is charged on the trade payables for the first 30 days from the date of the invoice. In most cases there will be no interest charged on the outstanding balance. There are some specific arrangements made with some suppliers where the payments, which are overdue, will be charged at the interest rate stated in the contract, which varies from LIBOR plus a commission to 14-18%. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

13. ADMINISTRATIVE EXPENSES

Administrative expenses mainly include employee benefit expenses amounting to $2,486,453 (2019 - $2,519,203). Among the employee benefit expenses, an expense of $63,893 (2019 - $70,581) was recognised for defined contribution plans.

(Expressed in United States dollars)

14. RELATED PARTY TRANSACTIONS

Purchases and sales of hydrocarbon products

During the year, purchases of $ 759,724,898.75 (2019 - $1,210,451,803) of hydrocarbon products were made from Sonatrach Spa. These purchases were based on negotiated contracts between the parties at market prices.

Also during the year, nil sales (2019 - $5,209,501) of hydrocarbon products were made to Sonatrach Spa. These sales were based on negotiated contracts between the parties at market prices.

Freight revenue and costs

The Company time charters vessels from its subsidiaries SGCC, SPOTC, ALTC, RNTC, HMTC and NOSVL. The Company then in turn places these vessels on time charter with Sonatrach Spa for SPOTC, ALTC, RNTC, HMTC and NOSVL. SGCC is placed on time charter with Vitol as of 28th December 2020. Due to the change in accounting policy described in Note 2 of the financial statements. Freight revenues from these transactions are now netted off against the corresponding Freight costs

Financial income

During the year, the Company charged interest to its subsidiaries SGCC, SPOTC, ALTC, RNTC, HMTC and NOSVL totalling $312,313 (2019 - $1,255,843) in relation to their outstanding loan balances, in addition to $1,310,001 (2019 - $5,113,753,29) charged to SPIC and SIHC in relation to the loan agreement entered in 2019.

Dividend income

During the year, the Company received dividends from its subsidiaries, totalling $6,500,000 (2019 - $8,800,000).

Other income

During the year, the Company charged administrative expenses to its subsidiaries SGCC, SPOTC, ALTC, RNTC, HMTC and NOSVL totalling $1,550,000 (2019 - $1,550,000) in relation to the administration services provided by the Company.

15. FINANCIAL INCOME AND FINANCIAL EXPENSES

Interests on time deposits have generated an income of $ 778,359 (2019 - $ 1,803,051).

16. COMMITMENTS

Leases

The company holds two leases signed on 10th June 2010 and 23rd February 2011, with the rent commencement dates on those leases being the first anniversary of each lease.
Following the rent review dated 25th August 2016, the annual amount paid in 2020 is £612,695 excluding service charges. Future lease payments are as follows:

Not later than one year	£ 612,695
Later than one year and not later than 5 years	£ 2,450,780

LPG Purchases:

As of December 31, 2020, the Company is committed to purchase the LPG quantities available from the following suppliers with term contract:

- Sonatrach Spa
- BP Amoco Exploration (In Amenas) Limited
- PT Pertamina Algeria Eksplorasi Produksi
- Vitol SA

LPG Sales:

As of December 31, 2020, the Company is committed to sell the LPG quantities available to the following buyers with term contract:

- Global One
- IB Gas AG
- IOC Ltd

As of December 31, 2020, the Company sold all the LPG quantities made available by these suppliers.

Liquid Purchases:

As of December 31, 2020, the Company is committed to purchase the Liquid quantities available from the following suppliers with term contract:

- Sonatrach Spa for Fuel Oil
- Anadarko Energy Services Company for Condensate
- ZR Energy for Gas oil and Fuel oil
- Euronova for Fuel oil

Also during the year, the company had purchased a number of liquid quantities with spot contract.

Liquid Sales:

As of December 31, 2020, the Company is committed to sell the Liquid quantities available to the following buyers with term contract:

- Ministry of Energy and Water for Gas oil and Fuel oil
- ZR Energy Fuel Oil

Also during the year, the company had sold a number of liquid quantities with spot contract.

As of December 31, 2020, the Company sold all the Liquid quantities made available by these suppliers.

Guarantees

As at December 31, 2020, the potential maximum amount the Company could have to pay under letters of credit or guarantees totalled $ 100,000 (2019 - $100,000). These relate to guarantees on foreign payments under letters of credit made to purchase hydrocarbon products in some foreign countries.

(Expressed in United States dollars)

17. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

The Company's activities expose it to a variety of financial risks: credit risks: liquidity risk and market risk.

This note presents information about the Company's exposure to each of the above risks, its objectives, policies and procedures for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements. The board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

Financial risk management

Credit risk

Credit risk is the risk that counterparty will be unable to pay the amounts in full when due. Credit risk arises from derivative financial instruments and deposits with financial institutions, as well as credit exposures to cash and cash equivalents and trade receivables including outstanding receivables and committed transactions.

The Company's maximum exposure to credit risk at the reporting dates is:

	2020	2019
Current financial assets		
Trade and other receivables	$ 105,692,525	$ 368,312,612
Due from related companies	297,034,469	301,030,799
Cash and cash equivalents	204,639,401	164,556,950
Non-current financial assets		
Due from subsidiaries	6,063,236	12,126,471
Investments in subsidiaries	6,000	6,000
	$ 613,435,630	**$ 846,032,831**

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Bank and financial institutions

The Company seeks to mitigate its exposure to credit risk arising from cash and cash equivalents and transacting its securities and derivative activities with reputable financial institutions.

Trade and other receivables

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes bank references and the due diligence searches by the Company's bankers. The Company requires guarantees and in the case, bank guarantees are not issued or confirmed by a first class bank, customers transact only on a prepayment basis.

(Expressed in United States dollars)

The Company does not set any purchase limits for its customers but follows up on the volume of sales made to each customer, both at the operational and financial levels.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables and, where appropriate, mainly in risky countries, credit guarantee insurance cover is purchased to mitigate the credit risk exposure.

The table below shows the credit limit and balance of six major counterparties at the reporting dates:

	2020			2019	
	Credit limit	Carrying amount		Credit limit	Carrying amount
Counterparty	Unlimited	$ 58,578,932	Counterparty	Unlimited	$ 152,670,985
Counterparty	Unlimited	23,376,838	Counterparty	Unlimited	70,900,791
Counterparty	Unlimited	12,375,284	Counterparty	Unlimited	52,762,496
Counterparty	Unlimited	7,308,253	Counterparty	Unlimited	43,628,645
Counterparty	Unlimited	5,420,800	Counterparty	Unlimited	26,670,818
Counterparty	Unlimited	4,416,250	Counterparty	Unlimited	9,438,173

No changes in the financial condition of these counterparties were encountered during the year and management does not expect any losses from non-performance.

Intercompany receivables

Intercompany trades are performed under normal commercial terms. Due to long-term relationships between the companies, no guarantees are required. Short-term transactions are interest free, whereas long-term receivables are charged an annual fixed rate of average 5.5%. The exposure to the credit risk is limited due to the creditworthiness of the Group, and to the ultimate holding Company, Sonatrach Spa, being a state owned company. Management does not anticipate any losses from non- recoverability of the intercompany receivables. Ongoing follow up on a trade and financial basis is performed to ensure amounts are recovered from all the parties.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities.

The following tables detail the Company’s expected maturity for its financial assets and liabilities at the reporting dates, based on the remaining period at the reporting dates to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(Expressed in United States dollars)

Maturity profile of financial assets and financial liabilities at December 31, 2020:

	No maturity to less than 6 months	Less than 1 year	1 to 5 years	Total
Financial Assets				
Due from related companies	$ 290,686,442	$ 6,348,028	$ 6,063,236	$ 303,097,705
Investments in subsidiaries	-	-	6,000	6,000
Trade and other receivables	105,692,525	-	-	105,692,525
Cash and cash equivalents	204,639,401	-	-	204,639,401
	$ 601,018,367	$ 6,348,028	$ 6,069,236	$ 613,435,630
Finacial liabilities				
Trade and other payables	113,390,075	-	-	113,390,075
Due to related companies	$ 32,349,320	$ -	$ -	$ 32,349,320
	145,739,395	$ -	$ -	145,739,395

Maturity profile of financial assets and financial liabilities at December 31, 2019:

	No maturity to less than 6 months	Less than 1 year	1 to 5 years	Total
Financial assets				
Due from related companies	$ 289,438,173	$ 11,592,626	$ 12,126,471	$ 313,157,270
Investments in subsidiaries	-	-	6,000	6,000
Trade and other receivables	368,312,612	-	-	368,312,612
Cash and cash equivalents	164,556,950	-	-	164,556,950
	822,307,735	11,592,626	12,132,471	846,032,832
Financial liabilities				
Trade and other payables	$ 242,185,433	-	-	$ 242,185,433
Due to related companies	122,121,350	-	-	122,121,350
	364,306,783	-	-	364,306,783

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Management continuously monitors forecast and actual cash flows by maintaining the maturity profiles of financial assets and financial liabilities.

The Company manages liquidity risk by maintaining banking facilities, by discounting invoices of 180 days credit period with some specific customers, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities. The Company maintains adequate highly liquid assets in the form of cash and cash equivalents to assure necessary liquidity.

(Expressed in United States dollars)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of market prices. Market risk comprise of three types of risk: foreign currency risk, interest rate risk and other price risk.

Foreign currency risk

Foreign currency is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the British pound ("GBP"), the Algerian dinar ("DZD") and the Euro ("EUR").

Foreign exchange risk arises from intercompany transactions, future commercial transactions, recognised assets and liabilities and net investments in foreign operations, which may affect the profitability and cash flows of the Company.

The table below summarises the Company's net exposure to foreign currency risk at the reporting dates. The figures in the table are the local currency converted to US dollars.

		2020		2019
Assets				
Trade and other receivables	$	176,492	$	208,891
Prepayments		500,580		497,477
Cash and cash equivalents		799,807		535,350
Liabilities				
Trade and other payables		(493,076)		(450,674)
Current income tax liabilities		-		(1,941,722)
Net assets (liabilities) exposed to foreign currency	**$**	**983,804**	**$**	**(1,150,679)**

The Company's exposure to the risk is limited as the major part of the hydrocarbon product trades are performed in the functional currency. Following the Company's sensitivity to 10% change in the US dollar against the three main foreign currencies stated, the impact on the Company's net assets would be insignificant. Therefore, the Company does not manage foreign exchange risk against US dollar through the use of financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The majority of the Company's financial assets and liabilities are non-interest bearing with the exception of the cash and cash equivalents and trade receivables and payables. As a result, the exposure of the Company's income and operating cash flows is limited to changes in market interest rates.

(Expressed in United States dollars)

Commodity price risk

The Company manages its exposure to fluctuations in commodity prices, if applicable, through the use of derivative financial instruments, futures and swaps, on a commodity exchange or with a highly rated counterparty.

Futures — Commodity futures contracts (‘futures”) are commitments either to purchase or sell a designated commodity at a specified future date for a specified price and may be settled in cash or another financial asset. Futures are standardised exchange-traded contracts. Futures have little credit risk because the counterparties are futures exchanges.

Swaps — Commodity swaps are arrangements in which a fixed-price contract for a commodity is exchanged for a floating-price contract.

At the reporting date, the Company has no exposure to commodity price risk as it has no open derivatives contracts and no crude oil inventory.

Fair value

The fair values of financial assets and liabilities are determined as follows:

- the fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices.

- the fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

- the fair value of derivative instruments is calculated using quoted market prices or valuation techniques based on observable inputs.

At the reporting date, the Company considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements; approximate their fair values.

The financial instruments carried at fair value have been categorised under the three levels of the IFRS fair value hierarchy as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.

- Level 2: valuation techniques based on observable inputs either directly (i.e, as prices) or indirectly (i.e., derived from prices).

- Level 3: valuation techniques using significant unobservable inputs.

	Carrying Amount	Fair value		
Assets		Level 1	Level 2	Level 3
Due from subsidiaries - non current	6,063,236		6,063,236	
Trade and other receivables - current	105,692,525		105,692,525	
Due from related companies - current	290,686,442		290,686,442	
Financial assets at fair value throught profit and loss				
Liabilities				
Trade and other payables - current	113,390,075		113,390,075	
Due to related companies - current	32,349,320		32,349,320	
Financial liabilities at fair value throught profit and loss				

The level 1 includes derivative contracts (futures) traded in a regulated market and the level 2 includes derivatives contracts (commodity swaps) traded over the counter (OTC)."

Capital risk management

The Company's objective when managing capital is to ensure that it will be able to continue as a going concern while maximising the return to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. There were no changes in the Company's approach to capital management during the year.

18. ULTIMATE HOLDING COMPANY

The immediate control of the Company is held by Sonatrach International Holding Corporation ("SIHC"), a company incorporated in the British Virgin Islands, which is ultimately owned by Sonatrach SpA, a wholly owned Algerian state company.

19. CURRENT EVENTS

The COVID-19 pandemic has been impacting demand since the beginning of the first quarter 2020 and has caused the price of commodities to fall significantly

The Company has taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our people in order to secure the continuity of our business activities.

The Company will continue to follow the various government policies and advice and, in parallel, will do its utmost to continue its operations in the best and safest way possible.

20. CONTINGENT LIABILITIES

In 2020, SPC BVI and EDL are involved in a legal dispute subsequent to the claim by EDL asserting prejudices caused due to a cargo deemed 'off spec' at delivery; a claim contested by SPC BVI whose agreement is with MEW (The Ministry of Energy and Water) and not EDL, and who has since duly taken back the cargo at no extra costs to MEW and provided a replacement for it. The Company's legal counsel considers that the claim ought to be dismissed for lack of merit. Therefore, no risk of liabilities has been identified and no provision has been recognised in these financial statements, as the Company's management does not consider it probable that a loss will arise.

21. EVENTS AFTER THE REPORTING DATE

On 1 July 2021, the Board of SPC BVI decided to extend the maturity date of the loans to SIHC BVI and SPIC BV to respectively 31 December 2021 and 9 January 2022. The other terms and conditions of the two loans remain unchanged.