FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF INCOME

For the years ended 31 December

in US$'000	Notes	2019	2018 Restated(i)
Continuing operations			
Revenue from contracts with customers	10.1	14,597,831	15,339,393
Cost of sales		(13,333,021)	(14,059,500)
Gross profit		**1,264,810**	**1,279,893**
Selling and operating costs	10.2	(1,481,978)	(931,555)
General and administrative expenses	10.3	(166,591)	(196,314)
Other operating income	10.4	81,124	9,078
Other operating expenses	10.4	(31,666)	(6,141)
Share of net profits and losses of associates	9.2	6,831	5,919
Operating loss / (profit)		**(327,470)**	**160,880**
Finance income	10.5	30,286	136,912
Finance costs	10.6	(323,176)	(232,394)
Net foreign exchange gains/(losses)	10.7	9,946	9,874
Loss / (profit) before tax		**(610,414)**	**75,272**
Income tax expense	11.1	(77,427)	(60,579)
Loss / (profit) after tax from continuing operations		**(687,841)**	**14,693**
Loss after tax from discontinued operations	12.1	(103,942)	(45,675)
Loss for the year		**(791,783)**	**(30,982)**
Attributable to:			
Owners of the parent		(780,531)	(25,208)
Non-controlling interests		(11,252)	(5,774)

(i) The 2018 consolidated statement of income has been restated to reflect the classification of the Australian commercial and retail fuels business under discontinued operations.

FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the years ended 31 December

in US$'000	2019	2018
Loss for the year	**(791,783)**	**(30,982)**
Other comprehensive income/(loss)		
Exchange differences on translation of foreign operations, net of tax	(329,955)	(649,215)
Profit/(loss) on assets at fair value through other comprehensive income	3,021	(668)
Other income	-	9,600
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	**(326,934)**	**(640,283)**
Remeasurement gains on defined benefit plans, net of tax	1,835	4,508
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**1,835**	**4,508**
Total comprehensive loss for the year, net of tax	**(1,116,882)**	**(666,757)**

Attributable to:		
Owners of the parent	(1,108,537)	(656,357)
Non-controlling interests	(8,345)	(10,400)

FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the years ended 31 December

in US$'000	Notes	2019	2018 restated
Assets			
Non-current assets			
Property and equipment	13	2,420,519	3,158,720
Intangible assets and goodwill	14	606,124	1,273,008
Right-of-use	15	682,257	-
Investments in associates	9.2	27,643	39,932
Other financial assets	18	89,455	88,639
Deferred tax assets	11.5	52,384	109,940
Other assets	19	101,123	121,719
Total non-current assets		**3,979,505**	**4,791,958**
Current assets			
Inventories	17	1,022,175	909,662
Other assets	19	341,684	386,294
Income tax receivable	11.4	14,993	15,934
Trade receivables	20	619,724	834,252
Other financial assets	18	31,587	89,018
Cash and cash equivalents	21	619,023	644,496
Total current assets		**2,649,186**	**2,879,656**
Asset classified as held for sale		860,117	-
Total assets		**7,488,808**	**7,671,614**
Equity and liabilities			
Equity			
Share capital	22	2,060,035	2,054,166
Retained earnings		52,256	848,955
Foreign currency translation reserve		(1,794,559)	(1,461,944)
Other components of equity		5,568	3,980
Equity attributable to owners of the parent		**323,300**	**1,445,157**
Non-controlling interests		124,076	135,909
Total equity		**447,376**	**1,581,066**
Non-current liabilities			
Interest-bearing loans and borrowings	23	2,724,934	2,828,303
Lease liabilities	24	591,189	-
Retirement benefit obligations		294	2,121
Other financial liabilities	26	4,528	10,103
Deferred tax liabilities	11.5	50,997	54,842
Provisions	25	43,042	43,444
Total non-current liabilities		**3,414,984**	**2,938,813**
Current liabilities			
Trade and other payables	27	2,619,443	2,598,873
Interest-bearing loans and borrowings	23	284,733	457,032
Lease liabilities	24	79,890	-
Other financial liabilities	26	57,860	40,799
Income tax payable	11.4	36,739	40,151
Provisions	25	21,430	14,880
Total current liabilities		**3,100,095**	**3,151,735**
Liabilities directly associated with the assets classified as held for sale		526,353	-
Total liabilities		**7,041,432**	**6,090,548**
Total equity and liabilities		**7,488,808**	**7,671,614**

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the years ended 31 December

In US$'000	Notes	Share capital	Retained earnings	Foreign currency translation reserve	Other components of equity	Total	Non-controlling interest	Total equity
		Attributable to owners of the parent						
At 1 January 2019		**2,054,166**	**848,955**	**(1,461,944)**	**3,980**	**1,445,157**	**135,909**	**1,581,066**
IFRS16 adoption		-	5,195	-	-	5,195	(407)	4,788
At 1 January 2019 - restated		**2,054,166**	**854,150**	**(1,461,944)**	**3,980**	**1,450,352**	**135,502**	**1,585,854**
Loss for the year		-	(780,531)	-	-	(780,531)	(11,252)	(791,783)
Other comprehensive income/(loss)		-	3,021	(332,615)	1,588	(328,006)	2,907	(325,099)
Total comprehensive loss		**-**	**(777,510)**	**(332,615)**	**1,588**	**(1,108,537)**	**(8,345)**	**(1,116,882)**
Dividends		-	-	-	-	-	(5,998)	(5,998)
Acquisitions/disposals of non-controlling interests	6.5	-	(2,555)	-	-	(2,555)	2,917	362
Issue of new shares		10,869				10,869		10,869
Deemed distribution to shareholders(i)		-	(10,869)	-	-	(10,869)	-	(10,869)
Reclassification to share based payment payable from employees		-	(15,139)	-	-	(15,139)	-	(15,139)
Share buy-back		(5,000)	(2,466)	-	-	(7,466)		(7,466)
Share-based payments(ii)		-	6,645	-	-	6,645	-	6,645
At 31 December 2019		**2,060,035**	**52,256**	**(1,794,559)**	**5,568**	**323,300**	**124,076**	**447,376**

(i) The line deemed distribution reflects buy–backs of shares made in relation to the Group's employee share plan and the financing of the acquisition of Puma Energy Holdings Pte Ltd shares by its shareholder PE ESP Ltd for the share based payment scheme.
(ii) The line share–based payments, includes the costs accrued during the year for the employee share plan.

In US$'000	Notes	Share capital	Retained earnings	Foreign currency translation reserve	Other components of equity	Total	Non-controlling interest	Total equity
		Attributable to owners of the parent						
At 1 January 2018		**2,054,166**	**709,196**	**(817,711)**	**185,853**	**2,131,504**	**131,100**	**2,262,604**
At 1 January 2018 – restated(i)		**2,054,166**	**895,220**	**(817,183)**	**(699)**	**2,131,504**	**131,100**	**2,262,604**
Loss for the year		–	(25,208)	–	–	(25,208)	(5,774)	(30,982)
Other comprehensive income/(loss)(i)		–	8,932	(644,761)	4,679	(631,150)	(4,626)	(635,776)
Total comprehensive loss		**–**	**(16,276)**	**(644,761)**	**4,679**	**(656,358)**	**(10,400)**	**(666,758)**
Dividends		–	–	–	–	–	(7,011)	(7,011)
Acquisitions/disposals of non-controlling interests	6.5	–	(17,580)	–	–	(17,580)	16,373	(1,207)
Deemed distribution to shareholders(ii)		–	(13,587)	–	–	(13,587)	–	(13,587)
Share-based payments(iii)		–	4,751	–	–	4,751	–	4,751
Acquisition of subsidiary	6.2	–	–	–	–	–	3,819	3,819
Other(iv)		–	(3,573)	–	–	(3,573)	2,028	(1,545)
At 31 December 2018		**2,054,166**	**848,955**	**(1,461,944)**	**3,980**	**1,445,157**	**135,909**	**1,581,066**

(i) Opening balances for 2018 have been restated across the components of equity by reclassifying US$'000 (186,552) from Other components of equity related to the hyperinflation impact in Angola to Foreign currency translation reserve US$'000 528 and Retained earnings US$'000 186,024. This restatement has also impacted the Other comprehensive income/(loss) within the year by reclassifying US$000 (80,922) previously shown under Other reserves to the Foreign currency translation reserve.
(ii) The line deemed distribution reflects buy–backs of shares made in relation to the Group's employee share plan (4.1m) and the financing of the acquisition of Puma Energy Holdings Pte Ltd shares by its shareholder PE ESP Ltd for the share based payment scheme.
(iii) The line share–based payments, includes the costs accrued during the year for the employee share plan.
(iv) Mainly includes the impact of the first–time adoption of the expected credit loss model, in line with IFRS 9.

FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended 31 December

in US$'000	Notes	2019	2018
Operating activities			
Loss before tax from continuing operations		(610,414)	75,272
Loss before tax from discontinued operations		(52,896)	(54,923)
Loss / (profit) before tax		**(663,310)**	**20,349**
Non-cash adjustments to reconcile profit before tax to net cash flows:			
Depreciation and impairment of property and equipment	10.2, 13	405,813	359,853
Amortisation and impairment of intangible assets	10.2, 14	575,555	79,604
Amortisation and impairment of lease right-of-use	15	146,074	-
Tangible and intangible assets written off		493	-
Gain on disposal of assets and investments	10.4	(79,315)	(1,188)
Net interest expense	10.5, 10.6	211,142	218,515
Lease financial costs	7.2, 12.2	68,634	-
Dividend income	10.5	(3,769)	(3,730)
Share of net profit of associate	9.2	(7,132)	(6,166)
Provisions		12,404	(1,597)
Changes in value of derivative financial instruments		115,469	(112,685)
Gain on bond exchange / modification of private placement	10.5	-	(13,803)
Effect from hyperinflation adjustment	10.6	10,602	(83,988)
Working capital adjustments:			
Increase/(decrease) in trade, other receivables and prepayments		112,243	(347,920)
Decrease/(increase) in inventories		(226,858)	101,103
Increase in trade, other payables and accrued expenses		149,730	744,685
Interest received	10.5	26,507	21,517
Dividends received from associates		1,970	2,821
Income tax paid		(62,330)	(50,070)
Net cash flows from operating activities		**793,922**	**927,300**
Investing activities			
Net proceeds from sale of subsidiaries and investments	6.6	136,499	25,290
Proceeds from sale of assets		39,177	6,759
Purchase of intangible assets	14	(8,242)	(16,767)
Purchase of property and equipment	13	(137,817)	(262,541)
Acquisitions of subsidiaries, net of cash acquired	6.3	-	(4,165)
Dividends received	10.5	2,624	3,730
Net cash flows from / (used in) investing activities		**32,241**	**(247,694)**
Financing activities			
Loans (granted)/reimbursed		(22,022)	(453)
Proceeds from/(repayment of) borrowings		(303,008)	(938,824)
Proceeds from bond issuance	23	-	750,000
Interest paid		(227,328)	(238,112)
Lease payments		(172,657)	-
Divestment/(acquisition) of non-controlling interests	6.5	-	(8,320)
Dividends paid		(5,998)	(17,262)
Deemed distribution to shareholder		(7,466)	(13,587)
Net cash flows used in financing activities		**(738,479)**	**(466,558)**
Net increase in cash and cash equivalents		**87,684**	213,048
Effects of exchange rate differences		(110,661)	(87,755)
Cash and cash equivalents at 1 January	21	644,496	519,203
Cash and cash equivalents	**21**	**621,519**	**644,496**
Less: cash and cash equivalents under discontinued operations		2,496	-
Cash and cash equivalents at 31 December under continuing operations		**619,023**	**644,496**

1. Corporate information

Puma Energy Holdings Pte Ltd (the 'Company') was incorporated in Singapore as a private company limited by shares on 2 May 2013. The registered office of the Company is 1 Marina Boulevard #28-00, One Marina Boulevard, Singapore 018989.

The principal business activities of the Company and its subsidiaries (the 'Group') are the ownership and operation of storage facilities for, and the sale and distribution of, petroleum products.

The Group is owned by Trafigura PE Holding Ltd (49.42%), Sonangol Holdings Lda (27.99%), Cochan Holdings LLC (15.48%) and other investors (7.11%).

2. Accounting methods

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value and those inventories that qualify for fair value accounting using the IAS 2 *Inventories* exemption.

The Group had current assets of US$2,649 million and current liabilities of US$3,100 million at 31 December 2019 (2018: current assets of US$2,880 million and current liabilities of US$3,152 million). Despite the fact that the Group's current liabilities exceeded the Group's current assets, the Group has access to various undrawn loan facilities as described in Note 28.2 and therefore the Group's consolidated financial statements have been prepared on a going concern basis.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at 31 December 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has all of the following:

– Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
– Exposure, or rights, to variable returns from its involvement with the investee.
– The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

– The contractual arrangement with the other vote holders of the investee.
– Rights arising from other contractual arrangements.
– The Group voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group accounting policies. All intra-Group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

– Derecognises the assets (including goodwill) and liabilities of the subsidiary.
– Derecognises the carrying amount of any non-controlling interests.
– Derecognises the cumulative translation differences recorded in equity.
– Recognises the fair value of the consideration received.
– Recognises the fair value of any investment retained.
– Recognises any surplus or deficit in profit or loss.
– Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Subsidiaries whose functional currencies have experienced a cumulative inflation rate of close to 100% over the past three years apply the rules of IAS 29 *Financial Reporting in Hyperinflationary Economies*. Gains or losses incurred upon adjusting the carrying amounts of non-monetary assets and liabilities for inflation are recognised in the income statement. The subsidiaries in Angola and Zimbabwe restate non-monetary items in the balance sheet in line with the requirements of IAS 29.

The two hyperinflationary economies applicable to the Group are Angola and Zimbabwe. The hyperinflationary treatment was applicable to Angola for the full year in 2018 but has been ceased at 31 March 2019. For Zimbabwe the hyperinflationary treatment has been applied starting with 1 January 2019. The financial statements of the major subsidiaries in these two countries are first adjusted for the effect of inflation with any gain or loss on the net monetary position recorded in the related functional lines in the consolidated income statement and then translated into US Dollars.

2.3 Summary of significant accounting policies

a) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed, are recognised at their fair value, except that:

– Deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively.
– Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (e.g. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

b) Foreign currency translation

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rates prevailing at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are converted at the exchange rate in effect at the closing date of each reporting period. These items are recorded, according to their nature, either as components of finance income or finance costs in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Group companies

The presentation currency of the Group is the US Dollar. Consolidated statement of financial position items are translated into US Dollars at the exchange rate applicable on the date of closure of the reporting period, and consolidated statement of income items are translated using the average exchange rate over the reporting period. Foreign exchange differences arising on translation for consolidation are recognised in other comprehensive income and included in consolidated shareholders' equity. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

c) Non-current assets held for sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

d) Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Interest in joint operations are recorded according to IFRS 11 *Joint Arrangements*:

- Assets, including its share of any assets held jointly.
- Liabilities, including its share of any liabilities incurred jointly.
- Revenue from the sale of its share of the output arising from the joint operation.
- Share of the revenue from the sale of the output by the joint operation.
- Expenses, including its share of any expenses incurred jointly.

The results of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The requirements of IAS 39 *Financial Instruments: Recognition and Measurement* are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 *Impairment of Assets* to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

When a Group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

e) Goodwill

Goodwill is measured as being the excess of the aggregate of the consideration transferred, the amount recognised for any non-controlling interest and the acquisition-date fair values of any previously held interest in the acquiree over the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date.

At the acquisition date, any goodwill acquired is allocated to each of the cash-generating units (CGUs) or group of CGUs expected to benefit from the combination's synergies.

Following initial recognition, goodwill is measured at cost less any impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the CGU or group of CGUs to which the goodwill relates. Where the recoverable amount of the CGU or group of CGUs is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period. For the impairment test, see note 16.

Goodwill may also arise upon investments in associates, being the surplus of the cost of investments in associates. Goodwill is included in the carrying amount of the investment in an associate and is neither amortised nor individually tested for impairment.

f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised according to the straight-line method for the periods corresponding to their expected useful lives. Intangible assets are mainly comprised of software licences (useful lives ranging from three to five years) and certain long-term concession rights related to land usage (useful lives ranging from 33 to 99 years).

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

g) Property and equipment

Property and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of any decommissioning obligation, if any, and, for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalised value of a finance lease is also included within property and equipment. Land and buildings are accounted for under the cost model. Hence no revaluation is carried out, in line with IAS 16 *Property, Plant and Equipment*.

Depreciation is provided on a straight-line basis over estimated useful lives of the respective assets, taking into account the residual value. The estimated useful lives are:

Buildings	33 years
Machinery and equipment	3 to 20 years
Other fixed assets	1 to 5 years

The expected useful lives of property and equipment are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively.

The carrying value of property and equipment is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

When significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

h) Impairment of non-financial assets

The Group assesses its non-financial assets at each reporting date for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable and, as a result, charges for impairment are recognised in the Group results from time to time.

Such indicators include changes in the Group business plans, changes in commodity prices leading to sustained unprofitable performance, an increase in the discount rate, low asset utilisation, evidence of physical damage and, for petroleum-related properties, significant downward or upward revisions of estimated volumes.

The assessment for impairment entails comparing the carrying value of the asset or CGU with its recoverable amounts being the higher of fair value less costs to sell and value in use. A CGU is the smallest group of assets whose continued use generates cash inflows that are largely independent of cash inflows generated by other groups of assets. Value in use is usually determined on the basis of discounted estimated future net cash flows. When the carrying amount of an asset or a CGU exceeds the recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. Determination as to whether and how much an asset is impaired involves management estimates on highly uncertain matters such as future commodity prices, the effects of inflation on operating expenses, discount rates and the outlook for global or regional market supply and demand conditions for petroleum products. The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years.

Goodwill and intangible assets with an indefinite useful life are subject to an annual impairment test or, more frequently, if there are indications of a loss in value.

For assets, excluding goodwill and intangible assets with an indefinite life, an assessment is made at each reporting date of whether there is an impairment and if such an indication exists, an impairment test is carried out. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Impairment losses relating to goodwill cannot be reversed in future periods.

i) Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)
The Group measures financial assets (debt instruments) at amortised cost if both of the following conditions are met:

- The financial asset is held in order to collect contractual cash flows, and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through OCI (debt instruments)
The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held with the objective of both holding to collect contractual cash flows and selling, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has transferred control of the asset

When the Group has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group 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

j) Financial liabilities

All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss.
Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 23.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

k) Derivative financial instruments

The Group utilises derivative financial instruments (shown separately in the consolidated statement of financial position under other financial assets and other financial liabilities) to economically hedge its primary market risk exposures, primarily risks related to commodity price movements, and to a lesser extent, related to exposure to foreign currency exchange and interest rate movements. For some of these derivative transactions, the Group will enter into positions through Trafigura Pte Ltd and Trafigura Derivatives Ltd. The Group has an agreement in place with Trafigura Pte Ltd and Trafigura Derivatives Ltd whereby those derivative transactions entered into on behalf of the Group by Trafigura Pte Ltd and Trafigura Derivatives Ltd are contractually binding to the Group and therefore any gains or losses arising from such transactions are strictly for the account of the Group.

Derivatives, including separated embedded derivatives, are classified as held for trading at fair values and related gains and losses are recorded in profit or loss unless they are designated as effective hedging instruments as defined by IFRS 9 The Group does not generally apply hedge accounting as defined by IFRS9.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated 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.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate 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; a discounted cash flow analysis; or other valuation models.

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (e.g. the underlying contracted cash flows).

– Where the Group will hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the reporting date, the derivative is classified as non-current (or separated into current and non-current portions) consistent with the classification of the underlying item.
– Embedded derivatives that are not closely related to the host contract are classified consistent with the cash flows of the host contract.

l) Inventory

Inventories, other than inventories held for trading purposes, are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method and comprises direct purchase costs, cost of production, transportation and manufacturing expenses. Borrowing costs are not included in the cost of inventory.

Net realisable value of petroleum products is based on the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost includes all costs incurred in the normal course of business in bringing each product to its present location and condition.

Any write-off is recognised when the probable realisable value is lower than the net book value.

With respect to inventories held for trading purposes, the Group accounts for them at fair value less costs to sell and any changes in value are recognised in profit or loss. Trading activities include optimisation of the Group's supply cycle and the supply of petroleum products to business-to-business and wholesale clients. Further details are provided in Note 17.

m) Leases

The group has applied IFRS16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS17 and IFRIC 4.

Under IAS17, in the comparative period, as a lessee the Group classified leases that transfer substantially all of the risks and rewards of ownership as finance leases. They were capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges were recognised in profit or loss.

Leased assets were depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments were recognised as an operating expense in profit or loss on a straight-line basis over the lease term.

Policy applicable from 1 January 2019

The Group adopted IFRS16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For this assessment, the Group verifies that:
- The contract involves the use of an identified asset
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.

- The Group has the right to direct the use of the asset.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices separating, whenever it has been possible, any non-lease components.

The Group as lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. Both are presented as separated items in the statement of financial position under the note 15 and the note 24.

The right-of-use assets is measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimated of costs for dismantling less any lease incentive received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability (ex: escalations). At implementation of the norm, we included any lease prepayment pending to amortise as of 31st December 2018 in the right-of-use.

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

Lease payments included in the measurement of the lease liability comprise the following:
– Fixed payments, including in-substance fixed payments;
– Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
– Amounts expected to be payable under a residual value guarantee; and
– The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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 change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, 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.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery, vehicles, vessels and IT and office equipment that have a lease term of 12 months or less and any kind of leases nature when low-value assets are concerned. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group as lessor
When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group net investment outstanding in respect of the leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are subtracted from lease on a straight-line basis over the lease term.

The accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16. However, when the Group was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

n) Cash and short-term deposits
Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

o) Provisions
Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that the Group 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 end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

p) Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. Revenue is reduced for estimated customer

returns, discounts and other similar allowances. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Rendering of services
Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

– Servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold.
– Revenue from time and material contracts is recognised at the contractual rates as labour hours and direct expenses are incurred.

Dividend and interest income
Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

q) Taxes

Current income tax
Current income tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income. Current income tax relating to items recognised in other comprehensive income is also recognised in other comprehensive income and not in profit or loss.

Deferred tax
Deferred tax assets and liabilities are recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date and for operating loss and tax credit carry forwards. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The effect on deferred tax assets and liabilities of changes in tax rates is recognised in profit or loss in the period of the enactment of the change in tax rates.

Tax exposure
In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities and such changes to tax liabilities will impact tax expense in the period that such a determination is made.

r) Share-based payments

Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). This is considered an equity-settled share scheme as the Company neither has a present legal nor constructive obligation to settle in cash, nor has a past practice or stated policy of settling in cash until today.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised in employee benefits expense, together with a corresponding increase in equity (retained earnings), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, as well as the contingent liabilities at the date of the consolidated financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events. Changes in these assumptions may materially affect the consolidated financial position or performance reported in future periods.

Impairment of assets
In accordance with IAS 36 *Impairment of Assets*, the Group performs an assessment at each reporting date to determine whether there are any

indications of impairment at each reporting date. If indications of impairment exist, an impairment test is performed to assess the recoverable amount of the assets.

Goodwill impairment
Determining whether goodwill is impaired requires an estimation of the value in use of the CGUs to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the CGU, and a suitable discount rate, in order to calculate present value. Details of the Group goodwill impairment assessment at 31 December 2019 and 2018 are described in Note 16.

Useful lives of intangible assets and property and equipment
Intangible assets and property and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets. The useful lives are estimated by management at the time the assets are acquired and are reassessed annually, with the estimated useful lives being based on historical experience with similar assets, market conditions and future anticipated events.

Provision for expected credit losses
For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting. The Group has established a provision matrix that is based on its historical credit loss experience date (taking into account the ageing of trade receivables, and geographical risk as a proxy for counterparty risk), adjusted for forward-looking factors specific to the debtors and the economic environment.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Environmental costs
Costs associated with environmental remediation obligations are provided for when the Group has a present obligation and the provision can be reasonably estimated. Such provisions are adjusted as further information develops or circumstances change.

Recovery of deferred tax assets
Judgement is required in determining whether deferred tax assets should be recognised in the consolidated statement of financial position. Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the Group will generate sufficient taxable earnings in future periods, in order to utilise recognised deferred income tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, oil and natural gas prices, reserves, operating costs, decommissioning costs, capital expenditure, dividends and other capital management transactions) and judgement about the application of existing tax laws in each jurisdiction.

To the extent that future cash flows impacting the taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted. In addition, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods.

Contingencies
By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

Determination of fair values in business combinations
The Group has applied estimates and judgements to determine the fair value of assets acquired and liabilities and contingent liabilities assumed by way of a business combination. The value of assets, liabilities and contingent liabilities recognised at the acquisition date are recognised at fair value. In determining fair value the Group has utilised valuation methodologies including discounted cash flow analysis market value assessments or replacement value by third parties for, in particular, acquired property and equipment. The market value of property and equipment is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length. The assumptions made in performing these valuations include assumptions as to discount rates, foreign exchange rates, commodity prices, the timing of development, capital costs, and future operating costs. Any significant change in key assumptions may cause the acquisition accounting to be revised including the recognition of additional goodwill or a discount on acquisition.

4. Significant events

Refinancing of and existing revolving credit facility
In April 2019 the company successfully closed a 1-year USD 350 million Revolving Credit Facility, with two 1 – year extension options, to refinance the Company's existing 1-year USD 520 million revolving credit facility dated April 2018.

Disposal of Indonesia
In July 2019 the company disposed of its operations in Indonesia.

Disposal of Paraguay
In September 2019 the company announced the sale of its business operations in Paraguay to Impala Terminals Group, a joint venture between Trafigura and IFM Global Infrastructure Fund. The transaction has been completed in January 2020.

Announced the disposal of Australia
In December 2019 the company announced the sale of its Australian commercial and retail fuels business to Chevron Australia Downstream Pty Ltd. The transaction is expected to complete by mid-2020. As a consequence this operation has been classified as asset held for sale and presented accordingly in the consolidated financial statements.

5. Changes in accounting standards

New and amended standards and interpretations
In 2019, the Group adopted the following new or amended standards and interpretations for the first time:

- IFRS 16 - *Leases* (effective for annual periods beginning on or after 1 January 2019).
- IFRIC 23 - *Uncertainty over Income Tax Treatments* (effective for annual periods beginning on or after 1 January 2019).
- Amendments to IFRS 9 - *Prepayment Features with Negative Compensation* (effective for annual periods beginning on or after 1 January 2019).
- Amendments to IAS 28 - *Long-term Interests in Associates and Joint Ventures* (effective for annual periods beginning on or after 1 January 2019).
- AIP (2015-2017 Cycle): IFRS 3 - *Business Combinations - Previously held Interests in a joint operation* (effective for annual periods beginning on or after 1 January 2019).
- AIP (2015-2017 Cycle): IFRS 11 - *Joint Arrangements - Previously held Interests in a joint operation* (effective for annual periods beginning on or after 1 January 2019).
- AIP (2015-2017 Cycle): IAS 12 - *Income Taxes - Income tax consequences of payments on financial instruments classified as equity* (effective for annual periods beginning on or after 1 January 2019).
- AIP (2015-2017 Cycle): IAS 23 - *Borrowing Costs - Borrowing costs eligible for capitalization* (effective for annual periods beginning on or after 1 January 2019).
- Amendments to IAS 19 - *Plan Amendment, Curtailment or Settlement* (effective for annual periods beginning on or after 1 January 2019).
- Amendments to IAS 1 - *Classification of liabilities as current or non-current* (effective for annual periods on or after 1 January 2022).

Standards issued but not yet effective
The standards and interpretations that have been issued or amended but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt the following standards, interpretations and amendments when they become effective, to the extent they are relevant to the Group.
- *IFRS 17 - Insurance Contracts* (effective for annual periods on or after 1 January 2021)
- Amendments to References to the Conceptual Framework in IFRS *Standards* (effective for annual periods on or after 1 January 2020)
- Amendments to IAS 1 and IAS 8 - *Definition of Material* (effective for annual periods on or after 1 January 2020)
- Amendments to IFRS 3 - *Definition of a Business* (effective for annual periods on or after 1 January 2020)

The adoption of these issued or amended standards and interpretations is not expected to have a material impact on the consolidated financial position or performance of the Group.

6.1 Business combinations and acquisition of non-controlling interests

6.1a Subsidiaries acquired in 2019

There were no new subsidiaries acquired in 2019.

6.1b Subsidiaries acquired in 2018

The following table summarises those subsidiaries acquired in 2018:

Subsidiaries acquired	Principal activity	Date of acquisition	Proportion of voting equity interests acquired %
Total, Lesotho	Fuel marketing and distribution	28 February 2018	100%
Petroci, Ivory Coast	Fuel marketing and distribution	19 September 2018	80%

6.2b Assets and liabilities recognised at date of acquisition in 2018

The fair value of the identifiable assets and liabilities of the entities acquired at the date of acquisition was:

in US$'000	Downstream segment[i]	Total
Assets		
Cash and cash equivalents	1,335	1,335
Other current assets	1,429	1,429
Property and equipment (Note 13)	21,395	21,395
Other long-term assets	580	580
Liabilities		
Trade and other payables	(1,461)	(1,461)
Other non-current liabilities	(525)	(525)
Total identifiable net assets acquired at fair value	**22,753**	**22,753**
Non-controlling interest measured at the proportionate share of the acquiree's net assets	(3,819)	(3,819)
Net assets acquired	**18,934**	**18,934**
Goodwill arising on acquisition	1,842	1,842
Gain on business combination	(9,536)	(9,536)
Purchase consideration	**11,240**	**11,240**

(i) Includes the acquisitions of Total's operations in Lesotho and Petroci in Ivory Coast.

The goodwill recognised on these acquisitions reflects the expected revenue growth, synergies, and optimised supply. None of the goodwill recognised is expected to be deductible for tax purposes.

Transaction costs of US$0.7 million have been expensed (included in selling and operating costs) and are part of the operating cash flows in the consolidated statement of cash flows.

6.3 Cash flow on acquisitions

6.3a There were no businesses acquired during 2019.

6.3b Cash flow on acquisitions in 2018

The cash flow on acquisitions made in 2018 is summarised below:

in US$'000	Downstream segment[i]	Total
Purchase consideration	(11,240)	(11,240)
Cash and cash equivalent acquired	1,335	1,335
Assets contributed	5,740	5,740
Net cash outflow	**(4,165)**	**(4,165)**

(i) Includes the acquisitions of Total's operations in Lesotho and Petroci in Ivory Coast. The acquisition of Petroci was done through a contribution in kind, with no cash outflow.

6.4 Pro forma impact of acquisitions on the results of the Group

6.4a There were no businesses acquired during 2019 with a material impact on sales and operating profit of the Group.

6.4b There were no businesses acquired during 2018 with a material impact on sales and operating profit of the Group.

6.5 Non-controlling interests acquired

6.5a Non-controlling interests acquired in 2019

There were no non-controlling interest acquired during 2019.

6.5b Non-controlling interests acquired in 2018

in US$'000	Midstream segment(i)	Downstream segment(ii)	Total
Increase / (decrease) in non-controlling interests	**(1,454)**	**17,827**	**16,373**
Change in retained earnings from non-controlling interest purchased	–	(17,581)	(17,581)
Loan granted / assets contributed	1,454	(9,284)	(7,830)
Foreign currency effects	–	717	717
Purchase consideration	**–**	**(8,321)**	**(8,321)**

(i) Includes a reduction in share capital for AS Alexela Logistics.
(ii) Includes the repurchase of a 25% stake in Puma Energy South Africa (Pty) Ltd, the sale of a 20% stake in Puma Energy Distribution Côte d'Ivoire SARL and the contribution of 25% of our Puma Energy Ivory Coast SA operations in exchange of an 80% stake in the Petroci retail network.

6.6 Sale of assets and investments

During 2019 the Group disposed activities in Indonesia on 1st July 2019 and Paraguay on 30th September 2019 as reflected by the figures in the below table. In December 2019 the company announced the sale of its Australian commercial and retail fuels business to Chevron Australia Downstream Pty Ltd. The transaction is expected to complete by mid-2020. The operation has been classified as asset held for sale but the transaction does not have any impact on the disclosure for the sale of assets and investments in 2019.

in US$'000	Notes	Downstream segment
Assets		
Cash and cash equivalents		(2,545)
Inventories		(23,078)
Receivables		(17,954)
Property and equipment	13	(51,542)
Goodwill and intangible assets	14 & 15	(14,911)
Other long term assets		(434)
Liabilities		
Trade and other payables		27,528
Other current liabilities		3,443
Non-current liabilities		2,003
Total net assets disposed of		(77,490)
Accumulated translation gains/(losses)		(35,321)
Sales proceeds		182,922
Gain on disposal		**70,111**

in US$'000	Downstream segment
Sales proceeds	183,121
Cash and cash equivalents exit	(2,545)
Receivables	(44,077)
Net cash inflow	**136,499**

7. Leases

The Group adopted IFRS16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

The Group used the following practical expedients when applying IFRS16 to leases previously classified as operating leases under IAS17:
- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- Applied for some leases the exemption to not recognise right-of-use assets and lease liabilities when less than 12 months lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

As a lessee
The Group as lessee has around 2,000 leases of different natures, mostly related to:

- Lands: either for service stations, terminals or office buildings.
- Services stations: the lease comprises a mix of land, building and equipment on the site.
- Storage capacity for fuel and bitumen inventory.
- Buildings, mainly office space and shops in service stations.
- Vessels for bitumen transport.

In addition, the Group leases some equipment and machinery, mainly for our terminals, as well some cars and IT and office equipment.

in US$'000	2019
Amortization expense of right-of-use assets	(143,780)
Interest expense on lease liabilities	(68,633)
Expense relating to short-term lease	(13,532)
Expense relating to leases of low-value assets	(895)
Variable lease expenses (recognised in cost of goods sold)	(25,248)
Variable lease expenses (recognised in general and administrative exp.)	(722)

Variable payments
It is frequent to have variable payments for terminal leases based in volume of the terminal used (throughput), as well as a variable lease payments for service stations leases based on volumes sold. These are considered as variable payments and recognised in the income statement under cost of goods sold. The amount of lease variable expense recognised in the statement of profit or loss as cost of goods sold is $25.2 million. There are other variable leases payments, mainly for offices, that are recognised in general and administrative expenses for $0.7 million.

Short-term leases and low-value assets
The Group applies the short-term lease recognition exemption to leases of machinery, vehicles, vessels and IT and office equipment whenever they have a lease term of 12 months or less. It also applies the low-value recognition exemption to leases of any nature that are considered low-value: leased assets below $5,000. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The amount of lease expense recognised in the statement of profit or loss under short-term recognition exemption is $13.5 million, and the amount of lease expense under low-value recognition exemption is $0.9 million.

As a lessor
Lessor accounting under IFRS16 is substantially unchanged from IAS17. As lessor we continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS16 did not have an impact for leases where the Group is the lessor.

in US$'000	2019
Operating Lease income	121,153
Thereof sublease income	18,286

The Group does not have any material financial lease. Concerning operational leases, the Group leases or subleases out to third and related parties some of its owned terminals' capacity, jetty rights, services stations and office space. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

7.1 Impact of IFRS16 implementation on the balance sheet

in US$'000	Notes	2019
Non-current assets		
Right-of-use - Land		204,737
Right-of-use - Buildings		30,961
Right-of-use - Service stations		178,130
Right-of-use - Storage facilities		75,413
Right-of-use - Equipment and machinery		19,479
Right-of-use - Vehicles		2,313
Right-of-use - Vessels		171,140
Right-of-use - Equipment and IT material		84
Right-of-use – Total	15	682,257
Investments in associates	9	114
Deferred tax assets		2,074
Lease prepayments		(35,859)
Other assets	19	(35,859)
Total non-current assets		**648,586**
Current assets		
Prepaid lease receivables		(9,686)
Other assets	19	(9,686)
Total current assets		**(9,686)**
Total assets		**638,900**
Retained earnings		(32,052)
Foreign currency translation reserve		2,522
Equity attributable to owners of the parent		**(29,530)**
Non-controlling interests		(1,780)
Total equity		**(31,310)**
Liabilities		
Non-current liabilities		
Finance lease		(393)
Interest-bearing loans and borrowings	23	(393)
Lease liabilities	24	591,190
Total non-current liabilities		**590,797**
Current liabilities		
Other payables and accrued liabilities		(462)
Trade and other payables	27	(462)
Finance lease		(15)
Interest-bearing loans and borrowings	23	(15)
Lease liabilities	24	79,890
Total current liabilities		**79,413**
Total liabilities		**670,210**
Total equity and liabilities		**638,900**

7.2 Impact of IFRS16 implementation on the income statement

in US$'000	2019
Continuing operations	
Purchase of product – 3rd parties	2,392
Purchase of product - related parties	43,689
Cost of sales	46,081
Gross profit	**46,081**
Rental expense	77,886
Own / chartered trucks and vessels	2,737
Amortization right-of-use assets	(104,709)
Impairment assets right-of-use	(2,294)
Selling and operating costs	(26,380)
Rental expense	5,115
General and administrative expenses	5,115
Other operating expenses	274
Share of net profits in associates and joint ventures	90
Operating profit	**25,180**
Lease liability interest expense	(51,238)
Finance costs	(51,238)
Unrealized FX differences right of use lease liabilities & sublease	(9,254)
FX differences due to lease payments	2
Net foreign exchange losses	(9,252)
Profit before tax	**(35,310)**
Income tax	2,181
Profit/(loss) after tax from discontinued operations	(5,397)
Profit for the period	**(38,526)**

Attributable to:	
Owners of the parent	(37,110)
Non-controlling interests	(1,416)

8. Segment and geographic information

8.1 Segment information

For management purposes, the Group is organised into business units based on products and services and has two reportable segments as follows:

– Midstream business activities that include refining and storage of oil and gas products internationally.
– Downstream business activities that include distribution, wholesale and retail sales of refined products.

No operating segments have been aggregated to form the above reportable operating segments.
The Group Executive Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, Group financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Year ended 31 December 2019

in US$'000	Downstream	Midstream	Consolidated
Revenue from contracts with customers	14,295,347	302,484	14,597,831
Gross profit	**1,078,847**	**185,963**	**1,264,810**
Selling and operating costs(i)	(1,259,661)	(222,317)	(1,481,978)
General and administrative expenses	(154,309)	(12,282)	(166,591)
Other operating income/(expenses), net	28,448	21,010	49,458
Share of net profits of associates	5,067	1,764	6,831
Operating loss	**(301,608)**	**(25,862)**	**(327,470)**
Finance income			30,286
Finance costs			(323,176)
Net foreign exchange losses			9,946
Loss before tax from continuing operations			**(610,414)**
Total non-current assets (excluding other financial, deferred tax and other assets)	3,100,987	635,556	3,736,543
Total current assets	2,501,543	147,643	2,649,186
Total current liabilities	3,029,135	70,960	3,100,095

(i) Selling and operating costs include:
- depreciation and amortisation of US$284.9 million thereof US$ 234.4 million on the Downstream and US$ 50.5 million on the Midstream segment.
- impairment charge of US$656.9 million thereof US$559.4 million on the Downstream and US$ 97.5 million on the Midstream segment.

Year ended 31 December 2018 - Restated

in US$'000	Downstream	Midstream	Consolidated
Revenue from contracts with customers	14,796,832	542,561	15,339,393
Gross profit	**1,115,077**	**164,816**	**1,279,893**
Selling and operating costs(ii)	(808,814)	(122,741)	(931,555)
General and administrative expenses	(184,523)	(11,791)	(196,314)
Other operating income/(expenses), net	(580)	3,517	2,937
Share of net profits of associates	3,159	2,760	5,919
Operating profit	**124,319**	**36,561**	**160,880**
Finance income			136,912
Finance costs			(232,394)
Net foreign exchange losses			9,874
Profit before tax			**75,272**
Total non-current assets (excluding other financial, deferred tax and other assets)	3,794,073	677,587	4,471,660
Total current assets	2,759,981	119,675	2,879,656
Total current liabilities	3,075,917	75,818	3,151,735

(ii) Selling and operating costs include:
- depreciation and amortisation of US$303.7 million thereof US$ 253.9 million on the Downstream and US$ 49.8 million on the Midstream segment.
- impairment charge of US$85.7 million, entirely attributable to the Downstream segment.

Selling and operating costs and general and administrative expenses that are not specifically linked to a segment operating entity are allocated on a pro–rata basis according to the relative weighting of gross profit for each segment.
Finance income/(costs), net foreign exchange losses and income tax expenses are not allocated as they do not relate to a specific segment and are managed on a Group basis. These accounts do not form part of the review of the operating segment performance monitored by management.

8.2 Geographic information

The Group is organised in four main regions:

- Americas (mainly composed of Latin America and Caribbean)
- Asia–Pacific (including Middle East and Australia)
- Africa
- Europe (including Russia)

in K m³ (unaudited)	2019 Downstream	2019 Midstream	2018 Downstream	2018 Midstream
Throughput volumes (Midstream)				
Americas	–	662	–	612
Asia–Pacific	–	4,245	–	3,595
Africa	–	3,453	–	3,294
Europe	–	5,835	–	5,934
Total	–	**14,195**	**–**	**13,435**
Sales volumes (Downstream and Midstream)				
Americas	9,221	-	9,155	-
Asia–Pacific	3,203	140	2,784	616
Africa	7,371	-	6,967	-
Europe	2,506	-	2,649	-
Total	22,301	140	**21,555**	**616**

Year ended 31 December 2019

in US$'000	Americas	Asia–Pacific	Africa	Europe	Consolidated
Revenue from contracts with customers	4,966,034	2,030,601	5,268,255	2,332,941	14,597,831
Gross profit	**485,021**	**243,060**	**453,182**	**83,547**	**1,264,810**
Selling and operating costs	(321,961)	(584,097)	(456,811)	(119,109)	(1,481,978)
General and administrative expenses	(41,762)	(28,221)	(89,068)	(7,540)	(166,591)
Other operating income/(expenses), net	71,606	(8,423)	(20,172)	6,447	49,458
Share of net profits of associates	973	488	6,287	(917)	6,831
Operating profit / (loss)	**193,877**	**(377,193)**	**(106,582)**	**(37,572)**	**(327,470)**
Total non-current assets (excluding other financial, deferred tax and other assets)	1,163,984	942,766	1,321,512	308,279	3,736,541

Year ended 31 December 2018 - restated

in US$'000	Americas	Asia–Pacific	Africa	Europe	Consolidated
Revenue from contracts with customers	5,491,927	2,215,630	5,208,590	2,423,246	15,339,393
Gross profit	**488,568**	**245,821**	**457,655**	**87,849**	**1,279,893**
Selling and operating costs	(283,295)	(250,171)	(311,813)	(86,276)	(931,555)
General and administrative expenses	(42,671)	(46,247)	(99,199)	(8,197)	(196,314)
Other operating income/(expenses), net	7,567	7,523	(11,347)	(806)	2,937
Share of net profits of associates	1,371	2,048	2,256	244	5,919
Operating profit / (loss)	**171,540**	**(41,026)**	**37,552**	**(7,186)**	**160,880**
Total non-current assets (excluding other financial, deferred tax and other assets)	1,029,597	1,601,969	1,565,580	274,514	4,471,660

Selling and operating costs and general and administrative expenses that are not specifically linked to an operating region are allocated on a pro–rata basis according to the relative weighting of gross profit for each region.
The Group has no material commercial operations and no material non-current assets in its country of incorporation, Singapore.
Non-current assets for this purpose consist of investments in associates, property and equipment, intangible assets and goodwill (Notes 9, 13 and 14).

9. Investments in associates

The following table summarises the Group's investments in associates for the years ended 31 December 2019 and 2018. None of the entities included below is listed on any public exchange.

9.1 List of investments

Associate name	Activity	Location	Proportion of voting interests held at 31 December 2019	2018
			%	%
Empresa Cubana de Gas	Fuel marketing	Caribbean	50%	50%
Puma Energy Belfast Ltd	Storage	United Kingdom	50%	50%
Emoil Petroleum Storage FZCO	Storage	United Arab Emirates	20%	20%
Oil Malal SA	Storage	Chile	33%	33%
Sakunda Petroleum (Pvt) Ltd	Fuel marketing	Zimbabwe	49%	49%
Fuel Distributors of Western Australia Pty Ltd(i)	Fuel supply and cartage	Australia	50%	50%
Bitumen Storage Services (WA) Pty Ltd (Australia)	Storage	Australia	50%	50%
RAM Petroleum (Pvt) Ltd	Fuel supply	Zimbabwe	48%	48%
High Heat Tankers Pte. Ltd.	Shipping of high heat liquid products	Singapore	50%	50%

(i) considered as part of discontinued operations

9.2 Associates summarised financial information

The following table illustrates summarised financial information of the Group's investments in associates:

in US$'000	2019	2018
Associates' assets and liabilities		
Current assets	102,988	106,869
Non-current assets	85,176	97,746
Current liabilities	(82,083)	(62,963)
Non-current liabilities	(35,733)	(54,991)
Equity	**70,348**	**86,661**
Total carrying amount of the investments	**37,634**	**39,932**
Less: discontinued operations	9,991	-
Carrying amount of the investments	**27,643**	**39,932**
Associates' revenues and net profits:		
Revenues	428,110	475,216
Profits net of tax	1,366	17,167
Total group's share of net profits of associates	**7,132**	**6,166**
Less: discontinued operations	301	247
Group's share of net profits of associates	**6,831**	**5,919**

10. Consolidated statement of income

10.1 Net sales

in US$'000	2019	2018 restated
Net sales of goods(i)	16,742,934	17,479,964
Rendering of services	447,974	440,923
Total revenue from contracts with customers	**17,190,908**	**17,920,887**
Less: discontinued operations	2,593,077	2,581,494
Revenue from contracts with customers from continuing operations	**14,597,831**	**15,339,393**

(i) Sales of goods are net of any sales taxes, value–added taxes, petroleum taxes and discounts.

10.2 Selling and operating costs

in US$'000	2019	2018 restated
Employee benefit expenses	(189,869)	(193,466)
Operating expenses	(343,628)	(491,245)
Depreciation (Note 13)	(291,334)	(317,508)
Amortisation (Note 14)	(33,128)	(36,213)
Amortisation of lease right-of-use	(143,780)	-
Impairment (Notes 13/14)(i)	(656,906)	(85,736)
Impairment assets right-of-use	(2,294)	-
Total selling and operating costs	**(1,660,939)**	**(1,124,168)**
Less: discontinued operations	(178,961)	(192,613)
Selling and operating costs from continuing operations	**(1,481,978)**	**(931,555)**

(i) The line impairment includes the write–down of various tangible and intangible assets in the Downstream segment following the yearly impairment testing process (Note 16).

10.3 General and administrative expenses

in US$'000	2019	2018 restated
Employee benefit expenses	(109,897)	(112,646)
Operating expenses	(67,355)	(98,508)
Total general and administrative expenses	**(177,252)**	**(211,154)**
Less: discontinued operations	(10,661)	(14,840)
General and administrative expenses from continuing operations	**(166,591)**	**(196,314)**

10.4 Other operating income/(expenses)

in US$'000	2019	2018 restated
Gains on disposal of operating assets	9,148	1,815
Gains on disposal of investments(i)	70,111	9
Foreign exchange gains on operations	2,921	-
Other non–operating income(ii)	-	7,188
Total other operating income	**82,180**	**9,012**
Less: discontinued operations	1,056	(66)
Other operating income from continuing operations	**81,124**	**9,078**

(i) Mainly driven by the disposal of Paraguay and Indonesia for US$71.6 million
(ii) Includes gain and loss on disposal of non-operating assets

in US$'000	2019	2018 restated
Provision for doubtful accounts	(9,737)	(2,551)
Movements in other provisions	(22,541)	(8,641)
Foreign exchange losses on operations	-	(6,087)
Other non-operating expenses(i)	(8,791)	-
Total other operating expenses	**(41,069)**	**(17,279)**
Less: discontinued operations	(9,403)	(11,138)
Other operating expenses from continuing operations	**(31,666)**	**(6,141)**

(i) Includes the value of the US$(10.3) million write-off of insurance receivable in Puerto Rico

10.5 Finance income

in US$'000	2019	2018 restated
Interest income on other loans and finance lease receivables	26,607	22,784
Gain on hyperinflation	-	83,988
Dividend income	3,769	3,730
Gain on bond exchange/modification of private placement	-	13,803
Gain on financial instruments at FVTPL	-	12,698
Total finance income	**30,376**	**137,003**

Less: discontinued operations	90	91
Finance income from continuing operations	**30,286**	**136,912**

10.6 Finance costs

in US$'000	2019	2018 restated
Interest on loans and borrowings from third parties	(224,668)	(240,776)
Interest on loans and borrowings from related parties	(13,081)	(523)
Interest on lease liability	(68,634)	-
Loss on hyperinflation[(i)]	(10,602)	-
Unwinding of discount	(1,059)	(1,354)
Other financial costs	(28,433)	(5,828)
Total finance costs	**(346,477)**	**(248,481)**
Less: discontinued operations	(23,301)	(16,087)
Finance costs from continuing operations	**(323,176)**	**(232,394)**

(i) The amount is a net between a loss in Zimbabwe and a gain in Angola

10.7 Net foreign exchange gains/(losses)

in US$'000	2019	2018 restated
Financial FX gains / (losses)	(25)	(16,401)
Net gain / (loss) on FX derivatives	9,954	26,095
Net foreign exchange gains / (losses)	**9,929**	**9,694**
Less: discontinued operations	(17)	(180)
Net foreign exchange gains / (losses) from continuing operations	**9,946**	**9,874**

11. Income tax

11.1 Current income tax expense

The major components of income tax expense for the years ended 31 December 2019 and 2018 were:

in US$'000	2019	2018 restated
Current income tax		
Current income tax charge	63,831	49,015
Adjustments in respect of current income tax of previous year	1,761	3,203
Current income tax	**65,592**	**52,218**
Deferred tax		
Relating to origination and reversal of temporary differences	615	4,148
Withholding tax		
Applicable withholding tax in the current year	11,220	4,213
Income tax expense reported in the consolidated statement of income	**77,427**	**60,579**

11.2 Income tax recognised directly in other comprehensive income

Income tax totalling US$(0.4) million (2018: US$(0.3) million) was recognised directly in other comprehensive income. The entire amount recognised related to the actuarial losses recognised during the year from the Group's various defined benefit plans.

11.3 Reconciliation of accounting profit to income tax expense

The Group's effective tax rate differs from the Company's statutory income tax rate in Singapore, which was 17% in 2019 (2018: 17%) due to the Group operating in several jurisdictions. A reconciliation between tax expense and the product of accounting profit multiplied by the Group's statutory blended income tax rate of jurisdictions the Group operates in for the years ended 31 December 2019 and 2018 was as follows:

in US$'000	2019	2018 restated
Accounting (loss)/profit before Income tax	**(610,414)**	**75,272**
Share of net profits in associates	6,831	5,919
Accounting (loss)/profit before tax net of share of net profits in associates	**(617,245)**	**69,353**
Income tax (expense) / benefit at expected statutory rate	44,164	(46,337)
Permanent differences		
Non-deductible expenses	(27,556)	(30,536)
Other non–taxable income	2,896	3,850
Capital gains or losses	38	8
Income exempt or subject to specific tax holidays	1,872	6,423
Other permanent differences	(20,048)	(8,687)
Adjustment for countries not based on net taxable income	351	27,462
Adjustments recognised in the current year in relation to current income tax of previous years	(1,779)	(3,203)
Adjustments recognised in the current year in relation to deferred income tax of previous years	(362)	5,305
Impact of rate differences on deferred tax items	(622)	(1,728)
Effect of unrecognised and unused tax losses not recognised as deferred tax assets	(56,048)	(3,752)
Withholding tax	(11,220)	(4,213)
Minimum tax and surtax	(5,449)	(3,465)
Rate difference impacts	1,569	(327)
Other adjustments	(5,233)	(1,379)
At the effective income tax rate of -13% (2018: 252%)	**(77,427)**	**(60,579)**

(i) Income exempt or subject to specific tax holidays is mainly the result from tax–specific incentives granted by certain national authorities to the Group given certain investments made by the Group that resulted in the development of local infrastructure.

The Group operates in a multitude of jurisdictions and adheres to applicable local and international tax law in the countries in which it operates, including legislation on transfer pricing. The Group's tax policy is to pay appropriate tax according to work carried out in each jurisdiction, as determined by a functional analysis of operations using standard measures wherever possible, underpinned by reports prepared to fulfil local transfer pricing requirements. The Group's effective tax rate – the average rate at which consolidated pre-tax profits are taxed – varies from year to year according to circumstances, but in 2019 it was -19.37%, excluding Australia discontinued operations the ETR is -13% (2018: 252.25%). The difference in effective tax rate between the two years is explained, by non-recognition of deferred tax assets relating to tax loss carry forwards.

11.4 Current tax assets and liabilities

Current income taxes are computed on the profit before tax presented in the consolidated statement of income adjusted to taxable profit in accordance with local tax legislation. Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. Current tax assets mainly relate to overpaid tax. Current tax liabilities relate to income tax payable.

11.5 Deferred tax assets and liabilities

	Consolidated statement of financial position		Consolidated statement of income	
in US$'000	2019	2018	2019	2018
Accelerated depreciation for tax purposes	(12,496)	(25,922)	(11,797)	(400)
Revaluations	(27,078)	(30,682)	(3,180)	(4,795)
Losses	98,206	126,470	(29,492)	(27,370)
Other temporary differences	(57,245)	(14,768)	96,131	25,884
Deferred tax expense/(income)			**51,662**	**(6,681)**
Deferred tax assets/(liabilities), net	**1,387**	**55,098**		
Reflected in the consolidated statement of financial position as follows:				
Deferred tax assets	52,384	109,940		
Deferred tax liabilities	(50,997)	(54,842)		
Deferred tax assets/(liabilities), net	**1,387**	**55,098**		

Reconciliation of net deferred tax assets/(liabilities)

in US$'000	2019	2018
Opening balance at 1 January	3,414	51,491
Tax income recognised in profit or loss during the year	(616)	6,717
Change in tax rate recognised in profit or loss during the year	-	481
Other movements during the year	(1,411)	(3,591)
Closing balance at 31 December	**1,387**	**55,098**

At 31 December 2019, the Group had unrecognised tax loss carry forwards amounting to US$ 516.7 million excluding the impact of Australia discontinued operations (2018: US$240.8million). These losses relate to subsidiaries that have had historical losses, which have an expiry date of more than four years. These losses may not be used to offset taxable income elsewhere in the Group and where the subsidiaries have no taxable temporary differences nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets.

At 31 December 2019, the Group had unrecognised other temporary differences amounting to US$2.7million (2018: US$0.9million). These temporary differences have no expiry date. If the Group was able to recognise all unrecognised deferred tax assets, profit would increase by US$69.1million (2018: US$56.9million).

11.6 Tax uncertainties

The Group operates in numerous jurisdictions worldwide resulting in cross–border intercompany transactions whereby the transfer pricing rules applied in one country have an impact on the results in another country. Due to complexity of tax rules, interpretation by local taxing authorities can differ from the Group's interpretation based on opinions provided by local tax counsel.

In countries where the Group starts new operations or alters business models, the issue of having a permanent establishment and profit allocation thereto may arise. The risk is that tax authorities in multiple jurisdictions claim taxation rights over the same profit.

12. Discontinued operations

In December 2019 the company announced the sale of its Australian commercial and retail fuels business. The operation is part of the Downstream segment and the Asia-Pacific region of the group. The transaction is expected to complete by mid-2020. The operation has been classified as a disposal group held for sale.

12.1 Statement of income from discontinued operations

in US$'000	2019	2018
Revenue from contracts with customers	2,593,077	2,581,494
Cost of sales	(2,425,077)	(2,401,831)
Gross profit	**168,000**	**179,663**
Selling and operating costs	(178,961)	(192,613)
General and administrative expenses	(10,661)	(14,840)
Other operating income	1,056	(66)
Other operating expenses	(9,403)	(11,138)
Share of net profits and losses of associates	301	247
Operating profit	**(29,668)**	**(38,747)**
Finance income	90	91
Finance costs	(23,301)	(16,087)
Net foreign exchange gains/(losses)	(17)	(180)
Loss before tax	**(52,896)**	**(54,923)**
Income tax expense	(51,046)	9,248
Loss for the year from discontinued operations	**(103,942)**	**(45,675)**

Attributable to:		
Owners of the parent	(103,942)	(45,675)
Non-controlling interests		

12.2 Impact of IFRS16 implementation on the income statement from discontinued operations

in US$'000	2019
Gross profit	**-**
Rental expense	45,049
Amortization right-of-use assets	(39,071)
Impairment charge / (reversal)	3,616
Selling and operating costs	9,594
Rental expense	2,391
General and administrative expenses	2,391
Other operating expenses	13
Operating profit	**11,998**
Lease liability interest expense	(17,395)
Finance costs	(17,395)
Profit before tax	**(5,397)**
Income tax	-
Profit for the period	**(5,397)**

12.3 Net sales from discontinued operations

in US$'000	2019	2018
Net sales of goods(i)	2,428,298	2,438,664
Rendering of services	164,779	142,830
Revenue from contracts with customers	**2,593,077**	**2,581,494**

(i) Sales of goods are net of any sales taxes, value–added taxes, petroleum taxes and discounts.

12.4 Selling and operating costs from discontinued operations

in US$'000	2019	2018
Employee benefit expenses	(53,354)	(44,612)
Operating expenses	(46,953)	(97,261)
Depreciation (Note 13)	(35,710)	(39,633)
Amortisation (Note 14)	(3,873)	(10,351)
Amortisation of lease right-of-use	(39,071)	-
Impairment (Notes 13/14)	-	(756)
Selling and operating costs	**(178,961)**	**(192,613)**

12.5 General and administrative expenses from discontinued operations

in US$'000	2019	2018
Employee benefit expenses	(6,684)	(10,075)
Operating expenses	(3,977)	(4,765)
General and administrative expenses	**(10,661)**	**(14,840)**

12.6 Other operating income/(expenses) from discontinued operations

in US$'000	2019	2018
Gains / (losses) on disposal of assets	971	(66)
Foreign exchange gains on operations	85	-
Other operating income	**1,056**	**(66)**

in US$'000	2019	2018
Provision for doubtful accounts	(5,113)	(540)
Movements in other provisions	(958)	(2,621)
Foreign exchange losses on operations	-	(195)
Other non-operating expenses(i)	(3,332)	(7,782)
Other operating expenses	**(9,403)**	**(11,138)**

12.7 Finance income from discontinued operations

in US$'000	2019	2018
Interest income on other loans and finance lease receivables	90	91
Finance income	**90**	**91**

12.8 Finance costs from discontinued operations

in US$'000	2019	2018
Interest on loans and borrowings from third parties	(2,283)	(2,777)
Interest on loans and borrowings from related parties	(3,622)	(13,234)
Lease financial costs	(17,396)	-
Unwinding of discount	-	(76)
Finance costs from continuing operations	**(23,301)**	**(16,087)**

12.9 Statement of financial position from discontinued operations

in US$'000	2019
Assets	
Non-current assets	
Property and equipment	216,383
Intangible assets and goodwill	63,036
Right-of-use (IFRS16)	418,890
Investments in associates	9,992
Other financial assets	-
Deferred tax assets	3,085
Other assets	218
Total non-current assets	**711,604**
Current assets	
Inventories	65,835
Other assets	5,389
Income tax receivable	-
Trade receivables	74,791
Other financial assets	-
Cash and cash equivalents	2,496
Total current assets	**148,511**
Total assets held for sale	**860,115**
Non-current liabilities	
Interest-bearing loans and borrowings	-
Lease liabilities	401,168
Retirement benefit obligations	-
Other financial liabilities	294
Deferred tax liabilities	3,085
Provisions	2,192
Total non-current liabilities	**406,739**
Current liabilities	
Trade and other payables	86,418
Interest-bearing loans and borrowings	69
Lease liabilities	29,274
Other financial liabilities	-
Income tax payable	-
Provisions	3,853
Total current liabilities	**119,614**
Total liabilities	**526,353**
Net assets associated with the disposal group	**333,762**

Statement of cash flows from discontinued operations

in US$'000	2019
Net cash flows from operating activities	**38,261**
Net cash flows used in investing activities	**(35,587)**
Net cash flows from financing activities	**(3,337)**
Net decrease in cash and cash equivalents	(663)
Effects of exchange rate differences	(444)
Cash and cash equivalents at 1 January 2019	3,603
Cash and cash equivalents at 31 December 2019 under discontinued operations	2,496

13. Property and equipment

in US$'000	Land and buildings	Machinery and equipment	Motor vehicles	Office and IT equipment	Fixed assets in progress	Total
Cost						
At 1 January 2018	**1,472,231**	**3,435,271**	**182,880**	**99,386**	**158,077**	**5,347,845**
Additions(i)	52,598	77,744	15,262	7,019	109,918	262,541
Sale of interest in subsidiary	(4,345)	(273)	(93)	(79)	-	(4,790)
Disposals	(7,133)	(19,947)	(11,415)	(3,230)	(261)	(41,986)
Acquisitions of subsidiaries (Note 6.2)	15,375	4,363	-	116	1,541	21,395
Write–offs	(2,022)	(29,804)	(856)	(1,261)	-	(33,943)
Reclassifications	31,207	100,475	6,071	953	(145,614)	(6,908)
Exchange adjustment(i)	(212,555)	(342,840)	(17,914)	(6,745)	(12,330)	(592,384)
At 31 December 2018	**1,345,356**	**3,224,989**	**173,935**	**96,159**	**111,331**	**4,951,770**
Additions(i)	7,164	47,386	6,937	4,278	72,052	137,817
Sale of interest in subsidiary	(40,232)	(56,679)	(1,814)	(2,892)	(1,690)	(103,307)
Disposals	(21,964)	(12,259)	(11,669)	(1,448)	1,256	(46,084)
Write–offs	(1,284)	(1,739)	(77)	(366)	-	(3,466)
Reclassifications	22,803	48,681	2,043	5,851	(86,095)	(6,717)
Exchange adjustment, other(i)	(105,324)	(192,867)	(2,764)	(2,808)	(3,844)	(307,607)
Total costs at 31 December 2019	**1,206,519**	**3,057,512**	**166,591**	**98,774**	**93,010**	**4,622,406**
Less: assets held for sale	(71,462)	(222,089)	(57,526)	(19,641)	(896)	(371,614)
Cost at 31 December 2019 for continuing operations	**1,135,058**	**2,835,423**	**109,065**	**79,133**	**92,114**	**4,250,793**
Depreciation and impairment						
At 1 January 2018	**(438,585)**	**(1,161,324)**	**(76,957)**	**(56,555)**	-	**(1,733,421)**
Depreciation (Note 10.2)	(50,619)	(228,008)	(21,712)	(17,169)	-	(317,508)
Sale of interest in subsidiary	192	13	43	76	-	324
Disposals	3,945	18,725	11,199	3,286	-	37,155
Impairment (Note 10.2)	(18,728)	(18,439)	(4,145)	(1,033)	-	(42,345)
Write–offs	2,022	29,804	856	1,261	-	33,943
Exchange adjustment, other(i)	102,614	113,958	7,749	5,007	(526)	228,802
At 31 December 2018	**(399,159)**	**(1,245,271)**	**(82,967)**	**(65,127)**	**(526)**	**(1,793,050)**
Depreciation (Note 10.2)	(46,548)	(210,530)	(20,254)	(14,002)	-	(291,334)
Sale of interest in subsidiary	11,633	36,462	1,214	2,456	-	51,765
Disposals	3,608	4,198	8,660	1,416	-	17,882
Impairment (Note 10.2)	(33,996)	(75,787)	(869)	(3,827)	-	(114,479)
Write–offs	791	1,739	77	366	-	2,973
Reclassifications	(4,149)	1,488	2,814	(952)	-	(799)
Exchange adjustment, other(i)	49,484	86,905	1,522	3,099	526	141,536
Total depreciation and impairment at 31 December 2019	**(418,336)**	**(1,400,796)**	**(89,803)**	**(76,571)**	**-**	**(1,985,506)**
Less: assets held for sale	21,483	90,652	28,749	14,348	-	155,232
Depreciation and impairment at 31 December 2019 for continuing operations	**(396,853)**	**(1,310,144)**	**(61,054)**	**(62,223)**	**-**	**(1,830,274)**
Net book value for continuing operations						
At 31 December 2019	738,205	1,525,279	48,011	16,910	92,114	2,420,519
At 31 December 2018	946,197	1,979,718	90,968	31,032	110,805	3,158,720

(i) Includes the impact from hyperinflation adjustment in Angola and Zimbabwe, for a net amount of US$8.7 million (2018: US$74.2 million).

Certain items included in property and equipment are pledged as collateral for the third–party loans granted to certain of the Group's affiliates amounting to US$53 million (2018: US$52 million). The Group does not hold any property for investment purposes.

Exchange rate adjustments reflect the translation effects from movements in foreign currencies against the US Dollar.

All property, plant and equipment is valued at historic cost, and no revaluations are made, in line with Group policy.

14. Intangible assets and goodwill

in US$'000	Goodwill	Licences	Other intangibles	Total
Cost or valuation				
At 1 January 2018	**1,076,413**	**91,161**	**475,161**	**1,642,735**
Acquisitions/disposals of subsidiaries (Note 6.2)	1,842	-	-	1,842
Additions	-	11,884	4,883	16,767
Sale of interest in subsidiary	(5,411)	(117)	(2,343)	(7,871)
Disposals	-	(677)	(2,100)	(2,777)
Exchange adjustment(i)	(75,490)	(4,774)	(51,558)	(131,822)
Reclassifications	-	2,577	4,331	6,908
Write–offs	-	(123)	(8,307)	(8,430)
At 31 December 2018	**997,354**	**99,931**	**420,067**	**1,517,352**
Additions	-	5,852	2,390	8,242
Sale of interest in subsidiary (Note 6.6)	(9,229)	(389)	(33,341)	(42,959)
Disposals	-	(387)	(2,042)	(2,429)
Exchange adjustment, other(i)	(3,108)	(628)	(24,393)	(28,129)
Reclassifications	-	431	2,950	3,381
Total cost or valuation at 31 December 2019	**985,017**	**104,810**	**365,631**	**1,455,458**
Less: assets held for sale	(49,419)	(14,181)	(46,971)	(110,571)
Cost or valuation at 31 December 2019 for continuing operations	**935,598**	**90,629**	**318,660**	**1,344,887**
Amortisation and impairment				
At 1 January 2018	**(25,988)**	**(51,434)**	**(111,453)**	**(188,875)**
Amortisation charge for the year (Note 10.2)	-	(10,685)	(25,528)	(36,213)
Impairment (Note 10.2)	(41,114)	(133)	(2,144)	(43,391)
Sale of interest in subsidiary (Note 6.6)	-	101	432	533
Disposals	-	673	1,318	1,991
Exchange adjustment, other(i)	-	4,310	8,871	13,181
Write–offs	-	123	8,307	8,430
At 31 December 2018	**(67,102)**	**(57,045)**	**(120,197)**	**(244,344)**
Amortisation charge for the year (Note 10.2)	-	(14,752)	(18,376)	(33,128)
Impairment (Note 10.2)	(542,336)	(41)	(50)	(542,427)
Sale of interest in subsidiary (Note 6.6)	9,228	326	21,525	31,079
Disposals	-	386	165	551
Exchange adjustment, other(i)	(2,787)	650	4,108	1,971
Total amortisation and impairment at 31 December 2019	**(602,997)**	**(70,476)**	**(112,825)**	**(786,298)**
Less: assets held for sale	-	13,740	33,795	47,535
Amortisation and impairment at 31 December 2019 for continuing operations	**(602,997)**	**(56,736)**	**(79,030)**	**(738,763)**
Net book value:				
At 31 December 2019	332,601	33,893	239,630	606,124
At 31 December 2018	930,252	42,886	299,870	1,273,008

(i) Includes the impact from hyperinflation adjustment in Angola and Zimbabwe, for a net amount of US$(0.4) million (2018: US$ 8.6 million).

15. Right-of-use

in US$'000	Land	Buildings	Service stations	Storage facilities	Equipment and machinery	Vehicles	Vessels	Equipment and IT material	Total
Cost									
At 1 January 2018	-	-	-	-	-	-	-	-	-
At 31 December 2018	-	-	-	-	-	-	-	-	-
Additions	260,562	260,211	404,341	93,957	21,330	3,497	207,104	156	1,251,158
Decrease	(5)	(3)	(18)	-	-	-	-	-	(26)
Write-off	(370)	(611)	(981)	(9)	-	(195)	-	-	(2,166)
Reclassification	633	-	-	-	-	-	-	-	633
Sale of interest in subsidiaries	(3,104)	-	(68)	(541)	-	-	-	-	(3,713)
Exchange adjustment , other	(5,121)	1,255	450	1,788	117	26	-	(1)	(1,486)
Total cost at 31 December 2019	**252,595**	**260,852**	**403,724**	**95,195**	**21,447**	**3,328**	**207,104**	**155**	**1,244,400**
Assets held for sale	(26,467)	(222,266)	(200,416)	(8,949)	(58)	-	-	-	(458,156)
Cost at 31 December 2019 for continuing operations	**226,128**	**38,586**	**203,308**	**86,246**	**21,389**	**3,328**	**207,104**	**155**	**786,244**

in US$'000	Land	Buildings	Service stations	Storage facilities	Equipment and machinery	Vehicles	Vessels	Equipment and IT material	Total
Amortisation and impairment									
At 1 January 2018	-	-	-	-	-	-	-	-	-
At 31 December 2018	-	-	-	-	-	-	-	-	-
Amortization	(22,607)	(25,095)	(46,293)	(11,071)	(1,477)	(1,202)	(35,964)	(71)	(143,780)
Impairment	(1,499)	(149)	-	(235)	(411)	-	-	-	(2,294)
Write-off	371	611	981	8	-	195	-	-	2,166
Sale of interest in subsidiaries	349	-	7	324	-	-	-	-	680
Exchange adjustment , other	282	(77)	4	(199)	(28)	(8)	-	-	(26)
Total amortisation and impairment at 31 December 2019	**(23,104)**	**(24,710)**	**(45,301)**	**(11,173)**	**(1,916)**	**(1,015)**	**(35,964)**	**(71)**	**(143,254)**
Assets held for sale	1,712	17,086	20,122	340	7	-	-	-	39,267
Amortisation and impairment at 31 December 2019 for continuing operations	**(21,392)**	**(7,624)**	**(25,179)**	**(10,833)**	**(1,909)**	**(1,015)**	**(35,964)**	**(71)**	**(103,987)**
At 31 December 2019	204,736	30,962	178,129	75,413	19,480	2,313	171,140	84	682,257
At 31 December 2018	-	-	-	-	-	-	-	-	-

16. Impairment testing of goodwill and intangible assets with indefinite lives

Goodwill acquired through business combinations and intangible assets with indefinite lives have been allocated to two cash–generating units (CGUs), which are also operating and reportable segments, for impairment testing as follows:

– Midstream CGU.
– Downstream CGU.

The carrying amount of goodwill (other than goodwill relating to discontinued operations) was allocated to CGUs as follows:

in US$'000	2019	2018
Midstream unit	41,084	41,170
Downstream unit(i)	340,936	889,082
Total carrying amount of goodwill	**382,020**	**930,252**
Less: discontinued operations	49,419	-
Carrying amount of goodwill in continuing operations	**332,601**	**930,252**

(i) During the year, the Group took an impairment of US$ 542.3million on goodwill mainly on operations in Australia. (2018: US$ 41.1million on goodwill, related to operations in Nigeria and Pakistan)

Midstream CGU:

The Midstream CGU relates to entities with refining and storage facilities. The recoverable amounts of the net assets tested under this cash–generating unit have been determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the Board of Directors covering a five–year period, and an average post–tax discount rate of 8.66% per annum (2018: 8.27%). The discount rate is calculated as a weighted average cost of capital, based on the implied yield on the Group's Senior Notes, and a cost of equity for each country.

Cash flow projections during the budget period are based on the same expected gross margins and raw materials price inflation throughout the budget period. The cash flows beyond that five–year period have been extrapolated using a continuous 1.0% per annum growth rate (2018: 1.0%).

Downstream CGU:

The Downstream CGU pertains to entities that include distribution of refined oil and gas products. The recoverable amount of the net assets tested under this CGU have been determined based on a value in use calculation except for the Australia commercial and retail fuels business CGU. This method uses cash flow projections based on financial budgets approved by the Board of Directors covering a five–year period, and an average post–tax discount rate of 8.92% per annum (2018: 8.26%). The discount rate is calculated as a weighted average cost of capital, based on the implied yield on the Group's Senior Notes, and a cost of equity for each country.

Cash flow projections during the budget period are based on the same expected gross margins and raw materials price inflation throughout the budget period. The cash flows beyond that five–year period have been extrapolated using a steady 2.0% per annum growth rate (2018: 2.0%).

In the case of the Australia commercial and retail fuels business CGU, classified as held for sale, the recoverable amount has been defined as the fair value less costs to sell, as this amount is lower than the carrying amount. Consequently, we have recognised an impairment loss as per IFRS5.20 on the difference between the fair value less costs to sell (calculated as per our sale agreement with the buyer and costs to sale estimations) and the carrying amount we had at the reporting date. The impairment was fully applied to goodwill for US$ 412.1 million.

16.1 Key assumptions used in value in use calculations

Gross profits – Gross profits are based on average values achieved in the three years preceding the start of the budget period, adjusted for any new investments or change in market dynamics. These are volume–driven and are increased over the budget period according to the expected gross domestic product growth and applicable local petroleum regulations of each country where the units operates.

Discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital. The weighted average cost of capital takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on its Interest-bearing loans and borrowings that the Group is obliged to service. Segment–specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on management's knowledge of the particular markets in which it operates.

Petroleum product prices – Forecasted commodity prices are publicly available.

Market share assumptions – These assumptions are important because, as well as using industry data for growth rates (as noted below), management assesses how the unit's position, relative to its competitors, might change over the budget period. Management expects the Group's share of the petroleum product market to be stable over the budget period.

Growth rate estimates – Rates are based on management's estimates.

16.2 Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the midstream and downstream units, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

A reduction by 10% of the cash flows from the current level expected or an increase of the WACC by 2% in the impairment testing would lead to a discounted cash flow level below net book value in Colombia, Ghana, Puerto Rico and South Africa. For the CGUs in the other countries such a reduction in cash flows would not trigger a need for impairment.

17. Inventories

in US$'000	2019	2018
Petroleum inventories at fair value[i]	468,506	204,770
Petroleum product inventories at lower of cost and net realisable value, net	545,246	689,696
Merchandise inventories, net	8,423	15,196
Total inventories, net	**1,022,175**	**909,662**

(i) As indicated in Note 2.3.l, inventories held for trading purposes are stated at fair value less costs to sell and any changes in net fair value are recognised in profit or loss. Certain of the Group's subsidiaries engage in commodity trading activities for which the exemption stipulated in IAS 2 *Inventories for commodity broker–traders* applies. Trading activities undertaken include optimisation of the Group's supply cycle and the supply of petroleum products to business–to–business and wholesale clients.

The cost of inventories recognised in cost of sales in 2019 amounted to US$13,134 million (2018: US$16,135 million). Out of the total net inventories held US$ 22.2 million have been pledged at 31 December 2019 (2018: US$ 130.6 million).

18. Other financial assets

in US$'000	2019	2018
Financial assets carried at fair value through profit or loss[i]	47,732	106,972
Finance lease receivable[ii]	2,652	3,255
Loans to other entities[iii]	52,658	43,057
Financial assets (equity) at fair value through OCI[iv]	16,287	18,933
Other financial assets[v]	1,713	5,440
Total other financial assets	**121,042**	**177,657**
Of which due from related parties (Note 28)	34,124	23,794
Current	31,587	89,018
Non-current	89,455	88,639
	121,042	**177,657**

(i) All held for trading derivatives are swaps and commodity futures. Besides trading derivatives the account also includes a bond held in Angola and an equity instrument in Senegal.
(ii) The Group has a finance lease arrangement for petroleum storage equipment.
(iii) The Group makes a limited number of loans to third and related parties. Management believes that none of these loans should be impaired however they are subject to loss provisions in line with IFRS 9.
(iv) Includes the investment in APN Retail Property Fund in Australia.
(v) Includes the investment in a storage company, and debt securities.

19. Other assets

in US$'000	2019	2018
Prepayments, deposits and guarantees[i]	88,666	152,363
Other tax receivables[ii]	236,951	269,694
Other receivables	117,190	85,956
Total other assets	**442,807**	**508,013**
Of which due from related parties (Note 28)	56,534	7,278
Current	341,684	386,294
Non-current	101,123	121,719
	442,807	**508,013**

(i) Prepayments, deposits and guarantees mainly include payments made for the purchase of equipment and construction materials, capital expenditure prepayments, as well as other guarantees and deposits.
(ii) Other tax receivables include non–income tax related items such as VAT and petroleum tax receivables.

20. Trade receivables

Trade and other accounts receivable include the short-term portion of trade accounts receivable and related accounts.

in US$'000	2019	2018
Trade receivables	**619,724**	**834,252**
Of which due from related parties (Note 28)	149,118	267,031

Trade receivables are non–Interest-bearing and are generally on cash to 30 day terms. At year–end Group days of sales outstanding amounted to 12.4 days (2018: 12.3 days).

The impairment recognised represents the difference between the carrying amount of the trade receivables and the present value of the expected proceeds. The Group does not hold any collateral over these balances. As illustrated below, there were no significant movements in the allowance for impairment of receivables (see credit risk disclosure in Note 30.3 for further guidance).

The movement in the allowance for doubtful debts was as follows:

in US$'000	2019	2018
Balance at beginning of the year	(18,864)	(15,212)
Impairment losses recognised on receivables(i)	(2,439)	(9,226)
Amounts written off during the year as uncollectible	920	(394)
Amounts recovered during the year	514	3,774
Disposal of subsidiary	(635)	538
Foreign exchange translation gains and (losses), other	128	1,341
Balance at end of the year	**(20,376)**	**(19,179)**

(i) Includes additional provision of US$ 1.1million (2018: US$2.1 million) recorded, to reflect expected credit losses, in accordance with IFRS 9.

Set out below is the information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix at 31 December, in line with IFRS 9:

			Days past due				
At 31 December 2019 – in US$'000	**Total**	Current	< 90 days	90 -180 days(ii)	180 – 360 days	>360 days
Expected credit loss rate	–	–	–	–	35%	70%
Gross carrying amount	**485,058**	375,615	81,631	6,810	9,887	11,115
Expected credit loss	**(11,241)**	**–**	**–**	**–**	**(3,460)**	**(7,781)**

			Days past due			
At 31 December 2018 – in US$'000	**Total**	Current	< 90 days	90 -180 days(ii)	180 – 360 days	>360 days
Expected credit loss rate	**–**	–	–	–	35%	70%
Gross carrying amount	**586,400**	487,639	78,236	4,527	2,943	13,055
Expected credit loss	**(10,169)**	**–**	**–**	**–**	**(1,030)**	**(9,139)**

(ii) No provision has been recorded on receivables due between 90 and 180 days. Based on past experience, the Group has grounds to believe that these receivables should not be impaired.

Receivables from related parties are neither past due nor impaired and are therefore excluded from the table above.

At 31 December, the ageing analysis of trade receivables from third parties (net of allowance for doubtful debts) was as follows:

		Neither past due nor	Past due but not impaired			
in US$'000	**Total**	impaired	< 90 days	90 -180 days	180 – 360 days	>360 days
2019	470,516	390,236	65,659	14,621	–	–
2018	**567,221**	482,164	78,595	4,946	1,516	–

20.1 Receivables sold without recourse

At 31 December 2019, trade receivables of US$283.7 million (2018: US$297.1 million), related to the United Kingdom, Australia, Guatemala and our aviation operations had been sold without recourse.

21. Cash and cash equivalents

in US$'000	2019	2018
Cash at banks and on hand	388,108	441,721
Restricted cash	5,418	5,803
Short-term deposits	225,497	196,972
Cash and short-term deposits	**619,023**	**644,496**

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

22. Capital and reserves

Shares	2019	2018
Registered share capital[(i)]		
107,198,551 ordinary shares	356,869	351,000
1 share for Trafigura PE Holding Limited of US$830,967 thousand	830,967	830,967
1 share for Sonangol Holdings Lda of US$510,950 thousand	510,950	510,950
1 share for Cochan Holdings LLC of US$255,475 thousand	255,475	255,475
1 share for PE Investments Limited of US$105,774 thousand	105,774	105,774
Total share capital	**2,060,035**	**2,054,166**

(i) At 31 December 2019, the Group had 107,198,555 shares issued.

23. Interest-bearing loans and borrowings

in US$'000	2019	2018
Unsecured – at amortised cost		
Senior notes[(i)]	1,576,168	1,605,497
Bank overdrafts	98,783	167,705
Obligations under finance leases	52	478
Accrued interest	37,324	39,280
Unsecured bank loans[(ii)]	1,272,949	1,431,472
Related parties	16,155	1,192
	3,001,431	**3,245,624**
Secured – at amortised cost		
Secured bank loans[(ii)(iii)]	8,236	39,711
	8,236	**39,711**
Total Interest-bearing loans and borrowings	**3,009,667**	**3,285,335**
Of which due to related parties (Note 28)	16,630	1,192
Current	284,733	457,032
Non-current	2,724,934	2,828,303
	3,009,667	**3,285,335**

(i) Includes US$ 600 million of 5.125% Senior Notes maturing in 2024, US$ 750 million of 5% Senior Notes maturing in 2026, a 2.65% private placement of EUR 200 million, repayable in instalments and maturing in 2024, and a 5.87% private placement of US$ 100 million, maturing in 2023.

(ii) Secured and unsecured bank loans consist of fixed and floating rate loans, for which the weighted average effective interest rate (including arrangement fees) was 6.7% for the year ended 31 December 2019 and 5.6% for the year ended 31 December 2018. The Group economically hedges a portion of the loans for interest rate risk via an interest rate swap, exchanging variable rate interest for fixed rate interest. The fair value of Interest-bearing loans and borrowings for disclosure purposes is based on quoted prices in an active market for similar liabilities. These financial instruments are fair valued, based on Level 2 measurement.

(iii) Bank loans are secured by mortgages over certain of the Group's assets (mainly inventories, qualifying receivables, shares of certain subsidiaries and other long-term assets). The total value of the pledged assets at 31 December 2019 was US$156.3 million (2018: US$303 million).

Loan maturity schedule

in US$'000	2019	2018
Not later than one year	284,733	457,032
Later than one year and not later than five years	1,974,934	1,440,166
Later than five years	750,000	1,388,137
Total Interest-bearing loans and borrowings	**3,009,667**	**3,285,335**

In addition to the aforementioned debt facilities, the Group entered into a US$1.5 billion loan with Trafigura Pte Ltd. This loan was not drawn at 31 December 2019 and 2018, and consists of a US$500 million committed revolving credit facility and a US$1.0 billion uncommitted revolving credit facility. This loan is not secured and bears interest of 8.0% per annum (2018: 8.1% per annum). The loan will mature on September 2023.

24. Lease liabilities

in US$'000	2019
Lease liabilities - non-current (3rd parties)	452,532
Lease liabilities - non-current (related parties)	138,656
Lease liabilities - current (3rd parties)	50,578
Lease liabilities - current (related parties)	29,313
Total lease liabilities	**671,079**
Of which due to related parties (Note 28)	167,969
Current	79,890
Non-current	591,189
	671,079
Lease liability maturity	
Within one year	79,890
After one year, but less than 5 years	311,366
More than 5 years	279,823
	671,079

Reconciling operating lease commitments shown in off balance sheet commitments at 31 December 2018 with lease liabilities opening balance 1 January 2019 as per IFRS16

in US$'000	
Operating lease commitments as at 31 December 2018	**754,647**
Weighted average incremental borrowing rate	6.6%
Discounted operating lease commitments as at 1 January 2019	503,678
Less: Commitments relating to short-term and low-value assets	(11,128)
Add: Options (renewals and terminations) not recognised as at 31 December 2018	643,759
Leases liabilities as at 1 January 2019(i)	**1,136,309**

(i) Includes lease liabilities in our discontinued operations

25. Provisions

in US$'000	Employee–related provisions(i)	Provisions for contingencies and expenses(ii)	Provision for remediation(iii)	Total
At 1 January 2019	9,951	26,623	21,750	58,324
Arising during the year	804	14,326	807	15,937
Utilised	(37)	(1,813)	-	(1,850)
Unused amounts reversed	(1,216)	-	(47)	(1,263)
Other movements	-	(110)	-	(110)
Foreign exchange translation gains and losses	(43)	(1,058)	580	(521)
Assets held for sale	(3,385)	(2,660)	-	(6,045)
At 31 December 2019	**6,074**	**35,308**	**23,090**	**64,472**
Current	3,714	17,356	360	21,430
Non-current	2,360	17,952	22,730	43,042
	6,074	**35,308**	**23,090**	**64,472**
At 31 December 2018				
Current	7,289	7,188	403	14,880
Non-current	2,662	19,435	21,347	43,444
	9,951	**26,623**	**21,750**	**58,324**

(i) Employee–related provisions mainly reflect holiday accruals, provision for employee benefits as well as provisions for long service leave in Australia and Papua New Guinea.
(ii) Provisions for contingencies and expenses mainly relate to operations in El Salvador, Congo DRC and Papua New Guinea. They also include the provisions created in the captive insurance company of the group.
(iii) Remediation provisions mainly relate to the UK business acquired in 2015.

26. Other financial liabilities

in US$'000	2019	2018
Financial liabilities carried at fair value through profit or loss(i)	57,860	10,749
Vendor loan – third parties(ii)	352	30,469
Other liabilities	4,176	9,684
Total other financial liabilities	**62,388**	**50,902**
Of which due to related parties (Note 28)	–	–
Current	57,860	40,799
Non-current	4,528	10,103
	62,388	**50,902**

(i) Derivative positions include commodity futures, commodity swaps and interest rate swaps used to economically hedge certain of the Group's financial risks. A substantial portion of the derivatives are transacted with Trafigura Pte Ltd and Trafigura Derivatives Ltd.
(ii) In 2018 it included a vendor loan granted for capex payables related to the Matola terminal in Mozambique. This has been repaid in 2019.

27. Trade and other payables

in US$'000	2019	2018
Trade payables	2,263,859	2,204,870
Other payables and accrued liabilities	208,181	211,056
Other liabilities(i)	147,403	182,947
Total trade and other payables	**2,619,443**	**2,598,873**
Of which due to related parties (Note 28)	1,615,267	1,725,799

(i) Other current liabilities include mainly tax, social security and VAT payables.

Terms and conditions of the above liabilities:

– Trade payables are generally non–interest–bearing.
– Interest payable is normally settled on a monthly basis throughout the financial year.

28. Related parties disclosures

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Related parties not part of the Group include the following:

		% equity interest in the Group	
Entity name	Country of incorporation	2019	2018
Trafigura PE Holding Limited	Malta	49.42%	49.41%
Sonangol Holdings Lda	Angola	27.99%	27.99%
Cochan Holdings LLC	Marshall Islands	15.48%	15.48%
PE Investments Limited	Malta	5.86%	5.86%
Global PE Investors PLC	Malta	0.22%	0.22%
PE SPV Limited	Malta	0.45%	0.56%
PE ESP LLC	Marshall Islands	0.58%	0.48%

28.1 Related party transactions

Group entities entered into the following transactions with related parties that are not members of the Group:

in US$'000	Sales and finance income related parties 2019	Sales and finance income related parties 2018 restated	Purchases, management fees and finance cost related parties 2019	Purchases, management fees and finance cost related parties 2018 restated
Trafigura Group	777,589	903,804	(6,979,748)	(8,684,069)
Sonangol Group	2,054	12,029	(370,994)	(584,739)
Others	131,593	208,362	(9,626)	(6,538)
Total	**911,236**	**1,124,195**	**(7,360,368)**	**(9,275,346)**

in US$'000	Amounts owed by related parties(i) 2019	Amounts owed by related parties(i) 2018	Amounts owed to related parties(ii) 2019	Amounts owed to related parties(ii) 2018
Trafigura Group	146,402	240,932	(1,745,668)	(1,647,220)
Sonangol Group	209	3,605	(35,462)	(75,803)
Others	93,165	53,566	(18,736)	(3,968)
Total	**239,776**	**298,103**	**(1,799,866)**	**(1,726,991)**

(i) Includes trade and other receivables, loans to related parties and other assets.
(ii) Includes trade and other payables, lease liabilities, and loans from related parties.

In addition to the above transactions and balances, a substantial portion of the Group's derivatives are transacted with Trafigura Pte Ltd and Trafigura Derivatives Ltd. The fair value of derivatives contracted with Trafigura Pte Ltd and Trafigura Derivatives Ltd amounted to US$(37.4) million at 31 December 2019 (2018: US$70.9 million).

28.2 Related party loans

The Group has acquired, by virtue of its various acquisitions, certain legacy loans made to employees of acquired entities. These loans are, individually and in aggregate, immaterial to the Group. Furthermore, the Group entered into a US$1.5 billion loan with Trafigura Pte Ltd, which was not drawn at 31 December 2019 and 2018. This loan is not secured, and bears interest of 8.0% per annum (2018: 8.1% per annum) and is meant to support the Group in its investment activities.

28.3 Key management personnel compensation

Key management personnel compensation amounted to US$11.7 million in 2019 (2018: US$7.6 million).

29. Commitments and contingencies

Off balance sheet commitments:

in US$'000	2019	2018
Storage and land rental(i)	1,690	754,647
Assets under construction	8,484	5,712
Supply contract	429	-
Other commitments	81,148	46,454
Total	**91,751**	**806,813**

in US$'000	2019	2018
Within one year	90,596	144,181
After one year but not more than five years	251	244,904
More than five years	904	417,728
Total	**91,751**	**806,813**

Contingent liabilities:

in US$'000	2019	2018
Letters of credit(ii)	618,074	504,423
Guarantees(iii)	100,748	58,675
Legal and other claims(iv)	53,410	76,403
Total	**772,232**	**639,501**

(i) The significant reduction versus prior year is related to the implementation of IFRS16 as lease contracts are now accounted for on the balance sheet.
(ii) The Group utilises standby letters of credit and documentary credits, where appropriate, where certain of the Group suppliers or underwriting banks require such facilities to be put in place.
(iii) Guarantees issued by the Group are mostly related to performance bonds for performance on specific contracts. No liability is expected to arise from these guarantees.
(iv) Legal and other claims includes existing legal cases for which the Group believes no further charge will arise in the future as the Group believes it has the legal grounds to eventually conclude the cases favourably.

Excluded from the contingent liabilities listed above are those mortgages and assets pledged as collateral on certain financing transactions. These items are disclosed in Note 13.

30. Financial risk management objectives and policies

The Group Executive Committee oversees the management of financial risks and reviews and agrees policies for managing these risks, which are defined in the Group Risk Management Framework. The Group Risk Management Framework is a comprehensive management tool utilised by the Group Executive Committee to assess potential risks facing the Group. With the support of the Group internal audit team, the Group Risk Management Framework provides a context through which the Group is able to continuously monitor external risks. The Group Risk Management Framework is reviewed on a quarterly basis by the Group Executive Committee.

The Group is primarily a Midstream and Downstream business with a strong risk management philosophy. The Group manages its exposure to key financial risks in accordance with the Group Risk Management Framework. The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security. The main risks that could adversely affect the Group's financial assets, liabilities or future cash flows are: market risks, comprising commodity price risk, cash flow interest rate risk and foreign currency risk; liquidity risk; and credit risk. As a rule, commodity price risk relating to the physical supply activities is systematically economically hedged, with the support of Trafigura Pte Ltd and Trafigura Derivatives Ltd. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision.

It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken as all derivative transactions are entered into for the purpose of managing the Group's physical inventory exposure. At this stage, the Group does not currently apply any form of hedge accounting.

Furthermore, the Group, through the Group Risk Management Framework, has established conservative consolidated risk limits and closely monitors the Group's risk positions to ensure that the Group's risk exposure remains well within these limits.

30.1 Market risk

The Group operates in various national markets where petroleum prices are predominantly regulated and, therefore, in many of its markets it has limited market risk in terms of price exposure. Furthermore, where the Group operates in unregulated markets, the Group is typically able to price its products so as to reflect increases or decreases in market prices on a timely basis and thereby substantially mitigate its price exposure. Despite the Group selling into markets where price exposure is largely mitigated, the Group does economically hedge its physical supply. The primary purpose of the economic hedging activities is to protect the Group against the risk of physical supply transactions being adversely affected by changes in commodity prices. The Group systematically enters into economic hedging contracts to cover price exposures in its physical supply activities. In particular, substantially all supply stock is at all times either pre–sold or the commodity index price risk is economically hedged. By virtue of the nature of the markets in which the Group operates and given the economic hedging conducted in the Group's supply activities as per the Group Risk Management Framework, the Group faces limited market risk.

The following table provides an overview of the derivative contracts at the year–end. All commodity derivatives had maturities of less than one year at each year–end.

	Fair value of derivatives	
in US$'000	2019	2018
Commodity futures and swaps	(37,372)	70,909
Currency swaps	(2,295)	5,118
Total	**(39,667)**	**76,027**

Currency risk

The Group has exposures to foreign currency risk on its activities, and movements in currency exchange rates may have a material negative effect on our financial condition and result of operations. The Group reduces its exposure to changes in foreign currency exchange rates by borrowing in local currencies and entering into currency hedges.

The Group does not use financial instruments to hedge the translation risk related to equity and earnings of foreign subsidiaries and non–consolidated companies. Refer to the consolidated statement of changes in equity to see the impact of changes in foreign currencies on the Group's equity.

Interest rate risk

Interest rate risk of the Group is mainly applicable on the long-term funding of the Group. Please refer to the comments below for further details on the Group's funding. The Group has entered into certain interest rate swap transactions in order to limit its exposure to floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax through the impact on floating rate Interest-bearing loans and borrowings and cash and cash equivalents. The impact on equity is the same as the impact on profit before tax.

	Effect on profit before tax for the year ended	
in US$'000	2019	2018
+ 1.0 percentage point	(6,626)	(9,224)
– 1.0 percentage point	6,626	9,224

The carrying amount of all financial assets and liabilities except for Interest-bearing loans and borrowings approximated the estimated fair value, due to the short-term nature of the financial instruments. The following table summarises the fair value of Interest-bearing loans and borrowings:

	Carrying amount		Fair value	
in US$'000	2019	2018	2019	2018
Interest-bearing loans and borrowings(i)	3,009,667	3,285,335	2,484,346	2,823,467
Total	**3,009,667**	**3,285,335**	**2,484,346**	**2,823,467**

(i) For the purpose of the above disclosure, fixed rate Interest-bearing loans and borrowing have been discounted using the actual cost of debt of the Group. The fair value of Interest-bearing loans and borrowings for disclosure purposes is based on quoted prices in an active market for identical liabilities. These financial instruments are based on a Level 2 fair value measurement (refer to Note 30.7).

30.2 Liquidity risk

The Group, by virtue of the nature of its operations, has demonstrated a consistent ability to generate cash through its ongoing daily operations. The Group generates stable cash flows as the Group's assets are utilised to deliver an essential product to customers in specific, national markets and the Group is therefore not entirely exposed to international commodity market movements. At the same time, the Group has the flexibility to decide whether to invest or not in capital expenditures as its ability to generate cash flows is not bound, in the short term, by significant capital commitments or significant mandatory capital asset maintenance.

Furthermore, the Group monitors its risk to a shortage of funds by monitoring the maturity dates of existing debt. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

At 31 December 2019, the Group had US$1,089 million (2018: US$1,117 million) of undrawn committed borrowing facilities. In addition, the Group had US$500 million of undrawn committed shareholder loans.

9% of the Group's debt will mature in less than one year at 31 December 2019 (2018: 14%) based on the balances reflected in the consolidated financial statements. The maturity profile of the Group's debt is summarised in Note 23 and below. The Group liquidity risk is further mitigated as a large part of the borrowing activities of the Group are related to the financing of petroleum stocks and by their nature, these stocks are easily convertible into cash.

The table below summarises the maturity profile of the Group's financial liabilities based on non–discounted contractual payments:

in US$'000	Less than 1 year	1–5 years	5+ years	Total
At 31 December 2019:				
Interest-bearing loans and borrowings	415,659	2,325,534	768,750	3,509,943
Trade and other payables	2,619,443	-	-	2,619,443
Financial derivatives	57,860	-	-	57,860
Other financial liabilities	-	4,528	-	4,528
Total	**3,092,962**	**2,330,062**	**768,750**	**6,191,774**
At 31 December 2018:				
Interest-bearing loans and borrowings	609,018	1,857,721	1,479,370	3,946,109
Trade and other payables	2,598,873	-	-	2,598,873
Financial derivatives	10,749	-	-	10,749
Other financial liabilities	30,050	10,103	-	40,153
Total	**3,248,690**	**1,867,824**	**1,479,370**	**6,595,884**

30.3 Credit risk

The Group has a formalised credit process, with credit officers in the key locations around the world. Strict credit limits are established for each counterparty on the basis of detailed financial and business analyses. These limits are constantly monitored and revised in light of counterparty or market developments and the amount of exposure relative to the size of the Group's consolidated statement of financial position. The Group conducts transactions with the following major types of counterparties:

- Physical commodity counterparties spread across the vertical chains for oil (e.g. resellers and end–users). Sales to counterparties are made on open terms up to internally approved credit limits. Exposures above such limits are subject to independent payment guarantees.
- Payment guarantee counterparties (e.g. prime financial institutions from which the Group obtains payment guarantees).

The Group is present in different geographic regions. Wherever appropriate, guarantees, insurance and letters of credit are used to reduce payment or performance risk. The Group's maximum exposure to credit risk is equivalent to the amounts of financial assets presented in the consolidated statement of financial position. The Group has no significant concentrations of credit risk and no single customer accounts for more than 3% of the Group's sales volumes. In addition, a significant part of the activity of the Group's Downstream business (mainly retail sites) is on a cash or prepayment basis.

Refer to Note 20 for an ageing analysis of trade receivables.

30.4 Operational risk

The operations department has representatives in key locations around the world and is responsible for a number of tasks including contract insurance and logistics management. The operations department is also responsible for ensuring that industry, environmental safety, and internal policies and procedures are complied with at all times. Detailed procedures manuals are implemented throughout the Group and all operations personnel receive regular and adequate training covering the relevant subjects according to their specific functions within the operating activities of the Group. This ensures that operations staff are kept up to date with all applicable procedural, legal, regulatory and industry changes.

The Group, when chartering vessels, applies a strict vessel vetting procedure that complements insurance requirements and focuses on the vessel age, classification, protection, indemnity and pollution insurance cover. Similar vetting procedures are also applied for both rail, car and truck movements. The Group also has a storage procedure which involves full due diligence being undertaken of every proposed storage location – including a site visit to the storage location, the tank or warehouse. Regular stock analysis is undertaken to avoid losses such as theft and contamination, and each approved location is checked annually to evaluate the ongoing situation.

By virtue of the Group's relationship with its significant shareholder, Trafigura PE Holding Limited, the Group does have a risk of supplier concentration as the Trafigura group of companies accounts for around 53% (2018: 70%) of all purchases made by the Group.

30.5 Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions in order to ensure a sound capital structure.

30.6 Changes in liabilities arising from financing activities

in US$'000	Financial debt[(i)]	Finance leases	Vendor loans	Dividends	Total
At 1 January 2018	**3,535,426**	**525**	**30,655**	**10,251**	**3,576,857**
Cash flows	(426,936)	(15)	527	(17,262)	(443,686)
Non-cash movement	(5,921)	-	-	-	(5,921)
Acquisitions/Disposals	(11,036)	-	-	-	(11,036)
Interest expense	241,299	-	-	-	241,299
Dividends declared during the year	-	-	-	7,011	7,011
New leases	-	18	-	-	18
FX movements	(47,975)	(50)	(713)	-	(48,738)
At 31 December 2018	**3,284,857**	**478**	**30,469**	**-**	**3,315,804**
Cash flows	(500,726)	(329)	(29,281)	(5,998)	(536,334)
Non-cash movement	(558)	-	-	-	(558)
Acquisitions/Disposals	(1,035)	-	-	-	(1,035)
Interest expense	237,749	-	-	-	237,749
Dividends declared during the year	-	-	-	5,998	5,998
New leases	-	3	-	-	3
FX movements	(10,551)	(11)	(836)	-	(11,398)
Reclassification	-	(89)	-		(89)
Less: discontinued operations	(69)	-	-	-	(69)
At 31 December 2019	**3,009,667**	**52**	**352**	**-**	**3,010,071**

(i) For the purpose of the above disclosure, current and non-current Interest-bearing loans and borrowings have been grouped together.

At 31 December 2019 the balance sheet of the group discloses also US$ 671.1 of lease liabilities. These lease liabilities have been taken onto the balance sheet as a result of the IFRS16 implementation.

30.7 Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments, which are measured at fair value by valuation technique:

– Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
– Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
– Level 3: Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

All financial assets and liabilities, and inventories measured at fair value, at 31 December 2019 and 2018, fall under the Level 2 category described above, and include financial derivatives for a net amount of US$(39.7) million (2018: US$76.0 million) and inventories for US$468.5 million (2018: $204.8 million). There have been no transfers between fair value levels during any of the reporting periods.

31. Events after the reporting period

Sale of stake in Emoil

In February 2020 the Group announced the divestment of its 20% stake in Emoil Petroleum Storage FZCO (United Arab Emirates) to Emaret. The transaction is expected to complete before the end of the first quarter of 2020.

Shareholder restructuring

On 2nd March 2020, Puma Energy Holdings Pte Ltd has agreed to a shareholding restructuring transaction whereby Cochan Holdings shareholding is reduced to less than 5%. The transaction is subject to receipt of regulatory approval and will be implemented by a buyback of shares from Trafigura Pte Ltd. This follows an equivalent purchase by Trafigura Pte Ltd of Puma Energy's shares from Cochan Holdings. The re-purchase by Puma Energy will be funded by a subordinated shareholder loan from Trafigura Pte Ltd of around US$390 million with an initial tenor of seven years.

32. Significant consolidated subsidiaries and participating interests

The consolidated financial statements for the year ended 31 December 2019 include the Company's financial statements and those of the following operating entities listed in the table below:

Name of subsidiary	Place of incorporation	Proportion of ownership interest held by the Group at 31 December for the year ended 2019	2018	Legal relationship
Puma Energy Holdings Pte Ltd	Singapore	100%	100%	Parent company
Puma Energy Pakistan (Private) Ltd (Admore)	Pakistan	51%	51%	Subsidiary
Alexela Slovag AS	Norway	95%	95%	Subsidiary
Angobetumes Lda	Angola	100%	100%	Subsidiary
AS Alexela Logistics	Estonia	95%	95%	Subsidiary
AS Alexela Sillamäe	Estonia	95%	95%	Subsidiary
AS Alexela Terminal	Estonia	95%	95%	Subsidiary
Bitumen Storage Services (WA) Pty Ltd (Australia)	Australia	50%	50%	Equity investment
Central Combined Group Pty Ltd	Australia	100%	100%	Subsidiary
Comercial el Hogar SA	Honduras	100%	100%	Subsidiary
Directhaul Pty Ltd	Australia	100%	100%	Subsidiary
DP Drakensberg Properties Pty Ltd	South Africa	100%	100%	Subsidiary
Drakensberg Oil Pty Ltd	South Africa	100%	100%	Subsidiary
Emoil Petroleum Storage FZCO	United Arab Emirates	20%	20%	Equity investment
Empresa Cubana de Gas	Cuba	50%	50%	Equity investment
Fuel Distributors of Western Australia Pty Ltd	Australia	50%	50%	Equity investment
Gulf Refining Company NV	Curaçao	64%	64%	Subsidiary
High Heat Tankers Pte Ltd	Singapore	50%	50%	Equity investment
Hull Ocean Going Barges UK Ltd	United Kingdom	100%	100%	Subsidiary
Kpone Marine Services Ltd	Ghana	100%	100%	Subsidiary
Mazen Global Insurance Ltd	Federal Territory of Labuan	100%	100%	Subsidiary
National Energy Puma Aviation Services Co Ltd[(i)]	Myanmar	34%	49%	Subsidiary
Neumann Petroleum Pty Ltd	Australia	100%	100%	Subsidiary
Oil Malal SA	Chile	33%	33%	Equity investment
PC Puerto Rico LLC	Puerto Rico	100%	100%	Subsidiary
PE Bitumen Resources Nigeria Ltd	Nigeria	60%	60%	Subsidiary
PE Petroleum Cote d'Ivoire SA	Ivory Coast	56%	56%	Subsidiary
PE Swaziland (Pty) Ltd	Swaziland	100%	100%	Subsidiary
PE Tanzania Services Assets Ltd	Tanzania	100%	100%	Subsidiary
Pervyi Murmanskiy Terminal[(i)]	Russia	47%	47%	Subsidiary
Petrobeira Lda[(ii)]	Mozambique	49%	49%	Subsidiary
PT Puma Energy Indonesia	Indonesia	0%	100%	Subsidiary
Puma El Salvador SA de CV	El Salvador	100%	100%	Subsidiary
Puma Energia España SLU	Spain	100%	100%	Subsidiary
Puma Energy (Australia) Bitumen Pty Ltd	Australia	100%	100%	Subsidiary
Puma Energy (Australia) Fuels Pty Ltd	Australia	100%	100%	Subsidiary
Puma Energy (Aviation) SA	Switzerland	100%	100%	Subsidiary
Puma Energy (Malaysia) Sdn Bhd	Malaysia	100%	100%	Subsidiary
Puma Energy (Moçambique) Lda	Mozambique	100%	100%	Subsidiary
Puma Energy (Namibia) (Pty) Ltd	Namibia	100%	100%	Subsidiary
Puma Energy (Singapore) Pte Ltd	Singapore	100%	100%	Subsidiary
Puma Energy (UK) Ltd	United Kingdom	100%	100%	Subsidiary
Puma Energy Asia Sun Co Limited	Myanmar	80%	80%	Subsidiary
Puma Energy Asia Supply Company SA	Panama	0%	100%	Subsidiary
Puma Energy Bahamas SA	Bahamas	100%	100%	Subsidiary
Puma Energy Belfast Ltd	United Kingdom	50%	50%	Equity investment
Puma Energy Benin SA	Benin	100%	100%	Subsidiary
Puma Energy Bitumen (Vietnam) Ltd	Vietnam	80%	80%	Subsidiary
Puma Energy Bitumen Supply SA	Panama	100%	100%	Subsidiary

32. Significant consolidated subsidiaries and participating interests continued

Name of subsidiary	Place of incorporation	Proportion of ownership interest held by the Group at 31 December for the year ended 2019	2018	Legal relationship
Puma Energy Botswana (Pty) Ltd	Botswana	80%	80%	Subsidiary
Puma Energy Caribe LLC	Puerto Rico	100%	100%	Subsidiary
Puma Energy Colombia Combustibles SAS	Colombia	100%	100%	Subsidiary
Puma Energy Colombia Holdings AG	Switzerland	100%	100%	Subsidiary
Puma Energy Cote d'Ivoire SA	Ivory Coast	75%	75%	Subsidiary
Puma Energy Distribution Benin SA	Benin	100%	100%	Subsidiary
Puma Energy Distribution Côte d'Ivoire Sarl	Ivory Coast	70%	70%	Subsidiary
Puma Energy Guatemala SA	Guatemala	100%	100%	Subsidiary
Puma Energy Honduras SA de CV	Honduras	100%	100%	Subsidiary
Puma Energy International BV, Geneva Branch	Netherlands	100%	100%	Branch
Puma Energy International SA	Switzerland	100%	100%	Subsidiary
Puma Energy Irrawaddy Pte Ltd	Singapore	100%	100%	Subsidiary
Puma Energy Johannesburg Supply SA	Panama	100%	100%	Subsidiary
Puma Energy LS (Pty) Ltd	Lesotho	100%	100%	Subsidiary
Puma Energy Ltd (FZE)	Nigeria	100%	100%	Subsidiary
Puma Energy Luxembourg Sàrl	Luxembourg	100%	100%	Subsidiary
Puma Energy (Malawi) Ltd(ii)	Malawi	50%	50%	Subsidiary
Puma Energy Panama Supply SA	Panama	0%	100%	Subsidiary
Puma Energy Paraguay SA	Paraguay	0%	100%	Subsidiary
Puma Energy PNG Ltd	Papua New Guinea	100%	100%	Subsidiary
Puma Energy PNG Refining Ltd	Papua New Guinea	100%	100%	Subsidiary
Puma Energy PNG Supply Ltd	Cayman Islands	100%	100%	Subsidiary
Puma Energy Senegal SA	Senegal	80%	80%	Subsidiary
Puma Energy Services (Singapore) Pte Ltd	Singapore	100%	100%	Subsidiary
Puma Energy Services South Africa (Pty) Ltd	South Africa	100%	100%	Subsidiary
Puma Energy South Africa (Pty) Ltd	South Africa	100%	100%	Subsidiary
Puma Energy Supply & Trading Pte Ltd	Singapore	100%	100%	Subsidiary
Puma Energy Tanzania Ltd(ii)	Tanzania	50%	50%	Subsidiary
Puma Energy Zambia PLC	Zambia	75%	76%	Subsidiary
Puma International Congo SA	Congo	100%	100%	Subsidiary
Puma International Financing SA	Luxembourg	100%	100%	Subsidiary
Puma Overseas Projects Pte Ltd	Singapore	100%	100%	Subsidiary
Pumangol Industrial Lda	Angola	100%	100%	Subsidiary
Pumangol Lda	Angola	100%	100%	Subsidiary
RAM Petroleum (Pvt) Ltd	Zimbabwe	48%	48%	Equity investment
Redan Petroleum (Pvt) Ltd	Zimbabwe	60%	60%	Subsidiary
Refineria Petrolera de Acajutla SA de CV	El Salvador	100%	100%	Subsidiary
Rutile Investments Ltd	Mauritius	100%	100%	Subsidiary
Sakunda Petroleum (Pvt) Ltd	Zimbabwe	49%	49%	Equity investment
Tema Offshore Mooring Ltd	Ghana	100%	100%	Subsidiary
Total Lesotho (Pty) Ltd(Lesotho)	Lesotho	100%	100%	Subsidiary
Tropifuels SA	Panama	100%	100%	Subsidiary
UBI Group Ltd(ii)	Ghana	49%	49%	Subsidiary
Ultrapar SA	Paraguay	0%	100%	Subsidiary

Presented below are explanations for those entities that are consolidated despite the Group having less than 50% interest in those entities:

(i) The Group retains effective control over these entities, despite the fact that it does not hold clear majority of the shares, by virtue of the fact the Group is exposed to, or has rights to, variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities.

(ii) Management believes that the Group retains effective control over this entity as a result of there being both a shareholder and an investment agreement stipulating that the Group has 100% economic control over the entity.

The Group does not have any non-controlling interests exceeding 5% of the Group's long-term assets or 20% of the Group's operating profit.

Report of the independent auditor with consolidated financial statements at 31 December 2019 of Puma Energy Holdings Pte Ltd

3 March 2020

Opinion

We have audited the consolidated financial statements of Puma Energy Holdings Pte Ltd and its subsidiaries (the 'Group'), which comprise the consolidated statement of financial position at 31 December 2019 and the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group at 31 December 2019, and its consolidated financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRS').

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISA'). Our responsibilities under those provisions and standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ('IESBA Code') and we have fulfilled our ethical responsibilities in accordance with the IESBA Code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Valuation of property and equipment, intangible assets and goodwill

Risk

At 31 December 2019, the Group's balance sheet includes property and equipment amounting to US$2,421m, intangible assets amounting to US$274m and goodwill amounting to US$333m. The assessment of the recoverable value of these assets for property and equipment and intangible assets, or of the relevant cash-generating unit for goodwill, incorporates significant judgement in respect of factors such as gross profits, discount rates, petroleum product prices, market shares and growth rates which are affected by expected future market or economic conditions in many different countries.

The Group's disclosures about property and equipment, intangible assets and goodwill, are included in Notes 13, 14 and 16 of the consolidated financial statements.

Our audit response

We performed the following procedures:

- We reviewed the Group's calculation of value in use or fair value less costs of disposal.
- We involved our valuation specialists to evaluate methodologies and key assumptions, such as cash flow forecasts included in the impairment assessment for each cash generating unit or asset tested on a stand-alone basis, and discount rate assumptions.
- We assessed whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation.

Our audit procedures did not lead to any material reservations regarding the impairment testing.

Recoverability of deferred tax assets

Risk

At 31 December 2019, the Group had deferred tax assets on deductible temporary differences of US$97 million, which were recognized and relate to tax losses carried forward. In addition, there was an amount of US$62 million which had not been recognised. The analysis of the recognition and recoverability of the deferred tax assets was significant to our audit because the amounts are material, the assessment process is complex and judgemental and is based on assumptions that are affected by expected future market or economic conditions.

The Group's disclosures about deferred tax assets are included in Note 11 of the consolidated financial statements.

Our audit response

We performed the following procedures:

- We evaluated the Group's process for the identification and evaluation of uncertain tax positions and other tax risks as well as for the assessment of the recoverability of deferred tax assets.
- We also considered the Group's process for the recording and continuous re-assessment of the related (contingent) liabilities and provisions as well as deferred taxes.
- We reviewed tax exposures estimated by management and the risk analysis associated with these exposures along with claims or assessments made by tax authorities to date.
- We analysed the tax risk provision and the related business tax risks.
- We reviewed documentation of tax audits and considered whether exposures raised by the tax authorities have been considered.
- We analysed these with involvement of our internal tax experts, and assessed the tax risk provision.
- We tested the calculation of deferred tax assets and liabilities and analysed the management estimates relating to the recoverability of deferred tax assets.
- We analysed the offsetting and presentation of deferred tax positions.

Our audit procedures did not lead to any material reservations regarding the recoverability of deferred tax assets.

Hyperinflation accounting for Angola and Zimbabwe subsidiaries

Risk

Angola was identified as a hyperinflationary economy from 1 January 2017 to 30 March 2019. Zimbabwe was identified as hyperinflationary economy from 1 January 2019. Applying IAS 29 – Financial Reporting in Hyperinflation Reporting had a net impact on the 2019 loss of US$11 million. The most impacted balances of the consolidated statement of financial position were Property and equipment and intangible assets, revalued respectively by US$8 million and US$2 million.

This application of hyperinflation accounting was significant to our audit because the amounts materially impact equity and because it is a non–routine accounting matter.

Our audit response

We performed the following procedures:

We reviewed the approach to revalue the financial statement positions under the IAS 29 principles,
We verified the underlying inputs and the mathematical accuracy of the hyperinflation reevaluation model.
We assessed the classification of the hyperinflationary economies.
We analysed the disclosures relating to hyperinflation.

Our audit procedures did not lead to any material reservations regarding the hyperinflation accounting.

Discontinued operations and assets held for sale

Risk

Puma energy signed a share purchase agreement to sell its Australian fuel business to chevron in December 2019. The transaction is expected to complete by mid-2020.

As a consequence, this operation has been classified in the balance sheet in accordance with IFRS 5 as asset held for sale and liabilities directly associated with these assets held for sale for respectively US$ 860.1 million and US$526.4 million. Discontinued loss for 2019 amounts to US$104million.

The Group's disclosures about assets held for sales and discontinued operations are included in Note 12 of the consolidated financial statements.

Discontinued operations and assets held for were significant to our audit given their materiality and the management estimate in evaluating the criteria to fulfil to account for discontinued operations and measure assets held for sale at the lower of carrying value and fair value less cost of disposal.

Our audit response

We performed the following procedures:

We assessed the classification of the discontinued operations and assets held for sale
We verified the underlying inputs and the mathematical accuracy of the fair value less cost of disposal valuation of the assets held for sale
We analyzed the disclosures relating to assets held for sale and discontinued operations

Our audit procedures did not lead to any material reservations regarding the discontinuing operation and assets held for sale classification and measurement.

Other information in the annual report

Management is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements and our auditor's reports thereon. Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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.

Responsibility of management for the consolidated financial statements

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so. Management is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 ISA 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 consolidated financial statements. As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related

disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with management 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.

We also provide management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with management, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young Ltd

Mark Hawkins	Didier Lequin
Swiss licensed audit expert	Swiss licensed audit expert

(Auditor in charge)