



**PETRON MALAYSIA REFINING & MARKETING BHD**  
(Company Number 3927-V)

The Board of Directors of Petron Malaysia Refining & Marketing Bhd hereby announces the financial results of the Company for the quarter ended 30 June 2018 and for the six months ended 30 June 2018.

This interim report is prepared in accordance with the requirements of Malaysian Financial Reporting Standard (MFRS) 134 *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (BMSB).



**PETRON MALAYSIA REFINING & MARKETING BHD**  
(Company Number 3927-V)

**CONDENSED STATEMENT OF FINANCIAL POSITION**  
**(Amounts in Thousand Ringgit Malaysia)**

|                                      | Note | As at<br>30 Jun 2018<br><u>Unaudited</u> | As at<br>31 Dec 2017<br><u>Audited</u> |
|--------------------------------------|------|--|--|
| <b>ASSETS</b>                        |      |  |  |
| Cash and cash equivalents            |      | 124,628                                  | 119,614                                |
| Derivative financial assets          |      | 13,278                                   | 3,100                                  |
| Trade and other receivables          |      | 611,875                                  | 480,192                                |
| Inventories                          |      | 736,296                                  | 678,138                                |
| Other current assets                 |      | 384,983                                  | 315,933                                |
| <b>Total Current Assets</b>          |      | <b>1,871,060</b>                         | <b>1,596,977</b>                       |
| Property, plant and equipment        |      | 990,721                                  | 960,186                                |
| Long-term assets                     |      | 164,432                                  | 165,980                                |
| Intangible assets - software         |      | 46                                       | 71                                     |
| <b>Total Non-current Assets</b>      |      | <b>1,155,199</b>                         | <b>1,126,237</b>                       |
| <b>TOTAL ASSETS</b>                  |      | <b>3,026,259</b>                         | <b>2,723,214</b>                       |
| <b>LIABILITIES</b>                   |      |  |  |
| Loans and borrowings                 | 17   | 240,000                                  | -                                      |
| Trade and other payables             |      | 1,005,573                                | 1,023,327                              |
| Derivative financial liabilities     |      | 7,110                                    | 33,563                                 |
| Retirement benefit obligations       |      | 7,460                                    | 7,460                                  |
| Tax payable                          |      | 51,491                                   | 47,149                                 |
| <b>Total Current Liabilities</b>     |      | <b>1,311,634</b>                         | <b>1,111,499</b>                       |
| Retirement benefit obligations       |      | 38,947                                   | 40,256                                 |
| Deferred tax liabilities             |      | 67,267                                   | 59,482                                 |
| <b>Total Non-current Liabilities</b> |      | <b>106,214</b>                           | <b>99,738</b>                          |
| <b>TOTAL LIABILITIES</b>             |      | <b>1,417,848</b>                         | <b>1,211,237</b>                       |

The condensed statement of financial position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.



**PETRON MALAYSIA REFINING & MARKETING BHD**  
(Company Number 3927-V)

**CONDENSED STATEMENT OF FINANCIAL POSITION**  
**(Amounts in Thousand Ringgit Malaysia)**

*(Continued)*

|                                     | Note | As at<br>30 Jun 2018<br><u>Unaudited</u> | As at<br>31 Dec 2017<br><u>Audited</u> |
|-------------------------------------|------|--|--|
| <b>EQUITY</b>                       |      |  |  |
| Share capital                       |      | 143,000                                  | 143,000                                |
| Retained earnings                   | 18   | 1,465,411                                | 1,368,977                              |
| <b>TOTAL EQUITY</b>                 |      | <b>1,608,411</b>                         | <b>1,511,977</b>                       |
| <b>TOTAL EQUITY AND LIABILITIES</b> |      | <b>3,026,259</b>                         | <b>2,723,214</b>                       |

Certified by:

**MYRNA C. GERONIMO**  
Chief Finance Officer

The condensed statement of financial position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.



**PETRON MALAYSIA REFINING & MARKETING BHD**  
(Company Number 3927-V)

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**(Amounts in Thousand Ringgit Malaysia, Except Per Share Data)**  
**Unaudited**

|  | Note | April to June |               | January to June |                |
|--|------|---------------|---------------|-----------------|----------------|
|  |      | 2018          | 2017          | 2018            | 2017           |
| Revenue  |      | 3,126,523     | 2,415,510     | 5,853,398       | 4,972,114      |
| Cost of sales  |      | (2,968,540)   | (2,291,531)   | (5,580,670)     | (4,665,001)    |
| Gross profit   |      | 157,983       | 123,979       | 272,728         | 307,113        |
| Other operating income   |      | 16,411        | 16,546        | 37,731          | 32,255         |
| Other operating expenses   |      | (59,683)      | (58,585)      | (117,405)       | (120,535)      |
| Administrative expenses  |      | (5,113)       | (4,419)       | (8,624)         | (4,419)        |
| Results from operating activities  |      | 109,598       | 77,521        | 184,430         | 214,414        |
| Other income   |      | 31,458        | 56,973        | 49,089          | 81,161         |
| Other expenses   |      | (14,559)      | (15,333)      | (9,854)         | (21,615)       |
| Finance income   |      | 480           | 1,196         | 817             | 1,487          |
| Finance costs  |      | (1,097)       | (2,786)       | (2,447)         | (9,399)        |
| Profit before tax  | 19   | 125,880       | 117,571       | 222,035         | 266,048        |
| Tax expense  | 20   | (33,457)      | (26,572)      | (57,488)        | (66,512)       |
| <b>Profit for the period</b>   |      | <b>92,423</b> | <b>90,999</b> | <b>164,547</b>  | <b>199,536</b> |
| <b>Total comprehensive income for the period</b>                         |      | <b>92,423</b> | <b>90,999</b> | <b>164,547</b>  | <b>199,536</b> |
| Profit attributable to equity holders of the Company                     |      | 92,423        | 90,999        | 164,547         | 199,536        |
| Total comprehensive income attributable to equity holders of the Company |      | 92,423        | 90,999        | 164,547         | 199,536        |
| <b>Basic earnings per ordinary share (sen)</b>                           | 24   | <b>34.2</b>   | <b>33.7</b>   | <b>60.9</b>     | <b>73.9</b>    |

Certified by:

**MYRNA C. GERONIMO**  
Chief Finance Officer

The condensed statement of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.



**PETRON MALAYSIA REFINING & MARKETING BHD**  
(Company Number 3927-V)

**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**(Amounts in Thousand Ringgit Malaysia)**  
**Unaudited**

|   | <i>Non-distributable</i> |                                    | <i>Distributable</i>     | <i>Total equity</i> |
|---|--------------------------|------------------------------------|--------------------------|---------------------|
|   | <i>Share capital</i>     | <i>Capital redemption reserves</i> | <i>Retained earnings</i> |                     |
| <b>At 1 January 2017</b>                            | <b>135,000</b>           | <b>8,000</b>                       | <b>1,020,897</b>         | <b>1,163,897</b>    |
| Total comprehensive income for the period           | -                        | -                                  | 199,536                  | 199,536             |
| Dividends paid                                      | -                        | -                                  | (59,400)                 | (59,400)            |
| <b>At 30 June 2017</b>                              | <b>135,000</b>           | <b>8,000</b>                       | <b>1,161,033</b>         | <b>1,304,033</b>    |
| <b>At 31 December 2017, as previously reported</b>  | <b>143,000</b>           | -                                  | <b>1,368,977</b>         | <b>1,511,977</b>    |
| Opening balance adjustments from adoption of MFRS 9 | -                        | -                                  | (613)                    | (613)               |
| <b>At 1 January 2018, restated</b>                  | <b>143,000</b>           | -                                  | <b>1,368,364</b>         | <b>1,511,364</b>    |
| Total comprehensive income for the period           | -                        | -                                  | 164,547                  | 164,547             |
| Dividends paid                                      | -                        | -                                  | (67,500)                 | (67,500)            |
| <b>At 30 June 2018</b>                              | <b>143,000</b>           | -                                  | <b>1,465,411</b>         | <b>1,608,411</b>    |

Certified by:

**MYRNA C. GERONIMO**  
Chief Finance Officer

The condensed statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.



**PETRON MALAYSIA REFINING & MARKETING BHD**  
(Company Number 3927-V)

**CONDENSED STATEMENT OF CASH FLOWS**  
**(Amounts in Thousand Ringgit Malaysia)**  
**Unaudited**

|  | <i>January to June</i> |                |
|--|------------------------|----------------|
|  | <i>2018</i>            | <i>2017</i>    |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                        |                        |                |
| Profit before tax  | 222,035                | 266,048        |
| Adjustments for:   |                        |                |
| Amortisation of intangible assets                                  | 25                     | 1,099          |
| Amortisation of long-term assets                                   | 14,386                 | 13,974         |
| Depreciation of property, plant and equipment                      | 30,862                 | 33,581         |
| Finance costs  | 2,447                  | 9,399          |
| Finance income   | (817)                  | (1,487)        |
| Gain on disposal of long-term assets                               | -                      | (169)          |
| Gain on disposal of property, plant and equipment                  | (2,174)                | (39,902)       |
| Impairment loss on trade receivables                               | 45                     | -              |
| Retirement benefit costs   | 2,610                  | 2,643          |
| Reversal of impairment loss on trade receivables                   | (84)                   | (13)           |
| Unrealised foreign exchange loss                                   | 2,883                  | 376            |
| Unrealised (gain)/loss on derivatives                              | (6,168)                | 2,900          |
| Write-off of property, plant and equipment                         | 223                    | 2              |
| Operating profit before changes in working capital                 | 266,273                | 288,451        |
| Change in inventories  | (58,158)               | 168,974        |
| Change in long-term assets   | (253)                  | (664)          |
| Change in trade and other payables and other financial liabilities | (56,809)               | (285,874)      |
| Change in trade and other receivables and other financial assets   | (197,629)              | 145,235        |
| Cash from/(used in) operations                                     | (46,576)               | 316,122        |
| Interest paid  | (898)                  | (6,289)        |
| Interest received  | 793                    | 1,487          |
| Tax paid   | (45,167)               | (35,390)       |
| Retirement benefits paid   | (3,919)                | (2,752)        |
| <b>Net cash from/(used in) operating activities</b>                | <b>(95,767)</b>        | <b>273,178</b> |

The condensed statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.



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**PETRON MALAYSIA REFINING & MARKETING BHD**

(Company Number 3927-V)

**CONDENSED STATEMENT OF CASH FLOWS**

**(Amounts in Thousand Ringgit Malaysia)**

**Unaudited**

**(Continued)**

|   | <i>January to June</i> |                  |
|---|------------------------|------------------|
|   | <i>2018</i>            | <i>2017</i>      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                 |                        |                  |
| Acquisition of property, plant and equipment                | (57,375)               | (36,716)         |
| Payment for long-term assets                                | (17,405)               | (6,248)          |
| Proceeds from disposals of property, plant and equipment    | 2,750                  | 52,734           |
| Proceeds from disposals of long-term assets                 | -                      | 3,087            |
| <b>Net cash from/(used in) investing activities</b>         | <b>(72,030)</b>        | <b>12,857</b>    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                 |                        |                  |
| Proceeds from borrowings                                    | 240,000                | -                |
| Repayment of borrowings                                     | -                      | (241,916)        |
| Dividends paid  | (67,500)               | (59,400)         |
| <b>Net cash from/(used in) financing activities</b>         | <b>172,500</b>         | <b>(301,316)</b> |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b> | <b>4,703</b>           | <b>(15,281)</b>  |
| <b>EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH HELD</b>    | <b>311</b>             | <b>(17)</b>      |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>     | <b>119,614</b>         | <b>171,640</b>   |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>           | <b>124,628</b>         | <b>156,342</b>   |

Certified by:

**MYRNA C. GERONIMO**

Chief Finance Officer

The condensed statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.



**PETRON MALAYSIA REFINING & MARKETING BHD**  
(Company Number 3927-V)

**Part A – Explanatory Notes Pursuant to MFRS 134 Interim Financial Reporting  
(Amounts in Thousand Ringgit Malaysia, Except Per Share Data)**

**1. Basis of Preparation**

The interim financial statements are unaudited and prepared in accordance with the requirements of MFRS 134 *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (BMSB). These interim financial statements also comply with IAS 134 *Interim Financial Reporting* issued by the International Accounting Standards Board.

This report should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2017. The explanatory notes to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and the performance of the Company since the financial year ended 31 December 2017.

**2. Significant Accounting Policies**

**a) Changes in Accounting Policies**

The audited financial statements of the Company for the year ended 31 December 2017 were prepared in accordance with MFRS. The accounting policies and methods of computation adopted in these interim financial statements are consistent with those adopted in the audited financial statements for the year ended 31 December 2017.

On 1 January 2018, the Company adopted the following accounting standards, amendments and interpretations of MFRSs effective for annual periods beginning on or after 1 January 2018:

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*



## 2. Significant Accounting Policies (continued)

### b) Standards, amendments and interpretations which are applicable to the Company but not yet effective

The new standards, amendments and interpretations applicable to the Company that will be effective but have not been adopted yet by the Company, are as follows:

Standards, amendments and interpretations effective 1 January 2019

- MFRS 16, *Leases*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*

The Company will apply the above standards, amendments and interpretations on their effective dates.

The initial application of the standards, amendments and interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Company except as follows:

#### (i) MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining Whether an Arrangement Contains a Lease*, IC Interpretation 115, *Operating Leases - Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Company is currently assessing the financial impact that may arise from the adoption of MFRS 16.

The remaining standards, amendments and interpretations that are issued but not yet effective are not applicable to the Company's operations.

### 3. Comments about Seasonal or Cyclical Factors

The operations of the business are not seasonal or cyclical in nature.

### 4. Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income and cash flows of the Company during the current quarter.

### 5. Changes in Estimates

There were no changes in estimates that have had any material effect in the current quarter.

### 6. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale or repayments of debt and equity securities during the current quarter.

### 7. Dividends Paid

The amount of dividends paid since 31 December 2017 is as follows:

In respect of the year ended 31 December 2017:

|   |               |
|---|---------------|
| Final dividend per ordinary share, paid on 27 June 2018 |               |
| - 25 sen per ordinary shares                            | <u>67,500</u> |

### 8. Segmental Information

The Company is organised to operate as one integrated business segment to manufacture and sell petroleum products. These integrated activities are known across the petroleum industry as the Downstream segment. As such, the assets and liabilities are disclosed within the financial statements as one segment.

Revenues are mainly derived from the sale of petroleum products to domestic customers including its affiliates and competitors. A breakdown of the revenues by geographical location is as follows:

|          | <i>3 months ended</i> |                   | <i>Period ended</i> |                   |
|----------|-----------------------|-------------------|---------------------|-------------------|
|          | <u>30.06.2018</u>     | <u>30.06.2017</u> | <u>30.06.2018</u>   | <u>30.06.2017</u> |
| Domestic | 2,748,851             | 2,232,822         | 5,266,966           | 4,541,013         |
| Foreign  | 377,672               | 182,688           | 586,432             | 431,101           |
|          | <u>3,126,523</u>      | <u>2,415,510</u>  | <u>5,853,398</u>    | <u>4,972,114</u>  |

For the period ended 30 June 2018 approximately RM1,261,097 (2017: RM1,023,144) of the revenues are derived from one major customer who is a related party to the Company.

All non-current assets of the Company are located in Malaysia.

## 9. Changes in Composition of the Company

There were no changes in the composition of the Company during the current quarter.

## 10. Changes in Contingent Assets and Contingent Liabilities

There were no significant changes in contingent assets or contingent liabilities since the last annual statement of financial position as at 31 December 2017.

## 11. Capital Commitments

Capital commitments not provided for in the interim financial statements as at 30 June 2018 are as follows:

|  | <i>As at</i>      |                   |
|--|-------------------|-------------------|
|  | <u>30.06.2018</u> | <u>31.12.2017</u> |
| <b>Property, plant &amp; equipment</b> |                   |                   |
| Contracted but not provided for        | 288,363           | 64,793            |

## 12. Derivative Financial Instruments

The Company measures fair value using the following fair value hierarchy that reflects the significance of the input used in making the measurements:

### Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

### Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

### Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

There has been no transfer between Level 1 and Level 2 fair values during the year.

As at 30 June 2018, the Company has the following outstanding derivative financial instruments:

| <i>Type of derivatives</i>                       | <i>Fair value hierarchy</i> | <i>Contract/<br/>Notional value</i> | <i>Fair value</i> |                    |
|--|-----------------------------|-------------------------------------|-------------------|--------------------|
|  |                             |                                     | <i>Assets</i>     | <i>Liabilities</i> |
| Derivatives at fair value through profit or loss |                             |                                     |                   |                    |
| - Forward exchange contracts                     | Level 2                     | 363,809                             | 1,565             | (40)               |
| - Commodity swaps                                | Level 2                     | 262,701                             | 11,713            | (7,070)            |
|  |                             | 626,510                             | 13,278            | (7,110)            |

## 12. Derivative Financial Instruments (continued)

Most forward exchange and commodity derivative contracts have maturities of one year or less after the end of the reporting period.

Forward exchange and commodity derivative contracts are transacted with accredited banks and traded on over-the-counter (OTC) markets. The related accounting policies, cash requirements of the derivatives, risks associated with the derivatives and policies to mitigate those risks are unchanged since the last financial year.

Derivatives are financial instruments classified at fair value through profit or loss. Derivative instruments are initially recognised at fair value on the date in which a derivative transaction is entered into, and are subsequently re-measured at fair values. Gains and losses from changes in fair values of these derivatives are recognised directly in profit or loss.

## 13. Fair Value Changes of Financial Liabilities

The gains and losses arising from fair value changes of financial liabilities measured at fair value through profit or loss are as follows:

|                            | <i>Fair Value (Gain)/Loss</i> |                     | <i>Basis for fair value measurement</i> |
|----------------------------|-------------------------------|---------------------|---|
|                            | <i>3 months ended</i>         | <i>Period ended</i> |   |
|                            | <i>30.06.2018</i>             | <i>30.06.2018</i>   |   |
| Forward exchange contracts | 1,131                         | 2,378               | Level 2 (OTC price)                     |
| Commodity swaps            | 11,023                        | 24,075              | Level 2 (OTC price)                     |
|                            | 12,154                        | 26,453              |   |

The fair value gains and losses on derivative financial liabilities are due to underlying risk variables.

Except for the derivative financial liabilities, all other financial liabilities are measured at the amortised cost using effective interest method. Hence, no gain or loss is recognised for changes in the fair values of these liabilities.

## **Part B – Explanatory Notes Pursuant to Main Market Listing Requirement of Bursa Malaysia Securities Berhad**

### **(Amounts in Thousand Ringgit Malaysia, Except Per Share Data)**

#### **14. Review of Performance - Current financial period ended 30 June 2018**

Revenue for the quarter rose by 29% to RM3.1 billion from RM2.4 billion last year largely due to higher oil prices and sustained growth in sales volume. Total sales volume for the period reached 9.1 million barrels, a 7% increase from 8.5 million barrels last year.

Dated Brent crude averaged US\$74 per barrel during the quarter compared to US\$50 per barrel in the same period in 2017. Oil prices also increased from the first quarter of 2018 by about 10% from the average of US\$67 per barrel.

Gross margin improved by 27% to RM158 million from RM124 million over the same period last year. Despite the improvement in gross margin, net income for the quarter settled at RM92 million, almost the same as the RM91 million posted in the same period last year. Last year, the Company recorded one-time gains on compulsory acquisitions of service stations by the government.

The Company's revenues for the first half of 2018 increased by 18% to RM5.9 billion from RM5.0 billion last year driven by higher prices and sales volume. Total sales volume grew by 6% from 16.8 million barrels in 2017 to 17.8 million barrels in 2018. Net income for the period ending 30 June 2018 amounted to RM165 million, compared to last year's RM200 million over the same period.

Profit before tax is higher at RM126 million compared to RM96 million in the preceding quarter.

#### **15. Commentary on Prospects**

Oil prices lost momentum at the end of the second quarter following more stable global supply with slowing demand. However, with the persistent geopolitical situations affecting the oil market, uncertainties continue to cause volatilities in oil price. The Company will continue to mitigate exposures to price risks through our risk management system.

The Company is also optimistic with the prospect of Malaysian economic growth forecasted to remain above 5% this year. This will provide more opportunities to optimise current operations and continue to expand the business through additional retail outlets in targeted growth areas and deliver innovative products and services.

**16. Profit Forecast or Profit Guarantee**

As a matter of policy, the Company does not make profit forecasts or profit guarantees.

**17. Loans and Borrowings**

The Company's loans and borrowings are as follows:

|                              | <i>As at</i>      |                   |
|------------------------------|-------------------|-------------------|
|                              | <u>30.06.2018</u> | <u>31.12.2017</u> |
| <b>Current</b>               |                   |                   |
| Revolving credit - unsecured | 240,000           | -                 |

**18. Reserves**

|                             | <i>As at</i>      |                   |
|-----------------------------|-------------------|-------------------|
|                             | <u>30.06.2018</u> | <u>30.06.2017</u> |
| <b>Non-distributable</b>    |                   |                   |
| Capital redemption reserves | -                 | 8,000             |
| <b>Distributable</b>        |                   |                   |
| Retained earnings           | 1,465,411         | 1,161,033         |
|                             | <u>1,465,411</u>  | <u>1,169,033</u>  |

In accordance to Section 618(2) of Companies Act 2016 effective 31 January 2017, any amount outstanding to the credit of the capital redemption reserves has become part of the share capital of the Company. The Company has twenty four months upon commencement of Companies Act 2016 on 31 January 2017 to utilise the credit.

## 19. Profit before Tax

Profit before tax is arrived at after charging (crediting) the following items:

|                                      | <i>3 months ended</i> |                   | <i>Period ended</i> |                   |
|--------------------------------------|-----------------------|-------------------|---------------------|-------------------|
|                                      | <i>30.06.2018</i>     | <i>30.06.2017</i> | <i>30.06.2018</i>   | <i>30.06.2017</i> |
| Amortisation of intangible assets    | 13                    | 442               | 25                  | 1,099             |
| Finance costs                        | 1,097                 | 2,786             | 2,447               | 9,399             |
| Finance income                       | (480)                 | (1,196)           | (817)               | (1,487)           |
| Foreign exchange                     |                       |                   |                     |                   |
| - Realised (gain)/loss               | 8,519                 | (11,996)          | (6,988)             | (18,346)          |
| - Unrealised loss                    | 4,278                 | 1,951             | 2,883               | 376               |
| (Gain)/Loss on derivatives           | (5,320)               | 416               | 7,820               | (6,360)           |
| Long-term assets                     |                       |                   |                     |                   |
| - Amortisation                       | 7,115                 | 6,967             | 14,386              | 13,974            |
| - Gain on disposal                   | -                     | (169)             | -                   | (169)             |
| Property, plant and equipment        |                       |                   |                     |                   |
| - Depreciation                       | 15,581                | 16,573            | 30,862              | 33,581            |
| - Write-off                          | 103                   | 2                 | 223                 | 2                 |
| - Gain on disposal                   | -                     | (39,902)          | (2,174)             | (39,902)          |
| Trade receivables                    |                       |                   |                     |                   |
| - Impairment loss                    | 45                    | -                 | 45                  | -                 |
| - Reversal of impairment receivables | (45)                  | (13)              | (84)                | (13)              |

There are no exceptional items, write-off of crude and product inventories and gain or loss on disposal of quoted or unquoted investments.

## 20. Tax Expense

|   | <i>3 months ended</i> |                   | <i>Period ended</i> |                   |
|---|-----------------------|-------------------|---------------------|-------------------|
|   | <i>30.06.2018</i>     | <i>30.06.2017</i> | <i>30.06.2018</i>   | <i>30.06.2017</i> |
| <b>Current tax expense</b>                          |                       |                   |                     |                   |
| - Current year                                      | 29,049                | 28,055            | 49,516              | 62,550            |
| - Prior year  | -                     | -                 | (7)                 | -                 |
| <b>Deferred tax expense</b>                         |                       |                   |                     |                   |
| - Origination and reversal of temporary differences | 4,408                 | (1,483)           | 7,979               | 3,962             |
| <b>Total income tax expense</b>                     | <b>33,457</b>         | <b>26,572</b>     | <b>57,488</b>       | <b>66,512</b>     |

The effective tax rate is higher than the statutory tax rate primarily reflecting the varying relationship of the non-deductible expenses (which are relatively fixed over time) to changing levels of profit or loss from period to period.

**21. Corporate Proposals**

There were no corporate proposals.

**22. Changes in Material Litigation**

There were no significant changes in material litigation since 31 December 2017.

**23. Dividend Payable**

The Company did not declare any dividends during the three months ended 30 June 2018.

**24. Earnings per Ordinary Share**

|  | <i>3 months ended</i> |                   | <i>Period ended</i> |                   |
|--|-----------------------|-------------------|---------------------|-------------------|
|  | <i>30.06.2018</i>     | <i>30.06.2017</i> | <i>30.06.2018</i>   | <i>30.06.2017</i> |
| Net profit attributable to equity holders of the Company | 92,423                | 90,999            | 164,547             | 199,536           |
| Number of ordinary share units in issue ('000)           | 270,000               | 270,000           | 270,000             | 270,000           |
| Basic earnings per ordinary share (sen)                  | 34.2                  | 33.7              | 60.9                | 73.9              |

**25. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the Company's financial statements for the year ended 31 December 2017 was not qualified.