



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 31 December 2018 and for the year ended 31 December 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 31 Dec 2018 <u>Unaudited</u>	As at 31 Dec 2017 <u>Restated</u>	As at 1 Jan 2017 <u>Restated</u>
ASSETS				
Cash and cash equivalents		145,430	119,614	171,640
Derivative financial assets	12	32,419	3,100	2,958
Trade and other receivables		595,309	480,192	486,023
Inventories		648,342	678,138	710,081
Other current assets		438,582	315,933	139,219
Tax recoverable		11,408	-	-
Total Current Assets		1,871,490	1,596,977	1,509,921
Property, plant and equipment		690,744	612,886	585,353
Investment property		368,571	347,300	370,654
Long-term assets		204,392	165,980	179,145
Intangible assets - software		23	71	1,194
Total Non-current Assets		1,263,730	1,126,237	1,136,346
TOTAL ASSETS		3,135,220	2,723,214	2,646,267
LIABILITIES				
Loans and borrowings	17	390,000	-	215,946
Trade and other payables		952,059	1,023,327	1,001,290
Derivative financial liabilities	12	5,328	33,563	21,702
Retirement benefit obligations		4,509	7,460	6,145
Tax payable		-	47,149	39,014
Total Current Liabilities		1,351,896	1,111,499	1,284,097
Loans and borrowings	17	-	-	92,014
Retirement benefit obligations		40,967	40,256	42,431
Deferred tax liabilities		73,548	59,482	63,828
Total Non-current Liabilities		114,515	99,738	198,273
TOTAL LIABILITIES		1,466,411	1,211,237	1,482,370

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 31 Dec 2018 <u>Unaudited</u>	As at 31 Dec 2017 <u>Restated</u>	As at 1 Jan 2017 <u>Restated</u>
EQUITY				
Share capital		143,000	143,000	135,000
Reserves		-	-	8,000
Retained earnings	18	1,525,809	1,368,977	1,020,897
TOTAL EQUITY		1,668,809	1,511,977	1,163,897
TOTAL EQUITY AND LIABILITIES		3,135,220	2,723,214	2,646,267

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)

	Note	October to December		January to December	
		2018	2017	2018	2017
		<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Revenue	8	2,894,220	2,830,877	12,047,037	10,363,058
Cost of sales		(2,907,699)	(2,671,379)	(11,602,992)	(9,678,216)
Gross profit (loss)		(13,479)	159,498	444,045	684,842
Other operating income		15,828	17,337	70,093	67,129
Other operating expenses		(70,648)	(66,303)	(262,652)	(246,418)
Administrative expenses		(5,897)	(5,063)	(18,611)	(18,498)
Results from operating activities		(74,196)	105,469	232,875	487,055
Other income		54,472	31,908	87,557	99,482
Other expenses		(9,357)	(17,527)	(14,664)	(53,441)
Finance income		959	457	2,623	2,976
Finance costs		(4,852)	(1,184)	(12,046)	(12,974)
Profit (Loss) before tax	19	(32,974)	119,123	296,345	523,098
Tax (expense) benefit	20	7,429	(19,557)	(71,805)	(117,925)
Profit (Loss) for the period		(25,545)	99,566	224,540	405,173
Other comprehensive income, net of tax		406	2,307	406	2,307
Total comprehensive income (loss) for the period		(25,139)	101,873	224,946	407,480
Profit (Loss) attributable to equity holders of the Company		(25,545)	99,566	224,540	405,173
Total comprehensive income (loss) attributable to equity holders of the Company		(25,139)	101,873	224,946	407,480
Basic earnings (loss) per ordinary share (sen)	24	(9.5)	36.9	83.2	150.1

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)

<i>Audited</i>	<i>Non-distributable</i>		<i>Distributable</i>	<i>Total equity</i>
	<i>Share capital</i>	<i>Capital redemption reserves</i>	<i>Retained earnings</i>	
At 1 January 2017	135,000	8,000	1,020,897	1,163,897
Remeasurement of defined benefit liability	-	-	2,307	2,307
Profit for the year	-	-	405,173	405,173
Total comprehensive income for the year	-	-	407,480	407,480
Dividends paid	-	-	(59,400)	(59,400)
Transition to no-par value regime	8,000	(8,000)	-	-
At 31 December 2017	143,000	-	1,368,977	1,511,977
<i>Unaudited</i>				
At 31 December 2017, as previously reported/1 January 2018	143,000	-	1,368,977	1,511,977
Opening balance adjustments from adoption of MFRS 9, net of tax	-	-	(614)	(614)
At 1 January 2018, restated	143,000	-	1,368,363	1,511,363
Remeasurement of defined benefit liability	-	-	406	406
Profit for the year	-	-	224,540	224,540
Total comprehensive income for the year	-	-	224,946	224,946
Dividends paid	-	-	(67,500)	(67,500)
At 31 December 2018	143,000	-	1,525,809	1,668,809

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)

	<i>January to December</i>	
	<i>2018</i>	<i>2017</i>
	<u><i>Unaudited</i></u>	<u><i>Restated</i></u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	296,345	523,098
Adjustments for:		
Amortisation of intangible assets	48	1,123
Amortisation of long-term assets	30,234	29,089
Depreciation of investment property	18,644	16,196
Depreciation of property, plant and equipment	46,377	49,023
Finance costs	12,046	12,974
Finance income	(2,623)	(2,976)
Gain on disposal of investment property	-	(52,263)
Gain on disposal of long-term assets	-	(169)
Gain on disposal of property, plant and equipment	(2,173)	(2,913)
Impairment loss on trade and other receivables	810	439
Impairment loss on slow moving materials and supplies	-	6,914
Retirement benefit costs	5,220	5,285
Reversal of impairment loss on trade receivables	(85)	(75)
Reversal of impairment loss on slow moving materials and supplies	(6,433)	-
Unrealised foreign exchange gain	(3,336)	(1,532)
Unrealised (gain)/loss on derivatives	(27,091)	30,463
Write-down of inventory to net realisable value	3,177	-
Write-off of investment property	54	116
Write-off of property, plant and equipment	38	1,162
Operating profit before changes in working capital	371,252	615,954
Change in inventories	33,052	25,029
Change in long-term assets	1,495	798
Change in trade and other payables and other financial liabilities	(105,448)	(2,371)
Change in trade and other receivables and other financial assets	(236,391)	(169,274)
Cash from operations	63,960	470,136
Interest paid	(8,034)	(7,317)
Interest received	2,604	2,951
Tax paid	(116,231)	(114,864)
Retirement benefits paid	(6,926)	(3,110)
Net cash from/(used in) operating activities	(64,627)	347,796

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)

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

	<i>January to December</i>	
	<i>2018</i>	<i>2017</i>
	<i>Unaudited</i>	<i>Restated</i>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investment property	(1,801)	(4,546)
Acquisition of property, plant and equipment	(158,196)	(83,463)
Payment for long-term assets	(74,962)	(18,485)
Proceeds from disposal of investment property	-	66,087
Proceeds from disposal of property, plant and equipment	2,749	5,636
Proceeds from disposal of long-term assets	-	3,087
Net cash used in investing activities	(232,210)	(31,684)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	390,000	-
Repayment of borrowings	-	(308,583)
Dividends paid	(67,500)	(59,400)
Net cash from/(used in) financing activities	322,500	(367,983)
NET CHANGE IN CASH AND CASH EQUIVALENTS	25,663	(51,871)
EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH HELD	153	(155)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	119,614	171,640
CASH AND CASH EQUIVALENTS AT END OF PERIOD	145,430	119,614

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*

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:

2. Significant Accounting Policies (continued)

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

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 119, *Employee Benefits - Plan Amendment, Curtailment or Settlement*
- 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*

Standards, amendments and interpretations effective 1 January 2020:

- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

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 an underlying asset and a lease liability representing its obligations to make lease payments. The standard contains recognition exemption for short-term and low-value leases. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

2. Significant Accounting Policies (continued)

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

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

The Company has performed its initial assessment of the impact of adopting MFRS 16 on its financial statements using Modified Retrospective Approach Option 1. This option allows the Company to recognise lease liabilities at the present value of outstanding lease obligations at transition date, to recognise corresponding right-of-use assets based on carrying values as if the standard has been applied from the beginning of the lease term, and to charge any difference to retained earnings. The option also allows the Company to use its incremental borrowing rate of 4.43% at transition date in determining the present value of lease obligations.

Based on the initial assessment, as at 1 January 2019, the Company is to set up right-of-use assets amounting to RM90 million, recognise corresponding lease liabilities of RM91 million, and charge retained earnings RM1 million for the difference. Prepaid leases of RM173 million are also to be reclassified to right-of-use assets. The resulting right-of-use assets totaling RM263 million would include leases amounting to RM190 million, which meet the definition of investment property, and would subsequently be reclassified to investment property in 2019.

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 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 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:

7. Dividends Paid (continued)

Final dividend per ordinary share, paid on 27 June 2018 - 25 sen per ordinary share	<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>31.12.2018</u>	<u>31.12.2017</u>	<u>31.12.2018</u>	<u>31.12.2017</u>
Domestic	2,741,511	2,551,773	11,007,955	9,431,993
Foreign	152,709	279,104	1,039,082	931,065
	<u>2,894,220</u>	<u>2,830,877</u>	<u>12,047,037</u>	<u>10,363,058</u>

For the period ended 31 December 2018 approximately RM2,632,399 (2017: RM2,198,050) 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 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 31 December 2018 are as follows:

	<i>As at</i>	
	<u>31.12.2018</u>	<u>31.12.2017</u>
Contracted but not provided for	226,601	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 31 December 2018, the Company has the following outstanding derivative financial instruments:

<i>Type of derivatives</i>	<i>Fair value hierarchy</i>	<i>Contract/ Nominal value</i>	<i>Fair value</i>	
			<i>Assets</i>	<i>Liabilities</i>
Derivatives held for trading at fair value through profit or loss				
- Forward exchange contracts	Level 2	342,329	-	(2,412)
- Commodity swaps	Level 2	64,794	32,419	(2,916)
		407,123	32,419	(5,328)

All 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 the derivative transactions are 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>
	<u><i>3 months ended</i></u> <u>31.12.2018</u>	<u><i>Period ended</i></u> <u>31.12.2018</u>	
Forward exchange contracts	(2,093)	6	Level 2 (OTC price)
Commodity swaps	10,772	28,229	Level 2 (OTC price)
	<u>8,679</u>	<u>28,235</u>	

The fair value gains and losses on derivative financial liabilities are due to changes in price of underlying commodities and foreign exchange.

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 31 December 2018

Revenue for the quarter grew by 2% to RM2.9 billion from RM2.8 billion for the same period last year. The growth in revenue was largely driven by higher oil price which was tempered by the 5% drop in total sales volume. Overall volume for the last three months declined to 8.6 million barrels from 9.1 million barrels sold over the same period in 2017 owing to lower exports. Production of LSWR and Naphtha at the Port Dickson Refinery were lower as the plant completed its scheduled maintenance.

Dated Brent in the last quarter of 2018 averaged to about US\$67 per barrel, 8% or US\$5 higher than the US\$61 per barrel for the same period in 2017. While oil price was generally higher and on an uptrend in 2018, the average Dated Brent plunged by almost 30% to US\$57 per barrel in December from US\$81 per barrel in October. This is in contrast to 2017 where Dated Brent rose 14% to US\$64 per barrel in December from US\$56 per barrel in September.

As crude price dropped towards the end of 2018, prices of finished products also fell. The sharp decline in prices resulted in inventory holding losses that eventually led to a gross loss of RM13 million during the fourth quarter. This is a reversal of the RM160 million gross profit reported for the same period in 2017. The significant contraction in gross profit resulted in a net loss for the quarter of RM26 million compared to net income of RM100 million in the same period last year.

Following the decline in margins in the last quarter, profit before tax slid to a loss of RM33 million from the RM107 million income posted in the third quarter.

The Company's revenue for 2018 increased by 16% to RM12.0 billion from RM10.4 billion in 2017 largely driven by higher prices and moderate growth in sales volume. Total sales volume grew by 2% from 34.9 million barrels in 2017 to 35.5 million barrels in 2018. Net income for the year amounted to RM225 million compared to last year's RM405 million. Last year, the Company reported non-recurring gains amounting to RM65.6 million from compulsory divestment of service stations that were acquired by the Government.

15. Commentary on Prospects

While the Company continues to gain stronger foothold in the Malaysian market, its performance continued to be challenged by the dynamics in global oil market, particularly by the oil price volatility. Other factors like geopolitical tensions and trade wars also pose risks as these could affect the oil supply and demand. Amidst these challenges, the Company remains focused and determined to implement its plans and programs to continue to increase presence and expand customer base. The Company remains on track in its strategic initiatives such as service station network expansion, refinery upgrade, additional distribution facilities as well as continuous offering of 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>31.12.2018</u>	<u>31.12.2017</u>
Current		
Revolving credit – unsecured	390,000	-

18. Retained Earnings

	<i>As at</i>	
	<u>31.12.2018</u>	<u>31.12.2017</u>
Distributable		
Retained earnings	1,525,809	1,368,977

19. Profit (Loss) before Tax

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

	<i>3 months ended</i>		<i>Period ended</i>	
	<i>31.12.2018</i>	<i>31.12.2017</i>	<i>31.12.2018</i>	<i>31.12.2017</i>
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Restated</i>
Amortisation of intangible assets	12	12	48	1,123
Finance costs	4,852	1,184	12,046	12,974
Finance income	(959)	(457)	(2,623)	(2,976)
Foreign exchange				
- Realised (gain)/loss	7,200	(6,784)	12,253	(31,625)
- Unrealised gain	(2,661)	(2,898)	(3,336)	(1,532)
(Gain)/Loss on derivatives	(55,619)	38,137	(22,338)	102,333
Impairment loss on slow moving materials and supplies	-	6,914	-	6,914
Investment property				
- Depreciation	3,825	3,965	18,644	16,196
- Write-off	54	68	54	116
- Gain on disposal	-	(14,815)	-	(52,263)
Long-term assets				
- Amortisation	7,131	7,996	30,234	29,089
- Gain on disposal	-	-	-	(169)
Property, plant and equipment				
- Depreciation	12,093	12,110	46,377	49,023
- Write-off	-	894	38	1,162
- Gain on disposal	-	(299)	(2,173)	(2,913)
Reversal of impairment loss on slow moving materials and supplies	(6,433)	-	(6,433)	-
Trade and other receivables				
- Impairment loss	765	191	810	439
- Reversal of impairment loss	-	(25)	(85)	(75)
Write-down of inventories to net realisable value	3,177	-	3,177	-

There are no exceptional items and gain or loss on disposal of quoted or unquoted investments.

20. Tax Expense/(Benefit)

	<i>3 months ended</i>		<i>Period ended</i>	
	<u>31.12.2018</u>	<u>31.12.2017</u>	<u>31.12.2018</u>	<u>31.12.2017</u>
Current tax expense				
- Current year	(17,492)	21,790	62,842	123,850
- Prior year	(7)	-	(5,168)	(851)
Deferred tax expense				
- Origination and reversal of temporary differences	10,358	(2,596)	13,324	(5,541)
- (Over)/Under provision in prior year	(288)	363	807	467
Total income tax expense/(benefit)	(7,429)	19,557	71,805	117,925

The effective tax rate is different 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

In relation to the Notice of Motion filed by Konsortium Lord Saberkat Sdn Bhd (KLSSB) for a review of the Federal Court's decision on 13 December 2016, the Federal Court has, on 10 January 2018, dismissed the application for review by KLSSB, with an order for costs of RM10,000 made in favour of the Company.

KLSSB also filed a motion to amend the Order made by the Court of Appeal dated 10 December 2015 and was dismissed by the Court of Appeal on 24 September 2018. KLSSB has since filed an application for leave to appeal to the Federal Court in relation to the dismissal by the Court of Appeal. The matter is fixed for hearing on 5 March 2019.

On 3 December 2018, KLSSB filed a new claim against the Company allegedly over a breach of contract in relation to the same Agreement (the Second Suit). The amount of damages claimed was approximately RM109,183,500. The Company has filed an application to strike out the Second Suit and it is now fixed for hearing on 4 April 2019. The Company has instructed its external counsel to act on its behalf and does not expect any financial or operational impact as a result of this Second Suit.

23. Dividend Payable

The Directors recommend that a final single tier dividend of 20.0 sen per share, amounting to RM54.0 million be paid for the year ended 31 December 2018, subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company.

24. Earnings/(Loss) per Ordinary Share

	<i>3 months ended</i>		<i>Period ended</i>	
	<u>31.12.2018</u>	<u>31.12.2017</u>	<u>31.12.2018</u>	<u>31.12.2017</u>
Net profit (loss) attributable to equity holders of the Company	(25,545)	99,566	224,540	405,173
Number of ordinary share units in issue ('000)	270,000	270,000	270,000	270,000
Basic earnings/(loss) per ordinary share (sen)	(9.5)	36.9	83.2	150.1

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.