



**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 2019 and for the six months ended 30 June 2019.

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)**

|                                      |      | <i>As at</i><br><i>30 Jun 2019</i> | <i>As at</i><br><i>31 Dec 2018</i> |
|--------------------------------------|------|------------------------------------|------------------------------------|
|                                      | Note | <i>Unaudited</i>                   | <i>Audited</i>                     |
| <b>ASSETS</b>                        |      |                                    |                                    |
| Cash and cash equivalents            |      | 100,743                            | 145,430                            |
| Derivative financial assets          | 12   | 10,510                             | 32,419                             |
| Trade and other receivables          |      | 537,295                            | 595,309                            |
| Inventories                          |      | 606,624                            | 648,342                            |
| Other current assets                 |      | 20,232                             | 438,582                            |
| Tax recoverable                      |      | -                                  | 11,408                             |
| <b>Total Current Assets</b>          |      | <b>1,275,404</b>                   | <b>1,871,490</b>                   |
| Property, plant and equipment        |      | 939,179                            | 690,744                            |
| Investment property                  |      | 510,874                            | 368,571                            |
| Right-of-use assets                  |      | 70,090                             | -                                  |
| Long-term assets                     |      | 55,292                             | 204,392                            |
| Intangible assets - software         |      | -                                  | 23                                 |
| <b>Total Non-current Assets</b>      |      | <b>1,575,435</b>                   | <b>1,263,730</b>                   |
| <b>TOTAL ASSETS</b>                  |      | <b>2,850,839</b>                   | <b>3,135,220</b>                   |
| <b>LIABILITIES</b>                   |      |                                    |                                    |
| Loans and borrowings                 | 17   | -                                  | 390,000                            |
| Trade and other payables             |      | 966,703                            | 952,059                            |
| Lease liabilities                    |      | 4,451                              | -                                  |
| Derivative financial liabilities     | 12   | 7,290                              | 5,328                              |
| Retirement benefit obligations       |      | 4,509                              | 4,509                              |
| Tax payable                          |      | 4,135                              | -                                  |
| <b>Total Current Liabilities</b>     |      | <b>987,088</b>                     | <b>1,351,896</b>                   |
| Lease liabilities                    |      | 27,316                             | -                                  |
| Retirement benefit obligations       |      | 42,090                             | 40,967                             |
| Deferred tax liabilities             |      | 67,101                             | 73,548                             |
| <b>Total Non-current Liabilities</b> |      | <b>136,507</b>                     | <b>114,515</b>                     |
| <b>TOTAL LIABILITIES</b>             |      | <b>1,123,595</b>                   | <b>1,466,411</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)**

|                                     | <i>As at</i><br>30 Jun 2019 | <i>As at</i><br>31 Dec 2018 |
|-------------------------------------|-----------------------------|-----------------------------|
|                                     | <i>Unaudited</i>            | <i>Audited</i>              |
| <b>EQUITY</b>                       |                             |                             |
| Share capital                       | 143,000                     | 143,000                     |
| Retained earnings                   | 1,584,244                   | 1,525,809                   |
| <b>TOTAL EQUITY</b>                 | <b>1,727,244</b>            | <b>1,668,809</b>            |
| <b>TOTAL EQUITY AND LIABILITIES</b> | <b>2,850,839</b>            | <b>3,135,220</b>            |

Certified by:

  
**MARK TRISTAN D. CAPARAS**  
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 | April to June |               | January to June |                |
|--|------|---------------|---------------|-----------------|----------------|
|  |      | 2019          | 2018          | 2019            | 2018           |
| Revenue  |      | 3,022,670     | 3,126,250     | 5,770,113       | 5,852,920      |
| Cost of sales                                    |      | (2,889,092)   | (2,968,540)   | (5,493,931)     | (5,580,670)    |
| Gross profit                                     |      | 133,578       | 157,710       | 276,182         | 272,250        |
| Other operating income                           |      | 16,005        | 16,684        | 31,627          | 38,209         |
| Other operating expenses                         |      | (64,017)      | (59,683)      | (126,438)       | (117,405)      |
| Administrative expenses                          |      | (4,452)       | (5,113)       | (8,449)         | (8,624)        |
| Results from operating activities                |      | 81,114        | 109,598       | 172,922         | 184,430        |
| Other income                                     |      | 9,457         | 31,458        | 12,991          | 49,089         |
| Other expenses                                   |      | (14,517)      | (14,559)      | (30,002)        | (9,854)        |
| Finance income                                   |      | 1,269         | 480           | 2,386           | 817            |
| Finance costs                                    |      | (2,127)       | (1,097)       | (6,423)         | (2,447)        |
| Profit before tax                                | 18   | 75,196        | 125,880       | 151,874         | 222,035        |
| Tax expense                                      | 19   | (18,981)      | (33,457)      | (38,138)        | (57,488)       |
| <b>Profit for the period</b>                     |      | <b>56,215</b> | <b>92,423</b> | <b>113,736</b>  | <b>164,547</b> |
| <b>Total comprehensive income for the period</b> |      | <b>56,215</b> | <b>92,423</b> | <b>113,736</b>  | <b>164,547</b> |
| <b>Basic earnings per ordinary share (sen)</b>   | 23   | <b>20.8</b>   | <b>34.2</b>   | <b>42.1</b>     | <b>60.9</b>    |

Certified by:

  
**MARK TRISTAN D. CAPARAS**  
 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>Non-distributable</i> | <i>Distributable</i>     | <i>Total equity</i> |
|--|--------------------------|--------------------------|---------------------|
|  | <i>Share capital</i>     | <i>Retained earnings</i> |                     |
| <b>At 31 December 2017/1 January 2018</b>                          | <b>143,000</b>           | <b>1,368,977</b>         | <b>1,511,977</b>    |
| Opening balance adjustments<br>from adoption of MFRS 9, net of tax | -                        | (614)                    | (614)               |
| <b>At 1 January 2018, restated</b>                                 | <b>143,000</b>           | <b>1,368,363</b>         | <b>1,511,363</b>    |
| Total comprehensive income for the<br>period                       | -                        | 164,547                  | 164,547             |
| Dividends paid   | -                        | (67,500)                 | (67,500)            |
| <b>At 30 June 2018</b>   | <b>143,000</b>           | <b>1,465,410</b>         | <b>1,608,410</b>    |
| <br>   |                          |                          |                     |
| <b>At 31 December 2018/1 January 2019</b>                          | <b>143,000</b>           | <b>1,525,809</b>         | <b>1,668,809</b>    |
| Opening balance adjustments<br>from adoption of MFRS 16            | -                        | (1,301)                  | (1,301)             |
| <b>At 1 January 2019, restated</b>                                 | <b>143,000</b>           | <b>1,524,508</b>         | <b>1,667,508</b>    |
| Total comprehensive income for the<br>period                       | -                        | 113,736                  | 113,736             |
| Dividends paid   | -                        | (54,000)                 | (54,000)            |
| <b>At 30 June 2019</b>   | <b>143,000</b>           | <b>1,584,244</b>         | <b>1,727,244</b>    |

Certified by:

  
**MARK TRISTAN D. CAPARAS**  
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 June</i> |                 |
|--|------------------------|-----------------|
|  | <i>2019</i>            | <i>2018</i>     |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                        |                        |                 |
| Profit before tax  | 151,874                | 222,035         |
| Adjustments for:   |                        |                 |
| Amortisation of intangible assets                                  | 23                     | 25              |
| Amortisation of long-term assets                                   | 4,880                  | 14,386          |
| Depreciation of investment property                                | 14,181                 | -               |
| Depreciation of property, plant and equipment                      | 25,641                 | 30,862          |
| Depreciation of right-of-use assets                                | 905                    | -               |
| Finance costs  | 6,423                  | 2,447           |
| Finance income   | (2,386)                | (817)           |
| Gain on disposal of investment property                            | (3,509)                | -               |
| Gain on disposal of property, plant and equipment                  | (2,462)                | (2,173)         |
| Gain on disposal of right-of-use assets                            | (44)                   | -               |
| Impairment loss on trade receivables                               | -                      | 45              |
| Retirement benefit costs   | 2,579                  | 2,610           |
| Reversal of impairment loss on trade receivables                   | (238)                  | (85)            |
| Unrealised foreign exchange (gain)/loss                            | (906)                  | 2,883           |
| Unrealised gain on derivatives                                     | (3,220)                | (6,168)         |
| Write-off of property, plant and equipment                         | 4                      | 223             |
| Operating profit before changes in working capital                 | 193,745                | 266,273         |
| Change in inventories  | 41,718                 | (58,158)        |
| Change in long-term assets   | 70                     | (253)           |
| Change in trade and other payables and other financial liabilities | 12,718                 | (56,809)        |
| Change in trade and other receivables and other financial assets   | 443,683                | (197,629)       |
| Cash from/(used in) operations                                     | 691,934                | (46,576)        |
| Interest paid  | (3,493)                | (898)           |
| Interest received  | 2,371                  | 793             |
| Tax paid   | (29,042)               | (45,167)        |
| Retirement benefits paid   | (1,456)                | (3,919)         |
| <b>Net cash from/(used in) operating activities</b>                | <b>660,314</b>         | <b>(95,767)</b> |

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 June</i> |                 |
|--|------------------------|-----------------|
|  | <i>2019</i>            | <i>2018</i>     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>              |                        |                 |
| Acquisition of investment property                       | (5,285)                | -               |
| Acquisition of property, plant and equipment             | (257,807)              | (57,375)        |
| Payment for long-term assets                             | (8,088)                | (17,405)        |
| Proceeds from disposal of investment property            | 8,972                  | -               |
| Proceeds from disposal of property, plant and equipment  | 1,956                  | 2,750           |
| Proceeds from disposal of right-of-use assets            | 60                     | -               |
| <b>Net cash used in investing activities</b>             | <b>(260,192)</b>       | <b>(72,030)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>              |                        |                 |
| Proceeds from borrowings                                 | -                      | 240,000         |
| Repayment of borrowings                                  | (390,000)              | -               |
| Dividends paid   | (54,000)               | (67,500)        |
| Payment of lease liabilities                             | (1,037)                | -               |
| <b>Net cash from/(used in) financing activities</b>      | <b>(445,037)</b>       | <b>172,500</b>  |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>           | <b>(44,915)</b>        | <b>4,703</b>    |
| <b>EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH HELD</b> | <b>228</b>             | <b>311</b>      |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>  | <b>145,430</b>         | <b>119,614</b>  |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>        | <b>100,743</b>         | <b>124,628</b>  |

Certified by:

**MARK TRISTAN D. CAPARAS**  
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 2018. 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 2018.

**2. Significant Accounting Policies**

**a) Changes in accounting policies**

The audited financial statements of the Company for the year ended 31 December 2018 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 2018.

On 1 January 2019, the Company adopted the following accounting standards, amendments and interpretations of MFRSs effective for annual periods beginning on or after 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*



## 2. Significant Accounting Policies (continued)

### b) MFRSs, 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:

MFRSs, 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 standard, amendments and interpretations on their effective dates.

## 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 2018 is as follows:

In respect of the year ended 31 December 2018:

|   |               |
|---|---------------|
| Final dividend per ordinary share, paid on 27 June 2019 |               |
| - 20 sen per ordinary shares                            | <u>54,000</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:

## 8. Segmental Information (continued)

|          | <i>3 months ended</i> |                   | <i>Period ended</i> |                   |
|----------|-----------------------|-------------------|---------------------|-------------------|
|          | <i>30.06.2019</i>     | <i>30.06.2018</i> | <i>30.06.2019</i>   | <i>30.06.2018</i> |
| Domestic | 2,761,369             | 2,748,578         | 5,159,956           | 5,266,488         |
| Foreign  | 261,301               | 377,672           | 610,157             | 586,432           |
|          | <u>3,022,670</u>      | <u>3,126,250</u>  | <u>5,770,113</u>    | <u>5,852,920</u>  |

For the period ended 30 June 2019 approximately RM1,265,292 (2018: RM1,261,097) 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 2018.

## 11. Capital Commitments

Capital commitments not provided for in the interim financial statements as at 30 June 2019 are as follows:

|                                 | <i>As at</i>      |                   |
|---------------------------------|-------------------|-------------------|
|                                 | <i>30.06.2019</i> | <i>31.12.2018</i> |
| Contracted but not provided for | 318,690           | 226,601           |

## 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 period.

## 12. Derivative Financial Instruments (continued)

As at 30 June 2019, the Company has the following outstanding derivative financial instruments:

| <i>Type of derivatives</i>  | <i>Fair value hierarchy</i> | <i>Contract/<br/>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                     | 209,284                            | 5                 | (1,040)            |
| - Commodity swaps   | Level 2                     | 153,781                            | 10,505            | (6,250)            |
|   |                             | 363,065                            | 10,510            | (7,290)            |

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> |
|----------------------------|-------------------------------|---------------------|---|
|                            | <i>3 months ended</i>         | <i>Period ended</i> |   |
|                            | <i>30.06.2019</i>             | <i>30.06.2019</i>   |   |
| Forward exchange contracts | (892)                         | 1,373               | Level 2 (OTC price)                     |
| Commodity swaps            | (1,122)                       | (3,335)             | Level 2 (OTC price)                     |
|                            | (2,014)                       | (1,962)             |   |

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 Requirements of Bursa Malaysia Securities Berhad**  
**(Amounts in Thousand Ringgit Malaysia, Except Per Share Data)**

**14. Review of Performance - Current financial period ended 30 June 2019**

Sales volume for the second quarter reached 9.2 million barrels, slightly higher than the same quarter last year. However, due to lower oil prices, revenue declined by 3% to RM3.0 billion from RM3.1 billion last year.

While Dated Brent crude has recovered from the sharp decline in prices during the last two months of 2018, global oil prices remained volatile during the quarter with Dated Brent averaging US\$69 per barrel or 7% lower than the same quarter last year. Price differentials between finished products and crude remained narrow resulting in a lower gross profit of RM134 million or 15% lower than RM158 million last year.

Net income for the quarter settled at RM56 million, 39% lower than RM92 million posted last year mainly due to lower gross profit and unrealised commodity loss in 2019.

The Company's sales volume grew from 17.8 million barrels in the first half of 2018 to 18.3 million barrels in the same period in 2019. However, as lower oil prices prevailed and negated the impact of the 3% growth in sales volume, revenue declined by 1% to RM5.8 billion from RM5.9 billion last year. Consequently, net income amounted to RM114 million or 31% lower compared to RM165 million last year.

Profit before tax for the quarter is slightly lower at RM75 million compared to RM77 million in the preceding quarter.

**15. Commentary on Prospects**

Oil prices continued to be volatile during the second quarter. Thus, the Company remains cautious as it sees more uncertainties in oil prices during the year amid the re-escalation of U.S.-China trade war and ongoing geopolitical tensions. At the domestic front, Malaysia economy outlook remains positive.

Despite these challenges, the Company remains committed in pursuing its various strategic programs to expand its retail network, upgrade its plant and facilities and enhance efficiencies in its supply chain to support growing sales volume and to continue providing excellent service and innovative products to its customers.

## 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>30.06.2019</u> | <u>31.12.2018</u> |
| <b>Current</b>               |                   |                   |
| Revolving credit – unsecured | -                 | 390,000           |

## 18. Profit before Tax

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

|                                   | <i>3 months ended</i> |                   | <i>Period ended</i> |                   |
|-----------------------------------|-----------------------|-------------------|---------------------|-------------------|
|                                   | <u>30.06.2019</u>     | <u>30.06.2018</u> | <u>30.06.2019</u>   | <u>30.06.2018</u> |
| Amortisation of intangible assets | 11                    | 13                | 23                  | 25                |
| Finance costs                     | 2,127                 | 1,097             | 6,423               | 2,447             |
| Finance income                    | (1,269)               | (480)             | (2,386)             | (817)             |
| Foreign exchange                  |                       |                   |                     |                   |
| - Realised (gain)/loss            | 7,317                 | 8,519             | 3,714               | (6,988)           |
| - Unrealised (gain)/loss          | (599)                 | 4,278             | (906)               | 2,883             |
| (Gain)/Loss on derivatives        | (21,649)              | (5,320)           | 26,978              | 7,820             |
| Investment property               |                       |                   |                     |                   |
| - Depreciation                    | 7,120                 | -                 | 14,181              | -                 |
| - Gain on disposal                | (83)                  | -                 | (3,509)             | -                 |
| Amortisation of long-term assets  | 865                   | 7,115             | 4,880               | 14,386            |
| Property, plant and equipment     |                       |                   |                     |                   |
| - Depreciation                    | 14,198                | 15,581            | 25,641              | 30,862            |
| - Write-off                       | -                     | 103               | 4                   | 223               |
| - Gain on disposal                | (1,621)               | -                 | (2,462)             | (2,173)           |
| Right-of-use asset                |                       |                   |                     |                   |
| - Depreciation                    | 509                   | -                 | 905                 | -                 |
| - Gain on disposal                | (44)                  | -                 | (44)                | -                 |
| Trade and other receivables       |                       |                   |                     |                   |
| - Impairment loss                 | -                     | 45                | -                   | 45                |
| - Reversal of impairment loss     | -                     | (45)              | (238)               | (85)              |

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

## 19. Tax Expense

|   | <i>3 months ended</i> |                   | <i>Period ended</i> |                   |
|---|-----------------------|-------------------|---------------------|-------------------|
|   | <i>30.06.2019</i>     | <i>30.06.2018</i> | <i>30.06.2019</i>   | <i>30.06.2018</i> |
| <b>Current tax expense</b>                          |                       |                   |                     |                   |
| - Current year                                      | 21,850                | 29,049            | 44,585              | 49,516            |
| - Prior year  | -                     | -                 | -                   | (7)               |
| <b>Deferred tax expense</b>                         |                       |                   |                     |                   |
| - Origination and reversal of temporary differences | (2,869)               | 4,408             | (6,447)             | 7,979             |
| <b>Total income tax expense</b>                     | <b>18,981</b>         | <b>33,457</b>     | <b>38,138</b>       | <b>57,488</b>     |

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.

## 20. Corporate Proposals

There were no corporate proposals.

## 21. Changes in Material Litigation

As disclosed in Note 28 of the Company's 2018 audited financial statements, Konsortium Lord Saberkat Sdn. Bhd. (KLSSB) on 3 December 2018 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.

On 4 April 2019, High Court allowed the Company's application to strike out the Second Suit. Subsequently, on 29 April 2019, KLSSB filed an Appeal against the decision of the High Court to the Court of Appeal, the hearing of which was set for 9 January 2020.

## 22. Dividend Payable

The Company did not declare any dividends during the three months ended 30 June 2019.

## 23. Earnings per Ordinary Share

|  | <i>3 months ended</i> |                   | <i>Period ended</i> |                   |
|--|-----------------------|-------------------|---------------------|-------------------|
|  | <i>30.06.2019</i>     | <i>30.06.2018</i> | <i>30.06.2019</i>   | <i>30.06.2018</i> |
| Net profit attributable to shareholders        | 56,215                | 92,423            | 113,736             | 164,547           |
| Number of ordinary share units in issue ('000) | 270,000               | 270,000           | 270,000             | 270,000           |
| Basic earnings per share (sen)                 | 20.8                  | 34.2              | 42.1                | 60.9              |

## 24. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the Company's financial statements for the year ended 31 December 2018 was not qualified.