



PETRON MALAYSIA REFINING & MARKETING BHD

(Company Number: 196001000260 (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 2020 and for the year ended 31 December 2020.

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: 196001000260 (3927-V))

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

	Note	<i>As at</i> 31 Dec 2020	<i>As at</i> 31 Dec 2019
		<i>Unaudited</i>	<i>Audited</i>
ASSETS			
Cash and cash equivalents		139,059	156,599
Derivative financial assets	12	7,838	8,914
Trade and other receivables		221,351	420,865
Inventories		419,834	706,564
Other current assets		7,268	6,332
Tax recoverable		10,969	-
Total current assets		806,319	1,299,274
Property, plant and equipment		1,456,122	1,190,138
Investment property		653,996	634,333
Right-of-use assets		31,856	32,339
Long-term assets		28,071	23,469
Intangible assets - software		1,401	167
Total non-current assets		2,171,446	1,880,446
TOTAL ASSETS		2,977,765	3,179,720
LIABILITIES			
Loans and borrowings	18	420,320	130,000
Trade and other payables		634,009	1,088,355
Lease liabilities		1,576	3,776
Derivative financial liabilities	12	13,560	9,941
Retirement benefit obligations		4,273	5,951
Tax payable		-	3,606
Total current liabilities		1,073,738	1,241,629
Retirement benefit obligations		48,545	46,944
Deferred tax liabilities		73,418	75,297
Lease liabilities		40,467	29,891
Total non-current liabilities		162,430	152,132
TOTAL LIABILITIES		1,236,168	1,393,761

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: 196001000260 (3927-V))

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

	<i>As at</i> <i>31 Dec 2020</i>	<i>As at</i> <i>31 Dec 2019</i>
	<i>Unaudited</i>	<i>Audited</i>
EQUITY		
Share capital	143,000	143,000
Retained earnings	1,598,597	1,642,959
TOTAL EQUITY	1,741,597	1,785,959
TOTAL EQUITY AND LIABILITIES	2,977,765	3,179,720

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: 196001000260 (3927-V))

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

	Note	October to December		January to December	
		2020	2019	2020	2019
		Unaudited	Unaudited	Unaudited	Audited
Revenue		1,512,853	2,914,599	6,461,691	11,456,829
Cost of sales		(1,377,012)	(2,817,317)	(6,295,051)	(10,984,600)
Gross profit		135,841	97,282	166,640	472,229
Other operating income		13,662	17,065	55,237	65,967
Other operating expenses		(59,055)	(67,476)	(227,137)	(256,884)
Administrative expenses		(3,687)	(3,709)	(14,896)	(16,425)
Results from operating activities		86,761	43,162	(20,156)	264,887
Other income		5,013	6,744	12,475	12,077
Other expenses		(31,649)	(12,257)	(13,238)	(34,528)
Finance income		377	541	1,890	3,731
Finance costs		(600)	1,479	(3,042)	(6,821)
Profit/(Loss) before tax	19	59,902	39,669	(22,071)	239,346
Tax (expense)/benefit	20	(17,885)	(10,703)	8,756	(62,220)
Profit/(Loss) for the period		42,017	28,966	(13,315)	177,126
Other comprehensive income/(loss), net of tax		1,353	(4,824)	1,353	(4,824)
Total comprehensive income/(loss) for the period		43,370	24,142	(11,962)	172,302
Profit/(Loss) attributable to equity holders of the Company		42,017	28,966	(13,315)	177,126
Total comprehensive income/(loss) for the period		43,370	24,142	(11,962)	172,302
Basic earnings/(loss) per ordinary share (sen)	24	15.6	10.7	(4.9)	65.6

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: 196001000260 (3927-V))

CONDENSED STATEMENT OF CHANGES IN EQUITY

(Amounts in Thousand Ringgit Malaysia)

	<i>Note</i>	<i>Non-distributable Share capital</i>	<i>Distributable Retained earnings</i>	<i>Total equity</i>
<i>Audited</i>				
At 1 January 2019		143,000	1,524,657	1,667,657
Remeasurement of defined benefit liability		-	(4,824)	(4,824)
Profit for the year		-	177,126	177,126
Total comprehensive income for the year		-	172,302	172,302
Dividends paid		-	(54,000)	(54,000)
At 31 December 2019		143,000	1,642,959	1,785,959
<i>Unaudited</i>				
At 1 January 2020		143,000	1,642,959	1,785,959
Remeasurement of defined benefit liability		-	1,353	1,353
Loss for the year		-	(13,315)	(13,315)
Total comprehensive loss for the year		-	(11,962)	(11,962)
Dividends paid	7	-	(32,400)	(32,400)
At 31 December 2020		143,000	1,598,597	1,741,597

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: 196001000260 (3927-V))

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

	<i>January to December</i>	
	<i>2020</i>	<i>2019</i>
	<i>Unaudited</i>	<i>Audited</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(22,071)	239,346
Adjustments for:		
Amortisation of intangible assets	113	100
Amortisation of long-term assets	5,588	4,445
Depreciation of investment property	34,283	30,916
Depreciation of property, plant and equipment	46,678	57,846
Depreciation of right-of-use assets	486	504
Finance costs	3,042	6,821
Finance income	(1,890)	(3,731)
Gain on disposal of investment property	-	(3,729)
Gain on disposal of property, plant and equipment	(4,411)	(901)
Gain on disposal of right-of-use assets	-	(44)
Impairment loss on trade and other receivables	195	328
Retirement benefit costs	5,874	5,159
Reversal of impairment loss on trade and other receivables	(1,271)	(786)
Unrealised foreign exchange loss/(gain)	314	(3,450)
Unrealised loss on derivatives	5,722	1,027
Write-down of inventories to net realisable value	-	1,545
Write-off of investment property	-	426
Write-off of property, plant and equipment	154	1,779
Operating profit before changes in working capital	72,806	337,601
Change in inventories	286,730	(59,767)
Change in long-term assets	(641)	(352)
Change in trade and other payables and other financial liabilities	(444,816)	69,021
Change in trade and other receivables and other financial assets	207,396	570,213
Cash from operations	121,475	916,716
Interest paid	(14,747)	(5,387)
Interest received	1,884	3,721
Tax paid	(10,489)	(63,892)
Tax refund	2,364	20,322
Retirement benefits paid	(4,171)	(3,810)
Net cash from operating activities	96,316	867,670

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



PETRON

PETRON MALAYSIA REFINING & MARKETING BHD

(Company Number: 196001000260 (3927-V))

CONDENSED STATEMENT OF CASH FLOWS

(Amounts in Thousand Ringgit Malaysia)

(Continued)

	<i>January to December</i>	
	<i>2020</i>	<i>2019</i>
	<i>Unaudited</i>	<i>Audited</i>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investment property	(25,752)	(25,086)
Acquisition of property, plant and equipment	(330,463)	(513,568)
Payment for long-term assets	(11,961)	(11,675)
Purchase for intangible assets	(131)	-
Proceeds from disposal of investment property	-	9,164
Proceeds from disposal of property, plant and equipment	4,696	2,108
Proceeds from disposal of right-of-use assets	-	60
Net cash used in investing activities	(363,611)	(538,997)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(32,400)	(54,000)
Net proceeds from/(repayment of) borrowings	291,340	(260,000)
Payment of lease liabilities	(7,506)	(3,466)
Net cash from/(used in) financing activities	251,434	(317,466)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(15,861)	11,207
EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH HELD	(1,679)	(38)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	156,599	145,430
CASH AND CASH EQUIVALENTS AT END OF YEAR	139,059	156,599

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: 196001000260 (3927-V))

Part A – Explanatory Notes Pursuant to MFRS 134 Interim Financial Reporting

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 2019. 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 2019.

2. Significant Accounting Policies

a) Changes in accounting policies

The audited financial statements of the Company for the year ended 31 December 2019 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 2019.

On 1 January 2020, the Company adopted the following accounting standards, amendments and interpretations of MFRSs effective for annual periods beginning on or after 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 also early adopted the following accounting standards, amendments and interpretations of MFRSs effective for annual periods beginning on or after 1 June 2020:

- Amendments to MFRS 16, *Leases – COVID-19 – Related Rent Concessions*

The Company has applied the practical expedient of Amendments to MFRS 16, *Leases – COVID-19 – Related Rent Concessions*, allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Company applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances.

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 2022 (continued):

- Amendments to MFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts–Cost of Fulfilling a Contract*

MFRSs, amendments and interpretations effective 1 January 2023:

- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*

The Company will apply the above standards, 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

During the year, the Company adopted the units of production method for depreciation of refinery plant and equipment directly used in the manufacturing of petroleum products as the method closely reflects the expected pattern of consumption of the future economic benefits embodied in these assets.

Depreciation of refinery production assets is computed based on the unit of production method using expected refinery crude consumption over the estimated useful lives of these assets. Previously, depreciation for these assets was computed on a straight-line method. In addition, the Company also revised the estimated useful lives of certain items of refinery plant and equipment such as storage tanks. These revisions were accounted for prospectively as a change in accounting estimates and the effects of these changes on depreciation expense in current and future periods are as follows:

5. Changes in Estimates (continued)

	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	Later RM'000
(Decrease)/Increase in depreciation expense	(5,441)	(2,706)	(1,914)	(1,538)	(1,035)	12,634

Estimates of crude consumption

The estimated crude consumption of the Port Dickson Refinery (PDR) is dependent on refining economics. These estimates require the application of judgements and are subject to regular revision based on economic factors such as crude supply, oil prices and sales forecast.

Such revisions will impact the Company's reported financial position and results which include:

- (i) carrying amounts of refinery plant and equipment
- (ii) carrying amounts of deferred tax assets and liabilities

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 2019 is as follows:

In respect of the year ended 31 December 2019:

	<i>RM'000</i>
Final dividend per ordinary share, paid on 3 July 2020	
- 12 sen per ordinary share	32,400

8. Segmental Information

The Company is organised as one integrated business segment which operates 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>In RM'000</i>	<i>3 months ended</i>		<i>Period ended</i>	
	<i>31.12.2020</i>	<i>31.12.2019</i>	<i>31.12.2020</i>	<i>31.12.2019</i>
Domestic	1,374,116	2,644,109	5,811,168	10,402,027
Foreign	138,737	270,490	650,523	1,054,802
	1,512,853	2,914,599	6,461,691	11,456,829

8. Segmental Information (continued)

For the period ended 31 December 2020 approximately RM1,421,446 thousand (2019: RM2,484,155 thousand) 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 2019.

11. Capital Commitments

Capital commitments not provided for in the interim financial statements as at 31 December 2020 are as follows:

<i>In RM'000</i>	<i>As at</i>	
	<u>31.12.2020</u>	<u>31.12.2019</u>
Contracted but not provided for		
Property, plant and equipment	68,627	164,168
Investment properties	51,684	74,749
	<u>120,311</u>	<u>238,917</u>

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 31 December 2020, the Company has the following outstanding derivative financial instruments:

<i>In RM'000</i> <i>Type of derivatives</i>	<i>Fair value</i> <i>hierarchy</i>	<i>Contract/</i> <i>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	185,686	5	(1,672)
- Commodity swaps	Level 2	481,923	7,833	(11,888)
		667,609	7,838	(13,560)

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>In RM'000</i>	<i>Fair Value Gains/(Losses)</i>		<i>Basis for fair value measurement</i>
	<i>3 months ended</i>	<i>Period ended</i>	
	<i>31.12.2020</i>	<i>31.12.2020</i>	
Forward exchange contracts	(1,494)	60	Level 2 (OTC price)
Commodity swaps	27,816	(3,679)	Level 2 (OTC price)
	26,322	(3,619)	

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.

14. Comparative Figures

During the year, the Company presented deferred charges on major turnaround cost under property, plant and equipment. These charges were presented under long-term assets in prior years. Accordingly, certain comparative figures of the Company have been restated to conform with current year's presentation. The restatements do not have any impact to the statement of profit or loss and other comprehensive income, and only reclassification impact to the statement of financial position and statement of cash flows. The effects are disclosed below:

Statement of Financial Position

<i>In RM'000</i>	<i>2019</i>	
	<i>As restated</i>	<i>As previously stated</i>
Assets		
Property, plant and equipment	1,190,138	1,163,817
Long-term assets	23,469	49,790

Statement of Cash Flows

<i>In RM'000</i>	<i>2019</i>	
	<i>As restated</i>	<i>As previously stated</i>
Cash flows from operating activities		
Amortisation of long-term assets	4,445	11,157
Depreciation of property, plant and equipment	57,846	51,134
Write-off of property, plant and equipment	1,779	635
Change in long-term assets	(352)	792

Part B – Explanatory Notes Pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad

15. Review of Performance - Current financial period ended 31 December 2020

During the last quarter of the year, the government re-implemented the Conditional Movement Control Order (CMCO) to curb the spike of COVID-19 cases in the country. Amid reduced movement and economic activities, the Company recorded lower sales volume at 6.8 million barrels during the quarter compared to 9.2 million barrels sales volume over the same period in 2019.

Benchmark Dated Brent crude price rallied to average US\$50 per barrel in December 2020 from its September average of US\$41 per barrel as market optimism grew from the target roll-out of effective COVID-19 vaccines along with the sustained OPEC+ production cuts. However, the fourth quarter average of US\$44 per barrel remained 30% lower from the same quarter average of US\$63 per barrel in 2019.

With lower sales volume and oil prices compared to last year, the Company's fourth quarter 2020 revenue contracted by 48% to RM1,512,853 thousand as compared to RM2,914,599 thousand in the same period last year. Despite lower revenue, the Company posted 40% higher gross profit at RM135,841 thousand for the quarter against RM97,282 thousand in 2019. The improvement is traced mainly on inventory holding gains as oil price recovered during the last three months of 2020 and improved refining margin.

In line with the continued cost rationalization measures, the Company saved 12% or RM8,443 thousand in operating and administrative expenses (OPEX) during the quarter compared to last year. With higher gross profit and OPEX savings, the Company posted higher net income for the quarter at RM42,017 thousand, a 45% increase compared to RM28,966 thousand last year.

Profit before tax for the quarter is lower at RM59,902 thousand as compared to RM124,189 thousand in the preceding quarter.

For the full year 2020, despite the pandemic's negative impact on sales volume and oil prices, the Company has minimized its net loss to RM13,315 thousand compared to net income of RM177,126 thousand in 2019.

16. Commentary on Prospects

Global crude oil prices sustained recovery in fourth quarter 2020 as market optimism grew from the availability of COVID-19 vaccine and OPEC+ decision to temper oil production increase to balance demand growth. While the recovery trend is expected to continue in 2021, the ongoing second wave of COVID-19 infections in major countries worldwide and the more contagious virus strains from United Kingdom and South Africa have dampened demand recovery outlook and continued to pose threat on the global oil market. The change in US leadership in January 2021 may also signal a shift in geopolitical and economic policies directly affecting major countries and the rest of the world.

At the domestic front, the local economy is projected to gradually recover in 2021 as market confidence is expected to regain momentum with the roll-out of vaccines targeting majority of the population. However, until a successful vaccination program is implemented, the country may still encounter some challenges from the ongoing COVID-19 pandemic, although at a lesser scale compared to 2020.

Despite these continuing challenges, the Company remains confident that through its resilient operations, strong financial position coupled with prudent resource and risk management measures, business performance will improve as the country makes progress towards recovery.

17. Profit Forecast or Profit Guarantee

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

18. Loans and Borrowings

The Company's loans and borrowings are as follows:

<i>In RM'000</i>	<i>As at</i>	
	<i>31.12.2020</i>	<i>31.12.2019</i>
Current		
Revolving credit – unsecured	420,320	130,000

19. Profit/(Loss) before Tax

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

<i>In RM'000</i>	<i>3 months ended</i>		<i>Period ended</i>	
	<i>31.12.2020</i>	<i>31.12.2019</i>	<i>31.12.2020</i>	<i>31.12.2019</i>
Amortisation of intangible assets	77	12	113	100
Amortisation of long-term assets	1,401	1,223	5,588	4,445
Finance costs	600	(1,479)	3,042	6,821
Finance income	(377)	(541)	(1,890)	(3,731)
Foreign exchange				
- Realised (gain)/loss	(4,453)	(3,597)	1,238	920
- Unrealised loss/(gain)	208	(1,374)	314	(3,450)
Investment property				
- Depreciation	8,923	8,612	34,283	30,916
- Gain on disposal	-	(220)	-	(3,729)
- Write-off	-	426	-	426
Loss/(Gain) on derivatives	33,252	24,583	(5,512)	54,710
Property, plant and equipment				
- Depreciation	7,516	14,763	46,678	57,846
- (Gain)/Loss on disposal	(2)	1,561	(4,411)	(901)
- Write-off	-	1,775	154	1,779
Right-of-use asset				
- Depreciation	126	151	486	504
- Gain on disposal	-	-	-	(44)
Trade and other receivables				
- Impairment loss	195	328	195	328
- Reversal of impairment loss	(1,271)	(548)	(1,271)	(786)
Write-down of inventories to net realisable value	-	1,545	-	1,545

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

Negative finance costs in the fourth quarter of 2019 are due to capitalisation of full year borrowing costs to qualifying assets in accordance with MFRS 123, *Borrowing costs*.

20. Tax Expense/(Benefit)

<i>In RM'000</i>	<i>3 months ended</i>		<i>Period ended</i>	
	<i>31.12.2020</i>	<i>31.12.2019</i>	<i>31.12.2020</i>	<i>31.12.2019</i>
Current tax expense/ (benefit)				
- Current year	2,588	9,632	2,955	67,497
- Prior year	(3,357)	-	(9,405)	(8,913)
Deferred tax expense/ (benefit)				
- Origination and reversal of temporary difference	15,765	1,117	(5,195)	(4,970)
- Prior year	2,889	(46)	2,889	8,606
Total income tax expense/(benefit)	17,885	10,703	(8,756)	62,220

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

As disclosed in Note 29 of the Company's 2019 audited financial statements, Konsortium Lord Saberkat Sdn. Bhd. (KLSSB) on 5 February 2020 filed an application for leave to appeal to the Federal Court against the dismissal by the Court of Appeal for the Second Suit claim amounting to approximately RM109,184 thousand. At the hearing of the application on 7 October 2020, the Federal Court unanimously dismissed KLSSB's application for leave with costs of RM20 thousand to be paid by KLSSB to Petron.

23. Dividend Payable

The Company did not declare any dividends during the three months ended 31 December 2020.

24. Earnings/(Loss) per Ordinary Share

	<i>3 months ended</i>		<i>Period ended</i>	
	<i>31.12.2020</i>	<i>31.12.2019</i>	<i>31.12.2020</i>	<i>31.12.2019</i>
Net profit/(loss) attributable to shareholders (RM'000)	42,017	28,966	(13,315)	177,126
Number of ordinary share units in issue ('000)	270,000	270,000	270,000	270,000
Basic earnings/(loss) per share (sen)	15.6	10.7	(4.9)	65.6

25. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the Company's financial statements for the year ended 31 December 2019 was not qualified.