



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 March 2021 and for the three months ended 31 March 2021.

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)

		<i>As at</i>	<i>As at</i>
		<i>31 Mar 2021</i>	<i>31 Dec 2020</i>
	Note	<i>Unaudited</i>	<i>Audited</i>
ASSETS			
Cash and cash equivalents		170,678	139,059
Derivative financial assets	12	17,681	7,838
Trade and other receivables		325,271	221,351
Inventories		659,499	419,834
Other current assets		6,868	7,268
Tax recoverable		-	10,969
Total current assets		1,179,997	806,319
Property, plant and equipment		1,466,471	1,456,122
Investment property		657,906	653,996
Right-of-use assets		31,730	31,856
Long-term assets		26,074	28,071
Intangible assets - software		1,341	1,401
Total non-current assets		2,183,522	2,171,446
TOTAL ASSETS		3,363,519	2,977,765
LIABILITIES			
Loans and borrowings	17	490,000	420,320
Trade and other payables		813,810	634,009
Lease liabilities		2,563	1,576
Derivative financial liabilities	12	13,953	13,560
Retirement benefit obligations		4,273	4,273
Tax payable		17,170	-
Total current liabilities		1,341,769	1,073,738
Retirement benefit obligations		48,035	48,545
Deferred tax liabilities		87,761	73,418
Lease liabilities		41,356	40,467
Total non-current liabilities		177,152	162,430
TOTAL LIABILITIES		1,518,921	1,236,168

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 Mar 2021</i>	<i>As at</i> <i>31 Dec 2020</i>
	<i>Unaudited</i>	<i>Audited</i>
EQUITY		
Share capital	143,000	143,000
Retained earnings	1,701,598	1,598,597
TOTAL EQUITY	1,844,598	1,741,597
TOTAL EQUITY AND LIABILITIES	3,363,519	2,977,765

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	January to March	
		2021	2020
		Unaudited	Unaudited
Revenue		2,000,753	2,240,175
Cost of sales		(1,817,885)	(2,293,394)
Gross profit/(loss)		182,868	(53,219)
Other operating income		13,209	15,091
Other operating expenses		(55,375)	(61,788)
Administrative expenses		(3,463)	(3,425)
Results from operating activities		137,239	(103,341)
Other income		15,196	14,824
Other expenses		(5,135)	(23,513)
Finance income		297	337
Finance costs		(2,115)	(1,393)
Profit/(Loss) before tax	18	145,482	(113,086)
Tax (expense)/benefit	19	(42,481)	29,402
Profit/(Loss) for the period		103,001	(83,684)
Total comprehensive income/(loss) for the period		103,001	(83,684)
Basic earnings/(loss) per ordinary share (sen)	23	38.1	(31.0)

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)

	<u>Non-distributable</u> Share capital	<u>Distributable</u> Retained earnings	Total equity
<i>Unaudited</i>			
At 1 January 2020	143,000	1,642,959	1,785,959
Total comprehensive loss for the period	-	(83,684)	(83,684)
At 31 March 2020	143,000	1,559,275	1,702,275
<i>Unaudited</i>			
At 1 January 2021	143,000	1,598,597	1,741,597
Total comprehensive income for the period	-	103,001	103,001
At 31 March 2021	143,000	1,701,598	1,844,598

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 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>Unaudited</i>	<i>Unaudited</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	145,482	(113,086)
Adjustments for:		
Amortisation of intangible assets	60	12
Amortisation of long-term assets	819	1,224
Depreciation of investment property	8,440	8,585
Depreciation of property, plant and equipment	12,169	12,947
Depreciation of right-of-use assets	126	127
Finance costs	2,115	1,393
Finance income	(297)	(337)
Gain on disposal of property, plant and equipment	(488)	-
Retirement benefit costs	1,488	1,468
Reversal of impairment loss on trade and other receivables	(1)	-
Unrealised foreign exchange loss/(gain)	141	(760)
Unrealised (gain)/loss on derivatives	(3,728)	10,103
Operating profit/(loss) before changes in working capital	166,326	(78,324)
Change in inventories	(239,665)	182,145
Change in long-term assets	(911)	(323)
Change in trade and other payables and other financial liabilities	194,111	(442,027)
Change in trade and other receivables and other financial assets	(114,504)	177,505
Cash from/(used in) operations	5,357	(161,024)
Interest paid	(2,994)	(2,074)
Interest received	291	335
Tax paid	-	(9,874)
Retirement benefits paid	(1,998)	(2,243)
Net cash from/(used in) operating activities	656	(174,880)

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



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PETRON MALAYSIA REFINING & MARKETING BHD

(Company Number: 196001000260 (3927-V))

CONDENSED STATEMENT OF CASH FLOWS

(Amounts in Thousand Ringgit Malaysia)

(Continued)

	<i>January to March</i>	
	<i>2021</i>	<i>2020</i>
	<i>Unaudited</i>	<i>Audited</i>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investment property	(2,201)	(9,549)
Acquisition of property, plant and equipment	(31,482)	(101,713)
Payment for long-term assets	(2,849)	(3,891)
Proceeds from disposal of property, plant and equipment	841	-
Net cash used in investing activities	(35,691)	(115,153)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from borrowings	69,680	220,000
Payment of lease liabilities	(1,679)	(2,185)
Net cash from financing activities	68,001	217,815
NET CHANGE IN CASH AND CASH EQUIVALENTS	32,966	(72,218)
EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH HELD	(1,347)	(354)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	139,059	156,599
CASH AND CASH EQUIVALENTS AT END OF PERIOD	170,678	84,027

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 2020. 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 2020.

2. Significant Accounting Policies

a) Changes in accounting policies

The audited financial statements of the Company for the year ended 31 December 2020 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 2020.

The Company 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 beyond 30 June 2021*

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:

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

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

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

There has been no dividend paid since 31 December 2020.

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>31.03.2021</i>	<i>31.03.2020</i>	<i>31.03.2021</i>	<i>31.03.2020</i>
Domestic	1,685,053	2,051,529	1,685,053	2,051,529
Foreign	315,700	188,646	315,700	188,646
	2,000,753	2,240,175	2,000,753	2,240,175

For the period ended 31 March 2021 approximately RM396,104 thousand (2020: RM485,366 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 2020.

11. Capital Commitments

Capital commitments not provided for in the interim financial statements as at 31 March 2021 are as follows:

<i>In RM'000</i>	<i>As at</i>	
	<i>31.03.2021</i>	<i>31.03.2020</i>
Contracted but not provided for		
Plant and equipment	67,820	166,731
Investment property	42,204	66,105
	110,024	232,836

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.

As at 31 March 2021, 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/ 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	147,513	670	(25)
- Commodity swaps	Level 2	71,652	17,011	(13,928)
		219,165	17,681	(13,953)

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>31.03.2021</i>	<i>31.03.2021</i>	
Forward exchange contracts	1,647	1,647	Level 2 (OTC price)
Commodity swaps	(2,040)	(2,040)	Level 2 (OTC price)
	(393)	(393)	

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

14. Review of Performance - Current financial period ended 31 March 2021

During the first quarter of the year, the government imposed the Movement Control Order (MCO) 2.0 from January 13 until March 4, 2021 followed by Conditional MCO on key states to contain the rising case of COVID-19 infection. This resulted in restricted economic and travel activities which tempered domestic fuel demand recovery. Consequently, the Company's sales volume during the quarter decreased to 6.8 million barrels compared to 8.1 million barrels in the first quarter of 2020 which was only impacted by two weeks of MCO 1.0 at the onset of the pandemic.

The benchmark Dated Brent crude oil price rose by 22% and averaged US\$61 per barrel in the first quarter of 2021 compared to US\$50 per barrel in the same period in 2020. The oil price recovery was supported by the sustained supply cut from OPEC and allied countries which mitigated the sluggish global demand recovery due to rising COVID-19 infections in major economies.

Despite higher oil prices this year, the Company's first quarter 2021 revenue declined by 11% to RM2,000,753 thousand as compared to RM2,240,175 thousand in the same period last year due to lower sales volume. Notwithstanding the drop in revenue, gross profit turned positive to RM182,868 thousand from the gross loss of RM53,219 thousand incurred last year. With the recovery in prices this year, PMRMB realized inventory holding gains as opposed to losses it suffered from plunging prices last year.

The Company continued its cost rationalization measures and saved 10% or RM6,375 thousand in operating and administrative expenses (OPEX) against same quarter last year. With higher gross profit and savings in OPEX, the Company generated RM103,001 thousand of net income for the quarter, reversing the RM83,684 thousand net loss incurred in the same period last year.

Profit before tax for the quarter of RM145,482 thousand was also higher than RM59,902 thousand in the preceding quarter.

15. Commentary on Prospects

While oil prices showed sustained recovery during the first quarter of the year, the Company still expect certain level of volatility in the global oil market to persist due to rising COVID-19 infections despite vaccination rollout. The emergence of more contagious variants of the virus which are causing surge of infections in major economies like India poses threat on Asia's oil demand recovery. Further, OPEC+ in its end April 2021 meeting decided to gradually relax its oil output cut commitment despite sluggish global demand recovery. The potential lifting of U.S. sanctions on Iran could also pave way to a further increase in crude oil supply in the market.

At the domestic front, the Malaysian central bank projected the economy to return to the pre-pandemic level by mid-2021 with gross domestic product (GDP) expected to expand 6% to 7.5% in 2021, a recovery from the 5.6% contraction in 2020. However, uncertainties brought by the prolonged pandemic may delay the target economic recovery due to the re-imposition of stricter lockdown measures to curb rising infection cases, though the progress of the nationwide vaccination roll-out may provide some positive sentiment to the market.

Despite these ongoing challenges, the Company remains on track to financial recovery and to fully complete its major projects that are expected to yield immediate returns. The Port Dickson Refinery's Diesel Hydrotreater Unit is now operational and currently producing cleaner fuel EURO 5 diesel, while the Marine Import Facilities 2 will be fully commissioned by mid-2021. PMRMB remains confident that business performance this year will continue to improve through its resilient operations, strong financial position coupled with prudent resource and risk management measures.

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>In RM'000</i>	<i>As at</i>	
	<i>31.03.2021</i>	<i>31.03.2020</i>
Current		
Revolving credit – unsecured	490,000	350,000

18. 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>31.03.2021</i>	<i>31.03.2020</i>	<i>31.03.2021</i>	<i>31.03.2021</i>
Amortisation of intangible assets	60	12	60	12
Amortisation of long-term assets	819	1,224	819	1,224
Depreciation of investment property	8,440	8,585	8,440	8,585
Depreciation of right-of-use assets	126	127	126	127
Finance costs	2,115	1,393	2,115	1,393
Finance income	(297)	(337)	(297)	(337)
Foreign exchange				
- Realised loss	4,841	11,507	4,841	11,507
- Unrealised loss/(gain)	141	(760)	141	(760)
Loss/(Gain) on derivatives	25,737	(55,375)	25,737	(55,375)
Property, plant and equipment				
- Depreciation	12,169	12,947	12,169	12,947
- Gain on disposal	(488)	-	(488)	-
Reversal of impairment loss on receivables	(1)	-	(1)	-

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/(Benefit)

<i>In RM'000</i>	<i>3 months ended</i>		<i>Period ended</i>	
	<i>31.03.2021</i>	<i>31.03.2020</i>	<i>31.03.2021</i>	<i>31.03.2020</i>
Current tax expense				
- Current year	28,139	-	28,139	-
Deferred tax expense/ (benefit)				
- Origination and reversal of temporary difference	14,342	(29,402)	14,342	(29,402)
Total income tax expense/(benefit)	42,481	(29,402)	42,481	(29,402)

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

There were no significant changes in material litigation since 31 December 2020.

22. Dividends

The Company did not declare any dividend for the quarter ended 31 March 2021.

23. Earnings/(Loss) per Ordinary Share

	<i>3 months ended</i>		<i>Period ended</i>	
	<i>31.03.2021</i>	<i>31.03.2020</i>	<i>31.03.2021</i>	<i>31.03.2020</i>
Net profit/(loss) attributable to shareholders (RM'000)	103,001	(83,684)	103,001	(83,684)
Number of ordinary share units in issue ('000)	270,000	270,000	270,000	270,000
Basic earnings/(loss) per share (sen)	38.1	(31.0)	38.1	(31.0)

24. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the Company's financial statements for the year ended 31 December 2020 was not qualified.