



**PETRON MALAYSIA REFINING & MARKETING BHD**

(Registration No: 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 2022 and for the three months ended 31 March 2022.

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**  
(Registration No: 196001000260 (3927-V))

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

		<i>As at</i> <i>31 Mar 2022</i>	<i>As at</i> <i>31 Dec 2021</i>
	Note	<i>Unaudited</i>	<i>Audited</i>
<b>ASSETS</b>			
Cash and cash equivalents		131,905	254,076
Derivative financial assets	12	35,408	11,287
Trade and other receivables		1,347,658	895,687
Inventories		1,140,792	893,508
Other current assets		5,992	7,000
Tax recoverable		-	374
<b>Total current assets</b>		<b>2,661,755</b>	<b>2,061,932</b>
Property, plant and equipment		1,509,929	1,522,249
Investment property		646,715	655,026
Right-of-use assets		34,730	34,891
Long-term assets		19,732	20,079
Intangible assets - software		1,099	1,160
<b>Total non-current assets</b>		<b>2,212,205</b>	<b>2,233,405</b>
<b>TOTAL ASSETS</b>		<b>4,873,960</b>	<b>4,295,337</b>
<b>LIABILITIES</b>			
Loans and borrowings	17	931,782	1,026,916
Trade and other payables		1,524,184	1,053,000
Retirement benefit obligations		3,260	3,260
Lease liabilities		4,291	4,906
Asset retirement obligations		1,238	1,229
Derivative financial liabilities	12	87,470	28,511
Tax payable		45,081	-
<b>Total current liabilities</b>		<b>2,597,306</b>	<b>2,117,822</b>

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



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(Registration No: 196001000260 (3927-V))

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

		<i>As at</i> <i>31 Mar 2022</i>	<i>As at</i> <i>31 Dec 2021</i>
	Note	<i>Unaudited</i>	<i>Audited</i>
<b>LIABILITIES (continued)</b>			
Retirement benefit obligations		19,140	18,598
Deferred tax liabilities		127,599	135,655
Lease liabilities		48,156	48,158
Asset retirement obligations		6,801	6,504
Other non-current liabilities		59	78
<b>Total non-current liabilities</b>		<b>201,755</b>	<b>208,993</b>
<b>TOTAL LIABILITIES</b>		<b>2,799,061</b>	<b>2,326,815</b>
<b>EQUITY</b>			
Share capital		143,000	143,000
Retained earnings		1,931,899	1,825,522
<b>TOTAL EQUITY</b>		<b>2,074,899</b>	<b>1,968,522</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,873,960</b>	<b>4,295,337</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**  
(Registration No: 196001000260 (3927-V))

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

	Note	January to March	
		2022	2021
		Unaudited	Unaudited
Revenue		3,800,335	2,000,753
Cost of sales		(3,561,466)	(1,817,885)
Gross profit		238,869	182,868
Other operating income		13,828	13,209
Other operating expenses		(39,866)	(55,375)
Administrative expenses		(23,560)	(3,463)
Results from operating activities		189,271	137,239
Finance income		1,035	297
Other income		3,113	15,196
Finance costs		(8,504)	(2,115)
Other expenses		(41,162)	(5,135)
Profit before tax	18	143,753	145,482
Tax expense	19	(37,376)	(42,481)
<b>Profit for the period</b>		<b>106,377</b>	<b>103,001</b>
<b>Total comprehensive income for the period</b>		<b>106,377</b>	<b>103,001</b>
<b>Basic earnings per ordinary share (sen)</b>	23	<b>39.4</b>	<b>38.1</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**  
(Registration No: 196001000260 (3927-V))

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

	<u>Non-distributable</u> <u>Share capital</u>	<u>Distributable</u> <u>Retained earnings</u>	<u>Total equity</u>
<i>Unaudited</i>			
<b>At 1 January 2021</b>	<b>143,000</b>	<b>1,598,597</b>	<b>1,741,597</b>
Total comprehensive income for the period	-	103,001	103,001
<b>At 31 March 2021</b>	<b>143,000</b>	<b>1,701,598</b>	<b>1,844,598</b>
<i>Unaudited</i>			
<b>At 1 January 2022</b>	<b>143,000</b>	<b>1,825,522</b>	<b>1,968,522</b>
Total comprehensive income for the period	-	106,377	106,377
<b>At 31 March 2022</b>	<b>143,000</b>	<b>1,931,899</b>	<b>2,074,899</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**  
(Registration No: 196001000260 (3927-V))

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

	<i>January to March</i>	
	<i>2022</i>	<i>2021</i>
	<i>Unaudited</i>	<i>Unaudited</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	143,753	145,482
Adjustments for:		
Amortisation of intangible assets	61	60
Amortisation of long-term assets	639	819
Depreciation of investment property	9,221	8,440
Depreciation of property, plant and equipment	21,271	12,169
Depreciation of right-of-use assets	161	126
Finance costs	8,504	2,115
Finance income	(1,035)	(297)
Gain on disposal of property, plant and equipment	-	(488)
Impairment loss on trade and other receivables	117	-
Retirement benefit costs	639	1,488
Reversal of impairment loss on trade and other receivables	(38)	(1)
Unrealised foreign exchange loss	1,983	141
Unrealised loss/(gain) on derivatives	52,062	(3,728)
<b>Operating profit before changes in working capital</b>	<b>237,338</b>	<b>166,326</b>
Change in inventories	(247,284)	(239,665)
Change in long-term assets	-	(911)
Change in trade and other payables and other financial liabilities	469,983	194,111
Change in trade and other receivables and other financial assets	(470,475)	(114,504)
<b>Cash (used in)/from operations</b>	<b>(10,438)</b>	<b>5,357</b>
Interest paid	(4,600)	(2,994)
Interest received	1,028	291
Tax paid	(1,275)	-
Tax refund	1,298	-
Retirement benefits paid	(97)	(1,998)
<b>Net cash (used in)/from operating activities</b>	<b>(14,084)</b>	<b>656</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**  
(Registration No: 196001000260 (3927-V))

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

	<i>January to March</i>	
	<i>2022</i>	<i>2021</i>
	<i>Unaudited</i>	<i>Unaudited</i>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of investment property	(817)	(2,201)
Acquisition of property, plant and equipment	(10,097)	(31,482)
Payment for long-term assets	(292)	(2,849)
Proceeds from disposal of property, plant and equipment	-	841
<b>Net cash used in investing activities</b>	<b>(11,206)</b>	<b>(35,691)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net (repayment of)/proceeds from borrowings	(95,640)	69,680
Payment of lease liabilities	(1,099)	(1,679)
<b>Net cash (used in)/from financing activities</b>	<b>(96,739)</b>	<b>68,001</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(122,029)</b>	<b>32,966</b>
<b>EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH HELD</b>	<b>(142)</b>	<b>(1,347)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>254,076</b>	<b>139,059</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>131,905</b>	<b>170,678</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**  
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**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 2021. 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 2021.

**2. Significant Accounting Policies**

**a) Changes in accounting policies**

The audited financial statements of the Company for the year ended 31 December 2021 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 2021.

On 1 January 2022, the Company adopted the following accounting standards, amendments and interpretations of MFRSs effective for annual periods beginning on or after 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*



## **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 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*
- Amendments to MFRS 112, *Income Taxes, Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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. Dividend paid**

There has been no dividend paid since 31 December 2021.

## 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>31.03.2022</i>	<i>31.03.2021</i>	<i>31.03.2022</i>	<i>31.03.2021</i>
Malaysia	3,342,291	1,685,053	3,342,291	1,685,053
Singapore	458,044	315,700	458,044	315,700
	<b>3,800,335</b>	<b>2,000,753</b>	<b>3,800,335</b>	<b>2,000,753</b>

For the period ended 31 March 2022 approximately RM885,881 thousand (2021: RM396,104 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 2021.

## 11. Capital Commitments

Capital commitments not provided for in the interim financial statements as at 31 March 2022 are as follows:

<i>In RM'000</i>	<i>As at</i>	
	<i>31.03.2022</i>	<i>31.03.2021</i>
Contracted but not provided for		
Plant and equipment	24,902	67,820
Investment property	36,716	42,204
	<b>61,618</b>	<b>110,024</b>

## 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 2022, the Company has the following outstanding derivative financial instruments:

<i>In RM'000</i>	<i>Fair value</i>	<i>Contract/</i>	<i>Fair value</i>	
<i>Type of derivatives</i>	<i>hierarchy</i>	<i>Nominal value</i>	<i>Assets</i>	<i>Liabilities</i>
Derivatives held for trading at fair value through profit or loss				
- Forward exchange contracts	Level 2	623,276	1,371	(320)
- Commodity swaps	Level 2	327,147	34,037	(87,150)
		<b>950,423</b>	<b>35,408</b>	<b>(87,470)</b>

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>31.03.2022</i>	<i>31.03.2022</i>	
<b>Forward exchange contracts</b>	1,866	1,866	Level 2 (OTC price)
<b>Commodity swaps</b>	(60,825)	(60,825)	Level 2 (OTC price)
	<b>(58,959)</b>	<b>(58,959)</b>	

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 2022**

The country's continuing efforts to move towards endemic phase through relaxation of restrictions on business and social activities has revitalized domestic fuel consumption. PMRMB benefited from the demand recovery with its sales volume for the first quarter this year increasing by 13% to 7.7 million barrels compared with 6.8 million barrels in the same period last year.

The price of Dated Brent crude reached an 8-year high average of US\$101 per barrel in the first quarter, up 66% from same period last year, largely driven by supply concerns caused by the ongoing conflict in Eastern Europe. As prices of finished petroleum products also rose amid the demand recovery, the Company's revenue improved by 90% to RM3,800,335 thousand from RM2,000,753 thousand in the same quarter of 2021.

The strong sales performance, favorable product prices and refining margins as well as the efficiency benefits from the Company's major refinery investments on Diesel Hydrotreater and product import facilities resulted in an operating income of RM189,271 thousand, 38% better than last year's RM137,239 thousand. These income improvements were partly offset by the temporary provision for mark-to-market commodity hedge losses. Net profit ended at RM106,377 thousand in the first quarter of 2022, surpassing last year's RM103,001 thousand.

Profit before tax of RM143,753 thousand for the quarter was higher than preceding quarter's RM70,228 thousand.

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

The global oil demand has slowly recovered close to pre-pandemic level. This is largely driven by easing of COVID-19 restrictions and reopening of international borders in most countries worldwide despite some short-term headwinds from the reinstatement of strict lockdowns in China's major cities to combat the virus' resurgence. Meanwhile, the growing list of sanctions imposed on Russian economy as a result of its ongoing conflict with Ukraine has created tightness in global oil supply, raising prices into historic highs. This situation has been further exacerbated by OPEC+ shortfall in meeting its committed production hike.

On the domestic front, Malaysia's economic recovery is expected to regain momentum as the country prepares to enter its endemic phase. The resumption of international flights and further easing of travel restrictions in the second quarter this year are expected to be the significant catalysts for a sustained economic rebound.

Despite the uncertainties posed by the volatility in the oil market and the potential COVID-19 resurgence, the Company remains steadfast. Backed by its strong business fundamentals, it will be able to navigate this challenging environment towards achieving its commitment for a sustainable long-term growth and value to its stakeholders.

## 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>	
	<u>31.03.2022</u>	<u>31.12.2021</u>
<b>Current</b>		
Revolving credit – unsecured		
- Denominated in RM	839,250	935,000
- Denominated in U.S. Dollar (USD)	92,532	91,916
	<u>931,782</u>	<u>1,026,916</u>

## 18. Profit before Tax

Profit 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>	
	<u>31.03.2022</u>	<u>31.03.2021</u>	<u>31.03.2022</u>	<u>31.03.2021</u>
Amortisation of intangible assets	61	60	61	60
Amortisation of long-term assets	639	819	639	819
Depreciation of investment property	9,221	8,440	9,221	8,440
Depreciation of right-of-use assets	161	126	161	126
Finance costs	8,504	2,115	8,504	2,115
Finance income	(1,035)	(297)	(1,035)	(297)
Foreign exchange				
- Realised loss	230	4,841	230	4,841
- Unrealised loss	1,983	141	1,983	141
Loss on derivatives	230,011	25,737	230,011	25,737
Property, plant and equipment				
- Depreciation	21,271	12,169	21,271	12,169
- Gain on disposal	-	(488)	-	(488)
Trade and other receivables				
- Impairment loss	117	-	117	-
- Reversal of impairment loss	(38)	(1)	(38)	(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

<i>In RM'000</i>	<i>3 months ended</i>		<i>Period ended</i>	
	<i>31.03.2022</i>	<i>31.03.2021</i>	<i>31.03.2022</i>	<i>31.03.2021</i>
<b>Current tax expense</b>				
- Current year	45,432	28,139	45,432	28,139
<b>Deferred tax expense/(benefit)</b>				
- Origination of temporary difference	(8,056)	14,342	(8,056)	14,342
<b>Total income tax expense</b>	<b>37,376</b>	<b>42,481</b>	<b>37,376</b>	<b>42,481</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

On 20 May 2022, Petron Malaysia Refining & Marketing Berhad (PMRMB) was served with a Notice of Arbitration by MTC Engineering Sdn. Bhd. (MESB) in relation to MESB claim for alleged outstanding additional costs arising from execution of a project known as Pipeline End Manifold (PLEM) Fabrication and Marine Equipment Installation for Marine Import Facilities 2 Project at Petron Port Dickson Refinery. The sum claimed is RM50,497,251, interest, costs and other reliefs. PMRMB will defend the claim as it is of the opinion the claim is without basis or merit.

## 22. Dividends

The Company did not declare any dividend for the quarter ended 31 March 2022.

## 23. Earnings per Ordinary Share

	<i>3 months ended</i>		<i>Period ended</i>	
	<i>31.03.2022</i>	<i>31.03.2021</i>	<i>31.03.2022</i>	<i>31.03.2021</i>
Net profit attributable to shareholders (RM'000)	106,377	103,001	106,377	103,001
Number of ordinary share units in issue ('000)	270,000	270,000	270,000	270,000
Basic earnings per share (sen)	39.4	38.1	39.4	38.1

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

The auditors' report on the Company's financial statements for the year ended 31 December 2021 was not qualified.