



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 2024 and for the three months ended 31 March 2024.

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>As at</i>
		<i>31 Mar 2024</i>	<i>31 Dec 2023</i>
	Note	<i>Unaudited</i>	<i>Audited</i>
ASSETS			
Cash and cash equivalents		255,203	116,168
Derivative financial assets	12	38,233	48,126
Trade and other receivables		1,542,916	1,333,584
Inventories		1,212,539	1,049,135
Other current assets		9,385	9,233
Tax recoverable		-	5,731
Total current assets		3,058,276	2,561,977
Property, plant and equipment		1,436,788	1,442,893
Investment properties		631,603	635,887
Right-of-use assets		33,825	33,589
Long-term assets		24,128	21,761
Intangible assets - software		1,166	1,287
Total non-current assets		2,127,510	2,135,417
TOTAL ASSETS		5,185,786	4,697,394
LIABILITIES			
Loans and borrowings	17	688,475	950,000
Trade and other payables		1,677,962	1,014,534
Retirement benefit obligations		1,936	1,936
Lease liabilities		10,194	17,167
Asset retirement obligations		2,782	2,782
Derivative financial liabilities	12	29,043	15,509
Tax payables		10,778	-
Total current liabilities		2,421,170	2,001,928

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 FINANCIAL POSITION
(Amounts in Thousand Ringgit Malaysia)
(Continued)

	Note	As at 31 Mar 2024 Unaudited	As at 31 Dec 2023 Audited
LIABILITIES (continued)			
Retirement benefit obligations		20,507	19,856
Deferred tax liabilities		192,923	192,923
Lease liabilities		51,645	53,010
Asset retirement obligations		8,584	8,427
Total non-current liabilities		273,659	274,216
TOTAL LIABILITIES		2,694,829	2,276,144
EQUITY			
Share capital		143,000	143,000
Retained earnings		2,347,957	2,278,250
TOTAL EQUITY		2,490,957	2,421,250
TOTAL EQUITY AND LIABILITIES		5,185,786	4,697,394

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	
		2024	2023
		Unaudited	Unaudited
Revenue		4,646,867	3,817,434
Cost of sales		(4,468,016)	(3,640,771)
Gross profit		178,851	176,663
Other operating income		15,472	14,048
Other operating expenses		(55,070)	(64,999)
Administrative expenses		(7,055)	(984)
Results from operating activities		132,198	124,728
Finance income		1,736	1,685
Other (expenses)/income		(26,546)	29,670
Finance costs		(11,134)	(9,245)
Profit before tax	18	96,254	146,838
Tax expense	19	(26,547)	(38,111)
Profit for the period		69,707	108,727
Total comprehensive income for the period		69,707	108,727
Basic earnings per ordinary share (sen)	23	25.8	40.3

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)

	<i>Non-distributable Share capital</i>	<i>Distributable Retained earnings</i>	<i>Total equity</i>
<i>Unaudited</i>			
At 1 January 2023	143,000	2,073,639	2,216,639
Total comprehensive income for the period	-	108,727	108,727
At 31 March 2023	143,000	2,182,366	2,325,366
<i>Unaudited</i>			
At 1 January 2024	143,000	2,278,250	2,421,250
Total comprehensive income for the period	-	69,707	69,707
At 31 March 2024	143,000	2,347,957	2,490,957

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>	
	<u>2024</u>	<u>2023</u>
	<i>Unaudited</i>	<i>Unaudited</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	96,254	146,838
Adjustments for:		
Amortisation of intangible assets	121	60
Amortisation of long-term assets	201	372
Depreciation of investment properties	8,197	8,675
Depreciation of property, plant and equipment	22,635	22,133
Depreciation of right-of-use assets	160	157
Finance costs	11,134	9,245
Finance income	(1,736)	(1,685)
Retirement benefit costs	650	644
Reversal of impairment loss on trade and other receivables	-	(69)
Reversal of write-down of inventories to net realisable value	(21,715)	(18,750)
Unrealised foreign exchange loss/(gain)	1,743	(3,838)
Unrealised gain on derivatives	(9,190)	(21,148)
Write-off of property, plant and equipment	2,559	-
Operating profit before changes in working capital	111,013	142,634
Change in inventories	(141,689)	(132,977)
Change in trade and other payables and other financial liabilities	638,356	14,165
Change in trade and other receivables and other financial assets	(160,557)	225,049
Cash from operations	447,123	248,871
Interest paid	(9,383)	(8,942)
Interest received	1,727	1,685
Tax paid	(10,038)	(2,730)
Retirement benefits paid	-	(1,120)
Net cash from operating activities	429,429	237,764

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>2024</i>	<i>2023</i>
	<i>Unaudited</i>	<i>Unaudited</i>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investment properties	(1,992)	(4,552)
Acquisition of property, plant and equipment	(13,712)	(10,961)
Payment for long-term assets	(2,560)	(3,029)
Net cash used in investing activities	(18,264)	(18,542)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(261,525)	(295,680)
Payment of lease liabilities	(10,499)	(2,052)
Net cash used in financing activities	(272,024)	(297,732)
NET CHANGE IN CASH AND CASH EQUIVALENTS	139,141	(78,510)
EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH HELD	(106)	(26)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	116,168	200,876
CASH AND CASH EQUIVALENTS AT END OF PERIOD	255,203	122,340

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
(Registration No: 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 2023. 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 2023.

2. Material Accounting Policies

a) Changes in accounting policies

The audited financial statements of the Company for the year ended 31 December 2023 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 2023.

On 1 January 2024, the Company adopted the following accounting standards, amendments and interpretations of MFRSs effective for annual periods beginning on or after 1 January 2024:

- Amendments to MFRS 7 and MFRS 107, *Financial Instruments – Disclosures and Statement of Cash Flows – Supplier Finance Arrangements*
- Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*

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 2025:

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

MFRS, amendments and interpretations effective beginning on or after a date yet to be confirmed:

- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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 2023.

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>31.03.2024</i>	<i>31.03.2023</i>	<i>31.03.2024</i>	<i>31.03.2023</i>
Malaysia	3,938,482	3,476,765	3,938,482	3,476,765
Singapore	708,385	340,669	708,385	340,669
	4,646,867	3,817,434	4,646,867	3,817,434

For the period ended 31 March 2024, RM989,759 thousand (2023: RM880,708 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 2023.

11. Capital Commitments

Capital commitments not provided for in the interim financial statements as at 31 March 2024 are as follows:

<i>In RM'000</i>	<i>As at</i>	
	<i>31.03.2024</i>	<i>31.03.2023</i>
Contracted but not yet recognized		
Plant and equipment	58,177	30,032
Investment properties	14,131	21,806
	72,308	51,838

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 2024, 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	499,289	2,509	-
- Commodity swaps	Level 2	154,582	35,724	(29,043)
		653,871	38,233	(29,043)

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 counterparties 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>31.03.2024</i>	<i>31.03.2024</i>	
Forward exchange contracts	2,215	2,215	Level 2 (OTC price)
Commodity swaps	(15,749)	(15,749)	Level 2 (OTC price)
	(13,534)	(13,534)	

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 2024

The Company's total sales volume in the first quarter of 2024 jumped by 18% to 9.8 million barrels from 8.3 million barrels sold in the same period last year, buoyed by continued growth in domestic demand and supported by higher refinery production and ongoing network expansion program.

The benchmark Dated Brent crude oil prices climbed 9% from \$78 per barrel average in December 2023, reversing the downward trend during the fourth quarter to close at \$85 per barrel in March 2024. The \$83 per barrel average during the first quarter was slightly higher than the \$81 per barrel average for the same period last year. Oil prices were supported by the escalating geopolitical tension in the Middle East and Eastern Europe.

The sales volume growth coupled with higher oil prices during the quarter increased revenue by 22% to RM4,646,867 thousand from last year's RM3,817,434 thousand. Despite the softening of regional refining cracks, the Company's gross profit remained stable at RM178,851 thousand, slightly higher than last year's RM176,663 thousand.

The Company reduced its net operating expenses by 9% despite 18% sales volume growth, resulting to RM132,198 thousand of operating income, 6% better than RM124,728 thousand posted last year.

PMRMB incurred non-operating expenses of RM26,546 thousand mainly arising from the recognition of marked-to-market (MTM) commodity hedge loss as oil prices became bullish in the first quarter, a reversal from the RM29,670 thousand non-operating income last year. Net profit for the first quarter of 2024 closed at RM69,707 thousand compared to RM108,727 thousand last year.

The Company reported a profit before tax of RM96,254 thousand in the first quarter, more than doubled the preceding quarter's profit before tax of RM46,776 thousand.

15. Commentary on Prospects

After a downward trend in the final quarter of 2023, oil prices climbed in the first quarter of 2024 due to the escalating geopolitical tensions in the Middle East and Eastern Europe and the continued efforts by OPEC+ to manage supply. Nevertheless, prices may be tempered by subdued oil demand as global economic growth remains fragile with major economies still grappling with high interest rates that temper business and consumer sentiments. Overall, the Company still expects price volatility to persist this year.

On the domestic front, Malaysia's economy is projected to grow between 4% to 5% in 2024, banking on better employment and income prospects, realisation and continued progress of long-term infrastructure projects, as well as continued growth in tourism-related sectors. Meanwhile, the Ringgit will remain likely affected by the US monetary policy direction and oil price volatility.

Despite the uncertainties arising from continued oil market volatility, Petron remains committed in pursuing sustainable growth through investments in retail network expansion, supply chain optimization and sustainability initiatives. Guided by prudent risk management policy and effective resource management, the Company remains focused on strategic initiatives to deliver sustainable value to its stakeholders, reduce its carbon footprint to the environment and enhance its use of renewable energy in key aspects of operations.

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>31.03.2024</i>	<i>31.12.2023</i>
Current		
Revolving credit – unsecured	688,475	950,000

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>	
	<i>31.03.2024</i>	<i>31.03.2023</i>	<i>31.03.2024</i>	<i>31.03.2023</i>
Amortisation of intangible assets	121	60	121	60
Amortisation of long-term assets	201	372	201	372
Depreciation of investment properties	8,197	8,675	8,197	8,675
Depreciation of right-of-use assets	160	157	160	157
Finance costs	11,134	9,245	11,134	9,245
Finance income	(1,736)	(1,685)	(1,736)	(1,685)
Foreign exchange				
- Realised loss	825	11,089	825	11,089
- Unrealised loss/(gain)	1,743	(3,838)	1,743	(3,838)
Loss/(Gain) on derivatives	64,861	(28,298)	64,861	(28,298)
Property, plant and equipment				
- Depreciation	22,635	22,133	22,635	22,133
- Write-off	2,559	-	2,559	-
Reversal of impairment loss of trade and other receivables	-	(69)	-	(69)
Reversal of write-down of inventories to net realisable value	(21,715)	(18,750)	(21,715)	(18,750)

The loss/(gain) on derivatives, comprised of both realised and marked-to-market, have corresponding losses/(gains) from the underlying transactions.

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>31.03.2024</i>	<i>31.03.2023</i>	<i>31.03.2024</i>	<i>31.03.2023</i>
Current tax expense				
- Current year	26,547	38,111	26,547	38,111

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 including interest, costs, and other reliefs.

On 29 June 2022, MESB registered the claim with the Asian International Arbitration Centre (AIAC). PMRMB's solicitors had written to AIAC to put on record that the preconditions to arbitration have not been fulfilled and PMRMB reserves the right to challenge jurisdiction.

On 30 September 2022, the AIAC has appointed an Arbitrator for this matter. Arbitration is currently ongoing with the court hearing fixed from 10 to 14 June 2024. PMRMB will defend the claim as it is of the opinion the claim is without basis or merit, thus, Management believes that no contingent liability provision is necessary.

22. Dividends

The Company did not declare interim dividend for the quarter ended 31 March 2024.

23. Earnings per Ordinary Share

	<i>3 months ended</i>		<i>Period ended</i>	
	<i>31.03.2024</i>	<i>31.03.2023</i>	<i>31.03.2024</i>	<i>31.03.2023</i>
Net profit attributable to shareholders (RM'000)	69,707	108,727	69,707	108,727
Number of ordinary share units in issue ('000)	270,000	270,000	270,000	270,000
Basic earnings per share (sen)	25.8	40.3	25.8	40.3

24. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the Company's financial statements for the year ended 31 December 2023 was not qualified.