

PETRONAS Dagangan Berhad (88222-D)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2012

	As at 31/03/2012 RM'000	As at 31/12/2011 RM'000
ASSETS		
Property, Plant and Equipment	3,584,112	3,616,210
Investment in Associates	6,435	6,239
Investment in Jointly Controlled Entities	3,270	3,157
Prepaid Lease Payments	407,763	404,178
TOTAL NON-CURRENT ASSETS	4,001,580	4,029,784
Inventories	1,098,880	1,063,767
Trade and Other Receivables	3,589,675	4,237,445
Cash and Cash Equivalents	766,381	470,183
TOTAL CURRENT ASSETS	5,454,936	5,771,395
TOTAL ASSETS	9,456,516	9,801,179
EQUITY		
Share Capital	993,454	993,454
Reserves	3,919,894	3,785,446
Total Equity Attributable to Shareholders of the Company	4,913,348	4,778,900
Non-Controlling Interests	34,737	33,064
TOTAL EQUITY	4,948,085	4,811,964
LIABILITIES		
Borrowing	82,315	73,411
Deferred Tax Liabilities	153,990	160,332
Provisions	21,235	20,346
TOTAL NON-CURRENT LIABILITIES	257,540	254,089
Borrowing	400,000	1,000,000
Trade and Other Payables	3,699,795	3,600,461
Taxation	151,096	134,665
TOTAL CURRENT LIABILITIES	4,250,891	4,735,126
TOTAL LIABILITIES	4,508,431	4,989,215
TOTAL EQUITY AND LIABILITIES	9,456,516	9,801,179
Net Assets per Share Attributable to Ordinary Equity Holders of the Parent (sen)	495	481

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the period ended 31 December 2011 and accompanying explanatory notes attached to the Interim Consolidated Financial Statements.

PETRONAS Dagangan Berhad (88222-D)

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2012

	Individual Quarter	
	Current Year To Date 31/03/2012 RM'000	Preceding Year Corresponding Period 31/03/2011 RM'000
Revenue	6,852,755	6,382,665
Profit from operations	344,859	315,588
Finance costs	(5,483)	(245)
Share of profit after tax of associates	310	198
Profit before taxation	339,686	315,541
Tax expense	(91,802)	(85,770)
Profit for the period/ Total comprehensive income for the period	247,884	229,771
Attributable to:		
Shareholders of the Company	246,211	228,455
Non-Controlling interests	1,673	1,316
Total comprehensive income for the period	247,884	229,771
Earnings per ordinary share - basic (sen)	24.8	23.0

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the period ended 31 December 2011 and accompanying explanatory notes to the Interim Consolidated Financial Statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2012

	-- Attributable to Shareholders of the Company --			Non-Controlling Interests	Total Equity
	Non Distributable Share Capital	Distributable Retained Profits	Total		
	RM'000	RM'000	RM'000		
At 1 January 2011	993,454	3,573,039	4,566,493	40,394	4,606,887
Total comprehensive income for the period	-	228,455	228,455	1,316	229,771
Dividends Paid	-	-	-	(6,064)	(6,064)
At 31 March 2011	993,454	3,801,494	4,794,948	35,646	4,830,594
At 1 January 2012	993,454	3,785,446	4,778,900	33,064	4,811,964
Total comprehensive income for the period	-	246,211	246,211	1,673	247,884
Dividends Paid	-	(111,763)	(111,763)	-	(111,763)
At 31 March 2012	993,454	3,919,894	4,913,348	34,737	4,948,085

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the period ended 31 December 2011 and accompanying explanatory notes attached to the Interim Consolidated Financial Statements.

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UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2012

	3 months ended 31/03/2012 RM'000	3 months ended 31/03/2011 RM'000
Receipt from customers	6,669,841	6,247,560
Payment to suppliers and employees	(5,489,226)	(6,056,551)
Payment of interest	(6,229)	-
	<u>1,174,386</u>	<u>191,009</u>
Payment of taxes	(81,712)	(109,718)
Net cash generated from operating activities	<u>1,092,674</u>	<u>81,291</u>
Interest income from deposits with licensed banks	4,410	6,505
Purchase of property, plant and equipment	(66,172)	(72,840)
Prepayment of leases	(31,393)	(24,881)
Proceeds from disposal of property, plant and equipment	185	283
Net cash used in investing activities	<u>(92,970)</u>	<u>(90,933)</u>
Drawdown of Islamic financing facility	8,904	16,232
Payment of profit margin for Islamic financing facility	(647)	-
Net of (Repayment)/Drawdown of Revolving Credit	(600,000)	-
Payment of dividends to shareholders	(111,763)	-
Payment of dividends to non-controlling interests of a subsidiary	-	(6,064)
Net cash (used in)/generated from financing activities	<u>(703,506)</u>	<u>10,168</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	296,198	526
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	470,183	1,025,683
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>766,381</u>	<u>1,026,209</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the period ended 31 December 2011 and accompanying explanatory notes attached to the Interim Consolidated Financial Statements.

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Notes to the Interim Financial Report

A1 **BASIS OF PREPARATION**

For all periods up to and including 31 December 2011, the Group prepared its consolidated financial statements in accordance with Financial Reporting Standards (“FRS”) as issued by the Malaysian Accounting Standards Board (“MASB”). From January 2012, the Group adopted Malaysian Financial Reporting Standards (“MFRS”) as issued by the MASB. Consequently, the First Quarter Condensed Consolidated Financial Statements for 2012 represent the Group’s first time application of MFRS and MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

In 2011, the Group changed its financial year end from 31 March to 31 December. Therefore, the immediate preceding financial period which will form the basis for comparative information for the Group’s first MFRS-compliant annual financial statements that is, 31 December 2012, is a shorter 9-month period from 1 April 2011 to 31 December 2011. The Group has elected 1 April 2011, being the beginning date of the immediate preceding financial period, as the Group’s date of transition to MFRS accordingly. However, the adoption of MFRS will not materially affect the comparative figures for 9-month period from April 2011 to December 2011.

For the purpose of the Group’s interim quarter reporting in 2012, comparative information other than for consolidated statement of financial position, will be reported based on a 12-month period from January 2011 to December 2011 (i.e. the “first quarter of 2011”) which is not part of the immediate preceding financial period of the Group. In addition, this comparative period falls prior to the Group’s transition date to MFRS and therefore, has been prepared on the basis of the previously adopted FRS.

The First Quarter Condensed Consolidated Financial Statements for 2012 have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, except for the presentation of the comparative information as described in the preceding paragraph. MFRS 134, requires comparative statements to be presented from the immediate preceding financial year and restated as necessary in accordance with the MFRS framework. Nevertheless, the comparatives in this report are disclosed as such in order to present a comparable review of performance of the Group’s operations and business activities. In addition, the adoption of MFRS is not expected to have a significant impact on the Group’s previously reported income or net assets even if applied to the first quarter of 2011.

The Interim Financial Report is unaudited and should be read in conjunction with the Audited Annual Financial Statements for the period ended 31 December 2011. The explanatory notes attached to the Interim Financial Report provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the period ended 31 December 2011.

Significant Accounting Policies

The financial information presented herein has been prepared in accordance with the accounting policies expected to be used in preparing the annual consolidated financial statements for 31 December 2012 under the MFRS framework. These policies do not differ significantly from those used in the audited consolidated financial statements for period ended 31 December 2011.

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A2 AUDIT QUALIFICATION

Not applicable.

A3 SEASONAL OR CYCLICAL FACTORS

The Group's operations in relation to sales volume are not significantly affected by seasonal or cyclical fluctuations of the business/industry.

A4 EXCEPTIONAL ITEM

None.

A5 CHANGES IN ACCOUNTING ESTIMATES

There were no material changes in accounting estimates in the current quarter.

A6 CAPITAL COMMITMENTS

Outstanding commitments in respect of capital expenditure at financial position date not provided for in the Interim Financial Report are:-

	<u>31/03/2012</u>
	<u>RM'000</u>
Approved and contracted for	35,464
Approved but not contracted for	437,009
	<hr/>
	472,473
	<hr/>

A7 ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

None.

A8 DIVIDENDS PAID

During the three months period ended 31 March 2012, the third interim dividend payment of 15 sen per ordinary share less tax at 25% amounting to RM111,763,575 (2010/11: Nil) in respect of financial period ended 31 December 2011 was paid on 27 March 2012.

A9 SEGMENTAL INFORMATION

Segmental information is presented in respect of the Group's reportable segments which are based on internal reports regularly reviewed by the entity's Chief Operating Decision Maker in order to allocate resources to the segment and to assess its performance.

The Group operates only in Malaysia and accordingly, information by geographical location of the Group's operation is not presented.

Segmental results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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Results for 3 months period-ended 31 March

Reportable Segments	Retail		Commercial		Others		Elimination		Group	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Revenue	3,211,591	2,859,641	3,662,403	3,565,571	12,387	12,852	(33,626)	(55,399)	6,852,755	6,382,665
=====										
Operating expenditures:										
Depreciation and amortisation	62,701	68,817	10,590	14,512	397	372	-	-	73,688	83,701
Finance costs	4,413	226	1,070	19	-	-	-	-	5,483	245
Impairment of property, plant and equipments	-	3,611	-	-	-	-	-	-	-	3,611
Profit before taxation for reportable segments	216,462	171,069	78,227	105,118	5,945	4,980	2	(465)	300,636	280,702
Other income	29,642	30,964	-	-	9,098	26,751	-	(23,074)	38,740	34,641
Share of profit after tax of associates									310	198
Profit before taxation									<u>339,686</u>	<u>315,541</u>
									=====	=====

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A10 PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment except for freehold land are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is stated at cost less accumulated impairment losses, if any.

A11 EVENTS AFTER FINANCIAL POSITION DATE

In the opinion of the Directors, no transaction or event of a material or unusual nature had occurred between 31 March 2012 and the date of this announcement.

A12 CHANGES IN THE COMPOSITION OF THE GROUP

None.

A13 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

None.

A14 RELATED PARTY TRANSACTIONS

Significant transactions within Government related entities and agency in addition to the related party transactions disclosed in the audited financial statements for the period ended 31 December 2011 are as follows;

	First Quarter 3 months ended	
	<u>31/03/2012</u>	<u>31/03/2011</u>
	RM'000	RM'000
Sales of petroleum products		
With companies related to substantial shareholders		
Malaysian Airlines System Group	512,645	545,543
Sabah Electricity Sdn Bhd	84,619	84,269
FELDA Group	62,472	51,169
Subsidy claim under Automatic Pricing Mechanism ("APM")		
Ministry of Finance	2,263,792	1,452,562

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Additional information required by the Bursa Malaysia Listing Requirements

B1 REVIEW OF PERFORMANCE

a) Performance of the current quarter against the corresponding quarter

Group revenue for the quarter ended 31 March 2012 increased by RM470.1 million to RM6,852.8 million, as compared to the results of the corresponding quarter last year. The increase resulted from higher average product selling prices by 5.0% and higher sales volume by 1.5%.

Group profit before tax for the quarter ended 31 March 2012 increased by RM24.1 million to RM339.7 million, as compared to the corresponding quarter last year due to higher gross profit by RM36.7 million as a result of improved average margin by 2.0%. This was further supported by an increase in other income by RM4.1 million, but offset by the higher operating expenditures by RM16.7 million.

Revenue Performance of Main Segments

	Individual Quarter Current Quarter 31/03/2012	Preceding Year Corresponding Period 31/03/2011
Revenue of:	RM'Mill	RM'Mill
Retail	3,211.6	2,859.6
Commercial	3,662.4	3,565.6

Retail Segment

An increase in revenue of 11.0% or RM352.0 million was mainly contributed by:

- i. increase in Diesel sales volume by 112.7 million litres (30.0%) resulting in additional revenue contribution of RM195.5 million; and
- ii. increase in Mogas sales volume by 80.7 million litres (7.5%) resulting in additional revenue contribution of RM137.0 million.

Commercial Segment

A slight increase in revenue of 2.7% or RM96.8 million was mainly contributed by:

- i. increase in Aviation average selling price by RM0.31 per litre (13.5%) resulting in additional revenue contribution of RM167.1 million.

This was however, offset by;

- i. decrease in Diesel volume by 95.2 million litres (12.2%) resulting in lower revenue contribution of RM55.2 million; and
- ii. decrease in Fuel Oil volume by 40.7 million litres (22.2%) resulting in lower revenue contribution of RM16.8 million.

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B2 VARIATION OF RESULTS AGAINST PRECEDING QUARTER

The Group revenue for the current quarter was RM6,852.8 million, a decrease of RM570.2 million from the results of the preceding quarter. The decrease in revenue was due to lower sales volume by 8.9% despite a slight increase in average selling price by 1.3%.

Group profit before tax for the current quarter was RM339.7 million, an increase of RM32.0 million from the preceding quarter profit before tax of RM307.7 million due to higher gross profit of RM41.9 million and other income by RM5.6 million, offset by higher operating expenditures by RM15.5 million.

B3 CURRENT YEAR PROSPECTS (2012)

The Directors are of the opinion that market demand conditions remain challenging due to continued uncertainties in the global economy. However market leadership will continue to be maintained with continuous strategic marketing efforts and initiatives. Efforts to improve margin will continue through cost optimization and operational efficiency initiatives. The profits may be impacted by fluctuations in international oil price, petroleum product costing and global economy.

Retail Segment

Retail Segment is expected to maintain its margin contribution, mainly from sales of subsidised petroleum products, as the management does not foresee any significant changes to the current petroleum subsidy structure. In addition, the planned efforts on product/service innovation, strategic advertising and investment in infrastructure are expected to have a positive impact on customer demand and satisfaction.

Commercial Segment

Commercial Segment is expected to maintain its performance and large customer base despite the expected slowdown in global economy and intense domestic competition. Its current product mix allows it to optimize opportunities arising from oil price volatility. Demand for product is expected to be positive in tandem with the increase in government and private sector spending on infrastructure projects.

B4 PROFIT FORECAST

No profit forecast was issued for the financial period.

B5 TAX EXPENSE

Taxation comprises the following:

	First Quarter Current Year <u>31/03/2012</u> RM'000
<u>Income Tax:</u>	
Current Quarter / Year-to-date	98,143
<u>Deferred Taxation:</u>	
Current Quarter / Year-to-date	<u>(6,341)</u>
	<u>91,802</u>

The effective tax rate is higher than the statutory tax rate due to certain expenses disallowed for tax purposes.

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B6 STATUS OF CORPORATE PROPOSALS ANNOUNCED

There were no corporate proposals announced but not completed at the latest practicable date for the Group.

B7 BORROWINGS

Particulars of the Group's borrowing, all of which is denominated in Ringgit Malaysia, as at 31 March 2012 is as follows:

	<u>31/03/2012</u>
	RM'000
Non Current - Unsecured	82,315
Current - Unsecured	400,000

B8 DERIVATIVE FINANCIAL INSTRUMENTS

Forward foreign currency contracts are entered into by the Group in currencies other than the functional currency to manage exposure to the fluctuations in foreign currency exchange rates.

Forward foreign currency contracts are recognized on the contractual dates and are measured at fair value with changes in fair value recognized in profit or loss.

The outstanding forward foreign currency contracts as at 31 March 2012 are as follows:

Type of Derivative	Contract Value RM'000	Fair Value RM'000	Loss Arising from Fair Value Changes RM'000
Forward foreign currency sales contract			
- Less than 1 year	45,612	46,028	(416)
	=====	=====	=====

B9 FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

There are no financial liabilities (other than derivative financial instruments) measured at fair value through profit or loss as at the date of this report.

B10 MATERIAL LITIGATION

There are no material litigations as at the date of this report.

B11 DIVIDENDS

The Board has declared an interim dividend of 17.5 sen per ordinary shares less tax at 25% for three months ended 31 March 2012 amounting to RM130,390,837.50 payable on 26 June 2012. (2010/11: a final dividend of 35 sen per ordinary share less tax at 25% amounting to RM260,781,675 and special dividend of 25 sen per share less tax at 25% amounting to RM186,272,625).

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NOTICE IS HEREBY GIVEN that the Interim Dividend of 17.5 sen less tax at 25% will be payable on 26 June 2012 to depositors registered in the Records of Depositors at the close of the business on 6 June 2012. A depositor shall qualify for entitlement to the dividends only in respect of:-

- a) Shares transferred into Depositors' Securities Account before 4pm on 6 June 2012 in respect of ordinary transfer.
- b) Share bought on the Bursa Malaysia on a cum entitlement basis according to the rules of the Bursa Malaysia.

B12 BASIC EARNINGS PER SHARE

Basic earnings per share is derived based on the profit attributable to shareholders of the Company and based on the number of ordinary shares outstanding as at 31 March 2012.

	<u>First Quarter</u> <u>Current Year</u>	
	<u>31/03/2012</u>	<u>31/03/2011</u>
Profit attributable to shareholders of the Company (RM'000)	246,211	228,455
Number of ordinary shares in issue ('000)	993,454	993,454
Earnings per ordinary share (sen)	24.8	23.0

B13 REALISED AND UNREALISED PROFIT/LOSSES

The breakdown of the retained earnings of the Group as at 31 March 2012 into realised and unrealised profits is as follows:

	<u>Group</u>	
	<u>31.03.2012</u> <u>RM'000</u>	<u>31.12.2011</u> <u>RM'000</u>
Total retained profits		
- realised	4,114,418	3,989,420
- unrealised	(153,828)	(164,638)
	3,960,590	3,824,782
Total retained profit of associates attributable to the Group		
- realised	3,883	3,574
- unrealised	(3)	(3)
Less: Consolidation adjustments	(44,576)	(42,907)
Total retained profits	3,919,894	3,785,446

PETRONAS Dagangan Berhad (88222-D)

B14 PROFIT FOR THE PERIOD

**Current Quarter
Three months ended
31 March
RM'000**

Profit for the period is arrived at after charging

Depreciation of property, plant and equipment	64,908
Interest on revolving credit	4,594
Impairment loss	
- Property, plant and equipment	-
- Trade Receivables	9,009
- Inventories*	-
Net foreign exchange loss	8,587
Loss on disposal	
- Quoted or unquoted investment*	-
Trade Receivables written off	124
Other Receivables written off	-
Inventories written off*	-
Exceptional items*	-

and after crediting:

Gain on forward contracts	3,613
Interest income from deposits	4,982
Reversal of impairment loss	
- Property, plant and equipment	-
- Trade Receivables	15
- Inventories	-

*Items not applicable to the Group

BY ORDER OF THE BOARD

Nur Ashikin Khalid (LS 0008025)
Yeap Kok Leong (MAICSA 0862549)
Joint Secretaries
Kuala Lumpur
21 May 2012