

PETRONAS Dagangan Berhad (88222-D)
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012

	As at 30/09/2012 RM'000	As at 31/12/2011 RM'000
ASSETS		
Property, Plant and Equipment	3,604,288	3,616,210
Investment in Associates	6,623	6,239
Investment in Jointly Controlled Entities	3,739	3,157
Prepaid Lease Payments	419,268	404,178
TOTAL NON-CURRENT ASSETS	4,033,918	4,029,784
Inventories	1,093,492	1,063,767
Trade and Other Receivables	4,433,710	4,237,445
Cash and Cash Equivalents	713,509	470,183
TOTAL CURRENT ASSETS	6,240,711	5,771,395
TOTAL ASSETS	10,274,629	9,801,179
EQUITY		
Share Capital	993,454	993,454
Reserves	3,812,464	3,785,446
Total Equity Attributable to Shareholders of the Company	4,805,918	4,778,900
Non-Controlling Interests	34,001	33,064
TOTAL EQUITY	4,839,919	4,811,964
LIABILITIES		
Borrowing	96,637	73,411
Deferred Tax Liabilities	142,426	160,332
Provisions	22,052	20,346
TOTAL NON-CURRENT LIABILITIES	261,115	254,089
Borrowing	158,792	1,000,000
Trade and Other Payables	4,846,736	3,600,461
Taxation	168,067	134,665
TOTAL CURRENT LIABILITIES	5,173,595	4,735,126
TOTAL LIABILITIES	5,434,710	4,989,215
TOTAL EQUITY AND LIABILITIES	10,274,629	9,801,179
Net Assets per Share Attributable to Ordinary Equity Holders of the Parent (sen)	484	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 30
SEPTEMBER 2012

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30/09/2012	30/09/2011	30/09/2012	30/09/2011
	RM'000	RM'000	RM'000	RM'000
Revenue	7,489,941	7,304,943	21,826,962	21,227,535
Profit from operations	342,063	302,156	922,117	909,855
Finance costs	(2,120)	(1,948)	(8,669)	(3,672)
Share of profit after tax of associates	551	185	967	558
Profit before taxation	340,494	300,393	914,415	906,741
Tax expense	(95,908)	(74,665)	(248,933)	(240,731)
Profit for the period/ Total comprehensive income for the period	244,586	225,728	665,482	666,010
Attributable to:				
Shareholders of the Company	242,811	224,046	660,345	661,229
Non-Controlling interests	1,775	1,682	5,137	4,781
Total comprehensive income for the period	244,586	225,728	665,482	666,010
Earnings per ordinary share - basic (sen)	24.4	22.6	66.5	66.6

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 30 SEPTEMBER 2012

-- Attributable to Shareholders of the Company --

	Non Distributable Share Capital	Distributable Retained Profits	Non Distributable Foreign Currency Translation Reserves	Total	Non-Controlling Interests	Total Equity
	RM'000	RM'000	RM'000	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	-	661,229	-	661,229	4,781	666,010
Dividends Paid	-	-	-	-	(6,064)	(6,064)
At 30 September 2011	993,454	4,234,268	-	5,227,722	39,111	5,266,833
At 1 January 2012	993,454	3,785,446	-	4,778,900	33,064	4,811,964
Total comprehensive income for the period	-	660,357	(12)	660,345	5,137	665,482
Dividends Paid	-	(633,327)	-	(633,327)	(4,200)	(637,527)
At 30 September 2012	993,454	3,812,476	(12)	4,805,918	34,001	4,839,919

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.

PETRONAS Dagangan Berhad (88222-D)

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2012

	9 months Ended 30/09/2012 RM'000	9 months Ended 30/09/2011 RM'000
Receipt from customers	21,401,123	20,703,245
Payment to suppliers and employees	(19,164,623)	(20,465,413)
Payment of interest	(8,808)	(1,264)
	<u>2,227,692</u>	<u>236,568</u>
Payment of taxes	(233,431)	(241,051)
Net cash generated from/(used in) operating activities	<u>1,994,261</u>	<u>(4,483)</u>
Acquisition of a subsidiary, net of cash and cash equivalents acquired	(13,903)	-
Interest income from deposits with licensed banks	15,532	14,699
Purchase of property, plant and equipment	(256,934)	(214,042)
Prepayment of leases	(40,182)	(51,435)
Proceeds from disposal of property, plant and equipment	2,554	283
Net cash used in investing activities	<u>(292,933)</u>	<u>(250,495)</u>
Drawdown of Islamic financing facility	32,019	59,345
Payment of profit margin for Islamic financing facility	(2,494)	(705)
Net of (Repayment)/Drawdown of Revolving Credit	(850,000)	400,000
Payment of dividends to shareholders	(633,327)	(558,817)
Payment of dividends to non-controlling interests of a subsidiary	(4,200)	(6,064)
Net cash used in financing activities	<u>(1,458,002)</u>	<u>(106,241)</u>
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	243,326	(361,219)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	470,183	1,025,683
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>713,509</u>	<u>664,464</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 Third 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 2011, 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 Third 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>30/09/2012</u>
	<u>RM'000</u>
Approved and contracted for	81,446
Approved but not contracted for	223,517
	<hr/>
	304,963
	<hr/>

A7 ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

None.

A8 DIVIDENDS PAID

During the nine months period ended 30 September 2012, the following dividend payments were made:

1. A third interim dividend payment of 15 sen per ordinary share less tax at 25% amounting to RM111,763,575.00 (2010/11: Nil) in respect of financial period ended 31 December 2011 was paid on 27 March 2012.
2. First interim dividend payment of 17.5 sen per ordinary share less tax of 25% amounting to RM130,390,837.50 was paid on 26 June 2012 (2011: Nil).
3. A special dividend of 35 sen per ordinary share less tax at 25% amounting to RM260,781,675.00 in respect of financial period ended 31 December 2011 was paid on 27 July 2012 (2010/11: a final dividend of 35 sen per ordinary share less tax at 25% amounting to RM260,781,675.00 and special dividend of 25 sen per share less tax at 25% amounting to RM186,272,625.00).
4. Second interim dividend payment of 17.5 sen per ordinary share less tax of 25% amounting to RM130,390,837.50 was paid on 27 September 2012 (2011 : An interim dividend of 15 sen per ordinary shares less tax at 25% amounting to RM111,763,575.00).

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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.

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 9 months period-ended 30 September

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	10,011,985	9,154,502	11,880,294	12,158,309	43,295	37,789	(108,612)	(123,065)	21,826,962	21,227,535
=====										
Operating expenditures:										
Depreciation and amortisation	180,426	201,009	36,409	36,279	1,301	1,114	-	-	218,136	238,402
Finance costs	7,027	3,156	1,642	516	-	-	-	-	8,669	3,672
Impairment of property, plant and equipments	-	5,345	-	-	-	-	-	-	-	5,345
Profit before taxation for reportable segments	489,673	405,549	278,574	375,641	18,268	17,953	97	282	786,612	799,425
Other income	86,111	81,814	-	-	40,725	48,019	-	(23,075)	126,836	106,758
Share of profit after tax of associates									967	558
Profit before taxation									914,415	906,741
									=====	=====

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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 30 September 2012 and the date of this announcement.

A12 CHANGES IN THE COMPOSITION OF THE GROUP

On 5 September 2012, the Company completed its acquisition of PETRONAS Aviation Sdn. Bhd. ("PAV"), with a paid-up capital of RM5,750,000. With effect from that date, PAV became a wholly-owned subsidiary of the Company.

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;

	Third Quarter 9 months ended	
	<u>30/09/2012</u>	<u>30/09/2011</u>
	RM'000	RM'000
Sales of petroleum products		
With companies related to substantial shareholders		
Malaysian Airlines System Group	1,426,107	1,781,983
Sabah Electricity Sdn Bhd	301,703	258,167
FELDA Group	176,638	183,462

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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 30 September 2012 increased by RM185.0 million to RM7,489.9 million, as compared to the results of the corresponding quarter last year. The increase resulted from higher average product selling prices by 0.3% mainly in commercial segments and higher sales volume by 1.6%.

Group profit before tax for the quarter ended 30 September 2012 increased by RM40.1 million to RM340.5 million, as compared to the corresponding quarter last year due to higher gross profit by RM45.4 million arising from the increase in Mean Of Platts Singapore (“MOPS”) prices which had resulted in an increase in average margin by 7.1% despite higher operating expenditures by RM5.4 million (1.8%).

Revenue Performance of Main Segments

	Individual Quarter Current Quarter <u>30/09/2012</u> RM'Mill	Preceding Year Corresponding Period <u>30/09/2011</u> RM'Mill
Revenue of:		
Retail	3,419.9	3,189.1
Commercial	4,084.2	4,130.6

Retail Segment

An increase in revenue of RM230.8 million (7.2%) was mainly contributed by:

- i. increase in Diesel sales volume by 92.9 million litres (20.1%) resulting in additional revenue contribution of RM161.4 million; and
- ii. increase in Mogas sales volume by 33.6 million litres (2.8%) resulting in additional revenue contribution of RM54.1 million.

Commercial Segment

A decrease in revenue of RM46.4 million (1.1%) was mainly contributed by:

- i. decrease in Diesel volume by 70.2 million litres (8.5%) resulting in lower revenue contribution by RM86.8 million (4.8%);
- ii. decrease in Aviation volume by 34.6 million litres (6.0%) resulting in lower revenue contribution by RM74.5 million (4.7%);

This was offset by:

- iii. increase in Fuel Oil volume by 37.2 million litres (15.0%) resulting in higher revenue contribution by RM96.2 million (19.2%).

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b) Performance of the current period against the corresponding period

Group revenue for the period 30 September 2012 increased by RM599.5 million to RM21,827.0 million, from the results of the corresponding period. The increase resulted from an increase in sales volume by 1.0%.

Group profit before tax for the period ended 30 September 2012 increased by RM7.7 million to RM914.4 million, from the same period last year due to increase in other income by RM20.0 million despite higher operating expenses by RM13.6 million.

Revenue Performance by Main Segments

	Cumulative Quarter	
	Current Year To Date <u>30/09/2012</u> RM'Mill	Preceding Year Corresponding Period <u>30/09/2011</u> RM'Mill
Revenue of:		
Retail	10,012.0	9,154.5
Commercial	11,880.3	12,158.3

Retail Segment

An increase in revenue of RM857.5 million (9.4%) was mainly contributed by:

- i. increase in Diesel sales volume by 306.5 million litres resulting in additional revenue contribution of RM532.1 million;
- ii. increase in Mogas sales volume by 162.5 million litres resulting in additional revenue contribution of RM270.3 million.

Commercial Segment

A decrease in revenue of RM278.0 million (2.3%) was mainly contributed by a decrease in Diesel sales volume by 287.3 million litres resulting in lower revenue contribution by RM453.6 million.

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B2 VARIATION OF RESULTS AGAINST PRECEDING QUARTER

The Group revenue for the current quarter was RM7,489.9 million, an increase of RM5.6 million from the results of the preceding quarter. The increase in revenue was due to higher sales volume by 0.5% despite a slight decrease in average selling price by 0.6%.

Group profit before tax for the current quarter was RM340.5 million, an increase of RM106.3 million from the preceding quarter profit before tax of RM234.2 million due to higher gross profit of RM154.2 million as a result of the increase in MOPS prices, offset by higher operating expenditures by RM34.4 million and decrease of other income by RM14.1 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:

	Third Quarter Current Year <u>30/09/2012</u> RM'000	Cumulative Quarter Current Year <u>30/09/2012</u> RM'000
<u>Income Tax:</u>		
Current Quarter / Year-to-date	102,005	266,839
<u>Deferred Taxation:</u>		
Current Quarter / Year-to-date	(6,097)	(17,906)
	<u>95,908</u>	<u>248,933</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

On 1 June 2012, PDB had announced the proposal for acquisitions of Downstream Companies of Petroliam Nasional Bhd and its subsidiaries in the Philippines, Vietnam, Thailand and Malaysia. As at the date of this report, PDB has completed the acquisitions for four companies including PAV, PETRONAS Energy Philippines, Inc. ("PEPI"), Duta, Inc. ("Duta") and PETRONAS International Marketing (Thailand) Co. Ltd. ("PIMTCL").

B7 BORROWINGS

Particulars of the Group's borrowing, all of which is denominated in Ringgit Malaysia, as at 30 September 2012 is as follows:

	<u>30/09/2012</u>
	RM'000
Non Current - Unsecured	96,637
Current - Unsecured	158,792

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.

As at 30 September 2012, there were no outstanding forward foreign currency contracts.

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 a third interim dividend of 17.5 sen per ordinary shares less tax at 25% for three months ended 30 September 2012 amounting to RM130,390,837.50 payable on 27 December 2012. (2011: second interim dividend of 15 sen per ordinary share less tax at 25% amounting to RM111,763,575).

NOTICE IS HEREBY GIVEN that the Interim Dividend of 17.5 sen less tax at 25% will be payable on 27 December 2012 to depositors registered in the Records of Depositors at the close of the business on 14 December 2012. A depositor shall qualify for entitlement to the dividends only in respect of:-

- a) Shares transferred into Depositors' Securities Account before 4pm on 14 December 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.

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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 30 September 2012.

	Third Quarter Current Year		Cumulative Quarter Current Year-to-date	
	<u>30/09/2012</u>	<u>30/09/2011</u>	<u>30/09/2012</u>	<u>30/09/2011</u>
Profit attributable to shareholders of the Company (RM'000)	242,811	224,046	660,345	661,229
Number of ordinary shares in issue ('000)	993,454	993,454	993,454	993,454
Earnings per ordinary share (sen)	24.4	22.6	66.5	66.6

B13 REALISED AND UNREALISED PROFIT/LOSSES

The breakdown of the retained earnings of the Group as at 30 September 2012 into realised and unrealised profits is as follows:

	<u>Group</u>	
	<u>30/09/2012</u> RM'000	<u>31/12/2011</u> RM'000
Total retained profits		
- Realized	3,978,700	3,989,420
- unrealised	(135,802)	(164,638)
	<u>3,842,898</u>	<u>3,824,782</u>
Total retained profit of associates attributable to the Group		
- realized	4,563	3,574
- unrealised	(26)	(3)
Less: Consolidation adjustments	(34,971)	(42,907)
Total retained profits	<u><u>3,812,464</u></u>	<u><u>3,785,446</u></u>

PETRONAS Dagangan Berhad (88222-D)

B14 PROFIT FOR THE PERIOD

	Current Quarter Three Months Ended 30 September RM'000	Cumulative Quarter Current Year To Date 30 September RM'000
Profit for the period is arrived at after charging		
Depreciation of property, plant and equipment	65,727	198,133
Interest on revolving credit	1,345	6,945
Impairment loss		
- Property, plant and equipment	-	-
- Trade Receivables	1,543	10,558
- Inventories*	-	-
Loss on forward contracts	266	-
Net foreign exchange loss	22,725	19,843
Loss on disposal		
- Property, plant and equipment	158	-
- Quoted or unquoted investment*	-	-
Trade Receivables written off	-	-
Inventories written off	-	-
Exceptional items*	-	-
and after crediting:		
Gain on forward contracts	-	1,158
Interest income from deposits	6,839	15,579
Net foreign exchange gain	-	-
Gain on disposal of property, plant and equipment	-	3,457
Reversal of impairment loss	-	-
- Property, plant and equipment	-	-
- Trade Receivables	985	3,978

*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
29 November 2012