

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2014



The Board of Directors of PETRONAS Dagangan Berhad ("PDB" or the Company) is pleased to announce the following Unaudited Interim Condensed Consolidated Financial Statements for PDB Group for the second quarter ended 30 June 2014 which should be read in conjunction with the accompanying explanatory notes on pages 5 to 16.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30/06/2014 RM'000	As at 31/12/2013 RM'000
ASSETS		
Property, Plant and Equipment	3,906,914	3,891,949
Prepaid Lease Payments	497,892	488,726
Investment in Associates	2,608	2,538
Investment in Joint Ventures	5,577	4,045
Deferred Tax Assets	7,451	7,624
TOTAL NON-CURRENT ASSETS	4,420,442	4,394,882
Inventories	1,098,329	1,193,220
Trade and Other Receivables	4,249,311	4,220,558
Cash and Cash Equivalents	1,038,269	358,633
TOTAL CURRENT ASSETS	6,385,909	5,772,411
TOTAL ASSETS	10,806,351	10,167,293
EQUITY		
Share Capital	993,454	993,454
Reserves	3,843,502	3,796,662
Total Equity Attributable to Shareholders of the Company	4,836,956	4,790,116
Non-Controlling Interests	44,255	39,366
TOTAL EQUITY	4,881,211	4,829,482
LIABILITIES		
Borrowings	139,211	139,580
Deferred Tax Liabilities	144,952	149,424
Other Long Term Liabilities and Provisions	30,718	30,614
TOTAL NON-CURRENT LIABILITIES	314,881	319,618
Trade and Other Payables	5,233,997	4,532,134
Borrowings	336,253	443,058
Taxation	40,009	43,001
TOTAL CURRENT LIABILITIES	5,610,259	5,018,193
TOTAL LIABILITIES	5,925,140	5,337,811
TOTAL EQUITY AND LIABILITIES	10,806,351	10,167,293
Net Assets per Share Attributable to Ordinary Equity Holders of the Parent (sen)	487	482

The Unaudited Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013 and accompanying explanatory notes attached to the Interim Condensed Consolidated Financial Statements.

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2014



UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	3 months ended	3 months ended	6 months ended	6 months ended
	30/06/2014 RM'000	30/06/2013 RM'000	30/06/2014 RM'000	30/06/2013 RM'000
Revenue	8,367,968	7,924,901	16,661,532	15,543,873
Operating profit	252,574	276,830	481,488	608,863
Finance cost	(2,189)	(4,939)	(8,138)	(11,165)
Share of profit after tax of equity accounted associates and joint ventures	402	1,150	574	2,312
Profit before taxation	250,787	273,041	473,924	600,010
Tax expense	(62,363)	(74,940)	(128,307)	(162,537)
Profit for the period	188,424	198,101	345,617	437,473
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange differences arising from translation of financial statements of foreign operations	1,277	(6,917)	(819)	(3,288)
Total comprehensive income for the period	189,701	191,184	344,798	434,185
Profit attributable to:				
Shareholders of the Company	185,649	197,127	340,728	434,224
Non-controlling interests	2,775	974	4,889	3,249
Profit for the period	188,424	198,101	345,617	437,473
Total comprehensive income attributable to:				
Shareholders of the Company	186,926	190,210	339,909	430,936
Non-controlling interests	2,775	974	4,889	3,249
Total comprehensive income for the period	189,701	191,184	344,798	434,185
Earnings per ordinary share- basic (sen)	18.7	19.8	34.3	43.7

The Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013 and accompanying explanatory notes attached to the Interim Condensed Consolidated Financial Statements.

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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to the Shareholders of the Company →						
	← Non-Distributable →			Distributable			
	Share Capital RM'000	Foreign Currency Translation Reserves RM'000	Capital reserves RM'000	Retained Profits RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
At 1 January 2013	993,454	2,020	(44,053)	3,858,571	4,809,992	35,289	4,845,281
Exchange difference arising from translation of financial statements of foreign operations	-	(3,288)	-	-	(3,288)	-	(3,288)
Profit for the period	-	-	-	434,224	434,224	3,249	437,473
Dividends paid	-	-	-	(391,173)	(391,173)	-	(391,173)
At 30 June 2013	993,454	(1,268)	(44,053)	3,901,622	4,849,755	38,538	4,888,293
At 1 January 2014	993,454	(820)	(44,053)	3,841,535	4,790,116	39,366	4,829,482
Exchange difference arising from translation of financial statements of foreign operations	-	(819)	-	-	(819)	-	(819)
Profit for the period	-	-	-	340,728	340,728	4,889	345,617
Dividends paid	-	-	-	(293,069)	(293,069)	-	(293,069)
At 30 June 2014	993,454	(1,639)	(44,053)	3,889,194	4,836,956	44,255	4,881,211

The Unaudited Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013 and accompanying explanatory notes attached to the Interim Condensed Consolidated Financial Statements.

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FOR SECOND QUARTER ENDED 30 JUNE 2014



UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 30/06/2014 RM'000	6 months ended 30/06/2013 RM'000
Cash receipts from customers	16,691,438	16,284,636
Cash paid to suppliers and employees	<u>(15,313,485)</u>	<u>(14,797,379)</u>
	1,377,953	1,487,257
Interest expenses paid	(2,808)	(9,083)
Taxation paid	<u>(142,821)</u>	<u>(128,341)</u>
Net cash generated from operating activities	<u>1,232,324</u>	<u>1,349,833</u>
Acquisition of a joint venture	(1,028)	-
Interest income from fund and other investments	8,979	2,675
Prepayment of leases	(23,124)	(36,507)
Proceeds from disposal of property, plant and equipment	3,761	5,388
Purchase of property, plant and equipment	<u>(139,514)</u>	<u>(195,507)</u>
Net cash used in investing activities	<u>(150,926)</u>	<u>(223,951)</u>
Dividends paid	(293,069)	(391,173)
Drawdown of term loan	-	24,882
Drawdown of Islamic Medium Term Notes	300,000	-
Net (repayment) /drawdown of revolving credit	(400,000)	50,000
Profit margin paid for Islamic financing facility	(2,256)	(2,350)
Repayment of Islamic financing facility	<u>(6,537)</u>	<u>(3,225)</u>
Net cash used in financing activities	<u>(401,862)</u>	<u>(321,866)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	679,536	804,016
NET FOREIGN EXCHANGE DIFFERENCES	100	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>358,633</u>	<u>251,300</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u><u>1,038,269</u></u>	<u><u>1,055,316</u></u>

The Unaudited Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013 and accompanying explanatory notes attached to the Unaudited Interim Condensed Consolidated Financial Statements.

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2014



PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING

A1 BASIS OF PREPARATION

The interim financial statements have been prepared using historical cost basis except for certain financial assets and financial liabilities that are stated at fair value.

The interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*, MFRS 134 *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements are unaudited and should be read in conjunction with the audited financial statements for the year ended 31 December 2013. The explanatory notes attached 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 performance of the Group since the year ended 31 December 2013.

Within the context of these financial statements, the Group comprises the Company and its subsidiaries, and the Group's interest in its associates and its joint ventures as at and for the quarter ended 30 June 2014.

Significant Accounting Policies

The financial information presented herein has been prepared in accordance with the accounting policies to be used in preparing the annual consolidated financial statements for 31 December 2013 except for the adoption of Amendments to Standards and Issue Committee (IC) interpretations effective as of 1 January 2014.

A. MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

Amendments to MFRS 10	Consolidated Financial Statements: Investment Entities
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Investment Entities
Amendments to MFRS 127	Separate Financial Statements (2011): Investment Entities
Amendments to MFRS 132	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136	Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

The adoption of the above pronouncement did not have any material impact to the financial statements of the Group.

B. MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)
Amendments to MFRS 2	Share-based Payment (Annual Improvements 2010-2012 Cycle)
Amendments to MFRS 3	Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
Amendments to MFRS 8	Operating Segments (Annual Improvements 2010-2012 Cycle)
Amendments to MFRS 13	Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
Amendments to MFRS 116	Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)

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PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING

Amendments to MFRS 119	Employee Benefits – Defined Benefit Plans: Employee Contributions
Amendments to MFRS 138	Intangible Assets (Annual Improvements 2010-2012 Cycle)
Amendments to MFRS 124	Related Party Disclosures (Annual Improvements 2010-2012 Cycle)
Amendments to MFRS 140	Investment Properties (Annual Improvements 2011-2013 Cycle)

C. MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 116	Property, Plant and Equipment (Clarification of Acceptable Methods of Depreciation)
Amendments to MFRS 138	Intangible Assets (Clarification of Acceptable Methods of Amortisation)
Amendments to MFRS 11	Joint Arrangements (Accounting for Acquisitions of Interests in Joint Operations)

D. MFRSs, Interpretations and amendments effective for a date yet to be confirmed

MFRS 9	Financial Instruments (2009)
MFRS 9	Financial Instruments (2010)
MFRS 9	Financial Instruments – Hedge Accounting and Amendments to FRS 9, FRS 7 and FRS 139
Amendments to MFRS 7, Financial Instruments: Disclosures	Mandatory Effective Date of FRS 9 and Transition Disclosures

Based on the management's assessment, the adoption of the above pronouncements is not expected to have any material impact to the financial statements of the Group.

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PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING

A2 AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

There was no qualified audit report issued by the auditors in the annual financial statements for the year ended 31 December 2013.

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

There were no exceptional items during the current quarter under review.

A5 MATERIAL CHANGES IN ACCOUNTING ESTIMATES

There were no material changes in estimates of the amounts reported in the annual financial statements of the Group for the year ended 31 December 2013 that may have a material effect in the current quarter results.

A6 COMMITMENTS

Outstanding commitments in respect of capital expenditure at financial position date not provided for in the interim financial statements are:-

	As at 30/06/2014	As at 30/06/2013
	RM'000	RM'000
Approved and contracted for	44,493	81,435
Approved but not contracted for	593,357	328,481
	<u>637,850</u>	<u>409,916</u>

A7 DEBT AND EQUITY SECURITIES

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter ended 30 June 2014.

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2014



PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING

A8 DIVIDENDS PAID

During the six months period ended 30 June 2014, the following dividend payments were made :

1. A single tier interim dividend of 17.5 sen per ordinary share amounting to RM173,854,450.00 in respect of financial period ended 31 December 2013 was paid on 11 March 2014. (2013: an interim dividend payment of 17.5 sen per ordinary share less tax at 25% amounting to RM130,390,837.50 and a special dividend of 35.0 sen per ordinary share less tax at 25% amounting to RM260,781,675.00)
2. A single tier interim dividend of 12 sen per ordinary share amounting to RM119,214,480.00 in respect of three months period ended 31 March 2014 was paid on 11 June 2014 (2013: an interim dividend payment of 17.5 sen per ordinary share less tax at 25% amounting to RM130,390,837.50).

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 Board of Directors 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.

There is no disclosure on geographical segment information as the result of the Group's operations outside of Malaysia is not material during the period under review.

There is no disclosure on major customer information as no customer represents equal or more than 10 percent of Group revenue.

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PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING

Results for 6 months period ended 30 June 2014

<i>In RM'000</i> Business Segments	2014				2013			
	Retail	Commercial	Others	Group	Retail	Commercial	Others	Group
Revenue	7,953,641	8,699,029	8,862	16,661,532	7,036,174	8,501,739	5,960	15,543,873
Depreciation and amortisation	119,595	23,118	801	143,514	110,763	24,902	779	136,444
Other income	83,975	484	7,078	91,537	85,753	6,337	3,992	96,082
Operating profit for reportable segments	271,802	186,804	22,882	481,488	344,825	246,202	17,836	608,863
Finance cost	(5,438)	(2,013)	(687)	(8,138)	(8,831)	(2,334)	-	(11,165)
Share of profit after tax of associates and joint ventures				574				2,312
Profit before taxation				<u>473,924</u>				<u>600,010</u>

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PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING

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 SUBSEQUENT EVENTS

In the opinion of the Directors, there were no transactions or events of a material or unusual nature that had occurred between 31 December 2013 and the date of this announcement.

A12 CHANGES IN THE COMPOSITION OF THE GROUP

On 24 April 2014, the Group, through its subsidiary, PETRONAS Aviation Sdn. Bhd. entered into a shareholder agreement with two other investors to acquire 40% equity interest in United Fuel Company LLC ("UFC"), a company incorporated in the Kingdom of Saudi Arabia. The principal activity of UFC is to undertake aviation refueling operations. In accordance to MFRS 11, *Joint Arrangement*, the Group has accounted for the investment as joint venture.

A13 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A legal action had been commenced against the Company pursuant to a termination of a contract for a sum of RM25.4 million. The Company has also counter-claimed against the claimant for total sum of RM52.1 million. Based on legal advice, the Directors do not expect the outcome of the action to have a material effect on the Group's financial position.

A14 RELATED PARTY TRANSACTIONS

There were no significant transactions with related party in addition to the related party transactions disclosed in the audited financial statements for the year ended 31 December 2013.

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FOR SECOND QUARTER ENDED 30 JUNE 2014



PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

B1 REVIEW OF PERFORMANCE

a) Performance of the current quarter against the corresponding quarter

In RM' Mil	Quarter ended					
	Group		Retail		Commercial	
	June 2014	June 2013	June 2014	June 2013	June 2014	June 2013
Revenue	8,368.0	7,924.9	4,024.4	3,587.2	4,339.0	4,334.9
Operating Profit	252.6	276.8	143.5	132.5	97.0	135.6

Group Revenue for the quarter ended 30 June 2014 was RM8,368.0 million, an increase of RM443.1 million over the results of the corresponding quarter last year mainly as a result of an increase in average selling price by 9% despite a decrease in sales volume by 3%.

Group Operating Profit for the quarter ended 30 June 2014 was RM252.6 million, a decrease of RM24.3 million compared to the corresponding quarter last year mainly as a result of higher operating expenditure by RM54.9 million partially offset by higher gross margin by RM34.8 million.

Higher gross margin was mainly as a result of lower product cost due to favourable timing differences of the Mean of Platts Singapore ("MOPS") prices compared to corresponding quarter last year.

Meanwhile, higher operating expenditure was mainly attributed to a gain in unrealised foreign exchange from aviation contracts due to strengthening of USD in corresponding quarter last year compared to an unrealised loss in the current quarter. Additionally, both manpower expenses and IT maintenance charges at the stations had increased during the current quarter.

Retail Segment

An increase in Revenue by RM437.2 million was mainly due to higher selling price of subsidised Mogas and Diesel as announced by Malaysian Government on 3 September 2013 supported by increase in sales volume by 2%. Primax95 Baharu which was launched in May 2014 contributed to the increase in sales volume of Mogas.

An increase in operating profit by RM11.0 million compared to corresponding quarter last year, was mainly due to higher gross margin by RM33.0 million partially offset by higher operating expenditure by RM24.8 million. Higher gross margin mainly arose from favourable timing differences in MOPS prices during the quarter.

Commercial Segment

An increase in Revenue by RM4.1 million was mainly due to higher average selling price by 9% despite a decrease in sales volume by 8%. Decrease in sales volume was mainly attributed to lower Fuel Oil and Diesel sales volume during the quarter.

A decrease in Operating Profit by RM38.6 million compared to corresponding quarter last year, was mainly due to higher operating expenditure by RM30.5 million.

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FOR SECOND QUARTER ENDED 30 JUNE 2014



PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

B1 REVIEW OF PERFORMANCE

b) Performance of the current period against the corresponding period

In RM' Mil	Period ended					
	Group		Retail		Commercial	
	June 2014	June 2013	June 2014	June 2013	June 2014	June 2013
Revenue	16,661.5	15,543.9	7,953.6	7,036.2	8,699.0	8,501.7
Operating Profit	481.5	608.9	271.8	344.8	186.8	246.2

Group Revenue for the period ended 30 June 2014 was RM16,661.5 million, an increase of RM1,117.6 million over the results of the corresponding period last year mainly as a result of increase in average selling prices by 8% partially offset by decrease in sales volume by 1%.

Group Operating Profit for the period was RM481.5 million, a decrease of RM127.4 million compared to the corresponding period last year mainly due to lower gross margin by RM26.2 million coupled with higher operating expenditure by RM93.6 million.

Lower gross margin was a result of higher product cost due to unfavourable timing differences of MOPS prices compared to corresponding period last year.

Meanwhile, higher operating expenditure was mainly attributed to a gain in unrealised foreign exchange from aviation contracts due to strengthening of USD in corresponding period last year and increase in manpower expenses during the current period.

Retail Segment

An increase in Revenue by RM917.4 million was mainly due to higher selling price of subsidised Mogas and Diesel as announced by Malaysian Government on 3 September 2013. This is supported by increase in sales volume by 3%.

A decrease in Operating Profit by RM73.0 million compared to corresponding period last year, was mainly due to higher operating expenditure by RM50.4 million and lower gross margin by RM20.8 million.

Commercial Segment

An increase in Revenue by RM197.3 million was mainly due to higher average selling price by 8% despite decrease in sales volume by 5%. Decrease in sales volume were mainly attributed to lower Fuel Oil and Diesel sales volume during the period.

A decrease in Operating Profit by RM59.4 million compared to corresponding period last year, was mainly due to higher operating expenditure by RM45.7 million and lower gross margin by RM7.9 million.

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FOR SECOND QUARTER ENDED 30 JUNE 2014



PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

B2 VARIATION OF RESULTS AGAINST PRECEDING QUARTER

Group Revenue for the quarter ended 30 June 2014 was RM8,368.0 million, an increase of RM74.4 million compared to the preceding quarter mainly as a result of increase in sales volume by 2% partially offset by lower average selling price by 1%.

The increase in sales volume was due to higher sales volume in Retail and Commercial segments by 3% and 2%, respectively. Increase in sales volume for Retail segment was mainly contributed by higher sales volume for Mogas during the quarter. Meanwhile, increase in sales volume for Commercial segment was mainly attributed to higher sales volume for Diesel as compared to preceding quarter.

Group Operating Profit was RM252.6 million, an increase of RM23.7 million compared to the preceding quarter mainly due to higher gross margin by RM30.2 million as a result of lower product cost by RM14.6 million and higher volume contribution by RM15.6 million. Lower product cost was arising from favourable timing differences of the MOPS prices compared to preceding quarter.

B3 CURRENT YEAR PROSPECTS (2014)

The Directors are of the opinion that the Malaysian economy has shown encouraging trends for the first quarter of 2014, where Gross Domestic Product (GDP) recorded a growth of 6.2% due to strong domestic economic activities, high domestic savings, strong foreign reserves and low unemployment. However, the second half of the year is expected to be challenging especially in anticipation of the rationalisation of fuel subsidies, which may trigger further increase in prices of goods and services, resulting in softer consumer spending.

PDB is committed to defend its overall market leadership position and grow the Company's business domestically through the strengthening of our brand, sweating our existing assets and continuously enhancing our customer relationship management. The Company will also continue its cost optimisation efforts via enhancement of supply and distribution efficiency, and improvement of terminal operational excellence to further improve cost of operations.

Retail Segment

Retail Segment will continue to push for sales of petroleum products, leveraging on the recently launched Primax95 Baharu. In addition, the Retail Segment will leverage on its extensive station and dealer network, differentiated products and service offerings to continue to meet and exceed customers' expectations.

Commercial Segment

Commercial Segment will focus on improving margins. We will continue to widen our customer base in tandem with the increase in government and private sector spending on infrastructure and construction projects. In addition, the Commercial Segment will also leverage on its superior logistics, personalised services and differentiated offerings to sustain existing markets and capture new markets.

B4 PROFIT FORECAST

There was no profit forecast issued for the financial period.

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FOR SECOND QUARTER ENDED 30 JUNE 2014



PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

B5 TAX EXPENSE

Taxation comprises the following:

	3 months ended 30/06/2014	3 months ended 30/06/2013	6 months ended 30/06/2014	6 months ended 30/06/2013
	RM'000	RM'000	RM'000	RM'000
<u>Income Tax:</u>				
Current Quarter/ Year-to-Date	61,345	79,650	132,606	167,603
<u>Deferred Taxation:</u>				
Current Quarter/ Year-to-Date	1,018	(4,710)	(4,299)	(5,066)
	62,363	74,940	128,307	162,537

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

B6 STATUS OF CORPORATE PROPOSALS ANNOUNCED

There were no corporate proposals announced as at the date of this report.

B7 BORROWINGS

Particulars of the Group's borrowing as at 30 June 2014 is as follows:

	As at 30/06/2014	As at 31/12/2013
	RM'000	RM'000
Non Current – Unsecured	98,825	98,825
Non Current – Secured	40,386	40,755
Current – Unsecured	336,253	443,058

B8 DERIVATIVE FINANCIAL INSTRUMENTS

Foreign currency forward 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.

Foreign currency forward contracts are recognised on the contractual dates and are measured at fair value with changes in fair value recognised in profit or loss.

As at 30 June 2014, there were outstanding foreign currency forward contracts denominated in USD amounting to USD22.3 million.

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.

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FOR SECOND QUARTER ENDED 30 JUNE 2014



PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

B11 DIVIDENDS

The Board has declared a single tier interim dividend of 14 sen per ordinary share amounting to RM139,083,560.00 for three months ended 30 June 2014 payable on 5 September 2014 (Quarter 2 2013: an interim dividend payment of 16.3 sen per ordinary share less tax at 25% amounting to RM121,449,751.50 and a single tier interim dividend of 1.2 sen per ordinary share amounting to RM11,921,448.00).

NOTICE IS HEREBY GIVEN that the interim dividend will be payable on 5 September 2014 to depositors registered in the Records of Depositors at the close of the business on 25 August 2014. A depositor shall qualify for entitlement to the dividends only in respect of:-

- a) Shares transferred into Depositors' Securities Account before 4 pm on 25 August 2014 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 30 June 2014.

	3 months ended		6 months ended	
	<u>30/06/2014</u>	<u>30/06/2013</u>	<u>30/06/2014</u>	<u>30/06/2013</u>
Profit attributable to shareholders of the Company (RM'000)	185,649	197,127	340,728	434,224
Number of ordinary shares ('000)	993,454	993,454	993,454	993,454
Earnings per ordinary share (sen)	18.7	19.8	34.3	43.7

B13 REALISED AND UNREALISED PROFIT

The breakdown of the retained earnings of the Group as at 30 June 2014 into realised and unrealised profits is as follows:

	Group	
	<u>30/06/2014</u> RM'000	<u>31/12/2013</u> RM'000
Total retained profits		
- realised	4,071,553	4,044,992
- unrealised	(126,614)	(147,392)
	<u>3,944,939</u>	<u>3,897,600</u>
Total retained profit of associates attributable to the Group		
- realised	4,990	6,043
- unrealised	-	-
Less: Consolidation adjustments	(60,735)	(62,108)
Total retained profits	<u><u>3,889,194</u></u>	<u><u>3,841,535</u></u>

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2014



PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

	3 months ended 30/06/2014 RM'000	3 months ended 30/06/2013 RM'000	6 months ended 30/06/2014 RM'000	6 months ended 30/06/2013 RM'000
Profit for the period is arrived at after charging:				
Depreciation and amortisation	70,600	68,709	143,514	136,444
Interest on revolving credit and term loan	654	3,918	2,783	9,750
Net loss on forward contract	115	-	214	-
Net loss on foreign exchange	3,067	-	5,981	-
Profit margin for Islamic financing facility	1,239	-	1,558	-
Property, plant and equipment written off	-	478	-	488
Trade receivables written off	15	22	22	22
and after crediting:				
Gain on disposal of property, plant and equipment	667	763	1,962	1,961
Interest income from deposits	4,471	1,957	8,643	9,170
Net gain on foreign exchange	-	23,323	-	23,845
Net gain on forward contract	-	1,619	-	1,619
Reversal of impairment losses on trade receivables	452	39	480	2,820

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

BY ORDER OF THE BOARD
 Nur Ashikin Khalid (LS 0008025)
 Yeap Kok Leong (MAICSA 0862549)
 Joint Secretaries
 Kuala Lumpur
 7 August 2014