

# QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2015



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 2015 which should be read in conjunction with the accompanying explanatory notes on pages 5 to 16.

## UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30/06/2015 RM'000	As at 31/12/2014 RM'000
<b>ASSETS</b>		
Property, plant and equipment	4,020,850	4,031,094
Prepaid lease payments	498,240	500,908
Investment in associates	2,893	2,781
Investment in joint ventures	8,777	6,736
Deferred tax assets	8,227	8,227
<b>TOTAL NON-CURRENT ASSETS</b>	<b>4,538,987</b>	<b>4,549,746</b>
Inventories	898,490	1,031,957
Trade and other receivables	2,291,084	2,119,144
Cash and cash equivalents	1,873,531	1,839,684
<b>TOTAL CURRENT ASSETS</b>	<b>5,063,105</b>	<b>4,990,785</b>
<b>TOTAL ASSETS</b>	<b>9,602,092</b>	<b>9,540,531</b>
<b>EQUITY</b>		
Share capital	993,454	993,454
Reserves	3,906,678	3,758,725
<b>Total Equity Attributable to Shareholders of the Company</b>	<b>4,900,132</b>	<b>4,752,179</b>
Non-controlling interests	42,654	39,644
<b>TOTAL EQUITY</b>	<b>4,942,786</b>	<b>4,791,823</b>
<b>LIABILITIES</b>		
Borrowings	128,661	134,726
Deferred tax liabilities	136,215	140,189
Other long term liabilities and provisions	27,696	29,120
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>292,572</b>	<b>304,035</b>
Trade and other payables	4,150,373	4,059,457
Borrowings	87,234	359,638
Taxation	129,127	25,578
<b>TOTAL CURRENT LIABILITIES</b>	<b>4,366,734</b>	<b>4,444,673</b>
<b>TOTAL LIABILITIES</b>	<b>4,659,306</b>	<b>4,748,708</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>9,602,092</b>	<b>9,540,531</b>
Net assets per share attributable to ordinary equity holders of the Parent (RM)	4.93	4.78

The Unaudited Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014 and accompanying explanatory notes attached to the Interim Condensed Consolidated Financial Statements

# QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2015



## UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	3 months ended 30/06/2015 RM'000	3 months ended 30/06/2014 RM'000	6 months ended 30/06/2015 RM'000	6 months ended 30/06/2014 RM'000
<b>Revenue</b>	<u>6,493,136</u>	<u>8,367,968</u>	<u>12,594,324</u>	<u>16,661,532</u>
<b>Operating profit</b>	375,607	252,574	662,782	481,488
Finance cost	(2,752)	(2,189)	(7,112)	(8,138)
Share of profit after tax of equity accounted associates and joint ventures	1,171	402	2,153	574
<b>Profit before taxation</b>	<u>374,026</u>	<u>250,787</u>	<u>657,823</u>	<u>473,924</u>
Tax expense	<u>(99,567)</u>	<u>(62,363)</u>	<u>(175,835)</u>	<u>(128,307)</u>
<b>Profit for the period</b>	<u>274,459</u>	<u>188,424</u>	<u>481,988</u>	<u>345,617</u>
<b>Other comprehensive income</b>				
Items that may be reclassified subsequently to profit or loss				
Exchange differences arising from translation of financial statements of foreign operations	983	1,277	6,749	(819)
<b>Total comprehensive income for the period</b>	<u>275,442</u>	<u>189,701</u>	<u>488,737</u>	<u>344,798</u>
<b>Profit attributable to:</b>				
Shareholders of the Company	273,210	185,649	478,978	340,728
Non-controlling interests	1,249	2,775	3,010	4,889
<b>Profit for the period</b>	<u>274,459</u>	<u>188,424</u>	<u>481,988</u>	<u>345,617</u>
<b>Total comprehensive income attributable to:</b>				
Shareholders of the Company	274,193	186,926	485,727	339,909
Non-controlling interests	1,249	2,775	3,010	4,889
<b>Total comprehensive income for the period</b>	<u>275,442</u>	<u>189,701</u>	<u>488,737</u>	<u>344,798</u>
<b>Earnings per ordinary share- basic (sen)</b>	27.5	18.7	48.2	34.3

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 2014 and accompanying explanatory notes attached to the Interim Condensed Consolidated Financial Statements.

# QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2015



## UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the Shareholders of the Company						Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Foreign Currency Translation Reserves RM'000	Capital reserves RM'000	Retained Profits RM'000	Total RM'000	Distributable		
<b>At 1 January 2014</b>	<b>993,454</b>	<b>(820)</b>	<b>(44,053)</b>	<b>3,841,535</b>	<b>4,790,116</b>	<b>39,366</b>	<b>4,829,482</b>	
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)	
<b>At 30 June 2014</b>	<b>993,454</b>	<b>(1,639)</b>	<b>(44,053)</b>	<b>3,889,194</b>	<b>4,836,956</b>	<b>44,255</b>	<b>4,881,211</b>	
<b>At 1 January 2015</b>	<b>993,454</b>	<b>11,038</b>	<b>(44,053)</b>	<b>3,791,740</b>	<b>4,752,179</b>	<b>39,644</b>	<b>4,791,823</b>	
Exchange difference arising from translation of financial statements of foreign operations	-	6,749	-	-	6,749	-	6,749	
Profit for the period	-	-	-	478,978	478,978	3,010	481,988	
Dividends paid	-	-	-	(337,774)	(337,774)	-	(337,774)	
<b>At 30 June 2015</b>	<b>993,454</b>	<b>17,787</b>	<b>(44,053)</b>	<b>3,932,944</b>	<b>4,900,132</b>	<b>42,654</b>	<b>4,942,786</b>	

The Unaudited Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014 and accompanying explanatory notes attached to the Interim Condensed Consolidated Financial Statements.

# QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2015



## UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	Period ended 30/06/2015	Period ended 30/06/2014
	RM'000	RM'000
Cash receipts from customers	12,424,102	16,691,438
Cash paid to suppliers and employees	(11,608,276)	(15,313,485)
	815,826	1,377,953
Interest expenses paid	(548)	(2,500)
Taxation paid	(79,236)	(142,821)
<b>Net cash generated from operating activities</b>	<b>736,042</b>	<b>1,232,632</b>
Acquisition of an associate	-	(1,028)
Interest income from fund and other investments	24,039	8,979
Purchase of property, plant and equipment	(91,073)	(139,514)
Prepayment of leases	(12,026)	(23,124)
Proceeds from disposal of property, plant and equipment	4,517	3,761
<b>Net cash used in investing activities</b>	<b>(74,543)</b>	<b>(150,926)</b>
Dividends paid	(337,774)	(293,069)
Repayment of term loan	(4,598)	-
(Repayment)/drawdown of Islamic medium term notes	(300,000)	300,000
Net drawdown/ (repayment) of revolving credit facilities	29,306	(400,000)
Repayment of Islamic financing facilities	(8,215)	(6,537)
Interest paid on term loan	(550)	(308)
Profit margin paid for Islamic medium term notes	(5,280)	-
Profit margin paid for Islamic financing facility	(2,544)	(2,256)
<b>Net cash used in financing activities</b>	<b>(629,655)</b>	<b>(402,170)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>31,844</b>	<b>679,536</b>
<b>NET FOREIGN EXCHANGE DIFFERENCES</b>	<b>2,003</b>	<b>100</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>1,839,684</b>	<b>358,633</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>1,873,531</b>	<b>1,038,269</b>

The Unaudited Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014 and accompanying explanatory notes attached to the Interim Condensed Consolidated Financial Statements.

# QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2015



## 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 2014. 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 2014.

Within the context of these financial statements, the Group comprises the Company and its subsidiaries, and the Group's interest in its associates and joint ventures as at and for the quarter ended 30 June 2015.

#### 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 2014 except for the adoption of Amendments to Standards effective as of 1 January 2015.

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

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

# QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2015



## PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING

The following pronouncements that have been issued by the Malaysian Accounting Standards Board will become effective in future financial reporting periods and have not been adopted by the Group in the interim financial statements:

### B. MFRSs and amendments effective for annual periods beginning on or after 1 January 2016

Amendments to MFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)
Amendments to MFRS 7	Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)
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
Amendments to MFRS 11	Consolidated Financial Statements, MFRS 12, Disclosure of Interests in Other Entities and MFRS 128, Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations
MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 101	Presentation of Financial Statements – Disclosure Initiative
Amendments to MFRS 116	Property, Plant and Equipment and MFRS 138, Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 119	Property, Plant and Equipment and MFRS 141, Agriculture – Agriculture: Bearer Plants
Amendments to MFRS 127	Employee Benefits (Annual Improvements 2012-2014 Cycle) Separate Financial Statements – Equity Method in Separate Financial Statements
Amendments to MFRS 134	Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)

### C. MFRSs effective for annual periods beginning on or after 1 January 2017

MFRS 15	Revenue from Contracts with Customers
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### D. MFRSs effective for annual periods beginning on or after 1 January 2018

MFRS 9	Financial Instruments (2014)
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The Group is expected to apply the abovementioned pronouncements beginning from the respective dates the pronouncements become effective. The Group is currently assessing the impact of adopting the above pronouncements.

# QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2015



## 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 2014.

### 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 2014 that may have a material effect in the current quarter results.

Included in the trade and other receivables is an amount of RM89.9 million in respect of subsidy claims for diesel, which are pending approval from Government Authorities.

The key assumption in estimating the recoverability of the amount was that there are letters received from the Government Authorities indicating that these claims will be reviewed and considered. All relevant documentations to support these claims have been submitted to the Government Authorities.

### A6 COMMITMENTS

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

	As at 30/06/2015	As at 31/12/2014
	RM'000	RM'000
Approved and contracted for	51,328	21,208
Approved but not contracted for	372,188	308,458
	<u>423,516</u>	<u>329,666</u>

### A7 DEBT AND EQUITY SECURITIES

On 23 March 2015, the Company fully repaid RM300 million Islamic Medium Term Notes which was issued pursuant to the Sukuk Programme as announced on 21 March 2014.

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter ended 30 June 2015.

# QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2015



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

### A8 DIVIDENDS PAID

During the six months period ended 30 June 2015, the following dividend payments were made:

1. A special interim dividend of 22 sen per ordinary share amounting to RM218,559,880.00 for the quarter ended 31 December 2014 was paid on 27 March 2015 (Quarter 4 2013: an interim dividend of 17.5 sen per ordinary share amounting to RM173,854,450.00).
2. An interim dividend of 12 sen per ordinary share amounting to RM119,214,480.00 for the quarter ended 31 March 2015 was paid on 25 June 2015 (Quarter 1 2014: an interim dividend of 12 sen per ordinary share amounting to RM119,214,480.00).

### A9 SEGMENTAL INFORMATION

A segment is a distinguishable component of the Group that was engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment) which was subject to risks and rewards that were different from those of other segments.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Group's chief operating decision maker, which is the Board of Directors of the Group, to make decisions about resources to be allocated to the segment and assess the Group's performance, and for which discrete financial information is available.



# QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2015



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

### Results for 6 months period ended 30 June 2015

<i>In RM'000</i> Business Segments	2015				2014			
	Retail	Commercial	Others	Group	Retail	Commercial	Others	Group
Revenue	6,670,391	5,911,417	12,516	12,594,324	7,953,641	8,699,029	8,862	16,661,532
Depreciation and amortisation	125,194	21,202	808	147,204	119,595	23,118	801	143,514
Other income	123,529	21,400	964	145,893	83,975	484	7,078	91,537
<b>Operating profit for reportable segments</b>	345,525	301,959	15,298	662,782	271,802	186,804	22,882	481,488
Finance cost	(2,760)	(1,899)	(2,453)	(7,112)	(5,438)	(2,013)	(687)	(8,138)
Share of profit after tax of equity accounted associates and joint ventures				2,153				574
<b>Profit before taxation</b>				<b>657,823</b>				<b>473,924</b>

# QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2015



## 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 30 June 2015 and the date of this announcement.

### A12 CHANGES IN THE COMPOSITION OF THE GROUP

There were no material changes in the composition of the Group during the period under review.

### A13 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no material contingent liabilities and contingent assets.

### 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 2014.

### A15 FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1 – Quoted price in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable for the asset or liability.
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

The following table analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments not carried at fair value				Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
<b>Group</b>					
<b>30 June 2015</b>					
<b>Financial Liabilities</b>					
Islamic financing facilities	-	95,363	-	95,363	111,038
Term loan	-	35,330	-	35,330	39,083
	-	130,693	-	130,693	150,121
<b>Group</b>					
<b>31 December 2014</b>					
<b>Financial Liabilities</b>					
Islamic financing facilities	-	103,584	-	103,584	119,304
Term loan	-	39,239	-	39,239	40,783
	-	142,823	-	142,823	160,087

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the prevailing rate of interest charged on the respective loans at the end of the reporting period.

# QUARTERLY REPORT

## FOR SECOND QUARTER ENDED 30 JUNE 2015



### 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 2015	June 2014	June 2015	June 2014	June 2015	June 2014
Revenue	6,493.1	8,368.0	3,450.0	4,024.4	3,037.1	4,339.0
Operating profit	375.6	252.6	208.1	143.5	159.5	97.0

Group revenue for the quarter ended 30 June 2015 was RM6,493.1 million, a decrease of RM1,874.9 million over the results of the corresponding quarter last year mainly as a result of a decrease in average selling price by 17% coupled with a decrease in sales volume by 6%. The decrease in average selling price was in line with the decline in Means of Platts Singapore ("MOPS") prices beginning June 2014.

Group operating profit for the quarter ended 30 June 2015 was RM375.6 million, an increase of RM123.0 million compared to the corresponding quarter last year as a result of higher gross profit by RM46.3 million, lower operating expenditure by RM42.2 million and higher other income by RM34.5 million. Higher other income was mainly due to accounting reclassification arising from Goods and Services Tax ("GST") implementation which has no profit impact.

Higher gross profit was as a result of higher margin contribution from both Retail and Commercial segments.

The reduction in operating expenditure was mainly due to lower bonus provision for FY2015 resulting in lower manpower expenses for the current quarter compared to corresponding quarter last year. In addition, lower advertising and promotions expenses and other cost reduction efforts had further contributed to the lower operating expenditure.

#### Retail Segment

The decrease in revenue of RM574.4 million was mainly due to a decrease in sales volume of Diesel arising from the impact of Managed Float implementation beginning December 2014 which resulted in lower Retail industry demand for Diesel.

The increase in operating profit by RM64.6 million compared to corresponding quarter last year was due to lower operating expenditure by RM26.4 million, higher other income by RM22.8 million and higher gross profit by RM15.4 million.

Higher gross profit was mainly due to LPG arising from impact of Automatic Pricing Mechanism ("APM") revision effective June 2015 coupled with cost optimisation initiatives undertaken during the quarter.

#### Commercial Segment

The decrease in revenue by RM1,301.9 million was mainly due to a decrease in average selling price and sales volume by 29% and 2%, respectively. Decrease in average selling price had mainly impacted revenue contribution for Aviation, Fuel Oil and Diesel.

The increase in operating profit by RM62.5 million was due to higher gross profit by RM31.3 million, lower operating expenditure by RM15.8 million and higher other income by RM15.4 million.

Despite a slight reduction in sales volume, gross profit was higher arising from efforts undertaken to improve margins. Improvement in margins per litre was mainly contributed by Bitumen and Diesel.

# QUARTERLY REPORT

## FOR SECOND QUARTER ENDED 30 JUNE 2015



### 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 last year

In RM' Mil	Period ended					
	Group		Retail		Commercial	
	June 2015	June 2014	June 2015	June 2014	June 2015	June 2014
Revenue	12,594.3	16,661.5	6,670.4	7,953.6	5,911.4	8,699.0
Operating profit	662.8	481.5	345.5	271.8	302.0	186.8

Group revenue for the period ended 30 June 2015 was RM12,594.3 million, a decrease of RM4,067.2 million over the results of the corresponding period last year mainly as a result of a decrease in average selling price by 20% coupled with a decrease in sales volume by 6%. The decrease in average selling price was in line with the decline in MOPS prices beginning June 2014.

Group operating profit for the period ended 30 June 2015 was RM662.8 million, an increase of RM181.3 million compared to the corresponding period last year as a result of lower operating expenditure by RM107.0 million, higher other income by RM54.4 million and higher gross profit by RM19.9 million. Higher other income was mainly due to accounting reclassification arising from GST implementation which has no profit impact.

The reduction in operating expenditure was mainly due to variation in yearly bonus payment resulting in lower manpower expenses for the current period compared to corresponding period last year. In addition, lower advertising and promotions expenses and other cost reduction efforts had further contributed to the lower operating expenditure.

#### Retail Segment

The decrease in revenue of RM1,283.2 million was mainly due to a decrease in sales volume of Diesel arising from the impact of Managed Float implementation beginning December 2014 which resulted in lower Retail industry demand for Diesel.

The increase in operating profit by RM73.7 million compared to corresponding period last year was due to lower operating expenditure by RM58.3 million and higher other income by RM39.5 million. This was partially offset with lower gross profit by RM24.1 million, which is in line with lower Diesel sales volume.

#### Commercial Segment

The decrease in revenue by RM2,787.6 million was mainly due to a decrease in average selling price and sales volume by 31% and 2%, respectively. Decrease in average selling price had mainly impacted revenue contribution for Aviation, Fuel Oil and Diesel.

The increase in operating profit by RM115.2 million was due to lower operating expenditure by RM49.7 million, higher gross profit by RM44.6 million and higher other income by RM20.9 million.

Despite a slight reduction in sales volume, gross profit was higher arising from efforts undertaken to improve margins. Improvement in margins per litre was mainly contributed by Bitumen and Diesel.

# QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2015



## 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 2015 was RM6,493.1 million, an increase of RM391.9 million compared to the preceding quarter mainly as a result of an increase in average selling price by 5% and increase in sales volume by 2%.

Group operating profit was RM375.6 million, an increase of RM88.4 million compared to the preceding quarter mainly due to higher gross profit by RM102.9 million and higher other income by RM10.1 million partially offset by higher operating expenditure by RM24.6 million.

Higher gross profit was mainly as a result of higher margins due to favourable timing differences arising from increasing MOPS prices during the quarter. In addition, higher volume contribution from Retail segment and higher margin per litre for Commercial segment further contributed to the higher gross profit.

### B3 CURRENT YEAR PROSPECTS

Despite the decline in global commodity prices, including oil prices, Malaysia's economy registered a growth of 5.6%\* in the first quarter of 2015 (4Q 2014: 5.7%), supported by private sector demand. For the remaining year of 2015, Malaysia's economy is expected to grow albeit at a moderate pace of 4.5% – 5.5%\* (2014: 6.0%) as the pace of recovery of the advanced economies will remain modest and uneven.

Private sector consumption expanded at a stronger pace of 8.8%\* in the first quarter of 2015 (4Q 2014: 7.6%), supported by labour market conditions and the front-loading of household spending ahead of the implementation of GST. For the remaining year of 2015, private consumption is forecasted to record a more moderate growth of 6.0%\* (2014: 7.1%).

Uncertainty in the crude markets on the potential impact of the lifting of sanctions against Iran and increased production from OPEC is expected to put downward pressure on oil prices in a market where supply continues to exceed demand. The weakening global oil prices and recent global developments have also affected the ringgit exchange rate.

The Government has also announced the implementation of Euro4M on staggered basis, starting with the introduction of Euro4M RON97 nationwide by 1 September 2015.

The Directors are of the opinion that, the economic and business environment will remain challenging in the second half of 2015. Implementation of measures to address the volatile oil price environment, including inventory optimisation and cost reduction efforts are currently ongoing. Concurrently, the Group will pursue ongoing efforts including further strengthening of the brand, sweating of existing assets and enhancing customer relationship management.

#### Retail Segment

Retail Segment will continue to push for sales of petroleum products, leveraging on the PETRONAS PRIMAX 95 with Advanced Energy Formula. Retail Segment will ensure Euro4M RON97 is available to the consumers nationwide by 1 September 2015, in line with the timeline gazetted by the Government. Retail Segment will also continue to strengthen its product branding and leverage on its extensive station and dealer network, and offer differentiated services to meet customers' expectations.

#### Commercial Segment

Commercial Segment will focus on improving margins and will continue to widen its 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.

\* Bank Negara, Quarterly Bulletin First Quarter 2015.

### B4 PROFIT FORECAST

There was no profit forecast issued for the financial year.

# QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2015



## 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 30/06/2015	3 months ended 30/06/2014	6 months ended 30/06/2015	6 months ended 30/06/2014
	RM'000	RM'000	RM'000	RM'000
<u>Income Tax:</u>				
Current Quarter/ Year-to-Date	91,428	61,345	179,809	132,606
<u>Deferred Taxation:</u>				
Current Quarter/ Year-to-Date	8,139	1,018	(3,974)	(4,299)
	99,567	62,363	175,835	128,307

The effective tax rate was higher than the statutory tax rate mainly due to depreciation of buildings which was 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 2015 is as follows:

	As at 30/06/2015	As at 31/12/2014
	RM'000	RM'000
Non Current – Unsecured	94,175	102,529
Non Current – Secured	34,486	32,197
	128,661	134,726
Current – Unsecured	82,636	351,052
Current – Secured	4,598	8,586
	87,234	359,638

### 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 2015, there were outstanding foreign currency forward contracts denominated in USD amounting to USD307.7 thousand.

### B9 MATERIAL LITIGATION

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

# QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2015



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

### B10 DIVIDENDS

The Board has declared an interim dividend of 14 sen per ordinary share amounting to RM139,083,560.00 for three months ended 30 June 2015 payable on 22 September 2015 (Quarter 2 2014: an interim dividend of 14 sen per ordinary share amounting to RM139,083,560.00).

NOTICE IS HEREBY GIVEN that the interim dividend will be payable on 22 September 2015 to depositors registered in the Records of Depositors at the close of the business on 24 August 2015. A depositor shall qualify for entitlement to the dividends only in respect of:-

- Shares transferred into Depositors' Securities Account before 4 pm on 24 August 2015 in respect of ordinary transfer.
- Share bought on the Bursa Malaysia on a cum entitlement basis according to the rules of the Bursa Malaysia.

### B11 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 2015.

	3 months ended		6 months ended	
	<u>30/06/2015</u>	<u>30/06/2014</u>	<u>30/06/2015</u>	<u>30/06/2014</u>
Profit attributable to shareholders of the Company (RM'000)	273,210	185,649	478,978	340,728
Number of ordinary shares ('000)	993,454	993,454	993,454	993,454
Earnings per ordinary share (sen)	27.5	18.7	48.2	34.3

### B12 REALISED AND UNREALISED PROFIT

The breakdown of the retained earnings of the Group as at 30 June 2015 into realised and unrealised profits is as follows:

	<u>30/06/2015</u> RM'000	<u>31/12/2014</u> RM'000
Total retained profits		
- realised	4,084,374	3,968,823
- unrealised	(96,040)	(99,372)
	<u>3,988,334</u>	<u>3,869,451</u>
Total retained profit of associates attributable to the Group		
- realised	933	821
Total retained profit of joint ventures attributable to the Group		
- realised	7,724	5,683
Less: Consolidation adjustments	(64,047)	(84,215)
Total retained profits	<u><u>3,932,944</u></u>	<u><u>3,791,740</u></u>

# QUARTERLY REPORT

## FOR SECOND QUARTER ENDED 30 JUNE 2015



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

#### B13 Profit for the period

	3 months ended 30/06/2015 RM'000	3 months ended 30/06/2014 RM'000	6 months ended 30/06/2015 RM'000	6 months ended 30/06/2014 RM'000
<b>Profit for the quarter/ period is arrived at after charging:</b>				
Depreciation and amortisation	81,411	70,600	160,086	143,514
Impairment loss on trade receivables	243	-	280	-
Inventories written off	1,721	-	5,157	-
Interest on revolving credit and term loan	531	654	1,022	2,783
Loss on disposal of property, plant and equipment	82	-	156	-
Net loss on foreign exchange	-	3,067	-	5,981
Net loss on forward contract	-	115	-	214
Profit margin for Islamic financing facility	1,228	1,239	2,453	1,558
Profit margin for Islamic Medium Term Notes	-	-	2,321	-
Property, plant and equipment written off	1,393	-	2,171	-
Impairment loss of property, plant and equipment	-	-	6,528	-
<b>and after crediting:</b>				
Gain on disposal of property, plant and equipment	2,992	667	2,992	1,962
Interest income from deposits	11,365	4,471	24,313	8,643
Income from rental of premises	124	-	430	-
Net gain on foreign exchange	3,102	-	13,797	-
Net gain on forward contract	208	-	3	-
Reversal of impairment losses on trade receivables	-	452	-	480

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

Hasnizaini Mohd Zain (LS 0009780)  
Yeap Kok Leong (MAICSA 0862549)  
Joint Secretaries  
Kuala Lumpur  
6 August 2015