



PETRONAS DAGANGAN BERHAD

Quarterly Report

For First Quarter Ended 31 March 2021



QUARTERLY REPORT

FOR FIRST QUARTER ENDED 31 MARCH 2021

The Board of Directors of PETRONAS Dagangan Berhad ("PDB" or "the Company") is pleased to announce the following Unaudited Condensed Consolidated Financial Statements for PDB Group for the first quarter ended 31 March 2021 which should be read in conjunction with the accompanying explanatory notes on pages 6 to 18.

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

In RM'000	Note	Individual quarter ended	
		2021	31 March 2020
Revenue	B2	5,103,318	6,553,910
Operating profit/(loss)		287,815	(14,280)
Finance cost		(2,660)	(4,573)
Share of profit after tax of equity accounted associates and joint ventures		301	425
Profit/(Loss) before taxation	B2	285,456	(18,428)
Tax expense	B5	(94,292)	(9,272)
PROFIT/(LOSS) FOR THE PERIOD	B12	191,164	(27,700)
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising from translation of financial statements of foreign operations		1,882	2,738
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD		193,046	(24,962)
Profit/(Loss) attributable to:			
Shareholders of the Company		191,113	(29,423)
Non-controlling interests		51	1,723
PROFIT/(LOSS) FOR THE PERIOD		191,164	(27,700)
Total comprehensive income/(expense) attributable to:			
Shareholders of the Company		192,995	(26,685)
Non-controlling interests		51	1,723
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD		193,046	(24,962)
Earnings/(Loss) per ordinary share- basic (sen)	B10	19.2	(3.0)

The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to these Condensed Consolidated Financial Statements.

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FOR FIRST QUARTER ENDED 31 MARCH 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In RM'000	Note	As at 31 March 2021	As at 31 December 2020
ASSETS			
Property, plant and equipment		4,042,152	4,067,023
Investments in associates		1,715	1,665
Investments in joint ventures		19,699	19,449
TOTAL NON-CURRENT ASSETS		4,063,566	4,088,137
Trade and other inventories		401,563	410,229
Trade and other receivables		1,469,012	1,169,444
Cash and cash equivalents		3,019,020	2,691,820
TOTAL CURRENT ASSETS		4,889,595	4,271,493
TOTAL ASSETS	B2	8,953,161	8,359,630
EQUITY			
Share capital		993,454	993,454
Reserves		4,674,399	4,650,291
Total Equity Attributable to Shareholders of the Company		5,667,853	5,643,745
Non-controlling interests		31,952	31,901
TOTAL EQUITY	B2	5,699,805	5,675,646
LIABILITIES			
Borrowings	B7	87,914	96,778
Deferred tax liabilities		101,005	104,609
Other long term liabilities and provisions		30,315	30,328
TOTAL NON-CURRENT LIABILITIES		219,234	231,715
Trade and other payables		2,868,271	2,342,061
Borrowings	B7	71,970	81,392
Taxation		93,881	28,816
TOTAL CURRENT LIABILITIES		3,034,122	2,452,269
TOTAL LIABILITIES	B2	3,253,356	2,683,984
TOTAL EQUITY AND LIABILITIES		8,953,161	8,359,630
Net assets per share attributable to ordinary equity holders of the Parent (RM)		5.71	5.68

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to the Condensed Consolidated Financial Statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Shareholders of the Company						Non-Controlling Interests	Total Equity
	Non- Distributable			Distributable				
In RM'000	Share Capital	Foreign Currency Translation Reserves	Capital Reserves	Retained Profits	Total			
At 1 January 2021	993,454	(21,091)	(18,732)	4,690,114	5,643,745	31,901	5,675,646	
Exchange difference arising from translation of financial statements of foreign operations	-	1,882	-	-	1,882	-	1,882	
Total other comprehensive income for the period	-	1,882	-	-	1,882	-	1,882	
Profit for the period	-	-	-	191,113	191,113	51	191,164	
Total comprehensive income for the period	-	1,882	-	191,113	192,995	51	193,046	
Dividends paid	-	-	-	(168,887)	(168,887)	-	(168,887)	
At 31 March 2021	993,454	(19,209)	(18,732)	4,712,340	5,667,853	31,952	5,699,805	
At 1 January 2020	993,454	(18,935)	(18,732)	5,020,157	5,975,944	35,451	6,011,395	
Exchange difference arising from translation of financial statements of foreign operations	-	2,738	-	-	2,738	-	2,738	
Total other comprehensive income for the period	-	2,738	-	-	2,738	-	2,738	
(Loss)/profit for the period	-	-	-	(29,423)	(29,423)	1,723	(27,700)	
Total comprehensive income/(expense) for the period	-	2,738	-	(29,423)	(26,685)	1,723	(24,962)	
Dividends paid	-	-	-	(397,382)	(397,382)	-	(397,382)	
At 31 March 2020	993,454	(16,197)	(18,732)	4,593,352	5,551,877	37,174	5,589,051	

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to these Condensed Consolidated Financial Statements.

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FOR FIRST QUARTER ENDED 31 MARCH 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

In RM'000	Note	Individual quarter ended	
		2021	31 March 2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before taxation		285,456	(18,428)
Adjustments for:			
Depreciation and amortisation		114,726	128,841
Net impairment (write-back)/losses on receivables		(1,807)	5,776
Share of profit after tax of equity accounted associates and joint ventures		(301)	(425)
Net (gain)/loss on disposal of property, plant and equipment		(2,443)	246
Inventories (written-back)/ written down at net realisable value ("NRV")		(1,030)	36,254
Property, plant and equipment expensed off		179	-
Interest income		(12,673)	(26,092)
Finance cost		2,660	4,573
Other non-cash items		(1,584)	(1,397)
Operating profit before changes in working capital		383,183	129,348
Inventories		9,696	49,815
Trade and other receivables		(297,761)	198,264
Trade and other payables		527,918	(976,295)
Cash generated from/(used in) operations		623,036	(598,868)
Taxation paid		(32,826)	(56,567)
Net cash generated from/(used in) operating activities	B2	590,210	(655,435)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income		12,673	26,092
Net withdrawal of fund investment		-	51,004
Purchase of property, plant and equipment		(95,186)	(34,728)
Proceeds from disposal of property, plant and equipment		7,550	-
Net cash (used in)/generated from investing activities	B2	(74,963)	42,368
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(168,887)	(397,382)
Net drawdown/(repayment) of revolving credits	B7	6,500	(5,304)
Repayment of Islamic financing facilities	B7	(5,101)	(4,844)
Repayment of lease liabilities	B7	(19,889)	(39,779)
Interest paid on revolving credits	B7	(79)	(20)
Profit margin paid for Islamic financing facilities	B7	(58)	(311)
Interest paid on lease liabilities	B7	(2,523)	(4,242)
Net cash used in financing activities	B2	(190,037)	(451,882)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Net increase/(decrease) in cash and cash equivalents	325,210	(1,064,949)
Net foreign exchange differences	1,990	5,264
Cash and cash equivalents at beginning of the period	2,691,820	3,425,500
Cash and cash equivalents at end of the period	3,019,020	2,365,815

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes attached to the Condensed Consolidated Financial Statements.

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FOR FIRST QUARTER ENDED 31 MARCH 2021

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

A1 BASIS OF PREPARATION

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

The condensed financial statements are unaudited and 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. They should be read in conjunction with the Audited Financial Statements and the accompanying notes for the year ended 31 December 2020. The explanatory notes attached to the condensed 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 2020.

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 31 March 2021.

A2 SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the same accounting policies and methods of computation are followed in the condensed consolidated financial statements as compared with the consolidated financial statements for the year ended 31 December 2020.

As of 1 January 2021, the Group has adopted the following amendments to MFRSs ("pronouncements") which are effective for annual years beginning on or after 1 January 2021.

Amendments to MFRS 9	Financial Instruments
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement
Amendments to MFRS 7	Financial Instruments: Disclosures
Amendments to MFRS 16	Leases (Interest Rate Benchmark Reform- Phase 2)

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

A3 AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The audited financial statements of the Group for the year ended 31 December 2020 were not subject to audit qualification.

A4 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.

A5 EXCEPTIONAL ITEMS

There were no exceptional items during the quarter under review.

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FOR FIRST QUARTER ENDED 31 MARCH 2021

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

A6 MATERIAL CHANGES IN ACCOUNTING ESTIMATES

There were no material changes in estimates of the amounts reported in the most recent annual financial statements of the Group for the year ended 31 December 2020 that may have a material effect in the current quarter results.

A7 CAPITAL COMMITMENTS

Outstanding capital commitments in respect of capital expenditure at financial position date not provided for at the end of each reporting year are as follows:

In RM'000	As at 31 March 2021	As at 31 December 2020
Approved and contracted for	65,557	81,140
Approved but not contracted for	821,389	207,648
	<u>886,946</u>	<u>288,788</u>

A8 DEBT AND EQUITY SECURITIES

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities for the quarter under review, except as disclosed in note B7.

A9 DIVIDENDS PAID

During the period, the following dividend payments were made:

In RM'000	Individual quarter ended 31 March	
	2021	2020
<u>2019</u>		
Quarter 4: interim dividend of 25 sen per ordinary share	-	248,364
Quarter 4: special dividend of 15 sen per ordinary share	-	149,018
<u>2020</u>		
Quarter 4: interim dividend of 17 sen per ordinary share	168,887	-
	<u>168,887</u>	<u>397,382</u>

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PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

A10 OPERATING SEGMENTS

The Group's reportable segments comprise Retail, Commercial and Others. Each reportable segment offers different services and requires different marketing strategies.

For each of the reportable segment, the Group's chief operating decision maker which is the Board of Directors of the Company, reviews internal management reports at least on a quarterly basis.

- Retail – consist of sales and purchase of petroleum products to the retail sector
- Commercial – consist of sales and purchase of petroleum products to the commercial sector
- Others – comprise mainly aviation fuelling services, technical services and and business activities other than retail and commercial segments

Revenues derived from petroleum products are predominately sold to the retail and commercial sectors in Malaysia which have been disclosed in the Operating Segment. In this respect, no further disaggregation of revenue is presented.

Results for the quarter ended 31 March

In RM'000	2021			
	Retail	Commercial	Others	Group
Business Segments				
Revenue	3,062,887	2,035,366	5,065	5,103,318
Depreciation and amortisation	90,896	16,410	7,420	114,726
Other income	70,962	14,777	457	86,196
Operating profit/(loss) for reportable segments	180,892	115,356	(8,433)	287,815
Finance cost	(828)	(148)	(1,684)	(2,660)
Share of profit after tax of equity accounted associates and joint ventures				301
Profit before taxation				285,456

In RM'000	2020			
	Retail	Commercial	Others	Group
Business Segments				
Revenue	3,398,318	3,149,535	6,057	6,553,910
Depreciation and amortisation	93,835	26,903	8,103	128,841
Other income	93,770	15,528	783	110,081
Operating (loss)/profit for reportable segments	(84,134)	74,233	(4,379)	(14,280)
Finance cost	(1,936)	(765)	(1,872)	(4,573)
Share of profit after tax of equity accounted associates and joint ventures				425
Loss before taxation				(18,428)

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FOR FIRST QUARTER ENDED 31 MARCH 2021

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

A11 VALUATIONS OF 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.

A12 CONTINGENCIES

In RM'000	2021	Group 2020
An award in favour of a subsidiary was issued by the arbitrator in 2018 following an arbitration proceeding, which allowed additional costs and expenses for restructuring works at one of the subsidiary's major facility. The quantum to be paid following the award as of the financial period date is pending settlement negotiation between the parties.	26,662	26,662

No provision has been made on the above contingency in the quarterly report up to reporting date. There were no material contingent liabilities since the last consolidated statement of financial position as at 31 December 2020.

A13 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 2020.

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PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

A14 FAIR VALUE INFORMATION

The carrying amounts of cash and cash equivalents and short term receivables and payables reasonably approximate their fair values due to their relative short term nature of these financial instruments.

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 prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable input).

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.

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.

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

In RM'000	Fair value of financial instruments not carried at fair value	
Group	Level 3	Carrying amount
31 March 2021		
Financial Liabilities		
Islamic financing facilities	4,670	4,779
Revolving credit facilities	15,934	16,000
	20,604	20,779
Group		
31 December 2020		
Financial Liabilities		
Islamic financing facilities	9,713	9,880
Revolving credit facilities	9,500	9,500
	19,213	19,380

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

B1 HIGHLIGHTS FOR THE QUARTER

The re-imposition of Movement Control Order (“MCO”) throughout most states on 13 January 2021 has resulted in a decrease in business demand. However, unlike the first MCO, most economic sectors were allowed to operate which provided a reprieve and cushioned the impact to the business.

Malaysia’s Growth Domestic Product (“GDP”) recorded a contraction of 0.5% in Q1 2021 as compared to growth of 0.7% in Q1 2020. The Group’s operations were also impacted by the fluctuating crude oil prices. In Q1 2021, Average Brent price has improved to USD60.90/bbl from USD50.26/bbl as compared to the corresponding quarter last year which had directly contributed to an improvement in the Group’s overall results.

The Group continues to embark on various initiatives to optimise its resources while adapting to the current economic conditions by expanding the non-fuel segment and continuously leveraging on digital platform. The Retail Segment has put its focus on capturing market demands with the continuous promotions of its new premium fuel, Primax 97 with Pro-Race. In addition, it has also revamped its Mesra loyalty programme to offer more attractive point-tiering system and integrating it with the Setel mobile app. The Commercial segment is focusing its efforts towards maximising value creation to its customers during MOPS upward trend which contributes to overall higher gross profit. In addition, it has also put in place effective strategies to capitalise on demand recovery whilst continuing to increase customer base and experience.

B2 REVIEW OF GROUP PERFORMANCE

The Group’s sales demand continues to experience the impact from COVID-19 pandemic which started towards the end of Q1 2020 resulting in volatility in volume due to uncertain demand projections both domestically and globally. However, improvement in MOPS prices trend during the quarter following the additional voluntary production cut by OPEC+ and the roll-out of COVID-19 vaccination program has supported the improvement in the Group’s bottom line performance in Q1 2021.

a) Performance of the current quarter against the corresponding quarter last year

In RM’ Mil	Individual quarter ended								
	Group			Retail			Commercial		
	Mar 2021	Mar 2020	Var %	Mar 2021	Mar 2020	Var %	Mar 2021	Mar 2020	Var %
Revenue	5,103.3	6,553.9	(22)	3,062.9	3,398.3	(10)	2,035.4	3,149.5	(35)
Profit/(Loss) before taxation	285.5	(18.4)	>100	180.1	(86.1)	>100	115.2	73.5	57

Group

The Group’s revenue for the year decreased by RM1,450.6 million as total sales volume declined by 21% while average selling prices reduced by 2%.

The Group recorded Profit Before Taxation (“PBT”) of RM285.5 million compared to loss before taxation (“LBT”) of RM18.4 million in the corresponding quarter, an increase of RM303.9 million. This was contributed by higher gross profit following favourable MOPS prices trend despite lower sales volume during the current quarter. In addition, the increase was also contributed by lower operating expenditure from lower advertising and promotion activities and purchased and professional service.

Retail Segment

Retail Segment revenue decreased by RM335.4 million, mainly due to lower sales volume of 9% as well as decrease in average selling prices by 1% in tandem with lower demand.

PBT recorded for the period was RM180.1 million as compared to LBT of RM86.1 million in the corresponding quarter, an increase of RM266.2 million, mainly due to higher gross profit from Mogas and Diesel, contributed by favourable MOPS prices trend despite lower sales volume from MCO re-implementation.

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

B2 REVIEW OF GROUP PERFORMANCE (continued)

a) Performance of the current quarter against the corresponding quarter last year (continued)

Commercial Segment

Commercial Segment recorded a decrease in revenue of RM1,114.1 million or 35%, due to lower sales volume by 34% and decrease in average selling prices by 2%. The decrease in sales volume was mainly for Jet A1, predominantly due to the continuing travel restrictions.

PBT increased by RM41.7 million or 57%, in line with higher gross profit from Jet A1 due to upward trending in MOPS prices and Bitumen following higher selling prices during the quarter.

b) Variation of results against preceding quarter

In RM' Mil	Individual quarter ended		
			Group
	Mar 2021	Dec 2020	Var %
Revenue	5,103.3	4,394.8	16
Profit before taxation	285.5	115.4	>100

The Group has seen a slightly lower demand for Q1 2021 following the re-implementation of MCO in early January 2021 which restricts interstate travels. However, this was cushioned by the continuous operations of economic sectors with strict guidelines as well as the rollout of national vaccination programme for COVID-19 which had provided positive sentiment and sense of stability to the market.

The re-implementation of the MCO in Q1 2021 has led to lower sales volume by 3%. This was then offset by an increase in average selling prices by 19% which has contributed to the increase in Group's revenue by RM708.5 million or 16% as compared to preceding quarter.

PBT for the quarter increased by RM170.1 million, as a result of higher gross profit from both Retail and Commercial segments by RM86.6 million in tandem with favourable MOPS prices trend as well as lower product costs, despite lower sales volume. Improved PBT was further contributed by lower operating expenditure of RM82.7 million mainly due to purchased and professional services following full year dashboard subscription fee recorded in Q4 2020 as well as repair and maintenance work which resumed in Q4 2020 at stations and terminals.

c) Highlight on Consolidated Statement of Financial Position

In RM'000	As at	As at	Variance (%)
	31 March 2021	31 December 2020	
Total assets	8,953,161	8,359,630	7
Total equity	5,699,805	5,675,646	0.4
Total liabilities	3,253,356	2,683,984	21
Return on equity (%)	13.5	4.8	>100

Total assets increased by RM593.5 million or 7%. Cash and cash equivalents was higher by RM327.2 million following improvement in collection from customers in Q1 2021. In addition, trade and other receivables increased by RM299.6 million, in line with the higher subsidy receivables following increasing MOPS prices.

Total liabilities increased by RM569.4 million or 21%, mainly due to higher trade and other payables resulting from higher purchase price, in line with improving MOPS prices.

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

B2 REVIEW OF GROUP PERFORMANCE (continued)

d) Highlight on Consolidated Statement of Cash Flows

In RM'000	Individual quarter ended		Variance (%)
	2021	31 March 2020	
Net cash generated from/(used in) operating activities	590,210	(655,435)	>100
Net cash (used in)/generated from investing activities	(74,963)	42,368	(>100)
Net cash used in financing activities	(190,037)	(451,882)	(58)

Net cash generated from operating activities of RM590.2 million was recorded against net cash used of RM655.4 million, mainly due to lower purchases of RM2,972.7 million. This was then offset by lower sales following lower sales volume as well as lower subsidies received by RM1,607.4 million.

Net cash used in investing activities of RM75.0 million was recorded against net cash generated from investing activities of RM42.4 million in prior period. This was due to higher purchase of property, plant and equipment by RM60.5 million as well as maturity of fund investment of RM51.0 million in Q1 2020.

Financing activities was lower by RM261.9 million mainly due to lower dividends paid as there was no special dividend announced in Q4 2020 as compared to Q4 2019.

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

B3 COMMENTARY ON PROSPECTS

Overall outlook

Overall, the on-going pandemic remains a key risk to the Group's outlook for 2021 given the recent resurgence of COVID-19 cases as well as the re-implementation of MCO. The opening of international borders remain uncertain despite the vaccination programs that are rolled out domestically and globally in curbing the COVID-19 pandemic. However, the Dated Brent upward momentum in early 2021 supported by the additional voluntary production cut by OPEC+ and the roll-out of vaccine for COVID-19 offers a positive outlook for the business. Moving forward, we shall continue our efforts in future-proofing the business by investing strategically and prioritising key growth areas.

Retail Segment

The re-implementation of the MCO in most states is expected to have further impact on product demand in the coming months due to travel restrictions, shorter station operating hours and limitation in number of customers entering Kedai Mesra.

Retail business will continue to accelerate the growth of its non-fuel business by expanding Makan@Mesra and bring quality and affordable essential products directly to customers. It will also continue to focus on enhancing customer experience through various digital initiatives, leverage its innovative solutions such as the Setel mobile app which continues to be pivotal during the COVID-19 pandemic. In addition, Retail business will work with the authorities to deploy ROVR, Malaysia's first mobile refuelling service, to designated locations where there is a pressing need for more accessible refuelling.

Meanwhile, LPG business will continue to strengthen its distribution channels to benefit more customers through LPG@PS and LPG@Sundry Shop whilst Lubricant business continues to focus on delivering differentiated customer experience to remain competitive, including leveraging its network of PETRONAS AutoExpert workshops.

Commercial Segment

As economic sectors continue to operate during re-implementation of MCO, the impact to Malaysia manufacturing and industrial sectors were less severe compared to the previous MCO. However, Commercial business will continue to provide superior value proposition to its customers through a comprehensive product offering, to retain and capture new markets. To address the impact of prolonged closure of international borders, commercial business will continue to capitalise on domestic air travel once the MCO is uplifted and focus demand on cargo flights requirements as well as to optimise its operating cost effectively.

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

B4 PROFIT FORECAST

Not applicable as the Group does not publish any profit forecast.

B5 TAXATION

Tax expense comprises the following:

In RM'000	Individual quarter ended 31 March	
	2021	2020
<u>Income Tax:</u>		
Current period	97,891	12,636
<u>Deferred Taxation:</u>		
Current period	(3,599)	(3,364)
	<u>94,292</u>	<u>9,272</u>

Effective tax rate for the quarter ended 31 March 2021 was 33%, higher than the statutory tax rate due to higher non deductible expenses.

B6 STATUS OF CORPORATE PROPOSALS ANNOUNCED

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

B7 BORROWINGS

(a) Particulars of the Group's borrowings are as follows:

In RM'000	As at	As at
	31 March 2021	31 December 2020
Non Current		
Secured		
Lease liabilities	<u>87,914</u>	<u>96,778</u>
Current		
Secured		
Lease liabilities	51,191	62,012
Unsecured		
Islamic financing facilities	4,779	9,880
Revolving credit facilities	<u>16,000</u>	<u>9,500</u>
	<u>71,970</u>	<u>81,392</u>
	<u>159,884</u>	<u>178,170</u>

QUARTERLY REPORT

FOR FIRST QUARTER ENDED 31 MARCH 2021

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

B7 BORROWINGS (continued)

(a) Particulars of the Group's borrowings are as follows (continued):

In RM'000	As at 31 March 2021	As at 31 December 2020
By Currency		
RM	116,743	123,501
USD	42,902	54,366
THB	239	303
	159,884	178,170

The Islamic financing facilities are denominated in Ringgit Malaysia and governed by the Musharakah Mutanaqisah and Commodity Murabahah principles, and bear a profit margin ranging from 2.75% to 3.59% (2020: 2.78% to 4.32%) per annum.

The revolving credit facility is denominated in Ringgit Malaysia and bears interest rate of 2.89% (2020: 2.80% to 2.89%) per annum.

The lease liabilities bear interest at rates ranging from 3.68% to 8.43% (2020: 3.68% to 8.43%) per annum.

(b) Reconciliation of borrowings arising from financing activities

In RM'000	As at 1 January 2021	Cash flows		Non-cash changes		As at 31 Mar 2021
		Net repayment	Interest expenses	Foreign exchange movement	Others	
Islamic financing facilities	9,880	(5,101)	(58)	-	58	4,779
Revolving credit facilities	9,500	6,500	(79)	-	79	16,000
Lease liabilities	158,790	(19,889)	(2,523)	-	2,727	139,105
	178,170	(18,490)	(2,660)	-	2,864	159,884

B8 MATERIAL LITIGATION

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

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

B9 DIVIDENDS

The Board has declared an interim dividend of 14 sen per ordinary share amounting to RM139,083,560 for the first quarter ended 31 March 2021, payable on 24 June 2021 (Quarter 1 2020: an interim dividend of 5 sen per ordinary share amounting to RM49,672,700).

NOTICE IS HEREBY GIVEN that the interim dividend will be payable on 24 June 2021 to depositors registered in the Records of Depositors at the close of the business on 10 June 2021. A depositor shall qualify for entitlement to the dividends only in respect of:

- Shares transferred into Depositor's Securities Account before 4.00 pm on 10 June 2021 in respect of ordinary transfers.
- Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of the Bursa Malaysia Securities Berhad.

B10 BASIC EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share is derived based on the profit/(loss) attributable to shareholders of the Company and based on the number of ordinary shares outstanding as at 31 March 2021.

	Individual quarter ended	
	31 March	
	2021	2020
Profit/(Loss) attributable to shareholders of the Company (RM'000)	191,113	(29,423)
Number of ordinary shares ('000)	993,454	993,454
Earnings/(Loss) per ordinary share (sen)	19.2	(3.0)

B11 TRADE RECEIVABLES

	As at 31 March 2021	As at 31 December 2020
In RM'000		
Trade receivables		
- Third party	988,569	918,385
- Related companies	124,840	48,739
Less:		
- Impairment loss: specific	(7,695)	(7,408)
- Impairment loss: general	(2,728)	(4,828)
	1,102,986	954,888
At net		
Current	1,063,028	912,436
Past due 1 to 30 days	13,860	20,963
Past due 31 to 60 days	3,953	5,181
Past due 61 to 90 days	2,844	1,683
Past due more than 90 days	19,301	14,625
	1,102,986	954,888

As at 31 March 2021, the maximum exposure to credit risk arising from trade receivables are represented by the carrying amounts in the statement of financial position.

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

B12 PROFIT FOR THE PERIOD

In RM'000	Individual quarter ended	
	2021	31 March 2020
Profit for the period is arrived at after charging:		
Depreciation and amortisation*	114,726	128,841
Impairment loss on trade and other receivables	384	6,155
Net loss on disposal of property, plant and equipment	-	246
Interest on revolving credit facilities	79	20
Net realised loss on foreign exchange	916	-
Profit margin for Islamic financing facilities	58	311
Interest on lease liabilities	2,523	4,242
Inventories written down to net realisable value	-	36,254
Property, plant and equipment expensed off	179	-
and after crediting:		
Net gain on disposal of property, plant and equipment	2,443	-
Reversal of write down of inventory to net realisable value	1,030	-
Interest income	12,673	26,092
Income from rental of premises	251	99
Net unrealised gain on foreign exchange	1,584	1,397
Net realised gain on foreign exchange	-	16
Write back of impairment loss on trade and other receivables	2,191	379

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

* Includes depreciation on right-of-use assets

BY ORDER OF THE BOARD

Suria Kamarul Baharin (LS0010448)
Yeap Kok Leong (MAICSA 0862549)
Joint Secretaries
Kuala Lumpur
25 May 2021