



PETRONAS DAGANGAN BERHAD

Quarterly Report

For Second Quarter Ended 30 June 2022



QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2022

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 second quarter ended 30 June 2022 which should be read in conjunction with the accompanying explanatory notes on pages 6 to 19.

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

In RM'000	Note	Individual quarter ended		Cumulative quarter ended	
		2022	30 June 2021	2022	30 June 2021
Revenue	B2	9,501,101	5,182,469	17,119,424	10,324,847
Operating profit		317,040	92,373	497,758	380,188
Finance cost		(4,402)	(2,442)	(7,188)	(5,102)
Share of profit after tax of equity accounted associates and joint ventures		2,856	34	3,638	335
Profit before taxation	B2	315,494	89,965	494,208	375,421
Taxation	B5	(76,080)	(7,600)	(134,444)	(101,892)
PROFIT FOR THE PERIOD	B14	239,414	82,365	359,764	273,529
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Exchange differences arising from translation of financial statements of foreign operations		20	(320)	27	1,562
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		239,434	82,045	359,791	275,091
Profit attributable to:					
Shareholders of the Company		237,679	82,141	356,173	273,254
Non-controlling interests		1,735	224	3,591	275
PROFIT FOR THE PERIOD		239,414	82,365	359,764	273,529
Total comprehensive income attributable to:					
Shareholders of the Company		237,699	81,821	356,200	274,816
Non-controlling interests		1,735	224	3,591	275
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		239,434	82,045	359,791	275,091
Earnings per ordinary share					
- basic (sen)	B12	23.9	8.3	35.9	27.5

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 SECOND QUARTER ENDED 30 JUNE 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In RM'000	Note	As at 30 June 2022	As at 31 December 2021
ASSETS			
Property, plant and equipment		4,008,671	4,017,549
Intangible asset		677	806
Investments in associates		2,194	2,008
Investments in joint ventures	A16	76,227	20,327
TOTAL NON-CURRENT ASSETS		4,087,769	4,040,690
Trade and other inventories		199,383	158,866
Trade and other receivables		10,309,999	3,490,185
Cash and cash equivalents		2,654,603	1,911,062
TOTAL CURRENT ASSETS		13,163,985	5,560,113
TOTAL ASSETS	B2	17,251,754	9,600,803
EQUITY			
Share capital		993,454	993,454
Reserves		4,636,848	4,588,619
Total Equity Attributable to Shareholders of the Company		5,630,302	5,582,073
Non-controlling interests		36,969	33,378
TOTAL EQUITY	B2	5,667,271	5,615,451
LIABILITIES			
Borrowings	B7	142,072	92,166
Deferred tax liabilities		107,176	102,723
Other long term liabilities and provisions		31,272	31,272
TOTAL NON-CURRENT LIABILITIES		280,520	226,161
Trade and other payables		10,440,439	3,645,060
Borrowings	B7	733,586	24,266
Taxation		129,938	89,865
TOTAL CURRENT LIABILITIES		11,303,963	3,759,191
TOTAL LIABILITIES	B2	11,584,483	3,985,352
TOTAL EQUITY AND LIABILITIES		17,251,754	9,600,803
Net assets per share attributable to ordinary equity holders of the Parent (RM)		5.67	5.62

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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FOR SECOND QUARTER ENDED 30 JUNE 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Shareholders of the Company						Total Equity
	Non-Distributable			Distributable			
In RM'000	Share Capital	Foreign Currency Translation Reserves	Capital Reserves	Retained Profits	Total	Non-controlling Interests	
At 1 January 2022	993,454	(6,510)	(305)	4,595,434	5,582,073	33,378	5,615,451
Exchange difference arising from translation of financial statements of foreign operation	-	27	-	-	27	-	27
Total other comprehensive income for the period	-	27	-	-	27	-	27
Profit for the period	-	-	-	356,173	356,173	3,591	359,764
Total comprehensive income for the period	-	27	-	356,173	356,200	3,591	359,791
Dividends paid	-	-	-	(307,971)	(307,971)	-	(307,971)
At 30 June 2022	993,454	(6,483)	(305)	4,643,636	5,630,302	36,969	5,667,271
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	-	1,562	-	-	1,562	-	1,562
Total other comprehensive income for the period	-	1,562	-	-	1,562	-	1,562
Profit for the period	-	-	-	273,254	273,254	275	273,529
Total comprehensive income for the period	-	1,562	-	273,254	274,816	275	275,091
Dividends paid	-	-	-	(307,971)	(307,971)	-	(307,971)
At 30 June 2021	993,454	(19,529)	(18,732)	4,655,397	5,610,590	32,176	5,642,766

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.

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

In RM'000	Note	2022	Cumulative quarter ended 30 June 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		494,208	375,421
Adjustments for:			
Depreciation and amortisation		211,353	230,959
Net impairment losses/(write-back) on receivables		12,690	(1,407)
Share of profit after tax of equity accounted associates and joint ventures		(3,638)	(335)
Net gain on disposal of property, plant and equipment		(1,299)	(2,107)
Gain on disposal of LPG business		(87,937)	-
Inventories written-back to net realisable value ("NRV")		-	(4,088)
Net inventories written-back		-	(110)
Property, plant and equipment expensed off		1,701	916
Interest income		(25,434)	(27,064)
Finance cost		7,188	5,102
Other non-cash items		(729)	(562)
Operating profit before changes in working capital		608,103	576,725
Inventories		(40,516)	51,795
Trade and other receivables		(6,830,546)	(139,005)
Trade and other payables		6,792,423	76,405
Cash generated from operations		529,464	565,920
Taxation paid		(91,147)	(55,299)
Net cash generated from operating activities	B2	438,317	510,621
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income		25,434	27,064
Net placement of fund investment		-	(70,737)
Purchase of property, plant and equipment		(108,824)	(206,674)
Investment in joint venture		(2,410)	-
Proceeds from disposal of LPG business		40,000	-
Proceeds from disposal of property, plant and equipment		949	7,550
Net cash used in investing activities	B2	(44,851)	(242,797)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(307,971)	(307,971)
Net drawdown of revolving credits	B7	684,000	6,500
Repayment of Islamic financing facilities	B7	-	(9,176)
Repayment of lease liabilities	B7	(18,815)	(37,163)
Interest paid on revolving credits	B7	(1,889)	(192)
Profit margin paid for Islamic financing facilities	B7	-	(89)
Interest paid on lease liabilities	B7	(5,299)	(4,821)
Net cash generated from/(used in) financing activities	B2	350,026	(352,912)

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FOR SECOND QUARTER ENDED 30 JUNE 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Net increase/(decrease) in cash and cash equivalents	743,492	(85,088)
Net foreign exchange differences	49	1,855
Cash and cash equivalents at beginning of the period	1,911,062	2,691,820
Cash and cash equivalents at end of the period	2,654,603	2,608,587

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.

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2022

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 2021. 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 2021.

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 2022.

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 2021.

As of 1 January 2022, the Group has adopted the following amendments to MFRSs ("pronouncements") which are effective for annual years beginning on or after 1 January 2022.

Amendments to MFRS 9	Financial Instruments (Annual improvements to MFRS Standards 2018-2020)
Amendments to Illustrative Examples accompanying MFRS 16 Leases	(Annual Improvements to MFRS Standards 2018-2020)
Amendments to MFRS 3	Business Combinations (Reference to the Conceptual Framework)
Amendments to MFRS 116	Property, Plant and Equipment (Property, Plant and Equipment – Proceeds before Intended Use)
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts – Cost of Fulfilling a Contract)

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 2021 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.

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2022

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 2021 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 30 June 2022	As at 31 December 2021
Approved and contracted for	86,697	137,220
Approved but not contracted for	293,390	244,769
	<u>380,087</u>	<u>381,989</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	2022	As at 30 June 2021
<u>2020</u>		
Quarter 4: interim dividend of 17 sen per ordinary share	-	168,887
<u>2021</u>		
Quarter 1: interim dividend of 14 sen per ordinary share	-	139,084
Quarter 4: interim dividend of 26 sen per ordinary share	258,298	-
<u>2022</u>		
Quarter 1: interim dividend of 5 sen per ordinary share	49,673	-
	<u>307,971</u>	<u>307,971</u>

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2022

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

A10 OPERATING SEGMENTS

Effective first quarter of 2022, the reportable operating segments now comprise of Retail, Commercial and Convenience Businesses. The change in the reportable operating segments is in line with the change in the way the Group's business is managed. Following this new structure, the Convenience segment is to focus on activities of the non-fuel business whilst the Retail and Commercial segments' operations remain largely the same as described in the Group's audited consolidated financial statements for the year ended 31 December 2021. Accordingly, the Group has restated the operating segment information for the prior period. 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 and provision of services to the commercial sector
- Convenience – comprise mainly of non-fuel business activities

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 cumulative quarter ended 30 June

In RM'000	2022			
	Retail	Commercial	Convenience	Group
Business Segments				
Revenue	8,279,510	8,738,636	101,278	17,119,424
Depreciation and amortisation	166,630	33,639	11,084	211,353
Other income	191,413	29,448	467	221,328
Operating profit/(loss) for reportable segments	524,815	(42,254)	15,197	497,758
Finance cost	(2,432)	(4,511)	(245)	(7,188)
Share of profit after tax of equity accounted associates and joint ventures				3,638
Profit before taxation				494,208
In RM'000	2021			
	Retail	Commercial	Convenience	Group
Business Segments				
Revenue	5,921,887	4,321,847	81,113	10,324,847
Depreciation and amortisation	152,494	42,275	36,190	230,959
Other income	59,842	26,638	1,754	88,234
Operating profit/(loss) for reportable segments	244,811	138,066	(2,689)	380,188
Finance cost	(1,472)	(3,619)	(11)	(5,102)
Share of profit after tax of equity accounted associates and joint ventures				335
Profit before taxation				375,421

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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	2022	Group 2021
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 2021.

A13 CHANGES IN THE COMPOSITION OF THE GROUP

On 5 May 2022, the Group incorporated a wholly-owned subsidiary, SETEL Pay Sdn. Bhd. ("SPSB") with the intent to hold the e-money operations from SETEL Ventures Sdn. Bhd. ("SVSB").

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 2021.

A15 DISCONTINUED OPERATIONS

There were no discontinued operations in the Group during the quarter under review.

A16 SIGNIFICANT EVENT

On 9 March 2022, the Group has entered into a Business Transfer and Share Subscription Agreement ("BTSSA") with PETROSNiaga Sdn. Bhd. ("PNIAGA") and Petroleum Sarawak Berhad ("PETROS"), in relation to the divestment of its LPG business in Sarawak, with consideration consisting of cash and subscription of 49% equity stake in PNIAGA. Subsequently, on 30 April 2022, the condition precedents in BTSSA have been completed and further details of the completion can be found in a separate Bursa announcement on the same date. PDB now holds 49% equity in PNIAGA as a joint venture which will market PETROS-branded LPG cylinders to household and commercial customers in Sarawak.

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2022

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

A17 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 Level 3	Carrying amount
Group		
30 June 2022		
Financial Liabilities		
Revolving credit facilities	681,066	700,000
Group		
31 December 2021		
Financial Liability		
Revolving credit facility	15,801	16,000

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2022

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

B1 HIGHLIGHTS FOR THE QUARTER

Overall sales volume registered an upward trend during the period following the easing of travel restrictions, increased economic activities during festive season and the resumption of international travels beginning of the quarter.

The Group's performance is further supported by favourable Brent price of USD113.78/bbl as compared to USD68.78/bbl of corresponding quarter last year. Whilst the volume and oil price movement have further improved the overall performance of Retail segment, Commercial segment has recorded a loss before tax due to volatility and the steep increase in prices during the quarter that have impacted higher product cost and its margin.

Riding on the economic recovery, the Group continues its focus towards growth in the non-fuel market with the opening of seven new Mesra Café locations in Q2 2022 with more offerings available to complement the growth of Convenience segment for the Group.

B2 REVIEW OF GROUP PERFORMANCE

The Group's overall financial performance continued to improve following the transition into endemic phase in the current period.

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

In RM' Mil	Cumulative quarter ended								
	Retail			Commercial			Convenience		
	June 2022	June 2021	Var %	June 2022	June 2021	Var %	June 2022	June 2021	Var %
Revenue	8,279.5	5,921.9	40	8,738.6	4,321.8	>100	101.3	81.1	25
Profit/(loss) before taxation	522.4	243.3	>100	(46.8)	134.5	(>100)	15.0	(2.7)	>100

In RM' Mil	Cumulative quarter ended Group		
	June 2022	June 2021	Var %
Revenue	17,119.4	10,324.8	66
Profit before taxation	494.2	375.4	32

Group

The Group's revenue for the period increased by RM6,794.6 million following increase in average selling prices by 30% and higher sales volume by 28%.

The Group recorded a Profit Before Taxation ("PBT") of RM494.2 million, higher by RM118.8 million or 32% which was mainly contributed by higher gross profit from Retail and Convenience segments following higher volume demand during the period. The increase was further contributed by higher other income following once-off gain from disposal of LPG business in Sarawak, offset by higher operating expenditure mainly attributable to dealer's commission.

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FOR SECOND QUARTER ENDED 30 JUNE 2022

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 period against the corresponding period last year (continued)

Retail Segment

Retail Segment's revenue increased by RM2,357.6 million, mainly contributed from higher sales volume of 33% as well as increase in average selling prices by 5% in tandem with higher demand.

PBT recorded for the period was RM522.4 million, an increase of RM279.1 million against the corresponding period, mainly contributed by higher gross profit from Mogas and Diesel following higher sales volume.

Commercial Segment

Commercial Segment recorded an increase in revenue of RM4,416.8 million or >100%, contributed by increase in average selling prices and sales volume of 68% and 20% respectively.

Loss Before Taxation ("LBT") of RM46.8 million was recorded as compared to PBT of RM134.5 million in the corresponding period last year. This was mainly due to lower gross profit from Jet A1 and Diesel following higher product costs resultant from steep increase in prices.

Convenience Segment

Convenience Segment recorded an increase in revenue of RM20.2 million or 25% contributed by higher sales from MESRA stores following higher demand from easing of restrictions.

PBT of RM15.0 million was recorded as compared to LBT of RM2.7 million in the corresponding period last year. This was mainly contributed by higher gross profit from higher MESRA stores sales.

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

In RM' Mil	Individual quarter ended								
	Retail			Commercial			Convenience		
	June 2022	June 2021	Var %	June 2022	June 2021	Var %	June 2022	June 2021	Var %
Revenue	4,476.3	2,869.6	56	4,975.0	2,272.4	>100	49.8	40.5	23
Profit/(loss) before taxation	310.5	60.4	>100	(3.6)	28.0	(>100)	5.8	1.5	>100
							Individual quarter ended Group		
In RM' Mil	June 2022	June 2021	Var %						
Revenue	9,501.1	5,182.5	83						
Profit before taxation	315.5	89.9	>100						

Group

The Group's revenue for the quarter increased by RM4,318.6 million following higher sales volume by 36% and increase in average selling prices by 34%.

The Group recorded a PBT of RM315.5 million i.e. by RM225.6 million or >100% which was mainly due to higher gross profit from Retail segment in line with increase in volume sold during the quarter.

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FOR SECOND QUARTER ENDED 30 JUNE 2022

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

B2 REVIEW OF GROUP PERFORMANCE (continued)

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

Retail Segment

Retail Segment revenue increased by RM1,606.7 million, mainly contributed by higher sales volume of 50% as well as increase in average selling prices by 4% in tandem with higher demand.

PBT recorded for the quarter was RM310.5 million, an increase of RM250.1 million against the corresponding quarter, mainly contributed by higher gross profit from Mogas and Diesel following higher sales volume as well as higher other income contributed by gain on disposal of LPG business in Sarawak.

Commercial Segment

Commercial Segment recorded an increase in revenue of RM2,702.6 million or >100%, contributed by higher sales volume by 18% and increase in average selling prices by 85%.

LBT of RM3.6 million was recorded as compared to PBT of RM28.0 million in the corresponding quarter last year. This was predominantly due to lower gross profit from Diesel and Jet A1 following higher product costs resultant from steep increase in prices.

Convenience Segment

Convenience Segment recorded an increase in revenue of RM9.3 million or 23% contributed by higher sales from MESRA stores following higher demand during the quarter.

PBT recorded was RM5.8 million, an increase of RM4.3 million against corresponding quarter last year which was mainly contributed by higher gross profit following higher income from MESRA stores sales.

c) Variation of results against preceding quarter

In RM' Mil	Individual quarter ended		
	June 2022	Mar 2022	Group Var %
Revenue	9,501.1	7,618.3	25
Profit before taxation	315.5	178.7	77

Revenue for the Group has increased by RM1,882.8 million or 25% as compared to preceding quarter following the increase in average selling prices by 14% and higher sales volume by 9%.

PBT for the quarter increased by RM136.8 million or 77%, mainly due to higher gross profit from Retail segment following higher demand and Commercial segment contributed by favourable prices movement. The increase was further contributed by higher other income following once-off gain on disposal of LPG business in Sarawak, offset with higher operating expenditure following dealer's commission.

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FOR SECOND QUARTER ENDED 30 JUNE 2022

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 Financial Position

In RM'000	As at	As at	Variance (%)
	30 June 2022	31 December 2021	
Total assets	17,251,754	9,600,803	80
Total equity	5,667,271	5,615,451	1
Total liabilities	11,584,483	3,985,352	>100
Return on equity (%)	12.8	9.5	35

Total assets increased by RM7,650.9 million or 80% mainly due to delay in subsidy receivable as well as increase in prices.

Total liabilities increased by RM7,599.1 million or >100%, mainly due to extended credit term from main supplier as well as higher purchase price.

e) Highlight on Consolidated Statement of Cash Flows

In RM'000	Cumulative quarter ended		Variance (%)
	2022	30 June 2021	
Net cash generated from operating activities	438,317	510,621	(14)
Net cash used in investing activities	(44,851)	(242,797)	(82)
Net cash generated from/(used in) financing activities	350,026	(352,912)	>100

Net cash generated from operating activities was lower by RM72.3 million during the period mainly due to delay in subsidy receivable offset with increase in trade payables following extended credit term from main supplier.

Investing activities were lower by RM197.9 million due to lower spending on capital expenditures of RM97.8 million and proceeds from disposal of investment in Sarawak LPG business of RM40.0 million.

Financing activities were higher by RM702.9 million mainly due to drawdown of revolving credit facility for working capital requirements during the period.

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2022

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

B3 COMMENTARY ON PROSPECTS

Overall outlook

The re-opening of international borders and improved economic activities to-date, have given a positive impact to support the Group's overall performance. The volatility in crude oil prices are expected to continue and remain to be challenging with uncertainties as a consequence of the Russia-Ukraine war and rising inflation. The increase in recent Overnight Placement Rate ("OPR") is also expected to put pressure on consumer spending domestically.

The Group is also on track to maintain its growth recovery on the back of positive economic developments, while remaining cautious towards the volatility of crude oil prices. The prolonged impact of the outstanding subsidy receivable will however pose a challenge to the Group's profitability and liquidity position. Nevertheless, we are working towards resolving the situation in due course. The Group will diligently monitor and implement measures to minimise any adverse impact from this situation.

Business Segments

We will continue to provide a reliable and seamless experience for our customers at the stations, leveraging on our digital platform, to further strengthen the distribution channels of LPG, expand PETRONAS AutoExpert's current network and accelerate growth via e-commerce platforms for Lubricant business. Commercial business will provide superior value proposition to its customers while observing the rapidly changing energy market and industry dynamics.

In supporting the Group's sustainability agenda, PDB will collaborate with established electric vehicle ("EV") industry partners in order to accelerate the adoption and commercialisation of clean energy, in line with the government's target of becoming a carbon-neutral nation by 2050, with full-tax exemptions on EV starting 2022.

The non-fuel market will strengthen further with the opening of more Mesra Café locations nationwide, as we aim to leverage our existing network and infrastructure to widen our reach, improve our retail offering and future-proof our business.

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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 30 June		Cumulative quarter ended 30 June	
	2022	2021	2022	2021
<u>Income Tax:</u>				
Current period	82,472	5,918	129,991	103,809
<u>Deferred Taxation:</u>				
Current period	(6,392)	1,682	4,453	(1,917)
	<u>76,080</u>	<u>7,600</u>	<u>134,444</u>	<u>101,892</u>

Effective tax rate for the quarter ended 30 June 2022 of 24% was comparable to the statutory tax rate. Effective tax rate for the cumulative quarter ended 30 June 2022 of 27% was due to once-off Prosperity Tax of 33% offset by higher non-assessable income.

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 30 June 2022	As at 31 December 2021
Non Current		
Secured		
Lease liabilities	142,072	92,166
Current		
Secured		
Lease liabilities	33,586	8,266
Unsecured		
Revolving credit facilities	700,000	16,000
	<u>733,586</u>	<u>24,266</u>
	<u>875,658</u>	<u>116,432</u>

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B7 BORROWINGS (continued)

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

In RM'000	As at 30 June 2022	As at 31 December 2021
By Currency		
RM	792,078	108,597
USD	83,580	7,835
	875,658	116,432

The revolving credit facility is denominated in Ringgit Malaysia and bears interest rate of 2.56% to 3.00% (2021: 2.83% to 2.89%) per annum.

The lease liabilities bear interest at rates ranging from 3.24% to 8.43% (2021: 3.24% to 8.43%) per annum.

(b) Reconciliation of borrowings arising from financing activities

In RM'000	As at 1 January 2022	Cash flows		Non-cash changes		As at 30 June 2022
		Net drawdown/ (repayment)	Interest expenses	Addition	Others	
Revolving credit facilities	16,000	684,000	(1,889)	-	1,889	700,000
Lease liabilities	100,432	(18,815)	(5,299)	101,877	(2,537)	175,658
	116,432	665,185	(7,188)	101,877	(648)	875,658

B8 MATERIAL LITIGATION

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

B9 DERIVATIVE FINANCIAL INSTRUMENTS

The Group does not have any material derivative financial instruments since the last audited consolidated financial statements for the year ended 31 December 2021.

B10 FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

The Group does not have any financial liabilities that are measured at fair value for the period under review.

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B11 DIVIDENDS

The Board has declared an interim dividend of 11 sen per ordinary share amounting to RM109,279,940 for the second quarter ended 30 June 2022, payable on 22 September 2022 (Quarter 2 2021: an interim dividend of 10 sen per ordinary share amounting to RM99,345,400).

NOTICE IS HEREBY GIVEN that the interim dividend will be payable on 22 September 2022 to depositors registered in the Records of Depositors at the close of the business on 9 September 2022. 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 9 September 2022 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.

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 2022.

	Individual quarter ended		Cumulative quarter ended	
	2022	30 June 2021	2022	30 June 2021
Profit attributable to shareholders of the Company (RM'000)	237,679	82,141	356,173	273,254
Number of ordinary shares ('000)	993,454	993,454	993,454	993,454
Earnings per ordinary share (sen)	23.9	8.3	35.9	27.5

B13 TRADE RECEIVABLES

In RM'000	As at 30 June 2022	As at 31 December 2021
Trade receivables		
- Third party	1,932,227	1,344,196
- Related companies	503,499	274,616
Less:		
- Impairment loss: specific	(18,855)	(8,413)
- Impairment loss: general	(16,562)	(14,263)
	2,400,309	1,596,136
At net		
Current	2,335,780	1,556,875
Past due 1 to 30 days	25,866	13,836
Past due 31 to 60 days	5,989	9,455
Past due 61 to 90 days	4,123	2,216
Past due more than 90 days	28,551	13,754
	2,400,309	1,596,136

As at 30 June 2022, 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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B14 PROFIT FOR THE PERIOD

In RM'000	Individual quarter ended		Cumulative quarter ended	
	2022	30 June 2021	2022	30 June 2021
Profit for the period is arrived at after charging:				
Depreciation and amortisation*	106,636	116,233	211,353	230,959
Impairment loss on trade and other receivables	7,035	913	14,888	1,297
Net loss on disposal of property, plant and equipment	-	336	-	-
Interest on revolving credit facilities	1,786	113	1,889	192
Net unrealised loss on foreign exchange	-	1,013	-	-
Net realised loss on foreign exchange	8,873	-	9,924	-
Profit margin for Islamic financing facilities	-	31	-	89
Interest on lease liabilities	2,616	2,298	5,299	4,821
Property, plant and equipment written off	-	4	-	4
Property, plant and equipment expensed off	1,204	737	1,701	916
Bad debts written off	-	5	-	5
and after crediting:				
Net gain on disposal of property, plant and equipment	864	-	1,299	2,107
Gain on disposal of LPG business	87,937	-	87,937	-
Reversal of write down of inventories to net realisable value	-	3,058	-	4,088
Reversal of inventories written off	-	110	-	110
Interest income	9,943	14,391	25,434	27,064
Income from rental of premises	303	306	719	557
Net unrealised gain on foreign exchange	568	-	729	571
Net realised gain on foreign exchange	-	1,315	-	399
Write back of impairment loss on trade and other receivables	1,729	513	2,198	2,704

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

B15 AUTHORISED FOR ISSUE

This quarterly report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 24 August 2022.

BY ORDER OF THE BOARD

Wong Lay See (MAICSA 7018684)
Yeap Kok Leong (MAICSA 0862549)
Joint Secretaries
Kuala Lumpur
24 August 2022