



PETRONAS DAGANGAN BERHAD

Quarterly Report

For Third Quarter Ended 30 September 2022



QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 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 third quarter ended 30 September 2022 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 30 September		Cumulative quarter ended 30 September	
		2022	2021	2022	2021
Revenue	B1	10,130,694	5,237,394	27,250,117	15,562,240
Operating profit		403,134	167,553	900,892	547,741
Finance cost		(7,537)	(2,296)	(14,725)	(7,398)
Share of profit after tax of equity accounted associates and joint ventures		3,544	283	7,182	618
Profit before taxation	B1	399,141	165,540	893,349	540,961
Taxation	B4	(119,709)	(45,922)	(254,153)	(147,815)
PROFIT FOR THE PERIOD		279,432	119,618	639,196	393,146
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Exchange differences arising from translation of financial statements of foreign operations		15	(947)	42	615
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		279,447	118,671	639,238	393,761
Profit attributable to:					
Shareholders of the Company		275,965	119,310	632,138	392,563
Non-controlling interests		3,467	308	7,058	583
PROFIT FOR THE PERIOD		279,432	119,618	639,196	393,146
Total comprehensive income attributable to:					
Shareholders of the Company		275,980	118,363	632,180	393,178
Non-controlling interests		3,467	308	7,058	583
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		279,447	118,671	639,238	393,761
Earnings per ordinary share - basic (sen)	B11	27.8	12.0	63.6	39.5

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.

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In RM'000	Note	As at 30 September 2022	As at 31 December 2021
ASSETS			
Property, plant and equipment		4,000,127	4,017,549
Intangible asset		580	806
Investments in associates		1,768	2,008
Investments in joint ventures		79,198	20,327
TOTAL NON-CURRENT ASSETS		4,081,673	4,040,690
Trade and other inventories		166,605	158,866
Trade and other receivables		13,889,399	3,490,185
Cash and cash equivalents		1,705,080	1,911,062
TOTAL CURRENT ASSETS		15,761,084	5,560,113
TOTAL ASSETS	B1	19,842,757	9,600,803
EQUITY			
Share capital		993,454	993,454
Reserves		4,803,548	4,588,619
Total Equity Attributable to Shareholders of the Company		5,797,002	5,582,073
Non-controlling interests		40,436	33,378
TOTAL EQUITY	B1	5,837,438	5,615,451
LIABILITIES			
Borrowings	B6	136,344	92,166
Deferred tax liabilities		93,446	102,723
Other long term liabilities and provisions		31,272	31,272
TOTAL NON-CURRENT LIABILITIES		261,062	226,161
Trade and other payables		12,827,729	3,645,060
Borrowings	B6	732,866	24,266
Taxation		183,662	89,865
TOTAL CURRENT LIABILITIES		13,744,257	3,759,191
TOTAL LIABILITIES	B1	14,005,319	3,985,352
TOTAL EQUITY AND LIABILITIES		19,842,757	9,600,803
Net assets per share attributable to ordinary equity holders of the Parent (RM)		5.84	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.

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 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	-	42	-	-	42	-	42
Total other comprehensive income for the period	-	42	-	-	42	-	42
Profit for the period	-	-	-	632,138	632,138	7,058	639,196
Total comprehensive income for the period	-	42	-	632,138	632,180	7,058	639,238
Dividends paid	-	-	-	(417,251)	(417,251)	-	(417,251)
At 30 September 2022	993,454	(6,468)	(305)	4,810,321	5,797,002	40,436	5,837,438
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	-	615	-	-	615	-	615
Total other comprehensive income for the period	-	615	-	-	615	-	615
Profit for the period	-	-	-	392,563	392,563	583	393,146
Total comprehensive income for the period	-	615	-	392,563	393,178	583	393,761
Dividends paid	-	-	-	(407,316)	(407,316)	-	(407,316)
At 30 September 2021	993,454	(20,476)	(18,732)	4,675,361	5,629,607	32,484	5,662,091

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 THIRD QUARTER ENDED 30 SEPTEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

In RM'000	Note	2022	Cumulative quarter ended 30 September 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		893,349	540,961
Adjustments for:			
Depreciation and amortisation		316,931	339,023
Net impairment losses/(write back) on receivables		16,335	(300)
Share of profit after tax of equity accounted associates and joint ventures		(7,182)	(618)
Net gain on disposal of property, plant and equipment		(1,318)	(1,986)
Gain on disposal of LPG business		(87,937)	-
Reversal of inventories written down to net realisable value ("NRV")		-	(4,088)
Net reversal of inventories written off		-	(108)
Property, plant and equipment written off		7,095	11
Property, plant and equipment expensed off		1,957	1,161
Interest income		(36,300)	(40,593)
Finance cost		14,725	7,398
Other non-cash items		(2,080)	(2,033)
Operating profit before changes in working capital		1,115,575	838,828
Inventories		(7,738)	110,646
Trade and other receivables		(10,412,318)	(660,193)
Trade and other payables		9,179,321	596,808
Cash (used in)/generated from operations		(125,160)	886,089
Taxation paid		(169,047)	(81,111)
Net cash (used in)/generated from operating activities	B1	(294,207)	804,978
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiary		-	(713)
Interest income		36,300	40,593
Purchase of property, plant and equipment		(210,675)	(245,633)
Investment in a joint venture		(2,410)	-
Proceeds from disposal of LPG business		40,000	-
Proceeds from disposal of property, plant and equipment		1,609	7,562
Net cash used in investing activities	B1	(135,176)	(198,191)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(417,251)	(407,316)
Net drawdown of revolving credits facilities	B6	684,000	6,500
Repayment of Islamic financing facilities		-	(9,880)
Repayment of lease liabilities	B6	(28,634)	(50,455)
Interest paid on revolving credits facilities	B6	(6,816)	(307)
Profit margin paid for Islamic financing facilities		-	(139)
Interest paid on lease liabilities	B6	(7,909)	(6,952)
Net cash generated from/(used in) financing activities	B1	223,390	(468,549)

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FOR THIRD QUARTER ENDED 30 SEPTEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Net (decrease)/increase in cash and cash equivalents	(205,993)	138,238
Net foreign exchange differences	11	1,442
Cash and cash equivalents at beginning of the period	<u>1,911,062</u>	<u>2,691,820</u>
Cash and cash equivalents at end of the period	<u>1,705,080</u>	<u>2,831,500</u>

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 THIRD QUARTER ENDED 30 SEPTEMBER 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 September 2022.

A2 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 2022 under the MFRS framework. These policies do not differ significantly from those used in the audited consolidated financial statements for 31 December 2021 except as disclosed below.

During the financial period, the Group has adopted the following Amendments to MFRSs ("pronouncements") that have been issued by the Malaysian Accounting Standards Board ("MASB").

Effective for annual periods 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.

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FOR THIRD QUARTER ENDED 30 SEPTEMBER 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 results of period under review.

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 September 2022	As at 31 December 2021
Approved and contracted for	130,292	137,220
Approved but not contracted for	172,639	244,769
	302,931	381,989

A8 DEBT AND EQUITY SECURITIES

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities for the period under review, except as disclosed in note B6.

A9 DIVIDENDS PAID

During the period, the following dividend payments were made:

In RM'000	2022	As at 30 September 2021
2020		
Quarter 4: interim dividend of 17 sen per ordinary share	-	168,887
2021		
Quarter 1: interim dividend of 14 sen per ordinary share	-	139,084
Quarter 2: interim dividend of 10 sen per ordinary share	-	99,345
Quarter 4: interim dividend of 26 sen per ordinary share	258,298	-
2022		
Quarter 1: interim dividend of 5 sen per ordinary share	49,673	-
Quarter 2: interim dividend of 11 sen per ordinary share	109,280	-
	417,251	407,316

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PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

A10 OPERATING SEGMENTS

Effective first quarter of 2022, the reportable operating segments now comprise 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 non-fuel business activities

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

Results for the cumulative quarter ended 30 September

In RM'000	2022			
	Retail	Commercial	Convenience	Group
Business Segments				
Revenue	12,816,323	14,267,527	166,267	27,250,117
Depreciation and amortisation	254,145	43,561	19,225	316,931
Other income	248,063	45,234	2,025	295,322
Operating profit for reportable segments	650,444	227,491	22,957	900,892
Finance cost	(8,159)	(6,301)	(265)	(14,725)
Share of profit after tax of equity accounted associates and joint ventures				7,182
Profit before taxation				893,349

In RM'000	2021			
	Retail	Commercial	Convenience	Group
Business Segments				
Revenue	8,680,880	6,761,629	119,731	15,562,240
Depreciation and amortisation	255,820	63,208	19,995	339,023
Other income	89,907	37,237	2,134	129,278
Operating profit for reportable segments	323,965	206,451	17,325	547,741
Finance cost	(1,774)	(5,605)	(19)	(7,398)
Share of profit after tax of equity accounted associates and joint ventures				618
Profit before taxation				540,961

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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 for recovery of 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

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

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.

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2022

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

A16 FAIR VALUE INFORMATION

The carrying amounts of cash and cash equivalents and short term receivables and payables reasonably approximate their fair values due to the 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 September 2022		
Financial Liabilities		
Revolving credit facilities	<u>679,862</u>	<u>700,000</u>
Group		
31 December 2021		
Financial Liability		
Revolving credit facility	<u>15,801</u>	<u>16,000</u>

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2022

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

B1 REVIEW OF GROUP PERFORMANCE

The Group recorded stronger performance for the quarter supported by improved volume across all its business segments as a result of increasing international travel, boost of domestic tourism as well as growth from the manufacturing sectors.

The Brent crude oil price in Q3 2022 was favourable at USD100.84/bbl as compared to corresponding quarter last year of USD73.47/bbl, which has further supported the growth in the overall Group's performance.

The Group continues to deliver a seamless and frictionless customer experience across the business by adding new offerings of our non-fuel products through PETRONAS Shop and opening additional 4 new Café Mesra stores during the quarter, total of 16 since it was launched in July 2022.

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

In RM' Mil	Cumulative quarter ended								
	Retail			Commercial			Convenience		
	Sept 2022	Sept 2021	Var %	Sept 2022	Sept 2021	Var %	Sept 2022	Sept 2021	Var %
Revenue	12,816.3	8,680.9	48	14,267.5	6,761.6	>100	166.3	119.7	39
Profit before taxation	642.3	322.3	99	221.2	200.8	10	22.7	17.3	31

In RM' Mil	Cumulative quarter ended Group		
	Sept 2022	Sept 2021	Var %
Revenue	27,250.1	15,562.2	75
Profit before taxation	893.3	541.0	65

Group

The Group's revenue for the period increased by RM11,687.9 million following higher sales volume by 33% and increase in average selling prices by 32%.

The Group recorded a Profit Before Taxation ("PBT") of RM893.3 million, higher by RM352.3 million or 65% which was mainly contributed by higher gross profit from all segments following higher demand during the period. The increase was further contributed by higher other income following one-off gain from disposal of LPG business in Sarawak, partially offset by higher operating expenditure mainly attributable to dealers' commission.

Retail Segment

Retail segment's revenue increased by RM4,135.4 million, mainly contributed from higher sales volume of 41% in tandem with higher demand as well as increase in average selling prices by 5%.

PBT recorded for the period was RM642.3 million, an increase of RM320.0 million against the corresponding period, mainly contributed by higher gross profit from Mogas and Diesel following higher sales volume.

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2022

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

B1 REVIEW OF GROUP PERFORMANCE (continued)

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

Commercial Segment

Commercial segment recorded an increase in revenue of RM7,505.9 million or >100%, contributed by increase in average selling prices and sales volume of 72% and 23% respectively.

PBT of RM221.2 million was recorded for the period, an increase of RM20.4 million against the corresponding period last year. This was mainly due to higher gross profit from Diesel following favourable prices trend.

Convenience Segment

Convenience segment recorded an increase in revenue of RM46.6 million or 39% contributed by higher sales from Mesra stores following improved demand during endemic phase.

PBT of RM22.7 million was recorded for the period, an increase of RM5.4 million against the corresponding period last year. This was mainly contributed by higher gross profit from increase in Mesra stores sales.

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

In RM' Mil	Individual quarter ended								
	Retail			Commercial			Convenience		
	Sept 2022	Sept 2021	Var %	Sept 2022	Sept 2021	Var %	Sept 2022	Sept 2021	Var %
Revenue	4,536.8	2,759.0	64	5,528.9	2,439.8	>100	65.0	38.6	68
Profit before taxation	119.9	78.8	52	268.0	66.4	>100	7.7	20.0	(62)
							Individual quarter ended Group		
							Sept 2022	Sept 2021	Var %
Revenue							10,130.7	5,237.4	93
Profit before taxation							399.1	165.5	>100

Group

The Group's revenue for the quarter increased by RM4,893.3 million on the back of higher sales volume by 43% and increase in average selling prices by 35%.

The Group recorded a PBT of RM399.1 million grew by RM233.6 million or >100% mainly due to higher gross profit from all segments in line with increase in volume sold during the quarter.

Retail Segment

Retail segment revenue increased by RM1,777.8 million, mainly contributed by higher sales volume of 56% in tandem with higher demand as well as increase in average selling prices by 1%.

PBT recorded for the quarter was RM119.9 million, an increase of RM41.1 million against the corresponding quarter, mainly contributed by higher gross profit from Mogas and Diesel in line with higher sales volume.

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FOR THIRD QUARTER ENDED 30 SEPTEMBER 2022

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

B1 REVIEW OF GROUP PERFORMANCE (continued)

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

Commercial Segment

Commercial segment recorded an increase in revenue of RM3,089.1 million or >100%, mainly contributed to improved average selling prices by 80% coupled with higher sales volume by 26%.

PBT of RM268.0 million was recorded for the quarter, an increase of RM201.6 million against the corresponding quarter last year. This was predominantly due to higher gross profit from Diesel and Jet A1 following favourable prices trend.

Convenience Segment

Convenience segment recorded an increase in revenue of RM26.4 million or 68% contributed by higher sales from Mesra stores following higher demand during the quarter.

PBT recorded for the quarter was RM7.7 million, a decrease of RM12.3 million against corresponding quarter which was mainly attributable to higher operating expenditure during the quarter.

c) Variation of results against preceding quarter

In RM' Mil	Individual quarter ended		
	Group		
	Sept 2022	June 2022	Var %
Revenue	10,130.7	9,501.1	7
Profit before taxation	399.1	315.5	27

Revenue for the Group increased by RM629.6 million or 7% as compared to the preceding quarter mainly contributed by improved sales volume by 6% and higher average selling prices by 1%.

PBT for the quarter increased by RM83.6 million or 27%, in line with higher gross profit contribution from Commercial segment following favourable prices movement and higher demand partly negated by one-off gain on disposal of LPG business in Sarawak in the preceding quarter.

d) Highlight on Consolidated Statement of Financial Position

In RM'000	As at	As at	Variance (%)
	30 September 2022	31 December 2021	
Total assets	19,842,757	9,600,803	>100
Total equity	5,837,438	5,615,451	4
Total liabilities	14,005,319	3,985,352	>100
Return on equity (%)	14.7	9.5	55

Total assets increased by RM10,242.0 million or >100% following delay in subsidy receivable as well as increase in prices. Subsequent to the period ended 30 September 2022, the Group have received the overdue subsidy payments accordingly.

Total liabilities were higher by RM10,020.0 million or >100%, mainly due to extended credit term from main supplier coupled with higher purchase price.

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FOR THIRD QUARTER ENDED 30 SEPTEMBER 2022

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

B1 REVIEW OF GROUP PERFORMANCE (continued)

e) Highlight on Consolidated Statement of Cash Flows

In RM'000	Cumulative quarter ended 30 September		Variance (%)
	2022	2021	
Net cash (used in)/generated from operating activities	(294,207)	804,978	(>100)
Net cash used in investing activities	(135,176)	(198,191)	(32)
Net cash generated from/(used in) financing activities	223,390	(468,549)	>100

Net cash generated from operating activities was lower by RM1,099.2 million during the period mainly due to delay in subsidy receivable partially offset with extended credit term from main supplier.

Investing activities were lower by RM63.0 million due to lower spending on capital expenditures by RM34.9 million and proceeds from disposal of LPG business in Sarawak of RM40.0 million.

Financing activities were higher by RM691.9 million mainly due to drawdown of revolving credit facilities for working capital requirements during the period.

B2 COMMENTARY ON PROSPECTS

Overall outlook

The Group's performance registers a strong growth underpinned by positive rebound in the Malaysian economy. While there is a surge in economic growth, the Group remain cautious on the external headwinds and uncertainties as well as risk of global recession which may pose challenges and impact to consumer spending.

The Group's liquidity has also improved following receipts of the overdue subsidy payments post quarter 3. PDB remains committed to strengthen its core business and to grow its revenue stream from non-fuel products in a sustainable manner.

Business Segments

PDB will continue to leverage on the increase of goods manufacturing and significant growth in the tourism industry as well as resumption of foreign airlines operations in all Malaysia's international airports.

The Convenience segment is expected to further accelerate the diversification journey of business portfolio through our non-fuel products with expansion of Café Mesra beyond the retail stations.

In supporting the Group's sustainability agenda, PDB is collaborating with established electric vehicle ("EV") industry partners in order to accelerate the adoption and commercialisation of clean energy as well as continuing our efforts to install additional solar panels at the stations.

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2022

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

B3 PROFIT FORECAST OR PROFIT GUARANTEE

The Group does not publish any profit forecast or profit guarantee.

B4 TAXATION

Tax expense comprises the following:

In RM'000	Individual quarter ended 30 September		Cumulative quarter ended 30 September	
	2022	2021	2022	2021
<u>Income Tax:</u>				
Current period	133,440	43,628	263,430	147,437
<u>Deferred Tax:</u>				
Current period	(13,731)	2,294	(9,277)	378
	<u>119,709</u>	<u>45,922</u>	<u>254,153</u>	<u>147,815</u>

Effective tax rate for the current quarter and cumulative quarter ended 30 September 2022 were 30% and 28% respectively, higher than the statutory tax rate mainly resulting from imposition of Prosperity Tax for year of assessment 2022 at rate of 33%, partially offset by higher non-assessable income.

B5 STATUS OF CORPORATE PROPOSALS ANNOUNCED

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

B6 BORROWINGS

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

In RM'000	As at 30 September 2022	As at 31 December 2021
Non Current		
Secured		
Lease liabilities	136,344	92,166
Current		
Secured		
Lease liabilities	32,866	8,266
Unsecured		
Revolving credit facilities	700,000	16,000
	<u>732,866</u>	<u>24,266</u>
	<u>869,210</u>	<u>116,432</u>

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B6 BORROWINGS (continued)

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

In RM'000	As at 30 September 2022	As at 31 December 2021
By Currency		
RM	793,722	108,597
USD	75,488	7,835
	<u>869,210</u>	<u>116,432</u>

The revolving credit facilities are denominated in Ringgit Malaysia and bears interest rates ranging from 3.08% to 3.38% (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 Sept 2022
		Net drawdown/ (repayment)	Interest expenses	Addition	Others	
Revolving credit facilities	16,000	684,000	(6,816)	-	6,816	700,000
Lease liabilities	100,432	(28,634)	(7,909)	105,248	73	169,210
	<u>116,432</u>	<u>655,366</u>	<u>(14,725)</u>	<u>105,248</u>	<u>6,889</u>	<u>869,210</u>

B7 MATERIAL LITIGATION

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

B8 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.

B9 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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B10 DIVIDENDS

The Board has declared an interim dividend of 20 sen per ordinary share amounting to RM198,690,800 for the third quarter ended 30 September 2022, payable on 27 December 2022 (Quarter 3 2021: an interim dividend of 20 sen per ordinary share amounting to RM198,690,800).

NOTICE IS HEREBY GIVEN that the interim dividend will be payable on 27 December 2022 to depositors registered in the Records of Depositors at the close of the business on 14 December 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 14 December 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.

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 September 2022.

	Individual quarter ended		Cumulative quarter ended	
	2022	2021	2022	2021
Profit attributable to shareholders of the Company (RM'000)	275,965	119,310	632,138	392,563
Number of ordinary shares ('000)	993,454	993,454	993,454	993,454
Earnings per ordinary share (sen)	27.8	12.0	63.6	39.5

As at the date of the statement of financial position, the Company does not have any instruments which may have dilutive impact on the basic earnings per share.

B12 TRADE RECEIVABLES

In RM'000	As at 30 September 2022	As at 31 December 2021
Trade receivables		
- Third party	1,804,780	1,344,196
- Related companies	281,085	274,616
Less:		
- Impairment loss: specific	(22,389)	(8,413)
- Impairment loss: general	(16,355)	(14,263)
	<u>2,047,121</u>	<u>1,596,136</u>
At net		
Not past due	1,990,588	1,556,875
Past due 1 to 30 days	15,589	13,836
Past due 31 to 60 days	6,091	9,455
Past due 61 to 90 days	1,863	2,216
Past due more than 90 days	32,990	13,754
	<u>2,047,121</u>	<u>1,596,136</u>

As at 30 September 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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B13 PROFIT FOR THE PERIOD

In RM'000	Individual quarter ended		Cumulative quarter ended	
	2022	30 September 2021	2022	30 September 2021
Profit for the period is arrived at after charging:				
Depreciation and amortisation*	105,545	108,064	316,931	339,023
Impairment loss on trade and other receivables	4,129	2,497	19,017	3,794
Net loss on disposal of property, plant and equipment	8	120	8	-
Interest on revolving credit facilities	4,927	115	6,816	307
Net realised loss on foreign exchange	-	2,489	8,965	2,090
Profit margin for Islamic financing facilities	-	51	-	139
Interest on lease liabilities	2,610	2,130	7,909	6,952
Inventories written off	-	2	-	2
Property, plant and equipment written off	7,095	7	7,095	11
Property, plant and equipment expensed off	256	245	1,957	1,161
Bad debts written off	51	-	138	5
and after crediting:				
Net gain on disposal of property, plant and equipment	27	-	1,326	1,986
Gain on disposal of LPG business	-	-	87,937	-
Reversal of write down of inventories to NRV	-	-	-	4,088
Reversal of inventories written off	-	-	-	110
Interest income	10,866	13,529	36,300	40,593
Income from rental of premises	477	431	1,158	988
Net unrealised gain on foreign exchange	1,489	1,466	2,218	2,038
Net realised gain on foreign exchange	959	-	-	-
Write back of impairment loss on trade and other receivables	484	1,389	2,682	4,094

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

B14 AUTHORISED FOR ISSUE

This quarterly report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 November 2022.

BY ORDER OF THE BOARD

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