



QUARTERLY REPORT

FOR FOURTH QUARTER ENDED 31 DECEMBER 2016

The Board of Directors of PETRONAS Dagangan Berhad ("PDB" or the Company) is pleased to announce the following Unaudited Interim Condensed Consolidated Financial Statements for PDB Group for the fourth quarter ended 31 December 2016 which should be read in conjunction with the accompanying explanatory notes on pages 5 to 18.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31/12/2016 RM'000	As at 31/12/2015 RM'000
ASSETS		
Property, plant and equipment	3,794,252	3,989,865
Prepaid lease payments	476,856	491,950
Investments in associates	3,431	3,015
Investments in joint ventures	14,234	10,281
Long term receivables	3,509	-
Deferred tax assets	5,424	9,412
TOTAL NON-CURRENT ASSETS	4,297,706	4,504,523
Inventories	803,374	625,558
Trade and other receivables	1,832,196	1,649,252
Cash and cash equivalents	2,431,637	1,258,637
Assets classified as held for sale	-	32,635
TOTAL CURRENT ASSETS	5,067,207	3,566,082
TOTAL ASSETS	9,364,913	8,070,605
EQUITY		
Share capital	993,454	993,454
Reserves	4,309,520	3,958,865
Total Equity Attributable to Shareholders of the Company	5,302,974	4,952,319
Non-controlling interests	33,552	31,693
TOTAL EQUITY	5,336,526	4,984,012
LIABILITIES		
Borrowings	84,461	113,321
Deferred tax liabilities	142,128	153,066
Other long term liabilities and provisions	30,169	27,427
TOTAL NON-CURRENT LIABILITIES	256,758	293,814
Trade and other payables	3,659,660	2,602,174
Borrowings	34,310	98,499
Taxation	77,659	67,600
Liabilities classified as held for sale	-	24,506
TOTAL CURRENT LIABILITIES	3,771,629	2,792,779
TOTAL LIABILITIES	4,028,387	3,086,693
TOTAL EQUITY AND LIABILITIES	9,364,913	8,070,605
Net assets per share attributable to ordinary equity holders of the Parent (RM)	5.34	4.98

The Unaudited Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to these consolidated financial statements.



QUARTERLY REPORT

FOR FOURTH QUARTER ENDED 31 DECEMBER 2016

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	3 months ended 31/12/2016 RM'000	3 months ended 31/12/2015 RM'000	12 months ended 31/12/2016 RM'000	12 months ended 31/12/2015 RM'000
Revenue	<u>6,007,127</u>	<u>6,018,509</u>	<u>21,786,544</u>	<u>25,060,190</u>
Operating profit	338,601	126,701	1,214,376	1,092,149
Finance cost	(1,272)	(2,114)	(7,661)	(13,444)
Share of profit after tax of equity accounted associates and joint ventures	<u>(1,340)</u>	<u>697</u>	<u>5,619</u>	<u>3,779</u>
Profit before taxation	<u>335,989</u>	<u>125,284</u>	<u>1,212,334</u>	<u>1,082,484</u>
Tax expense	<u>(75,571)</u>	<u>(36,826)</u>	<u>(297,334)</u>	<u>(290,024)</u>
Profit from continuing operations	<u>260,418</u>	<u>88,458</u>	<u>915,000</u>	<u>792,460</u>
Profit from discontinued operation, net of tax	<u>-</u>	<u>3,861</u>	<u>31,467</u>	<u>2,164</u>
Profit for the period/ year	<u>260,418</u>	<u>92,319</u>	<u>946,467</u>	<u>794,624</u>
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Exchange differences arising from translation of financial statements of foreign operations	14,430	8,213	7,693	29,175
Reclassification of foreign currency translation differences to profit or loss on disposal of subsidiary	<u>-</u>	<u>-</u>	<u>3,729</u>	<u>-</u>
Total comprehensive income for the period/ year	<u>274,848</u>	<u>100,532</u>	<u>957,889</u>	<u>823,799</u>
Profit attributable to:				
Shareholders of the Company	261,490	92,113	944,608	789,975
Non-controlling interests	<u>(1,072)</u>	<u>206</u>	<u>1,859</u>	<u>4,649</u>
Profit for the period/ year	<u>260,418</u>	<u>92,319</u>	<u>946,467</u>	<u>794,624</u>
Total comprehensive income attributable to:				
Shareholders of the Company	275,920	100,326	956,030	819,150
Non-controlling interests	<u>(1,072)</u>	<u>206</u>	<u>1,859</u>	<u>4,649</u>
Total comprehensive income for the period/ year	<u>274,848</u>	<u>100,532</u>	<u>957,889</u>	<u>823,799</u>
Earnings per ordinary share- basic (sen)				
from continuing operations	26.3	8.9	91.9	79.3
from discontinued operation	-	0.4	3.2	0.2

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

QUARTERLY REPORT FOR FOURTH QUARTER ENDED 31 DECEMBER 2016



UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the Shareholders of the Company						
	Non-Distributable		Distributable				
	Share Capital RM'000	Foreign Currency Translation Reserves RM'000	Capital Reserves RM'000	Retained Profits RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
At 1 January 2015	993,454	11,038	(44,053)	3,791,740	4,752,179	39,644	4,791,823
Exchange difference arising from translation of financial statements of foreign operations	-	29,175	-	-	29,175	-	29,175
Profit for the year	-	-	-	789,975	789,975	4,649	794,624
Waiver of loan for a subsidiary acquired under common control business combination in prior year	-	-	(3,069)	-	(3,069)	-	(3,069)
Dividends paid	-	-	-	(615,941)	(615,941)	(12,600)	(628,541)
At 31 December 2015	993,454	40,213	(47,122)	3,965,774	4,952,319	31,693	4,984,012
At 1 January 2016	993,454	40,213	(47,122)	3,965,774	4,952,319	31,693	4,984,012
Exchange difference arising from translation of financial statements of foreign operations	-	7,693	-	-	7,693	-	7,693
Reversal of capital contribution on disposal of subsidiary	-	-	(9,303)	-	(9,303)	-	(9,303)
Disposal of subsidiary acquired under common control business combination in prior year	-	-	28,316	(28,316)	-	-	-
Reclassification of foreign currency translation differences to profit or loss on disposal of subsidiary	-	3,729	-	-	3,729	-	3,729
Profit for the year	-	-	-	944,608	944,608	1,859	946,467
Dividends paid	-	-	-	(596,072)	(596,072)	-	(596,072)
At 31 December 2016	993,454	51,635	(28,109)	4,285,994	5,302,974	33,552	5,336,526

The Unaudited Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to these consolidated financial statements.

QUARTERLY REPORT

FOR FOURTH QUARTER ENDED 31 DECEMBER 2016



UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	12 months ended 31/12/2016	12 months ended 31/12/2015
	RM'000	RM'000
Cash receipts from customers	22,424,702	25,547,500
Cash paid to suppliers and employees	(20,143,122)	(24,685,761)
	2,281,580	861,739
Interest expenses paid	(1,209)	(2,325)
Taxation paid	(296,027)	(242,775)
Net cash generated from operating activities	1,984,344	616,639
Interest income from fund and other investments	85,868	54,554
Purchase of property, plant and equipment	(227,661)	(315,010)
Prepayment of leases	(19,370)	(21,012)
Proceeds from disposal of property, plant and equipment	37,350	9,550
Proceeds from disposal of subsidiary, net of cash disposed	(3,813)	-
Net cash used in investing activities	(127,626)	(271,918)
Dividends paid	(596,072)	(615,941)
Dividends paid to non-controlling interest	-	(12,600)
Net repayment of term loan	(9,973)	(10,066)
Repayment of Islamic medium term notes	-	(300,000)
Net (repayment)/drawdown of revolving credit facilities	(64,369)	42,288
Repayment of Islamic financing facilities	(17,175)	(16,550)
Interest paid on term loan	(1,302)	(1,512)
Profit margin paid for Islamic medium term notes	-	(5,281)
Profit margin paid for Islamic financing facilities	(4,140)	(4,891)
Net cash used in financing activities	(693,031)	(924,553)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	1,163,687	(579,832)
NET FOREIGN EXCHANGE DIFFERENCES	3,557	4,541
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	1,264,393	1,839,684
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	2,431,637	1,264,393

Included in the Cash and Cash Equivalents at end of prior year was an amount of RM5,756,000 categorised as Asset Held for Sale.

The Unaudited Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes attached to these consolidated financial statements.

QUARTERLY REPORT FOR FOURTH QUARTER ENDED 31 DECEMBER 2016



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

A1 BASIS OF PREPARATION

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

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

The interim financial statements are unaudited and should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2015.

Within the context of these financial statements, the Group comprises the Company and its subsidiaries, and the Group's interest in its associates and its joint ventures as at and for the quarter ended 31 December 2016.

Significant Accounting Policies

The financial information presented herein has been prepared in accordance with the accounting policies used in preparing the annual consolidated financial statements for 31 December 2016.

A. Amendments effective for annual periods beginning on or after 1 January 2016

Amendments to MFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)
Amendments to MFRS 11	Joint Arrangements (Accounting for Acquisitions of Interests in Joint Operations)
Amendments to MFRS 101	Presentation of Financial Statements – Disclosure Initiative
Amendments to MFRS 119	Employee Benefits (Annual Improvements 2012-2014 Cycle)
Amendments to MFRS 127	Separate Financial Statements – Equity Method in Separate Financial Statements
Amendments to MFRS 134	Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)

The initial adoption of the above pronouncement did not have any material impact to the interim Financial Statements of the Group.

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

B. Amendments effective for annual periods beginning on or after 1 January 2017

Amendments to MFRS 12	Disclosure of Interests in Other Entities (Annual Improvements 2014-2016 Cycle)
Amendments to MFRS 107	Statement of Cash Flows – Disclosure Initiative
Amendments to MFRS 112	Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses

QUARTERLY REPORT FOR FOURTH QUARTER ENDED 31 DECEMBER 2016



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

C. Amendments effective for annual periods beginning on or after 1 January 2018

MFRS 9	Financial Instruments (2014)
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 15	Revenue from Contracts with Customers: Clarifications to MFRS 15
Amendments to MFRS 128	Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

D. MFRS effective for annual periods beginning on or after 1 January 2019

MFRS 16	Leases
---------	--------

E. Amendments effective for a date yet to be confirmed

Amendments to MFRS 10	Consolidated Financial Statements: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 128	Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company are expected to apply the abovementioned pronouncements beginning from the respective dates the pronouncements become effective.

i) **MFRS 15, Revenue from Contracts with Customers**

MFRS 15 replaces the guidance in MFRS 111, Construction Contracts, MFRS 118, Revenue, IC Interpretation 13, Customer Loyalty Programmes, IC Interpretation 15, Agreements for Construction of Real Estate, IC Interpretation 18, Transfers of Assets from Customers and IC Interpretation 131, Revenue - Barter Transactions Involving Advertising Services.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

ii) **MFRS 9, Financial Instruments**

MFRS 9 replaces the guidance in MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

iii) **MFRS 16, Leases**

MFRS 16 replaces the guidance in MFRS 117, Leases, IC Interpretation 4, Determining whether an Arrangement contains a Lease, IC Interpretation 115, Operating Leases – Incentives and IC Interpretation 127, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.

The MASB has issued pronouncements which are not yet effective, but for which are not relevant to the operations of the Group and the Company and hence, no further disclosure is warranted.

QUARTERLY REPORT FOR FOURTH QUARTER ENDED 31 DECEMBER 2016



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

F. New pronouncements not applicable to the Group and the Company

Effective for annual periods beginning on or after 1 January 2018

Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2014-2016 Cycle)
Amendments to MFRS 2	Share-based Payment: Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4	Insurance Contracts: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 140	Investment Property: Transfers of Investment Property

A2 AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

There was no qualified audit report issued by the auditors in the annual financial statements for the year ended 31 December 2015.

A3 SEASONAL OR CYCLICAL FACTORS

The Group's operations in relation to sales volume are not significantly affected by seasonal or cyclical fluctuations of the business/industry.

A4 EXCEPTIONAL ITEM

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

A5 MATERIAL CHANGES IN ACCOUNTING ESTIMATES

There were no material changes in estimates of the amounts reported in the most recent annual financial statements of the Group for the year ended 31 December 2015 that may have a material effect in the current quarter results.

A6 COMMITMENTS

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

	As at 31/12/2016 RM'000	As at 31/12/2015 RM'000
Approved and contracted for	4,963	9,104
Approved but not contracted for	132,469	185,942
	<u>137,432</u>	<u>195,046</u>

A7 DEBT AND EQUITY SECURITIES

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter ended 31 December 2016.

QUARTERLY REPORT FOR FOURTH QUARTER ENDED 31 DECEMBER 2016



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

A8 DIVIDENDS PAID

During the 12 months period ended 31 December 2016, the following dividend payments were made:

1. An interim dividend of 20 sen per ordinary share amounting to RM198,690,800.00 for the quarter ended 31 December 2015 was paid on 17 March 2016 (Quarter 4 2014: a special interim dividend of 22 sen per ordinary share amounting to RM218,559,880.00).
2. An interim dividend of 12 sen per ordinary share amounting to RM119,214,480.00 for the quarter ended 31 March 2016 was paid on 8 June 2016 (Quarter 1 2015: an interim dividend of 12 sen per ordinary share amounting to RM119,214,480.00).
3. An interim dividend of 14 sen per ordinary share amounting to RM139,083,560.00 for the quarter ended 30 June 2016 was paid on 9 September 2016 (Quarter 2 2015: an interim dividend of 14 sen per ordinary share amounting to RM139,083,560.00).
4. An interim dividend of 14 sen per ordinary share amounting to RM139,083,560.00 for the quarter ended 30 September 2016 was paid on 8 December 2016 (Quarter 3 2015: an interim dividend of 14 sen per ordinary share amounting to RM139,083,560.00).

A9 SEGMENTAL INFORMATION

The Group's reportable segments comprise of Retail, Commercial and Others. Each reportable segment offers different services because they require 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.

QUARTERLY REPORT FOR FOURTH QUARTER ENDED 31 DECEMBER 2016



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

Results for 12 months period ended 31 December

In RM'000

Business Segments	2016				2015			
	Retail	Commercial	Others	Group	Retail	Commercial	Others	Group
Revenue	11,951,825	9,812,416	22,303	21,786,544	13,456,461	11,578,459	25,270	25,060,190
Depreciation and amortisation	312,542	57,101	20,253	389,896	289,142	54,107	20,139	363,388
Other income/ (expenses)	334,254	69,780	(13,547)	390,487	263,220	56,168	3,058	322,446
Operating profit for reportable segments	681,999	534,522	(2,145)	1,214,376	526,221	539,800	26,128	1,092,149
Finance cost	(2,220)	(1,853)	(3,588)	(7,661)	(4,952)	(3,667)	(4,825)	(13,444)
Share of profit after tax of associates and joint ventures				5,619				3,779
Profit before taxation for continuing operations				1,212,334				1,082,484

QUARTERLY REPORT

FOR FOURTH QUARTER ENDED 31 DECEMBER 2016



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

A10 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is stated at cost less accumulated impairment losses, if any.

A11 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

The Group in prior year has announced its intention to sell one of its subsidiaries, Thang Long LPG Company Ltd ("TLLCL") and the related assets and liabilities of TLLCL were presented as assets/liabilities classified as held for sale. However, effective 31 January 2017, Totalgaz Vietnam Limited Liability Company ("TGV") has issued a notice to terminate the Sales and Purchase Agreement ("SPA"). Following this, the assets and liabilities of TLLCL have ceased to be classified as held for sale.

A12 CHANGES IN COMPOSITION OF THE GROUP

During the year, the Group has disposed 100% of its equity interest in PETRONAS (Vietnam) Co., Ltd. ("PVL") to TGV an external party of the Group for a net consideration of RM1.7 million, resulting in a gain on disposal of RM35.6 million.

(Loss)/Profit attributable to the discontinued operation was as follows:

	12 months ended 31/12/2016 RM'000	12 months ended 31/12/2015 RM'000
Net (loss)/profit for the year	(4,142)	2,164
Gain on disposal	35,609	-
	<u>31,467</u>	<u>2,164</u>

A13 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no material contingent liabilities and contingent assets.

A14 RELATED PARTY TRANSACTIONS

There were no significant transactions with related party in addition to the related party transactions disclosed in the Audited Financial Statements for the year ended 31 December 2015.

A15 COMPARATIVES

The comparatives for the Consolidated Statement of Profit or Loss and Other Comprehensive Income have been re-presented to show the discontinued operation from the continuing operations.

A16 SUBSEQUENT EVENT

Effective 31 January 2017, TGV has issued a notice to terminate the SPA to divest TLLCL. The termination of the SPA is not expected to have any material effect on the Group's financial position.

QUARTERLY REPORT

FOR FOURTH QUARTER ENDED 31 DECEMBER 2016



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

A17 FAIR VALUE CHANGES OF 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 price in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable for the asset or liability.
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

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

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

Group	Fair value of financial instruments not carried at fair value		Carrying amount RM'000
	Level 3	Total	
	RM'000	RM'000	
31 December 2016			
Financial Asset			
Long term receivables	2,397	2,397	3,509
	<u>2,397</u>	<u>2,397</u>	<u>3,509</u>
Financial Liabilities			
Islamic financing facilities	76,088	76,088	85,001
Term loan	25,061	25,061	27,425
	<u>101,149</u>	<u>101,149</u>	<u>112,426</u>
Group			
31 December 2015			
Financial Liabilities			
Islamic financing facilities	88,871	88,871	102,697
Term loan	34,159	34,159	37,747
	<u>123,030</u>	<u>123,030</u>	<u>140,444</u>

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 year.

QUARTERLY REPORT

FOR FOURTH QUARTER ENDED 31 DECEMBER 2016



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

B1 REVIEW OF PERFORMANCE

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

In RM' Mil	Quarter ended					
	Group		Retail		Commercial	
	December 2016	December 2015	December 2016	December 2015	December 2016	December 2015
Revenue	6,007.1	6,018.5	3,191.9	3,315.3	2,811.2	2,695.3
Operating profit	338.6	126.7	237.9	36.1	104.7	87.6

Group Revenue for the quarter ended 31 December 2016 was slightly lower by RM11.4 million over the corresponding quarter last year as a result of a decrease in average selling price by 5% following the decrease in Mean of Platts Singapore ("MOPS") prices, offset by higher sales volume by 4%.

Group operating profit for the quarter ended 31 December 2016 was higher by RM211.9 million compared to the corresponding quarter last year attributable to both Retail and Commercial segments.

Retail Segment

The decrease in revenue of RM123.4 million was mainly due to a drop in average selling price of 6% impacting both Mogas and Diesel. Volume was higher by 2%.

Operating profit registered an increase of RM201.8 million mainly due to improved margins from Mogas in line with the increasing MOPS price trend during the quarter and higher volume.

Commercial Segment

The increase in revenue by RM115.9 million was due to increase in sales volume by 8% offset by decrease in average selling price by 3%.

Operating profit increased by RM17.1 million mainly due to improved margins from Aviation and higher volume.

QUARTERLY REPORT

FOR FOURTH QUARTER ENDED 31 DECEMBER 2016



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

B1 REVIEW OF PERFORMANCE

b) Performance of the current year against last year

In RM' Mil	Year ended					
	Group		Retail		Commercial	
	December 2016	December 2015	December 2016	December 2015	December 2016	December 2015
Revenue	21,786.5	25,060.2	11,951.8	13,456.5	9,812.4	11,578.5
Operating profit	1,214.4	1,092.1	682.0	526.2	534.5	539.8

Group Revenue for the year ended 31 December 2016 was lower by RM3,273.7 million over the results of last year mainly due to a decrease in average selling price by 14% following the decrease in MOPS prices, offset by higher sales volume by 2%.

Group operating profit for the year ended 31 December 2016 was higher by RM122.3 million compared to last year attributable to both Retail and Commercial segments.

Retail Segment

The decrease in revenue of RM1,504.7 million was mainly due to a drop in average selling price of 12% impacting both Mogas and Diesel. Volume was higher by 1%.

Operating profit registered an increase of RM155.8 million as compared to last year despite the impairment of subsidy receivables of RM89.9 million made in Q2 2016. This was mainly due to improved margins from Mogas in line with the increasing MOPS price trend in the second half of the year and higher volume. Other income was also higher mainly due to gain on fixed asset disposal and higher interest income.

Commercial Segment

The decrease in revenue by RM1,766.1 million was mainly due to a decrease in average selling price by 17% impacting mainly Diesel and Aviation.

The slight decrease in operating profit by RM5.3 million was mainly due to higher operating expenditure negated by higher margins from Aviation.

QUARTERLY REPORT

FOR FOURTH QUARTER ENDED 31 DECEMBER 2016



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

B2 VARIATION OF RESULTS AGAINST PRECEDING QUARTER

Group revenue for the quarter ended 31 December 2016 was RM6,007.1 million, an increase of RM469.6 million compared to the preceding quarter mainly due to the increase in average selling price by 9% offset by lower sales volume by 1%.

Group operating profit stood at RM338.6 million, an increase of RM9.0 million compared to the preceding quarter mainly due to improved margins from Mogas in line with the increasing MOPS price trend during the quarter. This was partially offset by higher operating expenditure mainly due to higher professional services, repair and maintenance and manpower expenses.

B3 CURRENT YEAR PROSPECTS

The Organisation of the Petroleum Exporting Countries (OPEC)'s agreement at the end of November 2016 to trim crude oil production level lifted the Oil price (Dated Brent) from USD 45.9/bbl (Q3 2016) to USD54.9/bbl (Q4 2016) and the price is forecasted to average at USD58/bbl in 2017.

Prolonged low oil price, uncertain US economic policies and weakening of Malaysian Ringgit against US Dollar has resulted in a slower GDP growth of 4.2% compared to 5.0% (2015). The full year 2017 GDP is forecasted to grow at 4.0% - 5.0% underpinned by strong domestic demand, especially private sector expenditure.

Malaysia's Consumer Confidence Index for 2016 averaged at 73.7, is an improvement from 69.9 (2015) but still below the confidence threshold level as consumers remained cautious. Malaysia's 2017 Budget which focused on increasing disposable income could further spur private consumption.

(Source: IHS, Ministry of Finance, Malaysia Institute of Economic Research)

The Directors are of the opinion that the economic and business environment outlook for FY2017 remains uncertain. The Group will continue to focus on inventory management, supply and distribution efficiency as well as operating expenditure optimisation to ensure the Company remains resilient in the face of a challenging environment.

Retail Segment

Retail Segment will focus on enhancing customer experience and services, leveraging on superior products namely PRIMAX 95 with Advanced Energy Formula, PRIMAX 97 Euro 4M with Advanced Energy Formula and DYNAMIC Diesel, and non-fuel offerings. Since August 2016, DYNAMIC Diesel Euro5 has been made available at 26 stations in Peninsular Malaysia.

Commercial Segment

Commercial Segment will emphasise on value maximisation by improving margins in targeted product and market segments, leveraging on public and private sector investments in infrastructure and construction projects. In addition, the Commercial Segment will also leverage on its superior logistics, personalised services and differentiated offerings to sustain existing markets and capture new ones.

B4 PROFIT FORECAST

There was no profit forecast issued for the financial year.

QUARTERLY REPORT FOR FOURTH QUARTER ENDED 31 DECEMBER 2016



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

B5 TAX EXPENSE

Tax expense on continuing operations comprises the following:

	3 months ended 31/12/2016 RM'000	3 months ended 31/12/2015 RM'000	12 months ended 31/12/2016 RM'000	12 months ended 31/12/2015 RM'000
<u>Income Tax:</u>				
Current Quarter/ Year-to-Date	74,544	21,839	304,284	278,332
<u>Deferred Taxation:</u>				
Current Quarter/ Year-to-Date	1,027	14,987	(6,950)	11,692
	<u>75,571</u>	<u>36,826</u>	<u>297,334</u>	<u>290,024</u>

There was no tax expense on discontinued operation.

B6 STATUS OF CORPORATE PROPOSALS ANNOUNCED

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

B7 BORROWINGS

Particulars of the Group's borrowings as at 31 December 2016 are as follows:

	As at 31/12/2016 RM'000	As at 31/12/2015 RM'000
Non Current – Unsecured	67,009	85,640
Non Current – Secured	17,452	27,681
	<u>84,461</u>	<u>113,321</u>
Current – Unsecured	24,337	88,433
Current – Secured	9,973	10,066
	<u>34,310</u>	<u>98,499</u>

B8 DERIVATIVE FINANCIAL INSTRUMENTS

Foreign currency forward contracts are entered into by the Group in currencies other than the functional currency to manage exposure to the fluctuations in foreign currency exchange rates.

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

As at 31 December 2016, there were outstanding foreign currency forward contracts denominated in USD amounting to USD7.66 million.

B9 MATERIAL LITIGATION

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

QUARTERLY REPORT

FOR FOURTH QUARTER ENDED 31 DECEMBER 2016



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

B10 DIVIDENDS

The Board has declared an interim dividend of 30 sen per ordinary share amounting to RM298,036,200.00 for three months ended 31 December 2016 payable on 16 March 2017 (Quarter 4 2015: an interim dividend of 20 sen per ordinary share amounting to RM198,690,800.00).

NOTICE IS HEREBY GIVEN that the interim dividend will be payable on 16 March 2017 to depositors registered in the Records of Depositors at the close of the business on 8 March 2017. A depositor shall qualify for entitlement to the dividends only in respect of:-

- Shares transferred into Depositors' Securities Account before 4 pm on 8 March 2017 in respect of ordinary transfer.
- Shares bought on the Bursa Malaysia on a cum entitlement basis according to the rules of the Bursa Malaysia.

B11 BASIC EARNINGS PER SHARE

Basic earnings per share is derived based on the profit attributable to shareholders of the Company and based on the number of ordinary shares outstanding as at 31 December 2016.

	3 months ended		12 months ended	
	<u>31/12/2016</u>	<u>31/12/2015</u>	<u>31/12/2016</u>	<u>31/12/2015</u>
Profit attributable to shareholders of the Company (RM'000)				
- continuing operations	261,490	88,252	913,141	787,811
- discontinued operation	-	3,861	31,467	2,164
Number of ordinary shares ('000)	993,454	993,454	993,454	993,454
Earnings per ordinary share (sen)				
- continuing operations	26.3	8.9	91.9	79.3
- discontinued operation	-	0.4	3.2	0.2

QUARTERLY REPORT

FOR FOURTH QUARTER ENDED 31 DECEMBER 2016



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

B12 REALISED AND UNREALISED PROFIT

The breakdown of the retained earnings of the Group as at 31 December 2016 into realised and unrealised profits is as follows:

	<u>Group</u>	
	<u>31/12/2016</u>	<u>31/12/2015</u>
	RM'000	RM'000
Total retained profits		
- realised	4,485,008	4,119,185
- unrealised	(110,233)	(111,775)
	<u>4,374,775</u>	<u>4,007,410</u>
Total retained profit of associates attributable to the Group		
- realised	1,472	1,056
Total retained profit of joint ventures attributable to the Group		
- realised	13,180	9,228
Less: Consolidation adjustments	(103,433)	(51,920)
Total retained profits	<u>4,285,994</u>	<u>3,965,774</u>

QUARTERLY REPORT

FOR FOURTH QUARTER ENDED 31 DECEMBER 2016



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

B13 PROFIT BEFORE TAXATION

	3 months ended 31/12/2016 RM'000	3 months ended 31/12/2015 RM'000	12 months ended 31/12/2016 RM'000	12 months ended 31/12/2015 RM'000
Profit before taxation is arrived at after charging:				
Depreciation and amortisation	122,468	119,561	389,896	363,388
Impairment loss on long term receivables	5,387	-	5,387	-
Impairment loss on trade and other receivables	3,726	2,237	98,851	2,543
Inventories written off	2,465	2,491	2,465	7,648
Net loss on foreign exchange	-	4,518	-	-
Interest on revolving credit and term loan	277	899	2,130	2,911
Profit margin for Islamic financing facility	892	1,198	3,584	4,826
Profit margin for Islamic Medium Term Notes	-	-	-	2,321
Property, plant and equipment written off	3,872	1,520	6,569	13,308
Net loss on forward contract	-	5	259	5
and after crediting:				
Net gain on disposal of property, plant and equipment	17,633	1,513	34,566	3,707
Interest income from deposits	18,818	16,153	82,622	54,511
Income from rental of premises	569	171	1,904	1,456
Net gain on foreign exchange	5,911	5	11,701	27,465
Net gain on forward contract	40	-	-	-
Reversal of impairment losses on trade and other receivables	824	659	824	659

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

BY ORDER OF THE BOARD

Hasnizaini Mohd Zain (LS 0009780)

Yeap Kok Leong (MAICSA 0862549)

Joint Secretaries

Kuala Lumpur

21 February 2017