



**PETRON MALAYSIA REFINING & MARKETING BHD**  
(Company Number 3927 V)

The Board of Directors of Petron Malaysia Refining & Marketing Bhd hereby announce the financial results of the Company for the quarter ended March 31, 2015 and for the three months period ended March 31, 2015.

This interim report is prepared in accordance with the requirements of Malaysian Financial Reporting Standard (MFRS) 134 “Interim Financial Reporting” and paragraph 9.22 of the Main Market Listing Requirements (BURSA Securities Listing Requirements) of Bursa Malaysia Securities Berhad (BMSB).



**PETRON MALAYSIA REFINING & MARKETING BHD**  
**CONDENSED STATEMENTS OF COMPREHENSIVE INCOME**  
(Amounts in Thousand Ringgit Malaysia, Except Per Share Amounts)

**Unaudited**

	Note	January to March		January to March	
		2015	2014	2015	2014
Revenue		1,839,618	2,943,003	1,839,618	2,943,003
Cost of sales		(1,687,175)	(2,905,344)	(1,687,175)	(2,905,344)
Gross profit		152,443	37,659	152,443	37,659
Other operating income		13,941	15,617	13,941	15,617
Other operating expenses		(53,914)	(49,100)	(53,914)	(49,100)
Administrative expense		(501)	(273)	(501)	(273)
Operating income		111,969	3,903	111,969	3,903
Other income (expense) - net		(16,320)	3,933	(16,320)	3,933
Finance cost		(13,298)	(17,162)	(13,298)	(17,162)
Profit (Loss) before tax	15	82,351	(9,326)	82,351	(9,326)
Tax (expense) benefit	16	(25,529)	2,611	(25,529)	2,611
Profit (Loss) for the period		56,822	(6,715)	56,822	(6,715)
<b>Total comprehensive income (loss) for the period</b>		<b>56,822</b>	<b>(6,715)</b>	<b>56,822</b>	<b>(6,715)</b>
Profit (Loss) attributable to equity holders of the Company		56,822	(6,715)	56,822	(6,715)
Total comprehensive income (loss) attributable to equity holders of the Company		56,822	(6,715)	56,822	(6,715)
Earnings (Loss) per share (sen)	23	21.0	(2.5)	21.0	(2.5)

Certified by:   
**MYRNA C. GERONIMO**  
Chief Finance Officer

(The condensed statements of cash flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.)



**PETRON MALAYSIA REFINING & MARKETING BHD**  
**CONDENSED STATEMENTS OF FINANCIAL POSITION**  
**(Amounts in Thousand Ringgit Malaysia)**

**Unaudited**

	<i>Note</i>	<i>As at</i> <i>Mar 31, 2015</i>	<i>As at</i> <i>Dec 31, 2014</i>
<b>ASSETS</b>			
Deposit, cash and bank balances		65,090	354,668
Derivative financial assets		13,045	19,507
Trade and other receivables		337,034	422,092
Inventories		534,445	442,385
Tax recoverable		27,445	32,149
<b>Total Current Assets</b>		<b>977,059</b>	<b>1,270,801</b>
Property, plant and equipment		986,925	981,591
Long-term assets		181,544	183,767
Intangible assets- software		5,819	6,483
<b>Total Non-Current Assets</b>		<b>1,174,288</b>	<b>1,171,841</b>
<b>TOTAL ASSETS</b>		<b>2,151,347</b>	<b>2,442,642</b>
<b>LIABILITIES</b>			
Borrowings (unsecured)	18	385,000	790,000
Derivative financial liabilities		4,219	834
Trade and other payables		620,932	608,168
Retirement benefits obligations		4,452	4,452
Taxation		209	400
<b>Total Current Liabilities</b>		<b>1,014,812</b>	<b>1,403,854</b>
Borrowings	18	198,408	198,276
Retirement benefits obligations		42,661	42,304
Deferred income tax		59,010	38,185
Other non-current liabilities		19,611	-
<b>Total Non-Current Liabilities</b>		<b>319,690</b>	<b>278,765</b>
<b>TOTAL LIABILITIES</b>		<b>1,334,502</b>	<b>1,682,619</b>

(The condensed statements of financial position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.)




PETRON MALAYSIA REFINING & MARKETING BHD  
CONDENSED STATEMENTS OF FINANCIAL POSITION  
(Amounts in Thousand Ringgit Malaysia)

Unaudited  
(Continued)

		<i>As at</i> <i>Mar 31, 2015</i>	<i>As at</i> <i>Dec 31, 2014</i>
	<i>Note</i>		
<hr/>			
<b>EQUITY</b>			
Share capital		135,000	135,000
Retained earnings	24	673,845	617,023
Other reserves	24	8,000	8,000
<b>TOTAL EQUITY</b>		<b>816,845</b>	<b>760,023</b>
<hr/>			
<b>TOTAL EQUITY and LIABILITIES</b>		<b>2,151,347</b>	<b>2,442,642</b>

Certified by:

  
MYRNA C. GERONIMO  
Chief Finance Officer

(The condensed statements of financial position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.)



**PETRON MALAYSIA REFINING & MARKETING BHD**  
**CONDENSED STATEMENTS OF CHANGES IN EQUITY**  
 (Amounts in Ringgit Malaysia and Number of Shares, in Thousand)

Unaudited

	<i>Issued and fully paid ordinary share of RM0.50 each</i>		<i>Distributable</i>		<i>Total equity</i>
	<i>Number of ordinary share</i>	<i>Nominal value</i>	<i>Capital redemption reserve</i>	<i>Retained earnings</i>	
<b>At January 1, 2014 (restated)</b>	270,000	135,000	8,000	718,791	861,791
Total comprehensive loss attributable to equity holders	-	-	-	(6,715)	(6,715)
<b>At March 31, 2014</b>	270,000	135,000	8,000	712,076	855,076
<b>At January 1, 2015</b>	270,000	135,000	8,000	617,023	760,023
Total comprehensive income attributable to equity holders	-	-	-	56,822	56,822
<b>At March 31, 2015</b>	270,000	135,000	8,000	673,845	816,845

Certified by:   
**MYRNA C. GERONIMO**  
 Chief Finance Officer

(The condensed statements of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.)



**PETRON MALAYSIA REFINING & MARKETING BHD**  
**CONDENSED STATEMENTS OF CASH FLOWS**  
**(Amounts in Thousand Ringgit Malaysia)**  
**Unaudited**

	<i>January to March</i>	
	<i>2015</i>	<i>2014</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit (Loss) before tax	82,351	(9,326)
Adjustments for:		
Amortisation of intangible assets	664	664
Amortisation of long-term assets	4,922	5,565
Depreciation of property, plant and equipment	14,242	14,990
Finance costs	7,053	15,793
Finance income	(423)	(217)
Intangible asset written off	-	(147)
(Gain) loss on disposal of property, plant and equipment	-	(300)
Property, plant and equipment written off	6,072	489
Retirement/separation benefit costs	1,264	1,366
Unrealised foreign exchange differences	3,163	(1,645)
Other (gain) loss	9,114	(2,930)
Changes in working capital		
Change in inventories	(92,060)	(129,651)
Change in long-term assets	3	(1,033)
Change in trade and other receivables and other financial assets	87,294	(78,658)
Change in trade and other payables and other financial liabilities	23,519	5,914
Cash flows from (used in) operations	147,178	(179,126)
Interest paid	(2,731)	(13,256)
Interest received	423	217
Real Property Gain Tax / Income tax paid	(191)	-
Retirement/separation benefits paid	(907)	(143)
<b>Net cash flows from (used in) operating activities</b>	<b>143,772</b>	<b>(192,308)</b>



(The condensed statements of cash flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.)



PETRON MALAYSIA REFINING & MARKETING BHD  
CONDENSED STATEMENTS OF CASH FLOWS  
(Amounts in Thousand Ringgit Malaysia)

Unaudited  
(Continued)

	<u>January to March</u>	
	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(25,648)	(16,500)
Payment for long-term assets	(2,702)	(1,142)
Proceeds from disposal of property, plant and equipment	-	300
<b>Net cash flows used in investing activities</b>	<b>(28,350)</b>	<b>(17,342)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Repayment) Proceeds from borrowings	(405,000)	138,042
Debt issue cost paid	-	(1,035)
Deposit with related company	-	(137)
<b>Net cash flows (used in) from financing activities</b>	<b>(405,000)</b>	<b>136,870</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(289,578)</b>	<b>(72,780)</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>-</b>	<b>(145)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>354,668</b>	<b>97,593</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>65,090</b>	<b>24,668</b>

Certified by:   
 MYRNA C. GERONIMO  
Chief Finance Officer

(The condensed statements of cash flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.)



**PETRON MALAYSIA REFINING & MARKETING BHD**  
**(Amounts in Thousand Ringgit Malaysia, Except Per Share Data)**

**Part A - Explanatory Notes Pursuant to MFRS 134**

**1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (BMSB). These interim financial statements also comply with IAS 134 Interim Financial Reporting issued by the International Accounting Standards Board.

The explanatory notes to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and the performance of the Company since the financial year ended December 31, 2014.

**2. Summary of Significant Accounting Policies**

**a) Changes in Accounting Policies**

The audited financial statements of the Company for the year ended December 31, 2014 were prepared in accordance with MFRS. The same accounting policies and methods of computation were followed in the interim financial statements as with the financial statements for the year ended December 31, 2014.

On January 1, 2015, the Company adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after July 1, 2014.

- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits - Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*

The adoption of the above standards did not have any effect on the financial performance or position of the Company.



**b) Standards, Amendments to Published Standards and Interpretations to Existing Standards that are applicable to the Company but not yet effective**

The new standards and amendments to published standards applicable to the Company that will be effective from January 1, 2016 but have not been early adopted by the Company, are as follows:

- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception*
- 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 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture - Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

The Company will apply the above standards and amendments from financial period beginning January 1, 2016.

Adoptions of these standards are not expected to have any material impact on the financial position of the Company.

**3. Comments about Seasonal or Cyclical Factors**

The operations of the business are not seasonal or cyclical in nature.

**4. Unusual Items Due to their Nature, Size or Incidence**

There were no unusual items affecting assets, liabilities, equity, net income and cash flows of the Company during the current quarter.

**5. Changes in Estimates**

There were no changes in estimates that have had any material effect in the current quarter.

**6. Debt and Equity Securities**

There were no issuances, cancellations, repurchases, resale or repayments of debt and equity securities during the current quarter.

## 7. Dividend Paid

There has been no dividend paid since December 31, 2014.

## 8. Segmental Information

The Company is organised to operate as one integrated business segment to manufacture and sell petroleum products. These integrated activities are known across the petroleum industry as the Downstream segment. As such, the assets and liabilities are disclosed within the financial statements as one segment.

Revenues are mainly derived from the sale of petroleum products to domestic customers including its affiliates and competitors. A breakdown of the revenues by geographical location is as follows:

	<i>3 months ended</i>		<i>Period ended</i>	
	<i>31.03.2015</i>	<i>31.03.2014</i>	<i>31.03.2015</i>	<i>31.03.2014</i>
Domestic	1,679,587	2,637,012	1,679,587	2,637,012
Foreign	160,031	305,991	160,031	305,991
<b>Total Revenues</b>	<b>1,839,618</b>	<b>2,943,003</b>	<b>1,839,618</b>	<b>2,943,003</b>

For the period ended March 31, 2015 approximately RM405,831 (2014: RM634,193) of the revenues are derived from one major customer who is a related party to the Company.

All non-current assets of the Company are located in Malaysia.

## 9. Changes in Composition of the Company

There were no changes in the composition of the Company during the current quarter.

## 10. Changes in Contingent Liabilities

There were no significant changes in contingent liabilities or contingent assets since the last annual statement of financial position as at December 31, 2014.

## 11. Capital Commitments

Capital commitments not provided for in the Interim Financial Report as at March 31, 2015 are as follows:

<b>Property, plant &amp; equipment</b>	
Authorised but not contracted for	187,972
Contracted for but not provided for	40,857
<b>Total</b>	<b>228,829</b>

## Part B- Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of BMSB

### 12. Review of Performance - Current Financial period ended March 31, 2015

The Company's improved financial performance can be attributed to pro-active risk management, better operating efficiencies, and improved margins.

Reflecting the drop in oil prices, revenues decreased by 38% to RM1.84 billion. Sales volumes remained nearly flat at 7.2 million barrels during the period as the strong growth in gasoline, LPG, and aviation fuel was offset by a decline in retail diesel and export sales.

While Dated Brent remained weak averaging US\$54/barrel versus the US\$108/barrel average from the same period last year, the price differential between processed crudes and finished products improved. This resulted in a significant improvement in gross profit and operating income, which ultimately ended in a net income of RM 57 million. This is a turnaround from the RM 7 million loss during the same period in 2014.

### 13. Commentary on Prospects

PMRMB will continue to pursue the completion of strategic projects that will further increase its market presence and boost operational efficiencies.

Since the Company entered the Malaysian market, all its retail stations now carry Petron's distinct red and blue colours. PMRMB together with its sister companies, Petron Fuel International Sdn Bhd and Petron Oil (M) Sdn Bhd (that together form "Petron Malaysia Group") is ramping up efforts to increase its retail network with several service stations in various stages of construction. The objective is to bring Petron closer to consumers.

Petron's cards programs will continue to reward and offer more benefits to loyal customers and card holders.

The Company will carry out projects that will further enhance its supply chain to better support its expanding network of retail stations and customer base. The Company's initiative to link the Port Dickson Refinery via the multi-product pipeline to the Klang Valley Distribution Terminal is expected to be completed by end of the second quarter. This will allow the supply of multiple products from the refinery to the Klang Valley market more efficiently and in a safe, secure and cost effective manner.

### 14. Profit Forecast or Profit Guarantee

As a matter of policy, the Company does not make profit forecasts or profit guarantees.

## 15. Commentary on Profit before Tax

The profit before tax is arrived at after charging (crediting) the following items:

	<i>3 months ended</i>		<i>Period ended</i>	
	<i>31.03.2015</i>	<i>31.03.2014</i>	<i>31.03.2015</i>	<i>31.03.2014</i>
Property, plant and equipment				
- Depreciation	14,242	14,990	14,242	14,990
- Write-off	6,072	489	6,072	489
- Gain (loss) on disposal	-	(300)	-	(300)
Amortisation of long-term assets	4,922	5,565	4,922	5,565
Amortisation of intangible assets	664	664	664	664
Finance income	(423)	(217)	(423)	(217)
Finance expense	7,053	15,793	7,053	15,793
Foreign exchange				
- Realised loss (gain)	15,529	(1,794)	15,529	(1,794)
- Unrealised (gain) loss	3,162	(1,645)	3,162	(1,645)
Fair value changes on derivatives				
- Realised (gain) loss				
-Forex	(16,653)	2,702	(16,653)	2,702
-Commodity	(15,351)	(4,532)	(15,351)	(4,532)
- Unrealised loss (gain)				
-Forex	(1,692)	3,330	(1,692)	3,330
-Commodity	10,806	(1,665)	10,806	(1,665)

There are no exceptional items, inventories written off, gain or loss on disposal of quoted or unquoted investments or properties.

## 16. Tax expense

	<i>3 months ended</i>		<i>Period ended</i>	
	<i>31.03.2015</i>	<i>31.03.2014</i>	<i>31.03.2015</i>	<i>31.03.2014</i>
Income tax expense				
- Current year	4,917	-	4,917	-
- Prior year	(4)	-	(4)	-
- Real Property Gain Tax	(209)	-	(209)	-
Deferred income tax				
- Origination and reversal of temporary differences	20,825	(2,611)	20,825	(2,611)
Income tax expense (benefit) recognised in profit or loss	25,529	(2,611)	25,529	(2,611)

The effective tax rate is normally higher than the statutory tax rate primarily reflecting the varying relationship of the non-deductible expenses (which are relatively fixed over time) to changing levels of profit or loss from period to period.

## 17. Corporate Proposals

There were no corporate proposals.

## 18. Borrowings

The Company's borrowings as at March 31, 2015 are as follows:

Working capital facility - short-term, unsecured	385,000
Long term loan facility - unsecured	198,408
<b>Total</b>	<b>583,408</b>

## 19. Derivative Financial Instruments

As at March 31, 2015, the Company has the following outstanding derivative financial instruments:

<i>Type of derivatives</i>	<i>Contract/ Notional value</i>	<i>Cash paid</i>	<i>Fair value</i>	
			<i>Assets</i>	<i>Liabilities</i>
Derivatives at fair value through profit or loss				
- Foreign currency forward contract	431,931	-	1,888	(196)
- Commodity swaps	103,772	-	9,471	(5,710)
	<b>535,703</b>	<b>-</b>	<b>11,359</b>	<b>(5,906)</b>

### (a) Foreign currency forward contract

The Company enters into foreign currency forward contracts to manage its exposures on foreign currency arising from payables for crude and products purchases denominated in US Dollar. Forward contracts have maturities of less than 180 days after the end of the reporting period.

### (b) Commodity derivatives

The Company mitigates crude and petroleum products price risks using commodity swap and options. Commodity hedging allows stability in prices, thus offsetting the risk of volatile market fluctuations. All of the commodity derivative contracts have maturities of less than 180 days after the end of the reporting period.

The foreign currency forward contracts, commodity swaps and options are transacted with accredited banks and traded on over-the-counter ("OTC") markets. Hence, credit risk for non-performance by the counterparties and liquidity risk associated with these derivative instruments are minimal. Hedging policy is in place and decisions are guided by the conditions set and approved by the Company's management. The Company does not apply hedge accounting.

Derivatives are financial instruments classified at fair value through profit or loss. Derivative instruments are initially recognised at fair value on the date in which a derivative transaction is entered into, and are subsequently re-measured at fair value. Gains and losses from changes in fair value of these derivatives are recognised directly in profit or loss.

## 20. Fair Value Changes of Financial Liabilities

The gains and losses arising from fair value changes of financial liabilities measured at fair value through profit or loss are as follows:

	<i>Fair Value (Gain) Loss</i>		<i>Basis for fair value measurement</i>
	<i>3 months ended</i>	<i>Period ended</i>	
	<u>31.03.2015</u>	<u>31.03.2015</u>	
Foreign currency forward contract	166	166	Level 2 measurement (OTC price)
Commodity swaps	(5,238)	(5,238)	Level 2 measurement (OTC price)
	<u>(5,072)</u>	<u>(5,072)</u>	

The fair value losses on derivative financial liabilities are due to underlying risk variables.

Except for the derivative financial liabilities, all other financial liabilities are measured at the amortised cost using effective interest method. Hence, no gain or loss is recognised for changes in the fair values of these liabilities.

## 21. Changes in Material Litigation

There were no significant changes to material litigation since December 31, 2014.

## 22. Dividend Payable

The Company did not declare any dividends during the three months ended March 31, 2014.

## 23. Earnings per Ordinary Share

	<i>3 months ended</i>		<i>Period ended</i>	
	<u>31.03.2015</u>	<u>31.03.2014</u>	<u>31.03.2015</u>	<u>31.03.2014</u>
Profit (Loss) for the period attributable to equity holders of the Company	56,822	(6,715)	56,822	(6,715)
Number of ordinary shares in issue ('000)	270,000	270,000	270,000	270,000
Earnings (Loss) per share (sen)	<u>21.0</u>	<u>(2.5)</u>	<u>21.0</u>	<u>(2.5)</u>

## 24. Reserves

	<i>As at</i>	
	<u>31.03.2015</u>	<u>31.03.2014</u>
Non-distributable		
Capital redemption reserve	8,000	8,000
Reserve for retirement plan	-	-
Other reserves	<u>8,000</u>	<u>8,000</u>
Transfer to retained earning	-	-
	<u>8,000</u>	<u>8,000</u>
Distributable		
Retained earnings	673,845	712,076
Transfer from reserve for retirement plan	-	-
<b>Total reserves</b>	<b><u>681,845</u></b>	<b><u>720,076</u></b>

## 25. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the Company's financial statements for the year ended December 31, 2014 was not qualified.

**26. Supplementary information disclosed pursuant to Bursa Malaysia Securities Berhad Listing Requirements**

The following analysis of realised and unrealised retained profits at the legal entity level is prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants whilst the disclosure is based on the prescribed format by the Bursa Malaysia Securities Berhad.

	<i>As at</i>	
	<u>31.03.2015</u>	<u>31.12.2014</u>
Total retained profits:		
- realised	730,564	636,836
- unrealised	(56,719)	(19,813)
<b>Total retained profits</b>	<b>673,845</b>	<b>617,023</b>

The disclosure of realised and unrealised profits above is solely for compliance with the directive issued by the Bursa Malaysia Securities Berhad and should not be used for any other purpose.