



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 June 30, 2015 and for the six months period ended June 30, 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	April to June		January to June	
		2015	2014 <i>Restated</i>	2015	2014 <i>Restated</i>
Revenue		2,265,985	3,047,474	4,105,603	5,990,477
Cost of sales		(2,092,749)	(2,990,932)	(3,779,924)	(5,896,276)
Gross profit		173,236	56,542	325,679	94,201
Other operating income		14,019	13,081	27,960	28,698
Other operating expenses		(55,996)	(54,731)	(109,910)	(103,831)
Administrative expenses		(1,078)	(539)	(1,579)	(812)
Results from operating activities		130,181	14,353	242,150	18,256
Other income		2,985	13,073	21,807	23,009
Other expenses		(15,105)	(11,120)	(50,671)	(17,341)
Finance income		129	144	553	361
Finance cost		(11,852)	(18,555)	(25,150)	(35,716)
Profit (Loss) before tax	15	106,338	(2,105)	188,689	(11,431)
Tax (expense) benefit	16	(32,963)	590	(58,492)	3,200
Profit (Loss) for the period		73,375	(1,515)	130,197	(8,231)
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income (loss) for the period		73,375	(1,515)	130,197	(8,231)
Profit (Loss) attributable to equity holders of the Company		73,375	(1,515)	130,197	(8,231)
Total comprehensive income (loss) attributable to equity holders of the Company		73,375	(1,515)	130,197	(8,231)
Earnings (Loss) per share (sen)	23	27.2	(0.6)	48.2	(3.0)

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

	Note	<i>As at June 30, 2015</i>	<i>As at Dec 31, 2014</i>
ASSETS			
Cash and cash equivalents		55,184	354,668
Derivative financial assets		6,222	19,507
Trade and other receivables		555,768	422,092
Inventories		499,137	442,385
Tax recoverable		-	32,149
Total Current Assets		1,116,311	1,270,801
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Property, plant and equipment		983,431	981,591
Long-term assets		176,914	183,767
Intangible assets- software		5,155	6,483
Total Non-Current Assets		1,165,500	1,171,841
TOTAL ASSETS		2,281,811	2,442,642
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LIABILITIES			
Loans and borrowings	18	427,967	790,000
Trade and other payables		632,660	608,168
Derivative financial liabilities		7,535	834
Retirement benefits obligations		4,452	4,452
Taxation		2,604	400
Total Current Liabilities		1,075,218	1,403,854
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Loans and borrowings	18	190,576	198,276
Retirement benefits obligations		43,591	42,304
Deferred tax liabilities		61,979	38,185
Other non-current liabilities		20,227	-
Total Non-Current Liabilities		316,373	278,765
TOTAL LIABILITIES		1,391,591	1,682,619

(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)

	Note	<i>As at</i> <i>June 30, 2015</i>	<i>As at</i> <i>Dec 31, 2014</i>
EQUITY			
Share capital		135,000	135,000
Reserves	24	8,000	8,000
Retained earnings	24	747,220	617,023
TOTAL EQUITY		890,220	760,023
TOTAL EQUITY and LIABILITIES		2,281,811	2,442,642

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 Thousand Ringgit Malaysia)

Unaudited

	Non-distributable			Distributable	
	Share capital	Capital redemption reserve	Reserve for retirement plan	Retained earnings	Total equity
At January 1, 2014	135,000	8,000	-	718,791	861,791
Total comprehensive loss attributable to equity holders	-	-	-	(8,231)	(8,231)
Dividends for the year ended December 31, 2013	-	-	-	(37,800)	(37,800)
At June 30, 2014	135,000	8,000	-	672,760	815,760
At January 1, 2015	135,000	8,000	-	617,023	760,023
Total comprehensive income attributable to equity holders	-	-	-	130,197	130,197
Dividends for the year ended December 31, 2014	-	-	-	-	-
At June 30, 2015	135,000	8,000	-	747,220	890,220

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 June</i>	
	<i>2015</i>	<i>2014</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (Loss) before tax	188,689	(11,431)
Adjustments for:		
Amortisation of intangible assets	1,328	1,328
Amortisation of long-term assets	9,835	10,553
Depreciation of property, plant and equipment	30,032	30,105
Finance costs	25,150	35,716
Finance income	(553)	(361)
Bad debt written off	-	147
Gain on disposal of property, plant and equipment	-	(1,264)
Loss on disposal of long-term asset	-	165
Property, plant and equipment written off	6,072	1,586
Retirement/separation benefit costs	2,527	2,616
Unrealised foreign exchange differences	3,274	(1,205)
Other loss (gain)	1,313	(8,473)
Changes in working capital		
Change in inventories	(56,752)	(170,168)
Change in long-term assets	2	(649)
Change in trade and other payables and other financial liabilities	35,032	(15,618)
Change in trade and other receivables and other financial assets	(112,963)	52,435
Cash generated from (used in) operations	133,986	(74,518)
Interest paid	(20,539)	(28,219)
Interest received	553	361
Real Property Gain Tax / Income tax paid	(345)	-
Retirement/separation benefits paid	(1,240)	(1,182)
Net cash from (used in) operating activities	111,415	(103,558)

(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 June</u>	
	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(37,941)	(43,422)
Payment for long-term assets	(2,984)	(1,521)
Proceeds from disposal of property, plant and equipment	-	1,264
Net cash used in investing activities	(40,925)	(43,679)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	-	200,000
Repayment of borrowings	(370,000)	(2,067)
Deposit with related company	-	(145)
Dividends paid to the owners of the Company	-	(37,800)
Net cash from (used in) financing activities	(370,000)	159,988
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(299,510)	12,751
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	26	(226)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	354,668	97,593
CASH AND CASH EQUIVALENTS AT END OF PERIOD	55,184	110,118

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. This report should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2014.

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. 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 material impact to the interim financial statements 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 but have not been early adopted by the Company, are as follows:

i) Amendments effective from January 1, 2016

- Amendments to MFRS 7, *Financial Instruments: Disclosures (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 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

ii) Standard effective from January 1, 2017

- MFRS 15, *Revenue from Contracts with Customers*

iii) Standard effective from January 1, 2018

- MFRS 9, *Financial Instruments (2014)*

The Company will apply the above standards and amendments from financial period beginning January 1, 2016, January 1, 2017 and January 1, 2018 respectively.

Adoptions of these standards are not expected to have any material impact on the financial position of the Company. The remaining standards and interpretations that are issued but not yet effective are not applicable to the Company's operations.

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>	
	<u>30.06.2015</u>	<u>30.06.2014</u>	<u>30.06.2015</u>	<u>30.06.2014</u>
Domestic	2,187,017	2,691,440	3,708,173	5,328,452
Foreign	78,968	356,034	397,430	662,025
Total Revenues	2,265,985	3,047,474	4,105,603	5,990,477

For the period ended June 30, 2015 approximately RM936,966 (2014: RM1,279,496) 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 Assets and Contingent Liabilities

There were no significant changes in contingent assets or contingent liabilities 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 June 30, 2015 are as follows:

Property, plant & equipment	
Authorised but not contracted for	172,708
Contracted for but not provided for	25,047
Total	197,755

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

12. Review of Performance - Current Financial period ended June 30, 2015

Petron Malaysia Refining & Marketing Berhad (PMRMB) posted a net income of RM73.4 million for the second quarter, a turnaround from the RM1.5 million loss over the same period in 2014 due to better operating efficiencies and improved margins amid the continued stability of crude and finished product prices. The company recorded RM2.3 billion in revenues during the quarter, a 26% drop compared to the RM3.0 billion revenues last year due to lower prices. Sales volume rose by 3% to 7.89 million barrels in the quarter from 7.67 million barrels in second quarter of 2014.

The first half ended with a RM130.2 million net income. Total sales volume for the first six months rose to 15.09 million barrels against last year's 14.96 million barrels with strong sales coming from the commercial sector and an upswing in gasoline volumes.

13. Commentary on Prospects

PMRMB is on track with its programs to grow its business despite the challenges of the unpredictable global oil market.

PMRMB will continue to expand its retail network of service stations. PMRMB, together with its sister companies, Petron Fuel International Sdn Bhd and Petron Oil (M) Sdn Bhd (that together form "Petron Malaysia Group"), has completed 13 new stations in key locations as of July 2015 with several more in various stages of construction.

The Company has also successfully completed the multi-product pipeline connecting its Port Dickson Refinery to the Klang Valley Distribution Terminal, lowering its distribution costs to this high-volume area. The Company has also announced that it has started the delivery of the new and improved Petron Blaze 97 Euro 4M gasoline in support of the government's mandate to make this product available by September 2015. Petron shall continue to introduce more innovative products and services to benefit consumers while reducing its environmental footprint.

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>30.06.2015</i>	<i>30.06.2014</i>	<i>30.06.2015</i>	<i>30.06.2014</i>
Property, plant and equipment				
- Depreciation	15,790	15,115	30,032	30,105
- Written off	-	1,098	6,072	1,586
- Gain on disposal	-	(965)	-	(1,264)
Amortisation of long-term Assets	4,913	4,988	9,835	10,553
Amortisation of intangible assets	664	665	1,328	1,328
Finance income	(129)	(144)	(553)	(361)
Finance costs	11,852	18,555	25,150	35,716
Foreign exchange				
- Realised loss (gain)	3,915	(10,047)	19,444	(11,842)
- Unrealised (gain) loss	112	439	3,274	(1,205)
Fair value changes on derivatives				
- Realised (gain) loss				
- Forex	(1,700)	13,138	(18,353)	15,840
- Commodity	30,788	12,830	31,328	8,298
- Unrealised loss (gain)				
- Forex	(1,160)	(2,151)	(2,852)	1,179
- Commodity	9,249	(3,392)	4,165	(9,652)

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>30.06.2015</i>	<i>30.06.2014</i>	<i>30.06.2015</i>	<i>30.06.2014</i>
Current income tax expense	29,997	-	34,700	-
Real Property Gain Tax	(1)	-	(1)	-
Deferred tax expense (benefit)				
- Origination and reversal of temporary differences	2,967	(590)	23,793	(3,200)
Income tax expense (benefit) recognised in profit or loss	32,963	(590)	58,492	(3,200)

The effective tax rate is 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 June 30, 2015 are as follows:

Current	
Working capital facility - unsecured	420,000
Short term portion of long term loan - unsecured	7,967
Non-current	
Long term loan - unsecured	190,576
Total	618,543

19. Derivative Financial Instruments

The Company measures fair value using the following fair value hierarchy that reflects the significance of the input used in making the measurements:

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

There has been no transfer between Level 1 and Level 2 fair values during the year.

As at June 30, 2015, the Company has the following outstanding derivative financial instruments:

<i>Type of derivatives</i>	<i>Fair value hierarchy</i>	<i>Contract/ Notional value</i>	<i>Fair value</i>	
			<i>Assets</i>	<i>Liabilities</i>
Derivatives at fair value through profit or loss				
- Foreign currency forward contract	Level 2	533,913	3,038	(186)
- Commodity swaps	Level 2	57,487	3,184	(7,349)
		591,400	6,222	(7,535)

All the forward contracts and the commodity derivative contracts have maturities of less than one year 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. The related accounting policies, cash requirements of the derivatives, risk associated with the derivatives and policies to mitigate those risks are unchanged since the last financial year.

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> <u>30.06.2015</u>	<i>Period ended</i> <u>30.06.2015</u>	
Foreign currency forward contract	(19)	176	Level 2 measurement (OTC price)
Commodity swaps	(1,638)	(6,877)	Level 2 measurement (OTC price)
	<u>(1,657)</u>	<u>(6,701)</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

The High Court in Kuala Lumpur, on June 30, 2015, delivered Judgment on the lawsuit against the Company brought by its former transportation contractor, Konsortium Lord Saberkat Sdn Bhd (“KLSSB”). KLSSB claimed a sum of RM41,091,732.50 in the lawsuit against the Company.

The High Court in Kuala Lumpur dismissed most of KLSSB’s claims but nevertheless ruled that a sum of RM3,387,212.50 was payable by the Company to KLSSB including interest on the said sum (at the rate of 5% per annum from the date of the filing of the Writ of Summons until the date of full and final settlement) and costs of RM15,000.

On July 13, 2015, in a clarification on the Judgment, the High Court has ruled that an additional sum of RM352,250.50 to be part of the sum payable by the Company to KLSSB.

The Company filed a notice of appeal with the Court of Appeal on July 21, 2015 in relation to parts of the Judgment that was against the Company namely: (1) the sum of RM3,739,463 (inclusive of the RM352,250.50 per clarification on the Judgment by High Court), (2) interest on the said sum (at the rate of 5% per annum from the date of filing

of the Writ of Summons until the date of full and final settlement) payable by the Company to KLSSB; and (3) Costs of RM15,000 payable by Company to KLSSB.

Further, on July 24,2015, KLSSB filed a notice of appeal with the Court of Appeal in relation to parts of the Judgment where most of KLSSB's claims were dismissed.

22. Dividend Payable

The Company did not declare any dividends during the three months ended June 30, 2015.

23. Earnings per Ordinary Share

	<i>3 months ended</i>		<i>Period ended</i>	
	<i>30.06.2015</i>	<i>30.06.2014</i>	<i>30.06.2015</i>	<i>30.06.2014</i>
Profit (Loss) for the period attributable to equity holders of the Company	73,375	(1,515)	130,197	(8,231)
Number of ordinary shares in issue ('000)	270,000	270,000	270,000	270,000
Earnings (Loss) per share (sen)	27.2	(0.6)	48.2	(3.0)

24. Reserves

	<i>As at</i>	
	<i>30.06.2015</i>	<i>30.06.2014</i>
Non-distributable		
Capital redemption reserve	8,000	8,000
Reserve for retirement plan	-	-
Other reserves	8,000	8,000
Transfer to retained earnings	-	-
	8,000	8,000
Distributable		
Retained earnings	747,220	672,760
Transfer from reserve for retirement plan	-	-
Total reserves	755,220	680,760

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.

	<i>As at</i>	
	<u>30.06.2015</u>	<u>31.12.2014</u>
Total retained profits:		
- realised	809,621	636,836
- unrealised	(62,401)	(19,813)
Total retained profits	747,220	617,023

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.