



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 December 31, 2015 and for the twelve months ended December 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 FINANCIAL POSITION
(Amounts in Thousand Ringgit Malaysia)

Unaudited

| | Note | As at Dec 31, 2015 | As at Dec 31, 2014 Restated |
|--------------------------------------|------|-----------------------|-----------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | | 159,274 | 354,668 |
| Derivative financial assets | | 10,991 | 19,507 |
| Trade and other receivables | | 315,910 | 400,266 |
| Inventories | | 499,842 | 442,385 |
| Other current assets | | 93,560 | 21,826 |
| Tax recoverable | | - | 32,149 |
| Total Current Assets | | 1,079,577 | 1,270,801 |
| Property, plant and equipment | | 977,502 | 981,591 |
| Long-term assets | | 209,877 | 183,767 |
| Intangible assets- software | | 3,828 | 6,483 |
| Total Non-Current Assets | | 1,191,207 | 1,171,841 |
| TOTAL ASSETS | | 2,270,784 | 2,442,642 |
| LIABILITIES | | | |
| Loans and borrowings | 15 | 385,696 | 790,000 |
| Trade and other payables | | 615,477 | 608,168 |
| Derivative financial liabilities | | 11,495 | 834 |
| Retirement benefits obligations | | 5,809 | 4,452 |
| Taxation | | 7,274 | 400 |
| Total Current Liabilities | | 1,025,751 | 1,403,854 |
| Loans and borrowings | 15 | 158,126 | 198,276 |
| Retirement benefits obligations | | 41,290 | 42,304 |
| Deferred tax liabilities | | 64,111 | 38,185 |
| Total Non-Current Liabilities | | 263,527 | 278,765 |
| TOTAL LIABILITIES | | 1,289,278 | 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 | As at Dec 31, 2015 | As at Dec 31, 2014 Restated |
|-------------------------------------|------|-----------------------|-----------------------------------|
| EQUITY | | | |
| Share capital | | 135,000 | 135,000 |
| Reserves | 16 | 8,000 | 8,000 |
| Retained earnings | 16 | 838,506 | 617,023 |
| TOTAL EQUITY | | 981,506 | 760,023 |
| TOTAL EQUITY and LIABILITIES | | 2,270,784 | 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 COMPREHENSIVE INCOME
(Amounts in Thousand Ringgit Malaysia, Except Per Share Amounts)

Unaudited

| | Note | October to December | | January to December | |
|---|------|---------------------|-------------------------|---------------------|-------------------------|
| | | 2015 | 2014 <i>Restated</i> | 2015 | 2014 <i>Restated</i> |
| Revenue | | 1,883,392 | 2,290,199 | 8,150,293 | 10,901,829 |
| Cost of sales | | (1,805,631) | (2,311,041) | (7,616,679) | (10,772,398) |
| Gross profit (loss) | | 77,761 | (20,842) | 533,614 | 129,431 |
| Other operating income | | 14,530 | 20,065 | 57,512 | 62,938 |
| Other operating expenses | | (57,713) | (40,895) | (214,433) | (197,622) |
| Administrative expenses | | (5,467) | (15,753) | (18,753) | (17,636) |
| Results from operating activities | | 29,111 | (57,425) | 357,940 | (22,889) |
| Other income | | 18,889 | 55,772 | 74,296 | 38,348 |
| Other expenses | | (27,902) | (45,068) | (78,933) | (29,282) |
| Finance income | | 244 | 449 | 1,042 | 1,037 |
| Finance cost | | (10,292) | (18,642) | (48,129) | (72,986) |
| Profit (Loss) before tax | 17 | 10,050 | (64,914) | 306,216 | (85,772) |
| Tax benefit (expense) | 18 | 6,193 | 17,331 | (85,617) | 21,294 |
| Profit (Loss) for the period | | 16,243 | (47,583) | 220,599 | (64,478) |
| Other comprehensive income, net of tax | | 884 | 510 | 884 | 510 |
| Total comprehensive income (expense) for the period | | 17,127 | (47,073) | 221,483 | (63,968) |
| Profit (Loss) attributable to equity holders of the Company | | 17,127 | (47,073) | 221,483 | (63,968) |
| Total comprehensive income (expense) attributable to equity holders of the Company | | 17,127 | (47,073) | 221,483 | (63,968) |
| Earnings (Loss) per share (sen) | 24 | 6.0 | (17.6) | 81.7 | (23.9) |

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 CHANGES IN EQUITY
(Amounts in Thousand Ringgit Malaysia)

Unaudited

| | <i>Non-Distributable</i> | | <i>Distributable</i> | |
|--|--------------------------|-----------------------------------|--------------------------|---------------------|
| | <i>Share capital</i> | <i>Capital redemption reserve</i> | <i>Retained earnings</i> | <i>Total equity</i> |
| At January 1, 2014 | 135,000 | 8,000 | 718,791 | 861,791 |
| Remeasurement of defined benefit liability | - | - | 510 | 510 |
| Loss for the year | - | - | (64,478) | (64,478) |
| Total comprehensive expense for the year | - | - | (63,968) | (63,968) |
| Dividends to owners of the Company | - | - | (37,800) | (37,800) |
| At December 31, 2014 | 135,000 | 8,000 | 617,023 | 760,023 |
| At January 1, 2015 | 135,000 | 8,000 | 617,023 | 760,023 |
| Remeasurement of defined benefit liability | - | - | 884 | 884 |
| Profit for the year | - | - | 220,599 | 220,599 |
| Total comprehensive income for the year | - | - | 221,483 | 221,483 |
| Dividends to owners of the Company | - | - | - | - |
| At December 31, 2015 | 135,000 | 8,000 | 838,506 | 981,506 |

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 December</i> | |
|--|----------------------------|----------------|
| | <i>2015</i> | <i>2014</i> |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit (Loss) before tax | 306,216 | (85,772) |
| Adjustments for: | | |
| Amortisation of intangible assets | 2,655 | 2,655 |
| Amortisation of long-term assets | 20,285 | 20,823 |
| Depreciation of property, plant and equipment | 60,560 | 59,830 |
| Impairment loss on receivables | 3 | - |
| Finance costs | 48,129 | 72,986 |
| Finance income | (1,042) | (1,037) |
| Gain on disposal of property, plant and equipment | (383) | (9,834) |
| Property, plant and equipment written off | 8,440 | 3,628 |
| Inventories write down | 4,481 | 27,547 |
| Retirement benefits cost | 5,054 | 5,173 |
| Unrealised foreign exchange (gain) loss | (581) | 302 |
| Other loss (gain) | 504 | (18,673) |
| Changes in working capital | | |
| Change in inventories | (61,938) | 224,833 |
| Change in long-term assets | 213 | (797) |
| Change in trade and other payables and other financial liabilities | (4,050) | (329,822) |
| Change in trade and other receivables and other financial assets | 32,313 | 390,770 |
| Cash generated from operations | 420,859 | 362,612 |
| Interest paid | (36,893) | (58,532) |
| Interest received | 1,042 | 1,037 |
| Real Property Gain Tax / Income tax paid | (20,947) | (27) |
| Retirement benefits paid | (3,199) | (4,302) |
| Net cash from operating activities | 360,862 | 300,788 |

(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 December</u> | |
|--|----------------------------|-----------------|
| | 2015 | 2014 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of property, plant and equipment | (65,328) | (99,604) |
| Payment for long-term assets | (46,608) | (4,337) |
| Proceeds from disposal of property, plant and equipment | 800 | 10,094 |
| Net cash used in investing activities | (111,136) | (93,847) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from borrowings | - | 90,000 |
| Repayment of borrowings | (445,000) | (2,066) |
| Dividends paid to the owners of the Company | - | (37,800) |
| Net cash (used in) from financing activities | (445,000) | 50,134 |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | (195,274) | 257,075 |
| EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | (120) | - |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 354,668 | 97,593 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 159,274 | 354,668 |

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 2015.

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, 2015 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, 2015.

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 12, *Disclosure of Interests in Other Entities*
- 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) Standards effective from January 1, 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*

The Company will apply the above standards and amendments from financial period beginning January 1, 2016 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> | |
|-----------------------|-----------------------|-------------------|---------------------|-------------------|
| | <i>31.12.2015</i> | <i>31.12.2014</i> | <i>31.12.2015</i> | <i>31.12.2014</i> |
| | | <i>Restated</i> | | <i>Restated</i> |
| Domestic | 1,791,226 | 2,046,922 | 7,436,604 | 9,802,055 |
| Foreign | 92,166 | 243,277 | 713,689 | 1,099,774 |
| Total Revenues | 1,883,392 | 2,290,199 | 8,150,293 | 10,901,829 |

For the period ended December 31, 2015 approximately RM1,780,594 (2014: RM2,417,700) 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 December 31, 2015 are as follows:

| | |
|--|----------------|
| Property, plant & equipment | |
| Authorised but not contracted for | 76,864 |
| Contracted for but not provided for | 40,129 |
| Total | 116,993 |

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

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

Petron Malaysia Refining & Marketing Bhd (PMRMB) recorded an after-tax profit of RM16.24 million in the last quarter of 2015 compared to a loss of RM47.58 million in the same period in 2014. PMRMB sustained its strong performance in 2015 despite the drop in the oil price during the last quarter of 2015.

The Company completed a 40-day mandatory maintenance turnaround of its Port Dickson Refinery (PDR). As a result, production and sale of its by-product Low Sulphur Waxy Residue was lower. Accordingly, total sales volume in the fourth quarter of 2015 went down to 7.3 million barrels versus 7.4 million barrels for the same period in 2014.

Both lower price and sales volume contributed to the 18% decrease in revenue to RM1.9 billion in the last quarter of 2015 from RM2.3 billion in the 4th quarter of 2014.

On full year performance, PMRMB's total sales volumes grew by 4% to 30.4 million barrels driven by a surge in commercial and retail gasoline sales. This translated to sales revenues of RM8.2 billion, a decrease of 25% from the previous year's RM10.9 billion mainly due to lower oil prices.

PMRMB posted an after tax profit of RM220.6 million, a significant recovery from its RM64.5 million loss in 2014. PMRMB attributed its strong performance to a robust growth in sales volumes, better operating efficiencies, and more stable margins. While oil price continued to drop in 2015, the decline was not as steep as in 2014. The benchmark Dated Brent crude fell by 20% from an average of US\$48 per barrel in January 2015 to US\$38 per barrel in December 2015 compared to the 42% drop during the same period in 2014. Prices of high-margin finished products, particularly gasoline, were more favorable in 2015 due to strong demand.

13. Commentary on Prospects

Despite the volatile operating environment, PMRMB remains focused on its core programs with the aim of increasing its market presence. After the successful launching of its new, environment-friendly premium fuel Blaze 97 Euro 4M and its 'Fuel Happy' campaign in 2015, PMRMB (together with its sister company Petron Fuel International Sdn Bhd) recently rolled out the country's first and only 100 RON premium gasoline.

PMRMB will continue to expand its network of service stations. Together with its sister companies, Petron Fuel International Sdn Bhd and Petron Oil (M) Sdn Bhd, PMRMB streamed about 30 new stations last year with several sites now in various stages of construction.

PMRMB will pursue the programs and initiatives that will further strengthen its business profitability and sustainability. The Company has completed the linking of its Port Dickson Refinery to the Klang Valley Distribution Terminal thru the Multi Product Pipeline, enhancing supply to this high demand center in a more cost-efficient and reliable manner. PDR also completed building two tanks to support higher demand for Petron's products.

14. Profit Forecast or Profit Guarantee

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

15. Borrowings

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

| | |
|------------------------------|----------------|
| Current | |
| Revolving credit - unsecured | 345,000 |
| Long term loan - unsecured | 40,696 |
| Non-current | |
| Long term loan - unsecured | 158,126 |
| Total | 543,822 |

16. Reserves

| | <i>As at</i> | |
|--|-------------------|-------------------|
| | <u>31.12.2015</u> | <u>31.12.2014</u> |
| Non-distributable | | |
| Capital redemption reserve | 8,000 | 8,000 |
| Distributable | | |
| Retained earnings | 837,622 | 616,513 |
| Remeasurement of defined benefit liability | 884 | 510 |
| Total reserves | 838,506 | 617,023 |

17. Profit (Loss) before Tax

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

| | <i>3 months ended</i> | | <i>Period ended</i> | |
|--------------------------------------|-----------------------|-------------------|---------------------|-------------------|
| | <u>31.12.2015</u> | <u>31.12.2014</u> | <u>31.12.2015</u> | <u>31.12.2014</u> |
| Property, plant and equipment | | | | |
| - Depreciation | 15,657 | 14,995 | 60,560 | 59,830 |
| - Written off | 4,339 | 1,139 | 8,440 | 3,628 |
| - Gain on disposal | (383) | (7,420) | (383) | (9,834) |
| Amortisation of long-term assets | 5,558 | 5,270 | 20,285 | 20,823 |
| Amortisation of intangible assets | 664 | 664 | 2,655 | 2,655 |
| Finance income | (244) | (449) | (1,042) | (1,037) |
| Finance costs | 10,292 | 18,642 | 48,129 | 72,986 |
| Write down of inventories | 4,481 | 27,547 | 4,481 | 27,547 |
| Impairment loss on trade receivables | 3 | - | 3 | - |
| Foreign exchange | | | | |
| - Realised (gain) loss | (13,276) | 37,867 | 52,387 | 28,980 |
| - Unrealised (gain) loss | (3,956) | (11,183) | (581) | 302 |
| Gain on derivatives | (11,396) | (101,758) | (117,389) | (125,586) |

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

18. Tax (benefit) expense

| | <i>3 months ended</i> | | <i>Period ended</i> | |
|---|-----------------------|-------------------|---------------------|-------------------|
| | <u>31.12.2015</u> | <u>31.12.2014</u> | <u>31.12.2015</u> | <u>31.12.2014</u> |
| Current tax (benefit) expense | | | | |
| - Current year | (6,766) | - | 59,971 | - |
| - Prior year | - | - | - | 432 |
| Real Property Gain Tax | | | | |
| - Current year | - | 427 | - | 427 |
| - Prior year | - | - | (1) | - |
| Deferred tax expense (benefit) | | | | |
| - Origination and reversal of temporary differences | 398 | (11,669) | 25,472 | (16,064) |
| - Over provision in prior year | 175 | (6,089) | 175 | (6,089) |
| Income tax (benefit) expense recognised in profit or loss | <u>(6,193)</u> | <u>(17,331)</u> | <u>85,617</u> | <u>(21,294)</u> |

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.

19. Corporate Proposals

There were no corporate proposals.

20. 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 December 31, 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 | 240,953 | 269 | (539) |
| - Commodity swaps | Level 2 | 58,417 | 10,722 | (10,956) |
| | | 299,370 | 10,991 | (11,495) |

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 and commodity swaps 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.

21. 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 31.12.2015</i> | <i>Period ended 31.12.2015</i> | |
| Foreign currency forward contract | 44 | (177) | Level 2 measurement (OTC price) |
| Commodity swaps | (8,218) | (10,484) | Level 2 measurement (OTC price) |
| | (8,174) | (10,661) | |

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.

22. Changes in Material Litigation

An action was filed against the Company by its former transportation contractor, Konsortium Lord Saberkat Sdn Bhd (“KLSSB”) in 2014. The claim against the Company amounted to approximately RM41,091,000. The High Court in Kuala Lumpur, on 30 June 2015, delivered Judgment on the lawsuit and dismissed most of KLSSB’s claims but nevertheless ruled that a sum of RM3,387,000 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 13 July 2015, in a clarification on the Judgment, the High Court ruled that an additional sum of RM352,000 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 21 July 2015 in relation to parts of the Judgment that were against the Company namely: (1) the sum of RM3,739,000 (inclusive of the RM352,000 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 24 July 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.

On 10 December 2015, the Court of Appeal held that all KLSSB’s appeal was dismissed and the Company’s appeal on 21 July 2015 was allowed. The Company was also awarded cost of RM30,000. Following the Court of Appeal’s decision, KLSSB on 6 January 2016 filed a motion to seek leave to appeal to the Federal Court (“the Motion”). The Company has taken necessary steps to oppose the Motion. The Federal Court, on the 16 February 2016, set 16 May 2016 for case management in relation to the Motion pending the handing down of written judgment from the Court of Appeal.

23. Dividend Payable

The Directors recommend that a final single tier dividend of 20.0 sen per share, amounting to RM54,000,000 be paid for the year ended December 31, 2015, subject to the shareholders’ approval at the forthcoming Annual General Meeting of the Company.

24. Earnings per Ordinary Share

| | <i>3 months ended</i> | | <i>Period ended</i> | |
|--|-----------------------|-------------------|---------------------|-------------------|
| | <i>31.12.2015</i> | <i>31.12.2014</i> | <i>31.12.2015</i> | <i>31.12.2014</i> |
| Profit (Loss) for the period attributable to equity holders of the Company | 16,243 | (47,583) | 220,599 | (64,478) |
| Number of ordinary shares in issue ('000) | 270,000 | 270,000 | 270,000 | 270,000 |
| Earnings (Loss) per share (sen) | 6.0 | (17.6) | 81.7 | (23.9) |

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 financial information on the breakdown of realised and unrealised profits or losses

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>31.12.2015</u> | <u>31.12.2014</u> |
| Total retained earnings of the Company: | | |
| - realised | 902,036 | 636,836 |
| - unrealised | (63,530) | (19,813) |
| Total retained earnings | 838,506 | 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.