



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, 2016 and for the three months ended March 31, 2016.

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	<i>As at</i> <i>Mar 31, 2016</i>	<i>As at</i> <i>Dec 31, 2015</i>
ASSETS			
Cash and cash equivalents		200,950	159,274
Derivative financial assets		3,659	10,991
Trade and other receivables		281,412	315,910
Inventories		465,471	499,842
Other current assets		113,669	93,560
Tax recoverable		10,943	-
Total Current Assets		1,076,104	1,079,577
Property, plant and equipment		970,335	977,502
Long-term assets		200,302	209,877
Intangible assets - software		3,164	3,828
Total Non-Current Assets		1,173,801	1,191,207
TOTAL ASSETS		2,249,905	2,270,784
LIABILITIES			
Loans and borrowings	15	277,229	385,696
Trade and other payables		707,461	615,477
Derivative financial liabilities		15,178	11,495
Retirement benefits obligations		5,809	5,809
Taxation		-	7,274
Total Current Liabilities		1,005,677	1,025,751
Loans and borrowings	15	141,738	158,126
Retirement benefits obligations		40,294	41,290
Deferred tax liabilities		64,077	64,111
Total Non-Current Liabilities		246,109	263,527
TOTAL LIABILITIES		1,251,786	1,289,278

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 Mar 31, 2016	As at Dec 31, 2015
EQUITY			
Share capital		135,000	135,000
Reserves	16	8,000	8,000
Retained earnings	16	855,119	838,506
TOTAL EQUITY		998,119	981,506
TOTAL EQUITY and LIABILITIES		2,249,905	2,270,784

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	January to March		January to March	
		2016	2015 <i>Restated</i>	2016	2015 <i>Restated</i>
Revenue		1,658,182	1,839,618	1,658,182	1,839,618
Cost of sales		(1,581,996)	(1,687,175)	(1,581,996)	(1,687,175)
Gross profit		76,186	152,443	76,186	152,443
Other operating income		15,091	13,941	15,091	13,941
Other operating expenses		(55,228)	(50,802)	(55,228)	(50,802)
Administrative expenses		(4,256)	(3,613)	(4,256)	(3,613)
Results from operating activities		31,793	111,969	31,793	111,969
Other income		30,517	18,822	30,517	18,822
Other expenses		(30,445)	(35,566)	(30,445)	(35,566)
Finance income		300	424	300	424
Finance cost		(9,438)	(13,298)	(9,438)	(13,298)
Profit before tax	17	22,727	82,351	22,727	82,351
Tax expense	18	(6,114)	(25,529)	(6,114)	(25,529)
Profit for the period		16,613	56,822	16,613	56,822
Total comprehensive income for the period		16,613	56,822	16,613	56,822
Profit attributable to equity holders of the Company		16,613	56,822	16,613	56,822
Total comprehensive income attributable to equity holders of the Company		16,613	56,822	16,613	56,822
Earnings per ordinary share (sen)	24	6.2	21.0	6.2	21.0

Certified by: 
MYRNA C. GERONIMO
Chief Finance Officer

The condensed statements of comprehensive income 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

	<u>Non-Distributable</u>		<u>Distributable</u>	
	<i>Share capital</i>	<i>Capital redemption reserve</i>	<i>Retained earnings</i>	<i>Total equity</i>
At January 1, 2015	135,000	8,000	617,023	760,023
Total comprehensive income for the period	-	-	56,822	56,822
At March 31, 2015	135,000	8,000	673,845	816,845
At January 1, 2016	135,000	8,000	838,506	981,506
Total comprehensive income for the year	-	-	16,613	16,613
At March 31, 2016	135,000	8,000	855,119	998,119

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>2016</i>	<i>2015</i>
		<i>Restated</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	22,727	82,351
Adjustments for:		
Amortisation of intangible assets	664	664
Amortisation of long-term assets	8,236	4,922
Depreciation of property, plant and equipment	14,861	14,242
Finance costs	9,438	13,298
Finance income	(300)	(424)
Property, plant and equipment written off	774	6,072
Retirement benefits cost	1,263	1,263
Unrealised foreign exchange (gain) loss	(14,467)	3,163
Fair value loss (gain) on derivatives	11,519	(8,825)
Changes in working capital		
Change in inventories	34,371	(92,060)
Change in long-term assets	1,539	3
Change in trade and other payables and other financial liabilities	94,334	25,388
Change in trade and other receivables and other financial assets	23,800	105,023
Cash generated from operations	208,759	155,080
Interest paid	(5,368)	(10,848)
Interest received	300	424
Real Property Gain Tax/Income tax paid	(24,366)	(191)
Retirement benefits paid	(2,259)	(907)
Net cash from operating activities	177,066	143,558


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)

	<i>January to March</i>	
	<i>2016</i>	<i>2015</i>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(8,468)	(25,648)
Payment for long-term assets	(200)	(2,702)
Net cash used in investing activities	(8,668)	(28,350)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of borrowings	(125,000)	(405,000)
Net cash used in financing activities	(125,000)	(405,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	43,398	(289,792)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(1,722)	214
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	159,274	354,668
CASH AND CASH EQUIVALENTS AT END OF PERIOD	200,950	65,090

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, 2015.

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, 2016, the Company adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 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)*

The adoption of the above standards did not have any material impact to the interim financial statements of the Company.

2. Significant Accounting Policies (continued)

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 applicable to the Company that will be effective but have not been adopted yet by the Company, are as follows:

Amendments effective from January 1, 2017

- Amendments to MFRS 107, *Disclosure Initiative*
- Amendments to MFRS 112, *Recognition of Deferred Tax Assets for Unrealised Losses*

Standards effective from January 1, 2018

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

Standards effective from January 1, 2019

- MFRS 16, *Leases*

The Company will apply the above standards and amendments on their effective dates.

Adoptions of these standards are not expected to have any material impact on the financial position of the Company. The remaining standards, amendments 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, 2015.

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>31.03.2016</i>	<i>31.03.2015</i>	<i>31.03.2016</i>	<i>31.03.2015</i>
Domestic	1,511,404	1,679,587	1,511,404	1,679,587
Foreign	146,778	160,031	146,778	160,031
Total Revenues	1,658,182	1,839,618	1,658,182	1,839,618

For the period ended March 31, 2016 approximately RM378,182 (2014: RM405,831) 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, 2015.

11. Capital Commitments

Capital commitments not provided for in the Interim Financial Report as at March 31, 2016 are as follows:

Property, plant & equipment

Authorised but not contracted for	71,155
Contracted but not provided for	26,357
Total	97,512

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

12. Review of Performance - Current Financial period ended March 31, 2016

PMRMB's sales volume grew by 14% or 8.2 million barrels across all major segments. The combined retail and commercial sales rose by 9% driven by the Company's expansion program and the successful "Fuel Happy" campaign.

The increase in sales volumes partially offset the drop in oil prices, which led to lower sales revenue. Revenue for the period decreased by 10% to RM1.7 billion from RM1.8 billion in the first quarter of 2015. Dated Brent crude dropped by about 37% versus last year's first quarter average and 22% compared to last quarter of 2015.

Likewise, the price differential between the finished products and Dated Brent crude had narrowed compared to 2015 specifically for middle distillates. The contraction in margins and sale of higher cost inventory at lower prices resulted in a lower net profit of RM17 million for the first quarter of 2016 compared to RM57 million for the same period in 2015.

Profit before tax for the quarter ending March 31, 2016 is higher at RM23 million versus the RM10 million in the preceding quarter. This is mainly due to higher other income in the current quarter.

13. Commentary on Prospects

The volatility of oil price continues to be a challenge for the oil industry. Prices will remain to be highly influenced by global supply and demand. Amidst these challenges, the Company remains optimistic of its prospects with the implementation of its strategic programs aimed at reaching more customers and boosting operational efficiencies.

The Company will continue to deliver innovative products and services that would cater to the needs of its customers. Petron recently introduced the revolutionary Blaze 100 Euro 4M, the first and only RON100 gasoline in the country. Since its launch in January 2016, the number of service stations offering this high-performance gasoline increased to meet growing demand from its customers.

PMRMB (together with its sister company Petron Fuel International Sdn. Bhd. and Petron Oil (Malaysia) Sdn. Bhd.) now have over 560 stations with several more in various stages of construction. The Company is gaining the trust and confidence of customers as evidenced by the increase in sales across all segments.

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 March 31, 2016 are as follows:

Current	
Revolving credit - unsecured	220,000
Long-term loan - unsecured	57,229
	<u>277,229</u>
Non-current	
Long-term loan - unsecured	141,738
	<u>418,967</u>

16. Reserves

	<i>As at</i>	
	<u>31.03.2016</u>	<u>31.03.2015</u>
Non-distributable		
Capital redemption reserve	8,000	8,000
Distributable		
Retained earnings	855,119	673,845
	<u>863,119</u>	<u>681,845</u>

17. 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>	
	<u>31.03.2016</u>	<u>31.03.2015</u>	<u>31.03.2016</u>	<u>31.03.2015</u>
Property, plant and equipment				
- Depreciation	14,861	14,242	14,861	14,242
- Written off	774	6,072	774	6,072
Amortisation of long-term assets	8,236	4,922	8,236	4,922
Amortisation of intangible assets	664	664	664	664
Finance income	(300)	(424)	(300)	(424)
Finance costs	9,438	13,298	9,438	13,298
Foreign exchange				
- Realised (gain) loss	(15,332)	15,529	(15,332)	15,529
- Unrealised (gain) loss	(14,467)	3,163	(14,467)	3,163
Loss (Gain) on derivatives	14,263	(22,890)	14,263	(22,890)

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

18. Tax expense

	<i>3 months ended</i>		<i>Period ended</i>	
	<u>31.03.2016</u>	<u>31.03.2015</u>	<u>31.03.2016</u>	<u>31.03.2015</u>
Current tax expense				
- Current year	6,147	4,917	6,147	4,917
- Prior year	-	(4)	-	(4)
Real Property Gain Tax				
- Current year	-	(209)	-	(209)
Deferred tax (benefit) expense				
- Origination and reversal of temporary differences	(33)	20,825	(33)	20,825
Income tax expense recognised in profit or loss	6,114	25,529	6,114	25,529

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 March 31, 2016, 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 contracts	Level 2	381,144	293	(10,110)
- Commodity swaps	Level 2	15,138	3,366	(5,068)
		396,282	3,659	(15,178)

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</i>	<i>Period ended</i>	
	<i>31.03.2016</i>	<i>31.03.2016</i>	
Foreign currency forward contract	(9,572)	(9,572)	Level 2 measurement (OTC price)
Commodity swaps	5,889	5,889	Level 2 measurement (OTC price)
	(3,683)	(3,683)	

The fair value gains 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

There were no significant changes in material litigation since December 31, 2015.

23. Dividend Payable

The Company did not declare any dividends during the three months ended March 31, 2016.

24. Earnings per Ordinary Share

	<i>3 months ended</i>		<i>Period ended</i>	
	<u>31.03.2016</u>	<u>31.03.2015</u>	<u>31.03.2016</u>	<u>31.03.2015</u>
Profit attributable to equity holders of the Company	16,613	56,822	16,613	56,822
Number of ordinary shares in issue ('000)	270,000	270,000	270,000	270,000
Earnings per ordinary share (sen)	6.2	21.0	6.2	21.0

25. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the Company's financial statements for the year ended December 31, 2015 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>31.03.2016</u>	<u>31.12.2015</u>
Total retained earnings of the Company:		
- realised	904,729	902,036
- unrealised	(49,610)	(63,530)
Total retained earnings	855,119	838,506

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.