PETRONAS CHEMICALS GROUP BERHAD
(459830-K)
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE QUARTER AND YEAR ENDED 31 MARCH 2011

The Board of Directors of PETRONAS Chemicals Group Berhad ("PCG" or "the Company") is pleased to announce the following unaudited condensed consolidated financial statements for the quarter and year ended 31 March 2011 which should be read in conjunction with the accompanying explanatory notes on pages 8 to 26.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	3 months ended 31 March		Year ended 31 March	
		2011	2010	2011	2010
In RM Mil					
Revenue		4,353	3,996	14,586	12,203
Cost of goods sold		(2,963)	(2,504)	(10,267)	(8,561)
Gross profit		1,390	1,492	4,319	3,642
Selling and distribution		(108)	(115)	(394)	(351)
Administration expenses		(165)	(78)	(496)	(318)
Other expenses		(31)	(99)	(92)	(127)
Other income		81	63	317	403
Operating profit		1,167	1,263	3,654	3,249
Financing costs		(33)	(13)	(108)	(62)
Share of profit after tax and minority interests of equity accounted associates and jointly controlled entities		164	72	714	181
Profit before taxation		1,298	1,322	4,260	3,368
Tax expense	B5	(138)	(359)	(798)	(774)
PROFIT FOR THE PERIOD		1,160	963	3,462	2,594
Other comprehensive income					
Foreign currency translation differences for foreign operations		(3)	(3)	-	(3)
Share of other comprehensive income of associates and jointly controlled entities		(12)	(4)	(112)	(1)
		(15)	(7)	(112)	(4)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,145	956	3,350	2,590

PETRONAS CHEMICALS GROUP BERHAD
(459830-K)
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE QUARTER AND YEAR ENDED 31 MARCH 2011

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

	Note	3 months ended 31 March		Year ended 31 March	
		2011	2010	2011	2010
In RM Mil					
Profit attributable to:					
Owners of the Company		932	881	2,994	2,199
Minority interests		228	82	468	395
PROFIT FOR THE PERIOD		1,160	963	3,462	2,594
Total comprehensive income attributable to:					
Owners of the Company		917	874	2,882	2,195
Minority interests		228	82	468	395
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,145	956	3,350	2,590
Earnings per share attributable to shareholders of the Company					
Based on weighted average number of shares issued (RM)	B17	0.12	0.12	0.40	0.30

The condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated financial statements.

PETRONAS CHEMICALS GROUP BERHAD
(459830-K)
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE QUARTER AND YEAR ENDED 31 MARCH 2011

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In RM Mil	**Note**	**As at 31 March 2011**	**As at 31 March 2010**
ASSETS			
Property, plant and equipment		12,706	12,992
Investments in associates		875	822
Investment in jointly controlled entities		70	107
Intangible assets	A12	2,142	1,211
Long term receivables		28	32
Deferred tax assets		597	491
TOTAL NON-CURRENT ASSETS		16,418	15,655
Trade and other inventories		1,173	1,231
Trade and other receivables		2,296	2,237
Tax recoverable		124	212
Fund and other investments		10	25
Cash and cash equivalents		8,904	7,532
TOTAL CURRENT ASSETS		12,507	11,237
TOTAL ASSETS		28,925	26,892
EQUITY			
Share capital		800	1
Reserves		18,847	17,068
Total equity attributable to shareholders of the Company		19,647	17,069
Minority shareholders' interests		1,409	1,979
TOTAL EQUITY		21,056	19,048
LIABILITIES			
Borrowings	B10	3,282	1,254
Deferred tax liabilities		1,637	1,167
Other long term liabilities and provisions		24	28
TOTAL NON-CURRENT LIABILITIES		4,943	2,449
Trade and other payables		2,315	4,734
Borrowings	B10	407	623
Taxation		204	38
TOTAL CURRENT LIABILITIES		2,926	5,395
TOTAL LIABILITIES		7,869	7,844
TOTAL EQUITY AND LIABILITIES		28,925	26,892

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

PETRONAS CHEMICALS GROUP BERHAD
(459830-K)
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE QUARTER AND YEAR ENDED 31 MARCH 2011

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company								
	Non-Distributable					*Distributable*			
	Share Capital	**Share Premium**	**Foreign Currency Translation**	**Merger Reserve**	**Other Reserve**	**Retained Profits**	**Total**	**Minority Interests**	**Total Equity**
	RM Mil	**RM Mil**	**RM Mil**	**RM Mil**	**RM Mil**	**RM Mil**	**RM Mil**	**RM Mil**	**RM Mil**
Balance at 1 April 2009	1	-	-	4,481	195	11,059	15,736	2,082	17,818
Total comprehensive income	-	-	(3)	-	(1)	2,199	2,195	395	2,590
Pre-merger redemption of preference shares by subsidiaries	-	-	-	(692)	1	(1)	(692)	-	(692)
Pre-merger redemption of preference shares by associate	-	-	-	(200)	-	-	(200)	-	(200)
Pre-merger additional equity interest in subsidiaries	-	-	-	2,336	2	-	2,338	(354)	1,984
Transfer of capital reserves	-	-	-	-	50	(50)	-	-	-
Pre-merger dividends	-	-	-	-	-	(2,308)	(2,308)	(144)	(2,452)
Balance at 31 March 2010	1	-	(3)	5,925	247	10,899	17,069	1,979	19,048

PETRONAS CHEMICALS

PETRONAS CHEMICALS GROUP BERHAD
(459830-K)
(Incorporated in Malaysia)
QUARTERLY REPORT FOR THE QUARTER AND YEAR ENDED 31 MARCH 2011

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

	Attributable to owners of the Company								
	Non-Distributable					*Distributable*			
	Share Capital RM Mil	**Share Premium RM Mil**	**Foreign Currency Translation RM Mil**	**Merger Reserve RM Mil**	**Other Reserve RM Mil**	**Retained Profits RM Mil**	**Total RM Mil**	**Minority Interests RM Mil**	**Total Equity RM Mil**
Balance at 1 April 2010	1	-	(3)	5,925	247	10,899	17,069	1,979	19,048
Total comprehensive income	-	-	-	-	(112)	2,994	2,882	468	3,350
Adjustment arising from early settlement of debt with PETRONAS and its related company	-	-	-	-	(83)	-	(83)	-	(83)
Effect on common control transfer of subsidiaries, associates and jointly controlled entities	729	4,561	-	(6,129)	-	-	(839)	-	(839)
Additional equity interest in subsidiaries	-	-	-	-	-	-	-	(273)	(273)
Pre-merger dividends	-	-	-	-	-	(2,962)	(2,962)	(468)	(3,430)
Dividend paid to minority shareholders	-	-	-	-	-	-	-	(265)	(265)
Issuance of ordinary shares	70	3,570	-	-	-	-	3,640	-	3,640
Share issuance expenses	-	(60)	-	-	-	-	(60)	-	(60)
Others	-	-	-	-	9	(9)	-	(32)	(32)
Balance at 31 March 2011	800	8,071	(3)	(204)	61	10,922	19,647	1,409	21,056

The condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated statements.

PETRONAS CHEMICALS GROUP BERHAD
(459830-K)
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE QUARTER AND YEAR ENDED 31 MARCH 2011

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

In RM Mil	Year ended 31 March 2011	Year ended 31 March 2010
Cash receipts from customers	14,619	11,902
Cash paid to suppliers and employees	(12,641)	(7,246)
	1,978	4,656
Interest income received	167	177
Taxation paid	(672)	(624)
Cash flows generated from operating activities	1,473	4,209
Dividend received from associates	283	-
Net cash (paid)/acquired resulting from acquisition of shares in subsidiaries	(911)	484
Investment in securities	-	(820)
Purchase of property, plant and equipment	(620)	(892)
Other long term receivables	3	23
Proceeds from disposal of securities		
- securities	15	933
- property, plant and equipment	1	-
Cash flows used in investing activities	(1,229)	(272)
Proceeds from issues of shares (at premium)	3,640	-
Share issuance expenses	(60)	-
Dividends paid to Petroliam Nasional Berhad (“PETRONAS”)	(2,781)	(2,196)
Dividends paid to minority shareholders	(496)	(144)
Pre-merger redemption of preference shares	(80)	(692)
Drawdown of:		
- PETRONAS loans and advances	1,367	-
- Other facilities	2,520	4,428
Balance carried forward	4,110	1,396

PETRONAS CHEMICALS GROUP BERHAD
(459830-K)
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE QUARTER AND YEAR ENDED 31 MARCH 2011

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

In RM Mil	**Year ended 31 March 2011**	**2010**
Balance brought forward	4,110	1,396
Repayment of:		
- PETRONAS loans and advances	(5)	(113)
- Islamic financing facilities	(92)	(50)
- term loans	(78)	(240)
- other facilities	(2,745)	(4,417)
- loan repayment by subsidiaries	-	-
- Interest expenses paid	(47)	(49)
Cash flows generated from/ (used in) financing activities	1,143	(3,473)
Net increase in cash and cash equivalents	1,387	464
Decrease in deposits restricted	6	66
Net foreign exchange difference	(15)	(13)
Cash and cash equivalents at beginning of the year	7,443	6,926
Cash and cash equivalents at end of the year	8,821	7,443

Cash and cash equivalents		
Cash and bank balances and deposits	8,904	7,532
Less: Deposits restricted	(83)	(89)
	8,821	7,443

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

PETRONAS CHEMICALS GROUP BERHAD
(459830-K)
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE QUARTER AND YEAR ENDED 31 MARCH 2011

PART A – EXPLANATORY NOTES PURSUANT TO FRS 134

A1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with FRS 134, *Interim Financial Reporting* and Paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements ("Bursa Malaysia Listing Requirements"), and should be read in conjunction with the financial statements of the Group for the year ended 31 March 2010 and the accompanying notes attached to the unaudited condensed consolidated financial statements.

Within the context of these condensed consolidated financial statements, the Group comprises the Company and its subsidiaries, and the Group's interest in associates and a jointly controlled entity as at and for the year ended 31 March 2011.

Acquisition of subsidiaries under common control (in which all parties involved, being the acquirer, acquiree and seller, are ultimately controlled by the same entity before and after the acquisition) are consolidated using the merger accounting. Under the merger method of accounting, the results of subsidiaries acquired during the year are included from the date in which the subsidiaries were first controlled by the seller. Consequently, all comparatives for the consolidated financial statements of the Group have been restated as if the Company has controlled the subsidiaries since the date the seller first gain control over the subsidiaries. The book value of assets and liabilities of these subsidiaries has been captured using the book value as recorded by the ultimate holding company. Similar accounting treatment has been applied for associates and jointly controlled entity that were under common significant influence or joint control.

On consolidation, the difference between the carrying value of the investment and the nominal value of shares received is treated as a merger reserve or deficit. Merger reserves or deficits are classified as equity and included in non-distributable capital reserves.

Other acquisitions of subsidiaries are consolidated using the purchase method of accounting. Under the purchase method of accounting, the results of subsidiaries acquired during the year are included in the condensed consolidated financial statements from the date that control commences until the date that control ceases. The purchase method of accounting involves allocating the cost of acquisition to the Group's interest in fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition.

A2. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the same accounting policies and methods of computation are followed in the condensed consolidated financial statements as compared with the consolidated financial statements for the year ended 31 March 2010.

A2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) As of 1 April 2010, the Group and the Company have adopted the following FRSs and Statement of Interpretation which are effective for annual periods beginning on or after 1 January 2010 (unless otherwise stated):

FRS 8	*Operating Segments (effective for annual periods beginning on or after 1 July 2009)*
FRS 101	*Presentation of Financial Statements (Revised)*
FRS 123	*Borrowing Costs (Revised)*
Amendment to FRS 1	*First-time Adoption of Financial Reporting Standards and FRS 127, Consolidated and Separate Financial Statement: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
Amendment to FRS 5	*Non-Current Assets Held for Sale and Discontinued Operations*
Amendment to FRS 107	*Cash Flow Statements*
Amendment to FRS 108	*Accounting Policies, Changes in Accounting Estimates and Errors*
Amendments to FRS 110	*Events After the Reporting Period*
Amendment to FRS 116	*Property, Plant and Equipment*
Amendment to FRS 117	*Leases*
Amendment to FRS 118	*Revenue*
Amendment to FRS 119	*Employee Benefits*
Amendments to FRS 123	*Borrowing Costs*
Amendment to FRS 127	*Consolidated and Separate Financial Statements*
Amendment to FRS 128	*Investments in Associates*
Amendment to FRS 131	*Interests in Joint Ventures*
Amendment to FRS 132	*Financial Instruments: Presentation (Puttable Financial Instruments and Obligations Arising on Liquidation / Separation of Compound Instruments)*
Amendment to FRS 134	*Interim Financial Reporting*
Amendment to FRS 136	*Impairment of Assets*
Amendment to FRS 138	*Intangible Assets*
Amendments to FRS 139, FRS 7 and IC Interpretation 9	*Financial Instruments: Recognition and Measurement; Financial Instruments: Disclosures; and Reassessment of Embedded Derivatives*
IC Interpretation 14 FRS 119	*The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

A2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The adoption of the above FRSs and Amendments to FRSs other than FRS 8 and FRS 101 did not have a material impact on the Group's financial statements.

The Group and the Company early adopted FRS 139, Financial Instruments: Recognition and Measurement, and FRS 7, Financial Instruments: Disclosures since 1 April 2008 and 1 April 2009 respectively.

FRS 8 requires the Group to determine and present operating segments based on the information that is internally provided to the Group's Chief Operating Decision Maker for the purpose of allocating resources to the segments and assessing their performance. It also sets out the required disclosures for operating segments. The adoption of FRS 8 has no effect on reported income or net assets, other than extended disclosures on operating segment results.

The Group has also adopted Revised FRS 101 which requires the Group to present all non-owner changes in equity in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it is in conformity with the revised standard.

(b) The following new and revised FRSs, statement of interpretations and amendments to FRS and statement of interpretations (collectively referred to as "pronouncements") from the Malaysian Accounting Standards Board will become effective for future financial reporting periods and have not yet been adopted by the Group.

Effective for annual periods beginning on or after 1 July 2010

FRS 1	*First-time Adoption of Financial Reporting Standard (revised)*
FRS 3	*Business Combinations (Revised)*
FRS 127	*Consolidated and Separate Financial Statements (Revised)*
Amendment to FRS 127	*Consolidated and Separate Financial Statements*
Amendment to FRS 138	*Intangible Assets*
Amendments to IC 9	*Reassessment of Embedded Derivatives*

A2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Effective for annual periods beginning on or after 1 January 2011

Amendment to FRS 1	*First-time Adoption of Financial Reporting Standard - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
Amendments to FRS 7	*Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments*
IC Interpretation 4	*Determining whether an arrangement contains a lease*
IC Interpretation 18	*Transfer of Assets from Customers*

Effective for annual periods beginning on or after 1 July 2011

IC Interpretation 19	*Extinguishing Financial Liabilities with Equity Instruments*
Amendments to IC 14	*Prepayments of a Minimum Funding Requirement*

Effective for annual periods beginning on or after 1 January 2012

FRS 124	*Related Party Transactions (Revised)*

Initial application of the above pronouncements for the Group will be effective from the annual period beginning 1 April 2011 for pronouncements which are effective for annual periods beginning on or after 1 July 2010 and 1 January 2011.

The adoption of the above FRSs, amendments to FRSs and statement of interpretations other than IC Interpretation 4, are not expected to have any material impact on the financial statements of the Group in the period of initial application.

IC Interpretation 4 addresses the determination on whether certain arrangements are, or contain, leases that are required to be accounted for in accordance with FRS 117, Leases. Where an arrangement is within the scope of FRS 117, the Group applies FRS 117 in determining whether the arrangement is finance or an operating lease. The adoption of IC Interpretation 4 will result in a change in accounting policy in which certain arrangements are to be accounted for a finance lease. This change will be applied retrospectively in accordance with FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors. As at the reporting date, the Group had not performed an assessment of the arrangements and its results are yet to be determined.

Following the announcement made by the Malaysian Accounting Standards Board on 1 August 2008, the Group and the Company's financial statements from 1 January 2012 will be prepared in accordance with International Financial Reporting Standards Framework ("IFRS").

A3. AUDIT QUALIFICATION

The separate audited financial statements of PCG and its subsidiaries for the year ended 31 March 2010 were not subject to any audit qualification.

A4. SEASONALITY OR CYCLICALITY OF OPERATIONS

The prices of petrochemical products and their underlying feedstock are subject to significant fluctuations as they are influenced both by global supply and demand as well as movements in the prices of key commodities such as crude oil and natural gas. Consequently, margins have historically been cyclical and are sensitive to supply and demand imbalances both domestically and internationally. Supply is affected by significant capacity expansions by producers, and if such additions are not matched by corresponding growth in demand, which is generally linked to the level of economic activity, average industry operating margins will face downward pressures. As a result, the petrochemical cycle is characterised by periods of tight supply, leading to high capacity utilisation rates and margins, followed by periods of oversupply, primarily resulting from significant capacity additions, leading to reduced capacity utilisation rates and margins.

A5. EXCEPTIONAL ITEMS

There were no exceptional items during the period ended 31 March 2011.

A6. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of the amounts reported in the most recent annual financial statements of PCG and its subsidiaries for the year ended 31 March 2010 that may have a material effect in the current financial year results.

A7. DEBTS AND EQUITY SECURITIES

There were no material issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the year ended 31 March 2011, except for the following:

During the financial year, the authorised share capital of the Company which is RM800 million divided into 800,000 ordinary shares of RM1,000 each was altered by subdividing the 800,000 ordinary shares into 8,000 million ordinary shares of RM0.10 each. The existing 1,000 ordinary shares of RM1,000 each fully paid up in the capital of the Company was sub-divided into 10 million ordinary shares of RM0.10 each credited as fully paid up.

During the financial year, the Company has cancelled the unissued 200,000 Redeemable Preference Shares of RM1,000 each in the authorised share capital.

A7. DEBTS AND EQUITY SECURITIES (continued)

The Company has also increased its authorised share capital from RM800 million comprising 8,000 million ordinary shares of RM0.10 each to RM1,500 million comprising 15,000 million ordinary shares of RM0.10 each by the creation of an additional 7,000 million ordinary shares of RM0.10 each.

During the financial year, 7,290 million ordinary shares of RM0.10 each were issued for the acquisitions of subsidiaries, associates and jointly controlled entities at RM1.71 per ordinary shares as a result of the reorganisation undertaken and completed before the listing of and quotation for the shares of the Company on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The premium of RM4,561 million and RM7,176 million for the issuance of ordinary shares has been included in the share premium accounts and merger relief respectively.

In conjunction with the Initial Public Offering (“IPO”) of the Company’s ordinary shares, the Company has issued 700 million new ordinary shares of RM 0.10 each at RM5.20 per share for cash, for listing expenses, working capital, general corporate, expansion of business and synergistic growth purposes. Upon completion, the issued and fully paid ordinary shares of the Company amounted to 8,000 million ordinary shares of RM0.10 each. The Company was subsequently listed on the Main Market of Bursa Malaysia on 26 November 2010. The share premium of RM3,570 million for the issuance of ordinary shares has been included in the share premium account.

A8. DIVIDENDS PAID

There were no dividends paid during the current quarter by the Company.

A9. SEGMENT RESULTS AND REPORTING

- Olefins and Derivatives - activities include the supply and trading, manufacturing, marketing and transportation of a wide range of olefin and polymer products, which are used as basic feedstock for other products, to intermediate products including basic and high performance chemicals.

- Fertilisers and Methanol - activities include producing and selling methanol and a range of nitrogen, phosphate and compound fertilisers.

- Others - comprises other businesses that support the petrochemicals' business operations and unallocated income and expenses.

9.1 Revenue

	Year ended 31 March					
	External customers		Inter segment		Gross total revenue	
In RM Mil	2011	2010	2011	2010	2011	2010
Olefins and Derivatives	11,217	9,255	5	6	11,222	9,261
Fertilisers and Methanol	3,314	2,886	70	52	3,384	2,938
Others	55	62	37	37	92	99
Total	14,586	12,203	112	95	14,698	12,298

9.2 Profit for the period (1)

	Year ended 31 March	
In RM Mil	2011	2010
Olefins and Derivatives	3,152	2,048
Fertilisers and Methanol	315	291
Others	(5)	255
Total	3,462	2,594

(1) Included within profit for the period for Olefins and Derivatives, Fertilisers and Methanol and Others segments are depreciation and amortisation expenses amounting to RM880 million (2010: RM619 million), RM315 million (2010: RM266 million) and RM13 million (2010: RM11 million) respectively.

A10. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

There were no revaluation of property, plant and equipment during the year under review. As at 31 March 2011, all property, plant and equipment were stated at cost less accumulated depreciation and impairment losses.

A11. MATERIAL SUBSEQUENT EVENTS

There were no material events subsequent to the end of the year under review.

A12. INTANGIBLE ASSETS

In RM Mil	As at 31 March 2011	As at 31 March 2010
Balance as at 1 April	1,211	53
Arising from acquisition of subsidiaries		
- Goodwill	232	1,159
- Other intangible asset in relation to contractual right from supply arrangement	564	
Purchase price allocation	264	-
Additions of other intangible assets	4	-
Transfer from property, plant and equipment	-	2
Translation exchange difference	(1)	(1)
Less: Amortisation of intangible assets	(132)	(2)
Balance as at 31 March	2,142	1,211

A13. CHANGES IN COMPOSITION OF THE GROUP

2011

On 2 September 2010, PETRONAS acquired shares in Ethylene Malaysia Sdn. Bhd. ("Ethylene Malaysia"), and Polyethylene Malaysia Sdn. Bhd. ("Polyethylene Malaysia") and a loan from BP Asia Pacific Malaysia Sdn. Bhd. to Polyethylene Malaysia for a total purchase consideration of USD325.6 million (equivalent to RM1,018.1 million) ("BP Cash Consideration") as follows:

Acquiree	Interest acquired	Purchase consideration	
	%	USD Mil	Equivalent RM Mil [1]
Ethlyene Malaysia	12.79	216.0	675.3
Polyethylene Malaysia	60.00	109.6[2]	342.8
Total		**325.6**	**1,018.1**

[1] *Based on the transacted exchange rate of RM3.1265:USD1 on 2 September 2010, being the relevant completion date.*

[2] *Includes acquisition of loans from BP Asia Pacific Malaysia Sdn Bhd to Polyethylene Malaysia of USD53.16 million.*

Arising thereof, PETRONAS nominated the Company as the registered owner of the shares in Polyethylene Malaysia and Ethylene Malaysia and the Company settled the BP Cash Consideration.

As a result, the Company increased its equity interest in Ethylene Malaysia from 72.5% to 85.3% while Polyethylene Malaysia which was previously a jointly controlled entity became a wholly-owned subsidiary of the Company. The net profit contributed by the additional equity holdings in Polyethylene Malaysia from the date of acquisition to the period ended 31 March 2011 is not material in relation to the consolidated net profit for the year and is also not material had it been acquired at the beginning of the year.

The share purchase agreement between PETRONAS and BP Chemicals Investment Limited ("BP Chemicals") dated 27 August 2010 ("SPA") also allowed PETRONAS to acquire an additional stake in Ethylene Malaysia of up to 2.21% ("Additional Stake") from BP Chemicals for a cash consideration of up to USD37.1 million, subject to the other shareholder of Ethylene Malaysia, namely Idemitsu Kosan Co. Ltd. ("Idemitsu Kosan") not exercising its pre-emption right to acquire the whole or any part of the Additional Stake.

On 8 October 2010, PETRONAS acquired the entire Additional Stake from BP Chemicals for USD37.1 million (approximately RM 115.0 million based on the transacted exchange rate of RM 3.0990 : USD1 on 8 October 2010, being the relevant completion date) as Idemitsu Kosan did not exercise its pre-emption right to acquire the Additional Stake. Accordingly, PETRONAS nominated the Company as the registered owner of the Additional Stake, and the Company settled the cash consideration for the Additional Stake.

A13. CHANGES IN COMPOSITION OF THE GROUP (continued)

The net effect of acquisitions of the above companies on the cash flows and values of assets and liabilities acquired are as follows:

	Pre-acquisition carrying amount RM Mil	Fair value adjustment RM Mil	Recognised value on acquisitions RM Mil
Property, plant and equipment	207	-	207
Intangible assets	-	564	564
Receivables	115	-	115
Other assets	65	-	65
Cash and cash equivalents	56	-	56
Deferred taxation	6	(139)	(133)
Borrowings	(291)	-	(291)
Other liabilities	(52)	(37)	(89)
	106	388	494
Add : Share of fair value of net identifiable assets relating to additional equity interests in subsidiaries			273
Less : Interests previously held as jointly controlled entity			(32)
			735
Add : Goodwill on acquisition			232
Purchase consideration			967
Less: Cash and cash equivalents of subsidiaries acquired			(56)
Cash flow on acquisition, net of cash acquired			911

The Group has identified an intangible asset of RM564 million arising from the contractual right from supply arrangement with the ultimate holding company which will expire in 2016. The fair value of the intangible asset has been determined by discounting the cash flows arising from the advantaged feedstock prices. The Group has applied a discount rate of 9 percent.

A14. CONTINGENCIES

There were no material contingent liabilities or contingent assets since the last consolidated statement of financial position as at 31 March 2011.

A15. CAPITAL COMMITMENTS

Capital expenditures which have not been provided for at the end of each reporting period are as follows:

In RM Mil	As at 31 March 2011	As at 31 March 2010
Property, plant and equipment:		
Approved and contracted for	274	200
Approved but not contracted for	340	614
	614	814

A16. CHANGE OF FINANCIAL YEAR END

The Company will change its financial year end from 31 March to 31 December which will be effective after the close of financial year ended 31 March 2011. Accordingly, the financial statements of the Group and the Company for the financial period ending 31 December 2011 cover a 9-month period. Thereafter, the financial year end of the Company will revert to the usual 12 months from 1 January to 31 December.

B1. REVIEW OF GROUP PERFORMANCE

(a) Performance of the current quarter against the corresponding quarter

The Group recorded revenue of RM4.4 billion in the current quarter, representing an increase of RM357 million (9%) compared to the corresponding quarter. The increase was achieved on the back of higher realised prices across most petrochemical products. Overall, the Group's production volume was lower due to maintenance activities during the current quarter.

Group's operating profit declined slightly by RM96 million due principally to costs incurred for maintenance activities in the current quarter. The impact of higher cost was however offset by lower tax expense and higher share of profits from associates and jointly controlled entities.

The tax expense for the current quarter was lower by RM221 million, mainly due to recognition of deferred tax assets while our share of profits from associates and jointly controlled entities grew by RM92 million, primarily due to continued strong performance by BASF PETRONAS Chemicals Sdn. Bhd.

Consequently, profit for the period increased by RM197 million (20%) to RM1,160 million.

The Group's EBITDA[1] of RM1,496 million in the current quarter remained at par with corresponding quarter.

(b) Performance of the current period against the corresponding period

The Group recorded overall improved financial performance for the twelve-month period ended 31 March 2011 compared to the corresponding period last year. The Group achieved revenue of RM14.6 billion, an increase of RM2.4 billion (20%), supported by higher prices and volume addition contributed by our acquisitions, OPTIMAL Chemicals (Malaysia) Sdn. Bhd. and OPTIMAL Glycols (Malaysia) Sdn. Bhd. which were consolidated into the Group's results beginning from October 2009, and subsequently, Polyethylene Malaysia beginning from September 2010.

Although stronger product prices were mirrored in the price increases of major feedstocks, the Group's overall spreads between product prices and feedstock prices remained robust. The Group achieved operating profit of RM3.7 billion, an increase of RM405 million (12%) from previous year.

The Group's results were further supported by the strong performance of BASF PETRONAS Chemicals Sdn. Bhd., which primarily contributed towards higher share of profits from associate and jointly controlled entities by RM533 million.

Overall, profit for the period increased by RM868 million (33%) to RM3.5 billion.

The Group's EBITDA was at RM4,677 million, an increase of RM875 million (23%) from corresponding period.

[1] *EBITDA refers to earnings before interest, taxation, depreciation and amortisation, share of associates and jointly controlled entities and other exceptional items.*

B2. VARIATION OF RESULTS AGAINST THE PRECEDING QUARTER

The Group recorded an increase of RM455 million (12%) in its quarterly revenue on the back of strong realised prices and higher sales volume, particularly from our fertilizer and methanol business segment with the resumption of PETRONAS Methanol Labuan Plant 1 on 26 December 2010. This partly mitigated the lower production volume from olefins and derivatives business segment due to maintenance activities in the current quarter.

Underpinned by improved products spreads, the Group's operating profit grew by RM121 million (12%) to RM1,167 million.

For the current quarter, profit for the period increased by RM161 million to RM1,160 million.

The Group's EBITDA[1] increased by RM214 million (17%) from preceding quarter.

B3. COMMENTARY ON PROSPECTS

Moving forward, the results of our operations are expected to be primarily influenced by fluctuations in international petrochemical products prices, global economic conditions and utilisation rate of our production facilities. The Board expects the results of our operations for the financial period ending 31 December 2011 to be satisfactory.

B4. PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable as the Group does not publish any profit forecast.

[1] *EBITDA refers to earnings before interest, taxation, depreciation and amortisation, share of associates and jointly controlled entities and other exceptional items.*

B5. TAX EXPENSE

	3 months ended 31 March		Year ended 31 March	
In RM Mil	**2011**	**2010**	**2011**	**2010**
Current tax expenses				
Malaysia	196	272	831	641
Deferred tax expenses				
- Origination and reversal of temporary differences	(62)	87	(37)	133
- Underprovision in respect of prior years	4	-	4	-
	(58)	87	(33)	133
	138	359	798	774

The Group's effective tax rates for the year ended 31 March 2011 and 31 March 2010 are 18% and 23% respectively.

The lower effective tax rates as compared to statutory tax rates of 25% were due to the significant recognition of deferred tax assets on tax incentives during the year.

B6. SALES OF UNQUOTED INVESTMENTS/PROPERTIES

There were no material disposals of unquoted investments or properties by the Group for the current quarter and financial year under review.

B7. QUOTED SECURITIES

There were no material dealings in quoted securities during the financial year under review.

B8. STATUS OF CORPORATE PROPOSALS

Memorandum of Understanding between PETRONAS and BASF

On 6 December 2010, PETRONAS and BASF signed a Memorandum of Understanding to undertake a joint feasibility study to produce specialty chemicals in Malaysia. The final scope of the investments will be determined following the outcome of the joint feasibility study, which is targeted to be completed in 2011.

For the subsequent phases of the collaboration, PCG will jointly evaluate with BASF, the outcome of the feasibility study and may adopt it as part of PCG's strategic growth plans, if technically and commercially viable.

Save as disclosed above, there is no other major corporate proposal pending completion.

B9. UTILISATION OF PROCEEDS

The status of the utilisation of listing proceeds of RM3,640 million raised from the Public Issue as at date of this report are as follows;

	Proposed utilisation RM Mil	Actual utilisation RM Mil	Balance at 31 March 2011 RM Mil	Intended timeframe for utilisation from the date of listing
Expansion of business and synergistic of growth acquisitions	2,344	-	2,344	Within 5 years
Working capital requirement and general corporate purposes	1,200	-	1,200	Within 2 years
Estimated listing expenses	96	76	20	Within 1 year
Total	3,640	76	3,564	

B10. BORROWINGS

The details of the Group borrowings as at 31 March 2011 are as follows:

In RM Mil	As at 31 March 2011	As at 31 March 2010
Current		
Secured		
Term loans (USD)	169	73
Islamic financing facilities	65	92
	234	165
Unsecured		
Term loans (USD)	-	7
Revolving credits (RM)	132	398
PETRONAS loans and advances	-	53
Others	41	-
	173	458
	407	623
Non-current		
Secured		
Term loans (USD)	89	256
Islamic financing facilities	273	338
	362	594
Unsecured		
Term loans (USD)	-	23
PETRONAS loans and advances	2,920	587
Others	-	50
	2,920	660
	3,282	1,254
Total	3,689	1,877

B11. DERIVATIVE FINANCIAL INSTRUMENTS

The Group does not have any material derivative financial instruments as at the date of this report.

B12. FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

The Group does not have any financial liabilities that are measured at fair value (other than derivative financial instruments) for the current quarter and year ended 31 March 2011.

B13. DISCLOSURE OF REALISED AND UNREALISED PROFIT

This information has been properly compiled, in all material respects, in accordance with the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia.

The Group's balance of realised and unrealised retained profit as at 31 March 2011 are disclosed as follows:

In RM Mil	**As at 31 March 2011**
Total retained profits of PCG and its subsidiaries:	
Realised	12,717
Unrealised	(690)
	12,027
Total share of retained profits from associates:	
Realised	539
Unrealised	(26)
	513
Total share of retained profits from jointly controlled entity:	
Realised	98
Unrealised	(21)
	77
Total realised and unrealised	12,617
Less: Consolidation adjustments	(1,695)
Total group retained profits as per consolidated accounts	10,922

B14. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

The Group does not have any off balance sheet financial instruments as at the date of this report.

B15. MATERIAL LITIGATION

Since the last separate audited financial statements of PCG and its subsidiaries for the year ended 31 March 2011, there is no pending material litigation.

B16. DIVIDEND

The Directors propose a final dividend of 19 sen per ordinary share, tax exempt under the single tier tax system amounting to RM1,520 million to shareholders at the next Annual General Meeting, payable on a date to be announced later.

B17. EARNINGS PER SHARE

	3 months ended 31 March		Year ended 31 March	
In RM Mil	**2011**	**2010**	**2011**	**2010**
Profit for the period attributable to shareholders of the Company	932	882	2,994	2,199
Earnings per share attributable to shareholders of the Company:				
In thousands of shares				
Number of shares issued at beginning of period	8,000,000	1	1	1
Adjustment made pursuant to subdivision of shares	-	9,999	9,999	9,999
Adjustment made pursuant to application of merger accounting arising from acquisition of subsidiaries, associates and jointly controlled entity	-	7,290,000	7,290,000	7,290,000
Effect of public issue of shares	-	-	269,301	-
Weighted average number of shares issued	8,000,000	7,300,000	7,569,301	7,300,000
Earning per share (RM)*	0.12	0.12	0.40	0.30

** Based on weighted average number of shares issued.*

As at the date of the statement of financial position, the Company does not have any instruments which may have a dilutive impact on the basic earnings per share.

By order of the Board
Maliki Kamal B Mohd Yasin
(LS 0005209)
Company Secretary
26 May 2011
Kuala Lumpur