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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 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 second quarter ended 30 September 2011 which should be read in conjunction with the accompanying explanatory notes on pages 8 to 24.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In RM Mil	Note	Individual quarter ended 30 September 2011	Individual quarter ended 30 September 2010 Restated	Cumulative quarter ended 30 September 2011	Cumulative quarter ended 30 September 2010 Restated
Revenue		4,638	3,167	7,983	6,329
Cost of revenue		(2,794)	(2,413)	(4,960)	(4,632)
Gross profit		1,844	754	3,023	1,697
Selling and distribution		(161)	(94)	(272)	(171)
Administration expenses		(153)	(120)	(325)	(197)
Other expenses		(66)	(13)	(79)	(55)
Other income		165	44	263	164
Operating profit		1,629	571	2,610	1,438
Financing costs		(33)	(24)	(71)	(39)
Share of profit after tax and non-controlling interests of equity accounted associates and jointly controlled entity		104	156	219	286
Profit before taxation		1,700	703	2,758	1,685
Tax expense	B5	(428)	(132)	(672)	(385)
PROFIT FOR THE PERIOD		1,272	571	2,086	1,300
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		3	-	3	2
Share of other comprehensive income of associates and jointly controlled entity		39	1	38	9
		42	1	41	11
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,314	572	2,127	1,311

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2011

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

	Note	Individual quarter ended 30 September 2011	Individual quarter ended 30 September 2010 Restated	Cumulative quarter ended 30 September 2011	Cumulative quarter ended 30 September 2010 Restated
In RM Mil					
Profit attributable to:					
Owners of the Company		1,149	502	1,886	1,186
Non-controlling interests		123	69	200	114
PROFIT FOR THE PERIOD		1,272	571	2,086	1,300
Total comprehensive income attributable to:					
Owners of the Company		1,191	503	1,927	1,197
Non-controlling interests		123	69	200	114
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,314	572	2,127	1,311
Earnings per share attributable to shareholders of the Company					
Based on weighted average number of shares issued (sen)	B17	14	7	24	16

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

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2011

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In RM Mil	Note	As at 30 September 2011	As at 31 March 2011 Restated
ASSETS			
Property, plant and equipment		12,697	13,057
Investments in associates		728	875
Investment in jointly controlled entity		82	70
Intangible assets		2,056	2,142
Long term receivables		58	64
Deferred tax assets		532	623
TOTAL NON-CURRENT ASSETS		16,153	16,831
Trade and other inventories		1,306	1,173
Trade and other receivables		2,117	2,308
Tax recoverable		114	124
Fund and other investments		10	10
Cash and cash equivalents		8,644	8,904
TOTAL CURRENT ASSETS		12,191	12,519
TOTAL ASSETS		28,344	29,350
EQUITY			
Share capital		800	800
Reserves		19,179	18,778
Total equity attributable to shareholders of the Company		19,979	19,578
Non-controlling shareholders' interests		1,560	1,406
TOTAL EQUITY		21,539	20,984
LIABILITIES			
Borrowings	B10	245	3,282
Deferred tax liabilities		1,645	1,638
Other long term liabilities and provisions		456	467
TOTAL NON-CURRENT LIABILITIES		2,346	5,387
Trade and other payables		1,896	2,368
Borrowings	B10	2,181	407
Taxation		382	204
TOTAL CURRENT LIABILITIES		4,459	2,979
TOTAL LIABILITIES		6,805	8,366
TOTAL EQUITY AND LIABILITIES		28,344	29,350

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

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2011

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company								
	Non-Distributable					*Distributable*			
	Share Capital RM Mil	**Share Premium RM Mil**	**Foreign Currency Translation Reserve RM Mil**	**Merger Reserve RM Mil**	**Other Reserves RM Mil**	**Retained Profits RM Mil**	**Total RM Mil**	**Non-controlling Interests RM Mil**	**Total Equity RM Mil**
As at 1 April 2010									
- As previously reported	1	-	(3)	5,925	247	10,899	17,069	1,979	19,048
- Effects of adopting IC 4	-	-	-	-	-	(65)	(65)	(3)	(68)
As at 1 April 2010, restated	1	-	(3)	5,925	247	10,834	17,004	1,976	18,980
Foreign currency translation differences for foreign operations	-	-	2	-	-	-	2	-	2
Share of other comprehensive income of associates and jointly controlled entity	-	-	-	-	9	-	9	-	9
Total other comprehensive income for the period	-	-	2	-	9	-	11	-	11
Profit for the period	-	-	-	-	-	1,186	1,186	114	1,300
Total comprehensive income for the period	-	-	2	-	9	1,186	1,197	114	1,311
Adjustment arising from settlement of debt	-	-	-	-	(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	-	-	-	-	-	-	-	(252)	(252)
Pre-merger dividends	-	-	-	-	-	(2,962)	(2,962)	(468)	(3,430)
Others	-	-	-	-	16	(12)	4	(32)	(28)
Total contribution from/(distribution to) owners	729	4,561	-	(6,129)	(67)	(2,974)	(3,880)	(752)	(4,632)
Balance at 30 September 2010	730	4,561	(1)	(204)	189	9,046	14,321	1,338	15,659

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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 Reserve RM Mil**	**Merger Reserve RM Mil**	**Other Reserves RM Mil**	**Retained Profits RM Mil**	**Total RM Mil**	**Non-controlling Interests RM Mil**	**Total Equity RM Mil**
As at 1 April 2011									
- As previously reported	800	8,071	(3)	(204)	61	10,922	19,647	1,409	21,056
- Effects of adopting IC 4	-	-	-	-	-	(69)	(69)	(3)	(72)
As at 1 April 2011, restated	800	8,071	(3)	(204)	61	10,853	19,578	1,406	20,984
Foreign currency translation differences for foreign operations	-	-	3	-	-	-	3	-	3
Share of other comprehensive income of associates and jointly controlled entity	-	-	-	-	38	-	38	-	38
Total other comprehensive income for the period	-	-	3	-	38	-	41	-	41
Profit for the period	-	-	-	-	-	1,886	1,886	200	2,086
Total comprehensive income for the period	-	-	3	-	38	1,886	1,927	200	2,127
Redemption of Redeemable Preference Shares	-	-	-	-	-	-	-	(36)	(36)
Transfer to capital reserves	-	-	-	-	11	(11)	-	-	-
Dividends	-	-	-	-	-	(1,520)	(1,520)	(9)	(1,529)
Others	-	-	-	-	(6)	-	(6)	(1)	(7)
Total contribution from/(distribution to) owners	-	-	-	-	5	(1,531)	(1,526)	(46)	(1,572)
Balance at 30 September 2011	800	8,071	-	(204)	104	11,208	19,979	1,560	21,539

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

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

In RM Mil	**Cumulative quarter ended 30 September 2011**	**2010 Restated**
Cash receipts from customers	8,293	7,159
Cash paid to suppliers and employees	(5,321)	(7,736)
	2,972	(577)
Interest income received	136	82
Taxation paid	(351)	(119)
Cash flows generated from / (used in) operating activities	2,757	(614)
Dividend received from associates	392	-
Net cash paid resulting from acquisition of shares in subsidiaries	-	(835)
Purchase of property, plant and equipment	(249)	(219)
Other long term receivables	6	8
Proceeds from disposal of:		
- Securities	-	5
- Property, plant and equipment	2	-
Proceeds from finance lease receivables	6	6
Cash flows generated from / (used in) investing activities	157	(1,035)
Dividends paid to Petroliam Nasional Berhad ("PETRONAS")	(978)	(2,781)
Dividends paid to non-controlling interests	(788)	(468)
Redemption of preference shares		
- PETRONAS	-	(48)
- Non-controlling interests	(36)	(32)
Drawdown of:		
- PETRONAS loans and advances	-	1,252
- Other facilities	285	1,909
Balance carried forward	(1,517)	(168)

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2011

UNAUDITED CONDENSEDCONSOLIDATED STATEMENT OF CASH FLOWS (continued)

In RM Mil	Cumulative quarter ended 30 September 2011	Cumulative quarter ended 30 September 2010 Restated
Balance brought forward	(1,517)	(168)
Repayment of:		
- PETRONAS loans and advances	(1,000)	(5)
- Islamic financing facilities	(66)	(92)
- Term loans	(90)	(30)
- Other facilities	(415)	(2,060)
- Finance lease liabilities	(34)	(34)
Interest expenses paid		
- PETRONAS	(55)	(1)
- Third party	(19)	(20)
Net increase in debt service reserve accounts	(31)	(3)
Cash flows used in financing activities	(3,227)	(2,413)
Net decrease in cash and cash equivalents	(313)	(4,062)
Net foreign exchange difference	22	(5)
Cash and cash equivalents at beginning of the year	8,821	7,443
Cash and cash equivalents at end of the year	8,530	3,376

	2011	2010
Cash and cash equivalents		
Cash and bank balances and deposits	8,644	3,462
Less: Deposits restricted	(114)	(86)
	8,530	3,376

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

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 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 2011 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 period ended 30 September 2011.

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 2011.

(a) As of 1 April 2011, 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 July 2010 and 1 January 2011:

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*

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*

A2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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*

The adoption of the above FRSs, amendments to FRSs and statement of interpretations does not have any material impact on the financial statements other than as discussed below.

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 a finance or an operating lease. The adoption of IC Interpretation 4 results in certain arrangements being accounted for as finance leases. This change has been applied retrospectively in accordance with FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors. The financial impact of this change has been disclosed in Note A15.

A3. AUDIT QUALIFICATION

The audited financial statements of PCG and its subsidiaries for the year ended 31 March 2011 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.

PART A – EXPLANATORY NOTES PURSUANT TO FRS 134 (continued)

A5. EXCEPTIONAL ITEMS

There were no exceptional items during the period ended 30 September 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 2011 that may have a material effect in the current financial yearresults.

A7. DEBTS AND EQUITY SECURITIES

There were no material issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the period ended 30 September 2011.

A8. DIVIDENDS PAID

A single tier final dividend of 19 sen per ordinary share, amounting to RM1,520 million in respect of the financial year ended 31 March 2011 was paid to the shareholders on 25 August 2011.

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.

A9. SEGMENT RESULTS AND REPORTING (continued)

9.1 Revenue

	Cumulative quarter ended 30 September					
	External customers		Inter segment		Gross total revenue	
In RM Mil	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Olefins and Derivatives	5,881	4,823	3	3	5,884	4,826
Fertilisers and Methanol	2,082	1,472	43	30	2,125	1,502
Others	20	34	16	20	36	54
Total	7,983	6,329	62	53	8,045	6,382

9.2 Profit for the period (1)

	Cumulative quarter ended 30 September	
In RM Mil	**2011**	**2010**
Olefins and Derivatives	1,523	1,165
Fertilisers and Methanol	578	117
Others	(15)	18
Total	2,086	1,300

(1) Included within profit for the period for Olefins and Derivatives, Fertilisers and Methanol and Others segments are depreciation and amortisation expenses amounting to RM475 million (2010: RM445 million), RM189 million (2010: RM154 million) and RM6 million (2010: RM6 million) respectively.

A10. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

There were no revaluation of property, plant and equipment during the period under review. As at 30 September 2011, all property, plant and equipment were stated at cost less accumulated depreciation and impairment losses.

PART A – EXPLANATORY NOTES PURSUANT TO FRS 134 (continued)

A11. MATERIAL SUBSEQUENT EVENTS

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

A12. CHANGES IN COMPOSITION OF THE GROUP

(i) On 30 June 2011, the Company acquired two ordinary shares of RM1.00 each representing 100% equity interest in Styrene Monomer (Malaysia) Sdn. Bhd. ("SMSB") from Petroliam Nasional Berhad ("PETRONAS") for a total cash consideration of RM2.00.

SMSB was acquired as a special purpose vehicle to undertake the development of the new world-scale fertiliser plant in Sipitang, Sabah.

(ii) On 30 June 2011, PETRONAS Chemicals Marketing Sdn. Bhd. (formerly known as Malaysian International Trading Corporation Sdn. Bhd.), a wholly-owned subsidiary of the Company has incorporated a wholly-owned subsidiary, PETRONAS Chemicals Trading (Labuan) Ltd ("PCTL") in the Federal Territory of Labuan, Malaysia under the Labuan Companies Act 1990. The certificate of incorporation of a Labuan company dated 30 June 2011 was received on 5 July 2011.

A13. CONTINGENCIES

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

A14. 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 30 September 2011**	**As at 31 March 2011**
Property, plant and equipment:		
Approved and contracted for	172	274
Approved but not contracted for	4,664	340
	4,836	614

On 30 June 2011, the Company reached the decision to develop a new world-scale fertiliser plant in Sipitang, Sabah (referred to as the "SAMUR" project) conditional upon reaching agreement with the Sabah State Government on land related matters. During the quarter, the outstanding land matters have been resolved and the total project cost of USD1.5 billion (RM4,485 million) has been included in the capital commitments above.

A15. COMPARATIVE FIGURES

Comparative figures of the Group have been restated as a result of application of IC Interpretation 4 as stated in Note A2.

In RM Mil	31 March 2011 As restated	31 March 2011 As previously stated
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Property, plant and equipment	13,057	12,706
Long term receivables	64	28
Deferred tax assets	623	597
Trade and other receivables	2,308	2,296
EQUITY		
Reserves	18,778	18,847
Non-controlling interests	1,406	1,409
LIABILITIES		
Deferred tax liabilities	1,638	1,637
Other long term liabilities and provisions	467	24
Trade and other payables	2,368	2,315

In RM Mil	30 September 2010 As restated	30 September 2010 As previously stated
STATEMENT OF COMPREHENSIVE INCOME		
Revenue	6,329	6,335
Cost of revenue	(4,632)	(4,616)
Selling and distribution expense	(171)	(189)
Other income	164	162
STATEMENT OF CASH FLOWS		
Cash receipts from customers	7,159	6,959
Cash paid to suppliers and employees	(7,736)	(7,561)
Other long term receivables	8	2
Proceeds from lease receivables	6	-
Repayment of finance lease liabilities	(34)	-

PART B - NOTES PURSUANT TO BURSA MALAYSIA LISTING REQUIREMENTS

B1. REVIEW OF GROUP PERFORMANCE

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

Revenue for the second quarter of RM4.6 billion was 46% higher than the corresponding quarter, contributed by higher average product prices by 49%. Although volume grew by 3%, it was offset by the impact of weakening US Dollar.

The growth in sales volume was led by Olefins and Derivatives business segment, which recorded plant utilisation of 97%. However, Fertilisers and Methanol business segment registered lower sales as the running of our methanol facility was limited by lower average daily gas supply. Overall, Group's plant utilisation of 84% remained at par with the corresponding quarter.

Cost of revenue increased by only 16%, demonstrating our strong operational leverage. As a result, gross profit was up 145% to RM1.8 billion.

The Group's share of profits from associates and jointly controlled entity was lower due to higher average effective tax rates for the quarter following full utilisation of tax benefits in one of the associate companies.

Profit for the quarter was up by 123% (or RM701 million), further supported by unrealised gains following the rise in US Dollar currency towards the end of the quarter. Overall, EBITDA rose by more than 119% (or RM1 billion) to RM1.9 billion.

1) EBITDA refers to earnings before interest, taxation, depreciation and amortisation, share of associates and jointly controlled entities and other exceptional items. EBITDA in the corresponding quarter has also been restated retrospectively due to the impact of adopting IC Interpretation 4 –"Determining whether an arrangement contains lease". The restatementis as follows:

	As restated	*As previously stated*
In RM Mil		
EBITDA		
For the quarter ended 30 September 2010	*867*	*859*

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PART B - NOTES PURSUANT TO BURSA MALAYSIA LISTING REQUIREMENTS (continued)

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

The Group revenue for the period of RM8.0 billion was up by 26% (or RM1.7 billion) on the back of higher prices by 39%, with gains in both business segments. The higher prices more than offset the weakening US Dollar and a 4% decline in sales volume.

The Group continues to benefit from our operational leverage during periods of increasing prices, as shown by our cost of revenue only increasing by 7% period-on-period. This translated to a 78% surge in gross profit to RM3.0 billion.

The Group's share of profits from associates and jointly controlled entity declined by 23% (or RM67 million), resultant from higher average effective tax rates for the period following full utilisation of tax benefits in one of the associate companies.

Profit for the period increased 55% excluding unrealised gains from US Dollar currency movement at the end of the period. Overall, the Group recorded EBITDA of RM3.1 billion, up by 61% (or RM1.2 billion) supported by stronger performance by both segments.

2) EBITDA refers to earnings before interest, taxation, depreciation and amortisation, share of associates and jointly controlled entities and other exceptional items. EBITDA in the corresponding quarter has also been restated retrospectively due to the impact of adopting IC Interpretation 4 –"Determining whether an arrangement contains lease". The restatementis as follows:

In RM Mil	*As restated*	*As previously stated*
EBITDA		
For the year ended 30 September 2010	*1,955*	*1,939*

B2. VARIATION OF RESULTS AGAINST THE PRECEDING QUARTER

The Group achieved RM1.3 billion (or 39%) increase in revenue, underpinned by 25% sales volume growth. Volume gains came from both segments as our overall plant utilisation was up by 14% to 84%. Utilisation rates of Olefins and Derivatives plants improved to 97%, from a low of 72%, following completion of significant level of maintenance activities in the preceding quarter whilst Fertilisers and Methanol plants improved by 10% to 79%. Gas supply limitation was at a reduced level in the current quarter with only our methanol facilities facing constraints in gas supply. Overall, average prices increased by 11% over the preceding quarter, with higher prices for fertilisers and methanol, whilst prices of olefins and polymers held steady quarter-on-quarter.

Cost of revenue increased by 29% mainly driven by higher sales volume. Cost of revenue in the preceding quarter also includes purchases of products to mitigate system shortfall. Excluding this, cost of revenue would have increased by 39% quarter-on-quarter, in line with the rate of increase in revenue.

Overall, the Group recorded 56% (or RM458 million) increase in profit for the quarter. With the strong performance from Olefins and Derivatives segment, the Group delivered EBITDA of RM1.9 billion, an increase of 53% (or RM655 million) compared to the 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 start of the third quarter saw power supply interruption to Ethylene Malaysia Sdn. Bhd., which limited its ethylene production for approximately 2 weeks. The impact was minimised by leveraging on our integrated value chain.

Consistent with previous periods, the Olefins and Derivatives segment will continue to be the key contributor to the Group's results. Subject to sufficient availability of methane gas supply, we expect that the results of our operations for the financial period ending 31 December 2011 to be satisfactory.

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

B4. PROFIT FORECAST OR PROFIT GUARANTEE

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

B5. TAX EXPENSE

In RM Mil	**Individual quarter ended 30 September**		**Cumulative quarter ended 30 September**	
	2011	**2010**	**2011**	**2010**
Current tax expenses				
Malaysia	343	140	573	380
Deferred tax expenses				
- Origination and reversal of temporary differences	92	(8)	107	5
- Underprovision in respect of prior years	(7)	-	(8)	-
	85	(8)	99	5
	428	132	672	385

The Group's effective tax rates for the 6 months period ended 30 September 2011 and 30 September 2010 are 24% and 23% respectively.

The lower effective tax rate as compared to statutory tax rate of 25% was due to share of profit after tax and non-controling interests of equity accounted associates and jointly controlled entity, excluding which the effective tax rate would be 26% ("normalised tax rate").

Normalised tax rate was higher mainly due to non-deductible expenses.

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 period under review.

B7. QUOTED SECURITIES

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

B8. STATUS OF CORPORATE PROPOSALS

(i) 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.

(ii) Development of fertiliser plant in Sipitang, Sabah

On 30 June 2011, the Company reached the decision to develop a new world-scale fertiliser plant in Sipitang, Sabah (referred to as the "SAMUR" project) conditional upon reaching agreement with the Sabah State Government on land related matters. As at 30 September 2011, the outstanding land matters have been resolved and the project is progressing as scheduled. The Basic Engineering, Procurement, Construction and Commissioning ("BEPCC") contract for the project was awarded on 1 October 2011.

PART B - NOTES PURSUANT TO BURSA MALAYSIA LISTING REQUIREMENTS (continued)

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 30 September 2011 RM Mil	Intended timeframe for utilisation from the date of listing
Expansion of business and synergistic 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	(74)	22	Within 1 year
Total	3,640	(74)	3,566	

B10. BORROWINGS

The details of the Group borrowings as at 30 September 2011 are as follows:

In RM Mil	As at 30 September 2011	As at 31 March 2011
Current		
Secured		
Term loans (USD)	177	169
Islamic financing facilities	40	65
	217	234
Unsecured		
Revolving credits (RM)	16	132
Others	28	41
PETRONAS loans and advances	1,920	-
	1,964	173
	2,181	407
Non-current		
Secured		
Term loans (USD)	12	89
Islamic financing facilities	233	273
	245	362
Unsecured		
Term loans (USD)	-	-
PETRONAS loans and advances	-	2,920
	-	2,920
	245	3,282
Total	2,426	3,689

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 cumulative quarter ended 30 September 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 Lossesin 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 profits as at 30 September 2011 are disclosed as follows:

In RM Mil	**As at 30 September 2011**	**As at 31 March 2011 Restated**
Total retained profits of PCG and its subsidiaries:		
Realised	13,137	12,620
Unrealised	(543)	(665)
	12,594	11,955
Total share of retained profits from associates:		
Realised	346	539
Unrealised	(16)	(26)
	330	513
Total share of retained profits from jointly controlled entity:		
Realised	101	98
Unrealised	(18)	(21)
	83	77
Total realised and unrealised	13,007	12,545
Less: Consolidation adjustments	(1,799)	(1,692)
Total group retained profits as per consolidated accounts	11,208	10,853

PART B - NOTES PURSUANT TO BURSA MALAYSIA LISTING REQUIREMENTS (continued)

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

B16. DIVIDEND

The Board of Directors of the Company has declared an interim single tier dividend of 8 sen per ordinary share, amounting to RM640 million (2010: Nil) to shareholders, payable on 22 December 2011 to depositors registered in the Records of Depositors at the close of business on 9 December 2011.

A Depositor shall qualify for entitlement to the dividends only in respect of:-

a) Shares transferred into the Depositor's Securities Account before 4:00 p.m on 9 December 2011 in respect of ordinary transfers.

b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of the Bursa Malaysia Securities Berhad.

B17. EARNINGS PER SHARE

In RM Mil	Individual quarter ended 30 September		Cumulative quarter ended 30 September	
	2011	2010	2011	2010
Profit for the period attributable to shareholders of the Company	1,149	502	1,886	1,186
Earnings per share attributable to shareholders of the Company:				
In thousands of shares				
Number of shares issued at beginning of period	8,000,000	7,300,000	8,000,000	7,300,000
Weighted average number of shares issued	8,000,000	7,300,000	8,000,000	7,300,000
Earning per share (sen)*	14	7	24	16

** 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
Muhammad Isa Bin Othman (LS 0004695)
Kang Shew Meng (MAICSA 0778565)
Joint Secretaries

Kuala Lumpur
22 November 2011