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

QUARTERLY REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2013

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 December 2013 which should be read in conjunction with the accompanying explanatory notes on pages 8 to 23.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In RM Mil	Note	Individual quarter ended 31 December		Year ended 31 December	
		2013	**2012**	**2013**	**2012**
Revenue		3,349	4,379	15,202	16,599
Cost of goods sold		(2,633)	(2,972)	(10,160)	(10,935)
Gross profit		716	1,407	5,042	5,664
Selling and distribution expenses		(129)	(168)	(604)	(676)
Administration expenses		(148)	(150)	(477)	(558)
Other expenses		(15)	(408)	(92)	(459)
Other income		100	73	465	375
Operating profit	B5	524	754	4,334	4,346
Financing costs		(8)	-	(8)	(82)
Share of profit after tax and non-controlling interests of equity accounted joint ventures and associates		70	65	221	286
Profit before taxation		586	819	4,547	4,550
Tax expense	B6	(88)	169	(1,043)	(713)
PROFIT FOR THE PERIOD/YEAR		498	988	3,504	3,837
Other comprehensive income/ (expenses)					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		-	-	3	(2)
Share of other comprehensive income of equity accounted joint ventures and associates		4	4	36	(23)
		4	4	39	(25)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR		502	992	3,543	3,812

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

In RM Mil	**Note**	**Individual quarter ended 31 December 2013**	**Individual quarter ended 31 December 2012**	**Year ended 31 December 2013**	**Year ended 31 December 2012**
Profit attributable to:					
Owners of the Company		450	902	3,146	3,518
Non-controlling interests		48	86	358	319
PROFIT FOR THE PERIOD/YEAR		498	988	3,504	3,837
Total comprehensive income attributable to:					
Owners of the Company		454	906	3,185	3,493
Non-controlling interests		48	86	358	319
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR		502	992	3,543	3,812
Basic earnings per share attributable to shareholders of the Company					
Based on ordinary shares issued (sen)	B17	6	11	39	44

The condensed consolidated statement of profit or loss and other comprehensive income 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 FINANCIAL POSITION

In RM Mil	**As at 31 December 2013**	**As at 31 December 2012**
ASSETS		
Property, plant and equipment	13,245	11,697
Investments in joint ventures and associates	744	668
Intangible assets	10	12
Long term receivables	13	28
Deferred tax assets	458	661
TOTAL NON-CURRENT ASSETS	14,470	13,066
Trade and other inventories	1,203	1,237
Trade and other receivables	1,610	2,036
Current tax assets	155	119
Cash and cash equivalents	10,155	9,307
	13,123	12,699
Assets classified as held for sale	138	155
TOTAL CURRENT ASSETS	13,261	12,854
TOTAL ASSETS	27,731	25,920
EQUITY		
Share capital	800	800
Reserves	20,936	19,511
Total equity attributable to shareholders of the Company	21,736	20,311
Non-controlling interests	1,653	1,595
TOTAL EQUITY	23,389	21,906
LIABILITIES		
Deferred tax liabilities	933	1,040
Other long term liabilities and provisions	543	576
TOTAL NON-CURRENT LIABILITIES	1,476	1,616
Trade and other payables	2,678	2,161
Current tax payables	146	222
	2,824	2,383
Liabilities classified as held for sale	42	15
TOTAL CURRENT LIABILITIES	2,866	2,398
TOTAL LIABILITIES	4,342	4,014
TOTAL EQUITY AND LIABILITIES	27,731	25,920

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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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 January 2012	800	8,071	3	(204)	102	9,320	18,092	1,550	19,642
Foreign currency translation difference for foreign operations	-	-	(2)	-	-	-	(2)	-	(2)
Share of other comprehensive income of equity accounted joint ventures and associates	-	-	-	-	(23)	-	(23)	-	(23)
Total other comprehensive income for the year	-	-	(2)	-	(23)	-	(25)	-	(25)
Profit for the year	-	-	-	-	-	3,518	3,518	319	3,837
Total comprehensive income for the year	-	-	(2)	-	(23)	3,518	3,493	319	3,812
Redemption of Redeemable Preference Shares by a subsidiary	-	-	-	-	10	(10)	-	(54)	(54)
Dividends to shareholders of the Company	-	-	-	-	-	(1,280)	(1,280)	-	(1,280)
Dividends to non–controlling interests	-	-	-	-	-	-	-	(220)	(220)
Others	-	-	-	-	6	-	6	-	6
Total transactions with shareholders of the Company	-	-	-	-	16	(1,290)	(1,274)	(274)	(1,548)
Balance at 31 December 2012	800	8,071	1	(204)	95	11,548	20,311	1,595	21,906

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 CHANGES IN EQUITY (continued)

	Attributable to owners of the Company								
	Non-Distributable					*Distributable*			
	Share Capital	Share Premium	Foreign Currency Translation Reserve	Merger Reserve	Other Reserves	Retained Profits	Total	Non-controlling Interests	Total Equity
	RM Mil	RM Mil	RM Mil	RM Mil	RM Mil	RM Mil	RM Mil	RM Mil	RM Mil
As at 1 January 2013	800	8,071	1	(204)	95	11,548	20,311	1,595	21,906
Foreign currency translation difference for foreign operations	-	-	3	-	-	-	3	-	3
Share of other comprehensive income of equity accounted joint ventures and associates	-	-	-	-	36	-	36	-	36
Total other comprehensive income for the year	-	-	3	-	36	-	39	-	39
Profit for the year	-	-	-	-	-	3,146	3,146	358	3,504
Total comprehensive income for the year	-	-	3	-	36	3,146	3,185	358	3,543
Dividends to shareholders of the Company	-	-	-	-	-	(1,760)	(1,760)	-	(1,760)
Dividends to non–controlling interests	-	-	-	-	-	-	-	(301)	(301)
Others	-	-	-	-	-	-	-	1	1
Total transactions with shareholders of the Company	-	-	-	-	-	(1,760)	(1,760)	(300)	(2,060)
Balance at 31 December 2013	800	8,071	4	(204)	131	12,934	21,736	1,653	23,389

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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QUARTERLY REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2013

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

In RM Mil	Year ended 31 December	
	2013	**2012**
Cash receipts from customers	15,751	16,243
Cash paid to suppliers and employees	(10,528)	(10,650)
	5,223	5,593
Interest income received	343	304
Taxation paid	(1,116)	(1,257)
Cash flows generated from operating activities	4,450	4,640
Dividends received from equity accounted investees	181	348
Purchase of property, plant and equipment	(1,725)	(964)
Proceeds from finance lease receivables	12	12
Proceeds from disposal of property, plant and equipment	9	-
Cash flows used in investing activities	(1,523)	(604)
Dividend paid to:		
- PETRONAS	(1,133)	(824)
- Other (third parties)	(627)	(456)
- Non-controlling interests of subsidiaries	(301)	(220)
Payment to non-controlling interests on redemption of shares	-	(54)
Interest expenses paid to:		
- PETRONAS	-	(76)
- Others (third parties)	-	(28)
Repayment of :		
- Shareholder's loan (PETRONAS)	-	(1,920)
- Islamic financing facilities	-	(274)
- Term loans, notes and bonds	-	(166)
- Revolving credit and bankers' acceptance	-	(16)
- Finance lease liabilities	(55)	(68)
Payment for onerous contract	(13)	-
Cash flows used in financing activities	(2,129)	(4,102)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

In RM Mil	Year ended 31 December 2013	Year ended 31 December 2012
Net increase / (decrease) in cash and cash equivalents	798	(66)
Decrease in deposits restricted	-	114
Net foreign exchange difference	50	(7)
Cash and cash equivalents at beginning of the year	9,307	9,266
Cash and cash equivalents at end of the year	10,155	9,307

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 QUARTER AND YEAR ENDED 31 DECEMBER 2013

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. BASIS OF PREPARATION

The condensed financial statements are unaudited and have been prepared in accordance with IAS 34, MFRS 134, *Interim Financial Reporting* and paragraph 9.22 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements. They should also be read in conjunction with the financial statements of the Group for the year ended 31 December 2012 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 joint ventures and associates as at and for the quarter and year ended 31 December 2013.

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 31 December 2012.

As of 1 January 2013, the Group and the Company have adopted the following MFRSs and amendments (collectively referred to as "pronouncements") which are effective for annual years beginning on or after 1 January 2013.

Effective for annual years beginning on or after 1 January 2013

MFRS 10	*Consolidated Financial Statements*
MFRS 11	*Joint Arrangements*
MFRS 12	*Disclosure of Interests in Other Entities*
MFRS 13	*Fair Value Measurement*
MFRS 119	*Employee Benefits (2011)*
MFRS 127	*Separate Financial Statements (2011)*
MFRS 128	*Investments in Associates and Joint Ventures (2011)*
MFRS 137	*Provisions, Contingent Assets& Contingent Liabilities*
Amendments to MFRS 1	*First–time Adoption of Malaysian Financial Reporting Standards - Government Loans*
Amendments to MFRS 1	*First–time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*
Amendments to MFRS 7	*Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
Amendments to MFRS 10	*Consolidated Financial Statements: Transition Guidance*
Amendments to MFRS 11	*Joint Arrangements: Transition Guidance*
Amendments to MFRS 12	*Disclosure of Interests in Other Entities: Transition Guidance*

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

A2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Amendments to MFRS 101	*Presentation of Financial Statement (Annual Improvements 2009-2011 Cycle)*
Amendments to MFRS 116	*Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*
Amendments to MFRS 132	*Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*
Amendments to MFRS 134	*Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*

The adoption of the above pronouncements does not have any material impact on the financial statements.

A3. AUDIT QUALIFICATION

The audited financial statements of PCG and its subsidiaries for the year ended 31 December 2012 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 years of tight supply, leading to high capacity utilisation rates and margins, followed by years of oversupply, primarily resulting from significant capacity additions, leading to reduced capacity utilisation rates and margins.

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

A5. EXCEPTIONAL ITEMS

There were no exceptional items during the year ended 31 December 2013.

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 December 2012 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 December 2013.

A8. DIVIDENDS PAID

During the financial year, the Company paid:

(i) A single tier final dividend of 14 sen per ordinary share amounting to RM1,120 million in respect of the financial year ended 31 December 2012 was paid to shareholders on 25 June 2013.

(ii) A single tier interim dividend of 8 sen per ordinary share amounting to RM640 million in respect of the financial year ending 31 December 2013 was paid to shareholders on 25 September 2013.

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.

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

A9. SEGMENT RESULTS AND REPORTING (continued)

9.1 Revenue

	Year ended 31 December					
	External customers		Inter segment		Gross total revenue	
In RM Mil	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Olefins and Derivatives	11,222	11,958	10	8	11,232	11,966
Fertilisers and Methanol	3,941	4,598	235	241	4,176	4,839
Others	39	43	33	37	72	80
Total	15,202	16,599	278	286	15,480	16,885

9.2 Profit for the year [(1)]

	Year ended 31 December	
In RM Mil	**2013**	**2012**
Olefins and Derivatives	2,322	2,081
Fertilisers and Methanol	1,068	1,696
Others	114	60
Total	3,504	3,837

[(1)]Included within profit for the year for Olefins and Derivatives, Fertilisers and Methanol and Others segments are depreciation and amortisation expenses amounting to RM693 million (2012: RM751 million), RM371 million (2012: RM355 million) and RM12 million (2012: RM12 million) respectively.

A10. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

There were no revaluations of property, plant and equipment for the year ended 31 December 2012. As at 31 December 2013, all property, plant and equipment were stated at cost less accumulated depreciation and impairment losses.

A11. CONTINGENCIES

There were no material contingent liabilities or contingent assets since the last consolidated statement of financial position as at 31 December 2012.

A12. CAPITAL COMMITMENTS

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

In RM Mil	**As at 31 December 2013**	**As at 31 December 2012**
Property, plant and equipment:		
Approved and contracted for	1,540	3,786
Approved but not contracted for	1,741	904
	3,281	4,690

Included in the above is an amount of RM2,021 million (2012: RM3,660 million) relating to the development of a new world scale fertiliser plant in Sipitang, Sabah (referred to as the “SAMUR” project).

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PART B - NOTES PURSUANT TO BURSA MALAYSIA LISTING REQUIREMENTS

B1. REVIEW OF GROUP PERFORMANCE

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

	Quarter ended 31 December					
	Group		**Olefins and Derivatives**		**Fertilisers and Methanol**	
In RM Mil	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Revenue	3,349	4,379	2,625	3,081	779	1,360
Profit	498	988	295	70	165	890
EBITDA[1]	712	1,526	442	947	295	570

The Group recorded revenue of RM3.3 billion, lower by RM1.0 billion or 24% compared to the corresponding quarter on the back of lower sales volumes.

The lower sales volumes were due to heavier maintenance activities and external supply limitations across both segments.

As a result of lower volumes and higher costs related to maintenance activities, Group profit decreased by RM490 million or 50% to RM498 million. In the corresponding quarter, the Group had recognised once-off expenses relating to the discontinuation of its vinyl business amounting to RM490 million. In addition, the Group also benefited from positive tax incentive impact of RM432 million at one of its subsidiary. Excluding these once-off items, Group profit would be lower by RM548 million.

EBITDA declined by RM814 million or 53% at RM712 million.

[1] *EBITDA refers to earnings before interest, taxation, depreciation and amortisation, Share of profit after tax and non-controlling interests of equity accounted joint ventures and associates and other exceptional items.*

B1. REVIEW OF GROUP PERFORMANCE (continued)

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

Olefins and Derivatives

Olefins and derivatives market prices strengthened during the quarter amidst supply constraints following maintenance activities at key regional producers. This was further supported by improved demand in line with positive signs of global economic recovery.

During the quarter, the Olefins and Derivatives segment undertook statutory turnaround maintenance activities at its main cracker and its related downstream facilities which commenced in the previous quarter. Production was also constrained by utilities supply interruption at the main cracker and its related downstream facilities, as well as the Group's aromatics and ammonia plants.

As a result of lower sales volumes, revenue for the segment dropped by RM456 million or 15% to RM2.6 billion.

Despite lower revenue, profit for the quarter was higher by RM225 million at RM295 million. This was due to no exceptional expenses recorded this quarter compared to a once-off expenses in the corresponding quarter amounting to RM490 million relating to the discontinuation of the Group's vinyl business. Excluding the once-off expenses, profit for the quarter would be lower by RM265 million.

Correspondingly, EBITDA was lower by RM505 million or 53% at RM442 million.

Fertilisers and Methanol

The market for fertilisers was weaker compared to the corresponding quarter. Urea price declined as supply surged following significant capacities coming onstream. Ammonia price was also lower, reflecting a correction from the elevated price levels seen in the corresponding quarter due to tight supply following maintenance activities at key producers. In contrast, methanol price strengthened driven by limited supply availability during the current quarter.

The Group's Fertilisers and Methanol segment recorded lower performance with heavier maintenance activities and gas supply constraint at its methanol facilities.

As a result of lower sales volumes, revenue for the segment decreased by RM581 million or 43% to RM779 million.

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

B1. REVIEW OF GROUP PERFORMANCE (continued)

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

Fertilisers and Methanol (continued)

Profit for the quarter was lower by RM725 million or 81% at RM165 million. In the corresponding quarter, the Group benefited from positive tax incentive impact of RM432 million at one of its subsidiary. Excluding the positive tax incentive impact, profit for the quarter would be lower by RM293 million or 64% due to lower methanol volumes, lower fertiliser prices and higher maintenance costs.

Similarly, EBITDA declined by RM275 million or 48% at RM295 million.

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

	Year ended 31 December					
	Group		**Olefins and Derivatives**		**Fertilisers and Methanol**	
In RM Mil	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Revenue	15,202	16,599	11,232	11,966	4,176	4,839
Profit	3,504	3,837	2,322	2,081	1,068	1,696
EBITDA[1]	5,076	5,778	3,393	3,864	1,734	1,938

Against the corresponding year, Group revenue was lower by 8% or RM1.4 billion at RM15.2 billion as a result of lower volumes.

Group profit declined by RM333 million or 9% to RM3.5 billion, mainly attributable to lower sales volumes. In corresponding year, the Group's recognised once-off expenses relating to the discontinuation of its vinyl business amounting to RM490 million. In addition, the Group also benefited from positive tax incentive impact of RM432 million at one of its subsidiary. Excluding these, Group profit would be lower by RM391 million.

EBITDA decreased by RM702 million or 12% to RM5.1 billion.

[1] EBITDA refers to earnings before interest, taxation, depreciation and amortisation, Share of profit after tax and non-controlling interests of equity accounted joint ventures and associates and other exceptional items.

B1. REVIEW OF GROUP PERFORMANCE (continued)

(b) Performance of the current year against the corresponding year (continued)

Olefins and Derivatives

Olefins and derivatives market prices strengthened during the year as a result of supply constraints following maintenance activities at several regional producers, as well as improved fundamentals in key product markets.

Operational performance for the Group's Olefins and Derivatives segment was affected by statutory turnaround maintenance activities at its main cracker and related downstream facilities during the third and fourth quarter of the year.

Revenue for the segment dropped by 6% or RM734 million as a result of lower volumes.

Profit for the year, however, was 12% higher at RM2.3 billion. Profit for the corresponding year included once-off expenses amounting to RM490 million on discontinuation of vinyl business. Excluding the once-off expenses, profit for the year would be lower by RM249 million as a result of lower volumes mainly high margin ethane-based products.

EBITDA was also lower by RM471 million or 12% to RM3.4 billion.

Fertilisers and Methanol

The fertilisers market saw softening conditions with both urea and ammonia recording lower prices compared to corresponding year. Urea price was on a declining trend throughout the current year due to influx of supply from new capacities coming onstream. Ammonia price fell with the resumption of supply by several producers into the market. Methanol price, however, was higher on the back of limited regional supply availability.

The Group's Fertilisers and Methanol segment recorded lower operational performance and volumes as a result of the higher level of maintenance activities undertaken during the year at its methanol facilities.

Revenue for the segment declined by RM663 million or 14% to RM4.2 billion following lower volumes.

Profit decreased by RM628 million or 37% to RM1,068 million. In corresponding year, the Group's benefited from positive tax incentive impact of RM432 million at one of its subsidiary. Excluding the tax incentive impact, profit would be lower by RM196 million or 16%.

In line with lower profit, EBITDA decreased by RM204 million or 11% to RM1,734 million.

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

B2. VARIATION OF RESULTS AGAINST THE PRECEDING QUARTER

The Group registered lower revenue by RM178 million or 5% at RM3.3 billion compared to the preceding quarter on the back of lower sales volume cushioned by higher average product prices.

Sales volume for the current quarter declined following higher level of maintenance activities in both segments and interruption in utilities supply at the main cracker, related downstream facilities, as well as aromatics and ammonia plants.

Profit fell by RM214 million or 30% due to lower sales volumes, particularly ethane-based products. EBITDA was similarly lower by RM321 million or 31% at RM712 million.

B3. COMMENTARY ON PROSPECTS

The results of the Group's 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 utilisation of our production facilities is dependent on plant maintenance activities, sufficient availability of feedstock and utilities supply.

a) Olefins and Derivatives

Demand for olefins and derivatives products will be affected by the strength of GDP growth in Asia-Pacific and the pace of economic recovery in Europe and US.

The Group expects to undertake statutory turnaround maintenance activities during the year this time at its second smaller cracker as well as its related downstream facility and also at its MTBE plant. Maintenance activity is also planned for its aromatics plant during the year.

b) Fertilisers and Methanol

Global demand for fertilisers is driven by the agriculture industry and should remain steady, backed by world population growth. Demand for methanol should remain robust in line with anticipated economic growth in key markets

In the first quarter of 2014, the Group's main methanol facility is facing gas supply constraint as a result of extended upstream facilities shutdown to conduct offshore technical works. In addition, the Group expects to undertake statutory turnaround maintenance activities at its fertiliser plant and its smaller methanol facility during the year.

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

B4. PROFIT FORECAST OR PROFIT GUARANTEE

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

B5. OPERATING PROFIT

	Individual quarter ended 31 December		Year ended 31 December	
In RM Mil	**2013**	**2012**	**2013**	**2012**
Included in operating profit are the following charges:				
Interest expense	-	-	-	82
Depreciation and amortisation	278	292	1,076	1,118
Impairment losses on				
- Property, plant and equipment	-	132	-	132
- inventories	-	58	-	58
Inventory write down to net realisable value	12	-	12	-
Inventory written off	-	16	-	16
Provisions for plant decommissioning and onerous contracts	12	407	12	407
Loss on foreign exchange	13	12	65	45
Derivatives loss	9	1	11	1
and credits:				
Interest income	95	67	340	307
Other income	3	7	11	20
Gain on foreign exchange	17	16	108	39
Derivative gain	-	-	3	10
Gain on disposal of property, plant and equipment	3	-	3	-
Reversal of finance lease liabilities	-	67	-	67

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

B6. TAX EXPENSE

In RM Mil	Individual quarter ended 31 December		Year ended 31 December	
	2013	**2012**	**2013**	**2012**
Current tax expenses				
- Current year tax	128	283	930	1,126
- Over provision in respect of prior years	8	(8)	17	(17)
	136	275	947	1,109
Deferred tax expenses				
- Origination of temporary differences	(44)	(495)	98	(449)
- Under provision in respect of prior years	(4)	51	(2)	53
	(48)	(444)	96	(396)
	88	(169)	1,043	713

The Group's effective tax rates for the year ended 31 December 2013 and year ended 31 December 2012 are 23.0% and 15.7% respectively.

B7. 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.

B8. QUOTED SECURITIES

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

B9. STATUS OF CORPORATE PROPOSALS

There was no new corporate proposal during the quarter under review since the last audited financial statements of 31 December 2012.

B10. 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 is as follows:

	Proposed utilisation RM Mil	Actual utilisation RM Mil	Transfer RM Mil	Balance at 31 December 2013 RM Mil	Intended timeframe for utilisation from the date of listing
Expansion of business and synergistic growth acquisitions	2,344	(1,898)	1,221	1,667	Within 5 years
Working capital requirement and general corporate purposes	1,200	-	(1,200)*	-	Within 2 years
Estimated listing expenses	96	(75)	(21)*	-	Within 1 year
Total	3,640	(1,973)	-	1,667	

* The unutilised balance for working capital requirement of RM1,200 million and listing expenses of RM21 million have been reallocated towards business expansion and synergistic growth acquisitions.

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 year ended 31 December 2013.

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 Requirement,* 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 31 December 2013 is disclosed as follows:

In RM Mil	**As at 31 December 2013**	**As at 31 December 2012**
Total retained profits of the Group:		
Realised	16,218	15,423
Unrealised	(431)	(386)
	15,787	15,037
Total share of retained profits from associates and joint ventures:		
Realised	375	341
Unrealised	(38)	(37)
	337	304
Total realised and unrealised	16,124	15,341
Less: Consolidation adjustments	(3,190)	(3,793)
Total group retained profits as per consolidated account	12,934	11,548

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

There is no pending material litigation since the last audited financial statements of PCG and its subsidiaries for the year ended 31 December 2012.

B16. DIVIDENDS

The Directors of the Company has declared a second interim single tier dividend of 12 sen per ordinary share, amounting to RM960 million to shareholders for the year ended 31 December 2013 (2012 : nil second interim dividend for the year ended 31 December 2012).

The dividends are payable on 18 March 2014 to depositors registered in the Records of Depositors at the close of business on 25 February 2014.

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 pm on 25 February 2014 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.

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

B17. BASIC EARNINGS PER SHARE

In RM Mil	Individual quarter ended 31 December		Year ended 31 December	
	2013	2012	2013	2012
Profit for the year attributable to shareholders of the Company	450	902	3,146	3,518
Earnings per share attributable to shareholders of the Company:				
In millions of shares				
Number of ordinary shares issued	8,000	8,000	8,000	8,000
Basic earnings per share (sen)	6	11	39	44

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
Noryati Mohd Noor (LS 0008877)
Kang Shew Meng (MAICSA 0778565)
Joint Secretaries

Kuala Lumpur
10 February 2014