PETRONAS

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

QUARTERLY REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2014

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 2014 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

		Individual quarter ended 31 December		Year ended 31 December	
In RM Mil	**Note**	**2014**	**2013**	**2014**	**2013**
Revenue		3,901	3,349	14,597	15,202
Cost of goods sold		(2,645)	(2,633)	(10,150)	(10,160)
Gross profit		1,256	716	4,447	5,042
Selling and distribution expenses		(159)	(129)	(603)	(604)
Administration expenses		(134)	(148)	(551)	(477)
Other expenses		(407)	(15)	(471)	(92)
Other income		231	100	609	465
Operating profit	B5	787	524	3,431	4,334
Financing costs		(34)	(8)	(46)	(8)
Share of profit of equity accounted joint ventures and associates, net of tax		25	70	166	221
Profit before taxation		778	586	3,551	4,547
Tax expense	B6	(208)	(88)	(825)	(1,043)
PROFIT FOR THE PERIOD/YEAR		570	498	2,726	3,504
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences		72	-	71	3
Share of other comprehensive income of equity accounted joint ventures and associates		43	4	41	36
		115	4	112	39
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR		685	502	2,838	3,543

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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 2014	Individual quarter ended 31 December 2013	Year ended 31 December 2014	Year ended 31 December 2013
Profit attributable to:					
Shareholders of the Company		500	450	2,465	3,146
Non-controlling interests		70	48	261	358
PROFIT FOR THE PERIOD/YEAR		570	498	2,726	3,504
Total comprehensive income attributable to:					
Shareholders of the Company		615	454	2,577	3,185
Non-controlling interests		70	48	261	358
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR		**685**	**502**	**2,838**	**3,543**
Basic earnings per share attributable to shareholders of the Company					
Based on ordinary shares issued (sen)	B17	6	6	31	39

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 2014**	**As at 31 December 2013**
ASSETS		
Property, plant and equipment	14,255	13,245
Investments in joint ventures and associates	866	744
Intangible assets	7	10
Long term receivables	9	13
Deferred tax assets	475	458
TOTAL NON-CURRENT ASSETS	15,612	14,470
Trade and other inventories	1,239	1,203
Trade and other receivables	1,674	1,610
Current tax assets	131	155
Cash and cash equivalents	9,807	10,155
	12,851	13,123
Assets classified as held for sale	-	138
TOTAL CURRENT ASSETS	12,851	13,261
TOTAL ASSETS	28,463	27,731
EQUITY		
Share capital	800	800
Reserves	21,922	20,936
Total equity attributable to shareholders of the Company	22,722	21,736
Non-controlling interests	1,755	1,653
TOTAL EQUITY	24,477	23,389
LIABILITIES		
Deferred tax liabilities	941	933
Other long term liabilities and provisions	567	543
TOTAL NON-CURRENT LIABILITIES	1,508	1,476
Trade and other payables	2,395	2,678
Current tax payables	83	146
	2,478	2,824
Liabilities classified as held for sale	-	42
TOTAL CURRENT LIABILITIES	2,478	2,866
TOTAL LIABILITIES	3,986	4,342
TOTAL EQUITY AND LIABILITIES	28,463	27,731

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 Shareholders 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
Balance at 1 January 2013	800	8,071	1	(204)	95	11,548	20,311	1,595	21,906
Foreign currency translation differences	-	-	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

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

	Attributable to Shareholders 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
Balance at 1 January 2014	800	8,071	4	(204)	131	12,934	21,736	1,653	23,389
Foreign currency translation differences	-	-	71	-	-	-	71	-	71
Share of other comprehensive income of equity accounted joint ventures and associates	-	-	-	-	41	-	41	-	41
Total other comprehensive income for the year	-	-	71	-	41	-	112	-	112
Profit for the year	-	-	-	-	-	2,465	2,465	261	2,726
Total comprehensive income for the year	-	-	71	-	41	2,465	2,577	261	2,838
Dividends to shareholders of the Company	-	-	-	-	-	(1,600)	(1,600)	-	(1,600)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(157)	(157)
Others	-	-	(1)	-	(34)	44	9	(2)	7
Total transactions with shareholders of the Company	-	-	(1)	-	(34)	(1,556)	(1,591)	(159)	(1,750)
Balance at 31 December 2014	800	8,071	74	(204)	138	13,843	22,722	1,755	24,477

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	**Year ended 31 December** 2014	2013
	2014	**2013**
Cash receipts from customers	14,743	15,751
Cash paid to suppliers and employees	(9,561)	(10,528)
	5,182	5,223
Interest income received	398	343
Taxation paid	(881)	(1,116)
Cash flows generated from operating activities	4,699	4,450
Increase in investment in associates	(172)	-
Dividends received from equity accounted joint ventures and associates	257	181
Purchase of property, plant and equipment	(3,322)	(1,725)
Proceeds from disposal of property, plant and equipment	3	9
Proceeds from finance lease receivables	3	12
Cash flows used in investing activities	(3,231)	(1,523)
Dividends paid to:		
- PETRONAS	(1,030)	(1,133)
- others (third parties)	(570)	(627)
- non-controlling interests of subsidiaries	(157)	(301)
Drawdown of revolving credit	30	-
Repayment of finance lease liabilities	(55)	(55)
Repayment of revolving credit	(30)	-
Payment for onerous contracts	(13)	(13)
Cash flows used in financing activities	(1,825)	(2,129)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

In RM Mil	Year ended 31 December 2014	2013
Net (decrease) / increase in cash and cash equivalents	(357)	798
Net foreign exchange difference	9	50
Cash and cash equivalents at beginning of the year	10,155	9,307
Cash and cash equivalents at end of the year	9,807	10,155

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 2014

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 2013 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 2014.

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 2013.

As of 1 January 2014, the Group and the Company have adopted the following MFRSs and amendments (collectively referred to as "pronouncements") which are effective for annual periods beginning on or after 1 January 2014.

Effective for annual periods beginning on or after 1 January 2014

Amendments to MFRS 10	*Consolidated Financial Statements*
Amendments to MFRS 12	*Disclosure of Interests in Other Entities*
Amendments to MFRS 127	*Consolidated and Separate Financial Statements*
Amendments to MFRS 132	*Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
Amendments to MFRS 136	*Recoverable Amount Disclosures for Non-Financial Assets*
Amendments to MFRS 139	*Novation of Derivatives and Continuation of Hedge Accounting*

A3. AUDIT QUALIFICATION

The audited financial statements of PCG and its subsidiaries for the year ended 31 December 2013 were not subject to any audit qualification.

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

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.

A5. EXCEPTIONAL ITEMS

There were no exceptional items during the year ended 31 December 2014.

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 2013 that may have a material effect in the results of the year under review.

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 2014.

A8. DIVIDENDS PAID

During the financial year, the Company paid:

(i) A second interim single tier dividend of 12 sen per ordinary share amounting to RM960 million in respect of the financial year ended 31 December 2013 to shareholders on 18 March 2014.

(ii) A first interim single tier dividend of 8 sen per ordinary share amounting to RM640 million in respect of the financial year ended 31 December 2014 to shareholders on 12 September 2014.

A9. SEGMENT RESULTS AND REPORTING

- Olefins and Derivatives - activities include manufacturing and marketing 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 manufacturing and marketing methanol and a range of nitrogen, phosphate and compound fertilisers.

- Others - other businesses that supports the petrochemicals' business operations.

9.1 Revenue

	Year ended 31 December					
	External customers		**Inter segment**		**Gross total revenue**	
In RM Mil	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Olefins and Derivatives	10,510	11,222	8	10	10,518	11,232
Fertilisers and Methanol	4,046	3,941	197	235	4,243	4,176
Others	41	39	33	33	74	72
Total	14,597	15,202	238	278	14,835	15,480

9.2 Profit for the year [1]

	Year ended 31 December	
In RM Mil	**2014**	**2013**
Olefins and Derivatives	1,813	2,322
Fertilisers and Methanol	898	1,068
Others	15	114
Total	2,726	3,504

[1] Included within profit for the year for Olefins and Derivatives, Fertilisers and Methanol and Others segments are depreciation and amortisation expenses amounting to RM810 million (2013: RM693 million), RM393 million (2013: RM371 million) and RM16 million (2013: RM12 million) respectively.

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

A10. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

There were no revaluations of property, plant and equipment for the year under review. As at 31 December 2014, 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 2013.

A12. CHANGES IN THE COMPOSITION OF THE GROUP

The changes in the composition of the Group for the current financial period to date are as follows:

i) On 13 March 2014, a wholly-owned subsidiary, PETRONAS Chemicals Marketing Sdn. Bhd., incorporated a wholly-owned subsidiary, PCM (Thailand) Company Limited ("PCMT"), in Thailand.

ii) On 11 June 2014, the Group completed the divestment of its entire 93.11% equity interest in Phu My Plastics and Chemical Company Limited ("PMPC"). Upon completion of the divestment, PMPC ceased to be a subsidiary of PCG and its results are no longer consolidated.

iii) On 24 September 2014, a wholly-owned subsidiary, PETRONAS Chemicals Marketing Sdn. Bhd., incorporated a wholly-owned subsidiary, PCM (China) Company Limited ("PCMC"), in People's Republic of China.

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

A13. 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 2014**	**As at 31 December 2013**
Property, plant and equipment:		
Approved and contracted for	1,417	1,540
Approved but not contracted for	1,940	1,741
	3,357	3,281

Included in the above is an amount of RM1,841 million (2013: RM2,021 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	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Revenue	3,901	3,349	2,680	2,625	1,264	779
Profit	570	498	316	295	254	165
EBITDA[(1)]	1,341	712	877	442	504	295

The Group recorded improved operational performance during the quarter with higher plant utilisation rate of 88% compared to 66% in the corresponding quarter. The stronger performance was attributable to completion of heavy statutory turnaround and maintenance activities, improved methane gas supply and utilities supply as well as better plant reliability across both segments.

Both production and sales volume increased in line with stronger operational performance.

In line with market conditions, average realised product prices and spreads for the Group were lower against the corresponding quarter. Olefins and derivative product prices as well as methanol prices fell in tandem with declining crude oil and naphtha prices.

Despite challenging market conditions, the Group registered higher revenue from the corresponding quarter by 16% or RM552 million at RM3.9 billion as a result of higher volumes and favourable exchange rate movement.

Profit for the quarter increased by 14% or RM72 million to RM570 million on the back higher volumes, particularly high-margin ethane based and methanol products, offset by impairment loss on assets relating to the Group’s butane-MTBE chain of RM262 million as a result of weaker market conditions. However, EBITDA surged by 88% or RM629 million to RM1.3 billion.

[(1)] EBITDA refers to earnings before interest, taxation, depreciation and amortisation, share of profit of equity accounted joint ventures and associates and other significant non-cash items.

B1. REVIEW OF GROUP PERFORMANCE (continued)

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

Olefins and Derivatives

The segment achieved significantly higher plant utilisation rate of 93% compared to 67% in the corresponding quarter, attributable to lower level of statutory turnaround activities and improved utilities supply.

Consequently, both production and sales volume increased during the quarter.

Market conditions for olefins and derivatives during the quarter weakened with prices falling in tandem with declining crude oil and naphtha prices. In addition, ethylene glycols prices declined due to lower demand from the polyester industry whilst aromatics prices fell due to increased supply from new capacities.

Despite weaker market conditions, revenue for the segment increased by 2% or RM55 million at RM2.7 billion as higher volumes and favourable exchange rate movement negated the impact of lower average realised product prices.

Profit for the quarter grew by 7% or RM21 million to RM316 million with higher volumes of high-margin ethane based products in the sales mix, offset by impairment loss on assets relating to the butane-MTBE chain of RM262 million. However, EBITDA nearly doubled from RM442 million to RM877 million.

Fertilisers and Methanol

Operational performance for the segment improved considerably with higher plant utilisation rate of 84% compared to 65% in corresponding quarter. This was driven by better plant reliability as well as improved methane gas availability at the Group's methanol facilities.

Consequently, production and sales volume increased during the quarter.

Market prices for fertilisers was higher compared to the corresponding quarter, fuelled by tight supply particularly from the Middle East and North Africa. In contrast, methanol prices normalised with the resumption of operations at key regional producers.

Revenue for the segment surged by 62% or RM485 million to RM1.3 billion on the back of higher volumes, particularly methanol and ammonia, further supported by favourable exchange rate movement. Profit also rose by 54% or RM89 million to RM254 million whilst EBITDA grew significantly by 71% or RM209 million at RM504 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	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Revenue	14,597	15,202	10,518	11,232	4,243	4,176
Profit	2,726	3,504	1,813	2,322	898	1,068
EBITDA[1]	4,644	5,076	3,223	3,393	1,528	1,734

The Group achieved higher level of plant reliability across both segments against the corresponding year. Thus, despite higher level of statutory turnaround activities as well as methane gas supply limitations at the Group's methanol facilities, plant utilisation increased by 2% at 80%. Excluding methane gas supply limitations at the methanol facilities, Group plant utilisation would have been 87%.

Production volume increased in line with plant utilisation. Sales volumes were comparable as the higher production included intermediary products which were subsequently consumed by downstream facilities.

Average realised product prices and spreads were lower amidst unfavourable petrochemical market conditions for nearly all products.

As a result of lower prices, Group revenue declined by 4% or RM605 million to RM14.6 billion. Profit for the year decreased by 22% or RM778 million at RM2.7 billion due to lower spreads as well as impairment loss on assets relating to the Group's butane-MTBE chain of RM262 million as a result of weaker market conditions. EBITDA reduced by 9% or RM432 million at RM4.6 billion.

[1] EBITDA refers to earnings before interest, taxation, depreciation and amortisation, share of profit of equity accounted joint ventures and associates and other significant non-cash items.

B1. REVIEW OF GROUP PERFORMANCE (continued)

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

Olefins and Derivatives

The segment registered higher plant utilisation of 86% for the year compared to 83% in the corresponding year, mainly attributable to lower level of statutory turnaround and maintenance activities.

Consequently, production volume increased during the year. However, sales volumes were lower as the higher production included intermediary products which were subsequently consumed by downstream facilities.

Market conditions for olefins and derivatives products were mixed during the year. Polymer prices strengthened, supported by stronger ethylene prices attributable to tight supply in the region especially during the earlier part of the year. In contrast, ethylene glycols, derivatives and aromatics prices decreased as a result of reduced demand from polyester industry, lower demand from downstream producers and additional capacities coming on-stream respectively.

With the overall weaker market conditions, revenue was lower by 6% or RM714 million at RM10.5 billion as a result of lower average realised selling price. Profit for the year declined by 22% or RM509 million at RM1.8 billion due to lower spreads as well as impairment loss on assets relating to the Group’s butane-MTBE chain of RM262 million whilst EBITDA decreased by 5% or RM170 million at RM3.2 billion.

Fertilisers and Methanol

The segment’s operational performance improved slightly as significantly better plant reliability was negated by methane gas supply limitations at the Group’s methanol facilities due to technical issues with upstream supplier equipment and facilities. In addition, there were also statutory turnaround activities carried out during the current year at the Group’s Bintulu urea plant and at the smaller methanol facility. Plant utilisation rate was 75% compared to 74% in the corresponding year. Excluding methane gas supply constraint at the methanol facilities, plant utilisation for the segment would have been higher at 87%.

The fertiliser market was weaker in the current year as a result of softer demand and higher supply availability due to more competitive export tax structure in China. Methanol price normalised following resumption of supply at key regional producers.

Revenue for the segment was comparable at RM4.2 billion with higher volumes offset by lower average realised product prices. Profits declined by 16% or RM170 million to RM898 million whilst EBITDA decreased by 12% or RM206 million to RM1.5 billion due to lower average realised product prices.

B2. VARIATION OF RESULTS AGAINST THE PRECEDING QUARTER

Against the preceding quarter, Group plant utilisation increased by 13% to 88% with the completion of turnaround activities across both segments and improved methane gas supply at the Group's methanol facilities. As a result of higher plant utilisation, both production and sales volumes also increased.

In contrast, declining crude oil and naphtha prices led to lower average realised product prices and spreads for the Group especially for olefins and derivatives products as well as methanol.

Nevertheless, Group revenue grew by 10% or RM352 million to RM3.9 billion driven by higher sales volume. Profit for the quarter, however decreased by 22% or RM162 million to RM570 million mainly due to impairment loss on assets relating to the Group's butane-MTBE chain of RM262 million following weaker market conditions. EBITDA rose by 22% or RM242 million to RM1,341 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 as well as sufficient availability of feedstock and utilities supply. With improved plant maintenance programme and supplier relationship management, the Group expects to achieve better plant utilisation for the year. The Group plans to undertake statutory turnaround at only two of its facilities during the year.

a) Olefins and Derivatives

The Group anticipates the market for olefins and derivatives to remain uncertain in the near term as product prices may continue to be challenging, given the uncertainty in the crude oil and naphtha prices. However, demand is expected to be sustained in line with forecasted global economic growth.

The Group also expects improvement in ethane supply.

b) Fertilisers and Methanol

Global demand and price for urea is driven by the agriculture industry and should remain steady, backed by population growth. Methanol price may remain challenging as a result of uncertainty in crude oil prices.

The Group expects feedstock supply reliability for the segment to further improve in the first quarter of 2016 when gas supply from new sources is expected to be available via a new pipeline.

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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

In RM Mil	Individual quarter ended 31 December		Year ended 31 December	
	2014	**2013**	**2014**	**2013**
Included in operating profit are the following charges:				
Depreciation and amortisation	345	278	1,219	1,076
Loss on foreign exchange				
- realised	32	11	80	48
- unrealised	37	2	50	17
Inventories written down to net realisable value	54	12	54	12
Provision for obsolete inventories	-	8	-	8
Provisions for plant decommissioning and onerous contracts	14	12	14	12
Impairment losses on property, plant and equipment	262	-	262	-
Derivative loss	97	9	98	11
***and credits*:**				
Interest income	159	95	390	340
Other income	3	3	60	11
Gain on foreign exchange				
- realised	81	7	133	68
- unrealised	-	10	34	40
Reversal of inventories written down to net realisable value	12	-	12	-
Reversal of provision for obsolete inventories	37	-	37	-
Reversal of provisions for plant decommissioning and onerous contracts	23	-	23	-
Derivative gain	-	-	2	3
Gain on disposal of property, plant and equipment	-	3	3	3

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

B5. OPERATING PROFIT (continued)

During the year, the Group recognised an impairment loss of RM262 million on property, plant and equipment within its butane-MTBE value chain following lower expectation of the assets' value in use in line with weaker market conditions.

In arriving at the impairment loss amount, the carrying amount of the butane-MTBE value chain is compared with its recoverable amount of RM188 million which was determined using cash flow projections taking into consideration management's expectation on prices, volumes and costs, discounted using a discount rate of 8.6%.

B6. TAX EXPENSE

In RM Mil	Individual quarter ended 31 December		Year ended 31 December	
	2014	**2013**	**2014**	**2013**
Current tax expenses				
- Current period tax	185	128	864	930
- (Over) / Under provision in respect of prior periods	(1)	8	(30)	17
	184	136	834	947
Deferred tax expenses				
- Origination and reversal of temporary differences	15	(44)	(14)	98
- Under / (Over) provision in respect of prior periods	9	(4)	5	(2)
	24	(48)	(9)	96
	208	88	825	1,043

The Group's effective tax rates for the year ended 31 December 2014 and year ended 31 December 2013 are 23.2% and 23.0% 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.

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

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 2013.

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 2014 RM Mil	Intended timeframe for utilisation from the date of listing
Expansion of business and synergistic growth acquisitions	2,344	(3,565)	1,221	-	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	(3,640)	-	-	

* 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 year ended 31 December 2014.

B13. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

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 2014 is disclosed as follows:

In RM Mil	**As at 31 December 2014**	**As at 31 December 2013**
Total retained profits of the Group:		
Realised	17,925	16,218
Unrealised	(642)	(431)
	17,283	15,787
Total share of retained profits from joint ventures and associates:		
Realised	290	375
Unrealised	(44)	(38)
	246	337
Total realised and unrealised	17,529	16,124
Less: Consolidation adjustments	(3,686)	(3,190)
Total group retained profits as per consolidated account	13,843	12,934

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 2013.

B16. DIVIDENDS

The Directors of the Company has declared a second interim single tier dividend of 8 sen per ordinary share, amounting to RM640 million to shareholders for the year ended 31 December 2014 (2013 : second interim single tier dividend for the year ended 31 December 2013 of 12 sen per share, amounting to RM960 million).

The dividends are payable on 24 March 2015 to depositors registered in the Records of Depositors at the close of business on 9 March 2015.

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 9 March 2015 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.

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

B17. BASIC EARNINGS PER SHARE

	Individual quarter ended 31 December		Year ended 31 December	
In RM Mil	**2014**	**2013**	**2014**	**2013**
Profit for the year attributable to shareholders of the Company	500	450	2,465	3,146
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	6	31	39

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
Syed Marzidy Syed Marzuki (MACS 01703)
Kang Shew Meng (MAICSA 0778565)
Joint Secretaries

Kuala Lumpur
18 February 2015