



PETRONAS

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

**QUARTERLY REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2015**

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 ended 30 September 2015 which should be read in conjunction with the accompanying explanatory notes on pages 8 to 24.

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

| <i>In RM Mil</i>   | Note | Individual<br>quarter ended<br>30 September |         | Cumulative<br>quarter ended<br>30 September |         |
|--|------|---|---------|---|---------|
|  |      | 2015  | 2014    | 2015  | 2014    |
| Revenue  |      | 3,642                                       | 3,549   | 10,087                                      | 10,696  |
| Cost of goods sold   |      | (2,193)                                     | (2,506) | (6,561)                                     | (7,505) |
| <b>Gross profit</b>  |      | 1,449                                       | 1,043   | 3,526                                       | 3,191   |
| Selling and distribution expenses  |      | (168)                                       | (149)   | (463)                                       | (443)   |
| Administration expenses  |      | (148)                                       | (139)   | (401)                                       | (417)   |
| Other expenses   |      | (257)                                       | (12)    | (464)                                       | (65)    |
| Other income   |      | 324   | 107     | 661   | 378     |
| <b>Operating profit</b>  | B5   | 1,200                                       | 850     | 2,859                                       | 2,644   |
| Financing costs  | B6   | (6)   | (4)     | (11)  | (12)    |
| Share of profit of equity accounted joint ventures and associates, net of tax                    |      | 31  | 53      | 73  | 140     |
| <b>Profit before taxation</b>  |      | 1,225                                       | 899     | 2,921                                       | 2,772   |
| Tax expense  | B7   | (235)                                       | (167)   | (621)                                       | (617)   |
| <b>PROFIT FOR THE PERIOD</b>   |      | 990   | 732     | 2,300                                       | 2,155   |
| <b>Other comprehensive income/ (expenses)</b>  |      |   |         |   |         |
| <b>Items that may be reclassified subsequently to profit or loss</b>                             |      |   |         |   |         |
| Foreign currency translation differences   |      | 346   | 1       | 448   | (1)     |
| Share of other comprehensive income/(expenses) of equity accounted joint ventures and associates |      | 158   | 14      | 220   | (2)     |
|  |      | 504   | 15      | 668   | (3)     |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>   |      | 1,494                                       | 747     | 2,968                                       | 2,152   |



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

| <i>In RM Mil</i>  | Note | Individual<br>quarter ended<br>30 September |            | Cumulative<br>quarter ended<br>30 September |              |
|---|------|---|------------|---|--------------|
|   |      | 2015  | 2014       | 2015  | 2014         |
| <b>Profit attributable to:</b>  |      |   |            |   |              |
| Shareholders of the Company   |      | 916   | 661        | 2,078                                       | 1,964        |
| Non-controlling interests   |      | 74  | 71         | 222   | 191          |
| <b>PROFIT FOR THE PERIOD</b>  |      | <b>990</b>                                  | <b>732</b> | <b>2,300</b>                                | <b>2,155</b> |
| <b>Total comprehensive income attributable to:</b>                          |      |   |            |   |              |
| Shareholders of the Company   |      | 1,420                                       | 676        | 2,746                                       | 1,961        |
| Non-controlling interests   |      | 74  | 71         | 222   | 191          |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>                            |      | <b>1,494</b>                                | <b>747</b> | <b>2,968</b>                                | <b>2,152</b> |
| <b>Basic earnings per share attributable to shareholders of the Company</b> |      |   |            |   |              |
| Based on ordinary shares issued (sen)                                       | B17  | 11  | 8          | 26  | 25           |

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**

| <i>In RM Mil</i>  | Note | As at<br>30 September<br>2015 | As at<br>31 December<br>2014 |
|---|------|-------------------------------|------------------------------|
| <b>ASSETS</b>   |      |                               |                              |
| Property, plant and equipment                                       |      | 15,940                        | 14,255                       |
| Investments in joint ventures and associates                        |      | 1,260                         | 866                          |
| Intangible assets   |      | 6                             | 7                            |
| Long term receivables   |      | 8                             | 9                            |
| Deferred tax assets   |      | 393                           | 475                          |
| <b>TOTAL NON-CURRENT ASSETS</b>                                     |      | <b>17,607</b>                 | <b>15,612</b>                |
| Trade and other inventories   |      | 1,471                         | 1,239                        |
| Trade and other receivables   |      | 1,846                         | 1,674                        |
| Current tax assets  |      | 79                            | 131                          |
| Cash and cash equivalents   |      | 9,505                         | 9,807                        |
| <b>TOTAL CURRENT ASSETS</b>   |      | <b>12,901</b>                 | <b>12,851</b>                |
| <b>TOTAL ASSETS</b>   |      | <b>30,508</b>                 | <b>28,463</b>                |
| <b>EQUITY</b>   |      |                               |                              |
| Share capital   |      | 800                           | 800                          |
| Reserves  |      | 23,388                        | 21,922                       |
| <b>Total equity attributable to shareholders<br/>of the Company</b> |      | <b>24,188</b>                 | <b>22,722</b>                |
| Non-controlling interests   |      | 1,781                         | 1,755                        |
| <b>TOTAL EQUITY</b>   |      | <b>25,969</b>                 | <b>24,477</b>                |
| <b>LIABILITIES</b>  |      |                               |                              |
| Deferred tax liabilities  |      | 817                           | 941                          |
| Other long term liabilities and provisions                          |      | 1,302                         | 567                          |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                                |      | <b>2,119</b>                  | <b>1,508</b>                 |
| Trade and other payables  |      | 2,267                         | 2,395                        |
| Borrowings  | B11  | 30                            | -                            |
| Current tax payables  |      | 123                           | 83                           |
| <b>TOTAL CURRENT LIABILITIES</b>                                    |      | <b>2,420</b>                  | <b>2,478</b>                 |
| <b>TOTAL LIABILITIES</b>  |      | <b>4,539</b>                  | <b>3,986</b>                 |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                 |      | <b>30,508</b>                 | <b>28,463</b>                |

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

|  | <i>Attributable to Shareholders of the Company</i> |                      |   |                       |                       |                         |               |                                  | <b>Total Equity</b><br>RM Mil |
|--|--|----------------------|---|-----------------------|-----------------------|-------------------------|---------------|----------------------------------|-------------------------------|
|  | <i>Non-Distributable</i>                           |                      |   |                       |                       | <i>Distributable</i>    |               |                                  |                               |
|  | <b>Share Capital</b>                               | <b>Share Premium</b> | <b>Foreign Currency Translation Reserve</b> | <b>Merger Reserve</b> | <b>Other Reserves</b> | <b>Retained Profits</b> | <b>Total</b>  | <b>Non-controlling Interests</b> |                               |
| RM Mil   | RM Mil   | RM Mil               | RM Mil                                      | RM Mil                | RM Mil                | RM Mil                  | RM Mil        | RM Mil                           |                               |
| <b>Balance as at 1 January 2014</b>  | 800  | 8,071                | 4   | (204)                 | 131                   | 12,934                  | 21,736        | 1,653                            | 23,389                        |
| Foreign currency translation differences   | -  | -                    | (1)   | -                     | -                     | -                       | (1)           | -                                | (1)                           |
| Share of other comprehensive expense of equity accounted joint ventures and associates | -  | -                    | -   | -                     | (2)                   | -                       | (2)           | -                                | (2)                           |
| Total other comprehensive expense for the period                                       | -  | -                    | (1)   | -                     | (2)                   | -                       | (3)           | -                                | (3)                           |
| Profit for the period  | -  | -                    | -   | -                     | -                     | 1,964                   | 1,964         | 191                              | 2,155                         |
| <b>Total comprehensive income for the period</b>                                       | -  | -                    | (1)   | -                     | (2)                   | 1,964                   | 1,961         | 191                              | 2,152                         |
| Dividends to shareholders of the Company   | -  | -                    | -   | -                     | -                     | (1,600)                 | (1,600)       | -                                | (1,600)                       |
| Dividends to non-controlling interests   | -  | -                    | -   | -                     | -                     | -                       | -             | (54)                             | (54)                          |
| Others   | -  | -                    | (1)   | -                     | (34)                  | 44                      | 9             | (1)                              | 8                             |
| <b>Total transactions with shareholders of the Company</b>                             | -  | -                    | (1)   | -                     | (34)                  | (1,556)                 | (1,591)       | (55)                             | (1,646)                       |
| <b>Balance as at 30 September 2014</b>   | <b>800</b>   | <b>8,071</b>         | <b>2</b>                                    | <b>(204)</b>          | <b>95</b>             | <b>13,342</b>           | <b>22,106</b> | <b>1,789</b>                     | <b>23,895</b>                 |

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)**

|  | <i>Attributable to Shareholders of the Company</i> |                      |   |                       |                       | <i>Distributable</i>    |               |                                  | <b>Total Equity</b> |
|--|--|----------------------|---|-----------------------|-----------------------|-------------------------|---------------|----------------------------------|---------------------|
|  | <i>Non-Distributable</i>                           |                      |   |                       |                       |                         |               |                                  |                     |
|  | <b>Share Capital</b>                               | <b>Share Premium</b> | <b>Foreign Currency Translation Reserve</b> | <b>Merger Reserve</b> | <b>Other Reserves</b> | <b>Retained Profits</b> | <b>Total</b>  | <b>Non-controlling Interests</b> |                     |
|  | <b>RM Mil</b>                                      | <b>RM Mil</b>        | <b>RM Mil</b>                               | <b>RM Mil</b>         | <b>RM Mil</b>         | <b>RM Mil</b>           | <b>RM Mil</b> | <b>RM Mil</b>                    | <b>RM Mil</b>       |
| <b>Balance as at 1 January 2015</b>  | 800  | 8,071                | 74  | (204)                 | 138                   | 13,843                  | 22,722        | 1,755                            | 24,477              |
| Foreign currency translation differences   | -  | -                    | 448   | -                     | -                     | -                       | 448           | -                                | 448                 |
| Share of other comprehensive expense of equity accounted joint ventures and associates | -  | -                    | 220   | -                     | -                     | -                       | 220           | -                                | 220                 |
| Total other comprehensive expense for the period                                       | -  | -                    | 668   | -                     | -                     | -                       | 668           | -                                | 668                 |
| Profit for the period  | -  | -                    | -   | -                     | -                     | 2,078                   | 2,078         | 222                              | 2,300               |
| <b>Total comprehensive income for the period</b>                                       | -  | -                    | 668   | -                     | -                     | 2,078                   | 2,746         | 222                              | 2,968               |
| Redemption of Redeemable Preference Shares in a subsidiary                             | -  | -                    | -   | -                     | 130                   | (130)                   | -             | (111)                            | (111)               |
| Dividends to shareholders of the Company   | -  | -                    | -   | -                     | -                     | (1,280)                 | (1,280)       | -                                | (1,280)             |
| Dividends to non-controlling interests   | -  | -                    | -   | -                     | -                     | -                       | -             | (85)                             | (85)                |
| <b>Total transactions with shareholders of the Company</b>                             | -  | -                    | -   | -                     | 130                   | (1,410)                 | (1,280)       | (196)                            | (1,476)             |
| <b>Balance as at 30 September 2015</b>   | <b>800</b>   | <b>8,071</b>         | <b>742</b>                                  | <b>(204)</b>          | <b>268</b>            | <b>14,511</b>           | <b>24,188</b> | <b>1,781</b>                     | <b>25,969</b>       |

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 ENDED 30 SEPTEMBER 2015**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

| <i>In RM Mil</i>   | <b>2015</b>    | <b>Cumulative<br/>quarter ended<br/>30 September<br/>2014</b> |
|--|----------------|---|
| Cash receipts from customers   | 11,207         | 10,634  |
| Cash paid to suppliers and employees   | (7,463)        | (7,362)   |
|  | 3,744          | 3,272   |
| Interest income received   | 144            | 236   |
| Taxation paid  | (591)          | (532)   |
| <b>Cash flows generated from operating activities</b>                        | <b>3,297</b>   | <b>2,976</b>  |
| Increase in investment in an associate                                       | (191)          | -   |
| Dividends received from equity accounted joint ventures and associates       | 84             | 85  |
| Purchase of property, plant and equipment                                    | (1,739)        | (1,695)   |
| Proceeds from sale of property, plant and equipment                          | -              | 3   |
| Proceeds from finance lease receivables                                      | -              | 3   |
| <b>Cash flows used in investing activities</b>                               | <b>(1,846)</b> | <b>(1,604)</b>  |
| Dividend paid to:  |                |   |
| - PETRONAS   | (824)          | (1,030)   |
| - Other (third parties)  | (456)          | (570)   |
| - Non-controlling interests of subsidiaries                                  | (85)           | (54)  |
| Drawdown of revolving credit   | 30             | 30  |
| Redemption of redeemable preference shares held by non-controlling interests | (111)          | -   |
| Repayment of finance lease liabilities                                       | (41)           | (51)  |
| <b>Cash flows used in financing activities</b>                               | <b>(1,487)</b> | <b>(1,675)</b>  |



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
(continued)

| <i>In RM Mil</i>   | Cumulative<br>quarter ended<br>30 September |              |
|--|---|--------------|
|  | 2015  | 2014         |
| <b>Net cash flows from operating, investing and financing activities</b> | <b>(36)</b>                                 | <b>(303)</b> |
| Effects of foreign currency translation differences                      | (403)                                       | -            |
| <b>Net decrease in cash and cash equivalents</b>                         | <b>(439)</b>                                | <b>(303)</b> |
| Net foreign exchange difference on cash held                             | 137   | (1)          |
| Cash and cash equivalents at beginning of the period                     | 9,807                                       | 10,155       |
| <b>Cash and cash equivalents at end of the period</b>                    | <b>9,505</b>                                | <b>9,851</b> |

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 ENDED 30 SEPTEMBER 2015**

**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 2014 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 ended 30 September 2015.

**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 2014.

As of 1 January 2015, the Group have adopted the following MFRSs and amendments (collectively referred to as "pronouncements") which are effective for annual years beginning on or after 1 July 2014.

***Effective for annual periods beginning on or after 1 July 2014***

***Effective beginning on or after 1 July 2014***

|                        |   |
|------------------------|---|
| Amendments to MFRS 1   | <i>First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011 – 2013 Cycle)</i> |
| Amendments to MFRS 3   | <i>Business Combinations (Annual Improvements 2010 – 2012 Cycle and 2011 – 2013 Cycle)</i>                    |
| Amendments to MFRS 8   | <i>Operating Segments (Annual Improvements 2010 – 2012 Cycle)</i>   |
| Amendments to MFRS 13  | <i>Fair Value Measurement (Annual Improvements 2011 – 2013 Cycle)</i>   |
| Amendments to MFRS 116 | <i>Property, Plant and Equipment (Annual Improvements 2010 – 2012 Cycle)</i>                                  |
| Amendments to MFRS 119 | <i>Employee Benefits – Defined Benefit Plans: Employee Contributions</i>                                      |
| Amendments to MFRS 124 | <i>Related Party Disclosures (Annual Improvements 2010 – 2012 Cycle)</i>                                      |
| Amendments to MFRS 138 | <i>Intangible Assets (Annual Improvements 2010 – 2012 Cycle)</i>  |





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

**A3. AUDIT QUALIFICATION**

The audited financial statements of PCG and its subsidiaries for the year ended 31 December 2014 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.

**A5. EXCEPTIONAL ITEMS**

There were no exceptional items during the quarter ended 30 September 2015.

**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 2014 that may have a material effect in the results of the period under review.

**A7. DEBTS AND EQUITY SECURITIES**

There were no material issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the quarter ended 30 September 2015.

**A8. DIVIDENDS PAID**

During the period under review, the Company paid:

- (i) A second 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 24 March 2015.
- (ii) A first interim single tier dividend of 8 sen per ordinary share amounting to RM640 million in respect of the financial year ending 31 December 2015 to shareholders on 9 September 2015.



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

**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**

| <i>In RM Mil</i>         | Cumulative quarter ended<br>30 September |               |               |            |                     |               |
|--------------------------|--|---------------|---------------|------------|---------------------|---------------|
|                          | External customers                       |               | Inter segment |            | Gross total revenue |               |
|                          | 2015                                     | 2014          | 2015          | 2014       | 2015                | 2014          |
| Olefins and Derivatives  | 7,058                                    | 7,833         | 9             | 5          | 7,067               | 7,838         |
| Fertilisers and Methanol | 2,995                                    | 2,832         | 136           | 147        | 3,131               | 2,979         |
| Others                   | 34                                       | 31            | 30            | 24         | 64                  | 55            |
| <b>Total</b>             | <b>10,087</b>                            | <b>10,696</b> | <b>175</b>    | <b>176</b> | <b>10,262</b>       | <b>10,872</b> |

**9.2 Profit for the period <sup>(1)</sup>**

| <i>In RM Mil</i>         | Cumulative<br>quarter ended<br>30 September |              |
|--------------------------|---|--------------|
|                          | 2015  | 2014         |
| Olefins and Derivatives  | 1,415                                       | 1,496        |
| Fertilisers and Methanol | 814   | 644          |
| Others                   | 71  | 15           |
| <b>Total</b>             | <b>2,300</b>                                | <b>2,155</b> |

(1) Included within profit for the quarter for Olefins and Derivatives, Fertilisers and Methanol and Others segments are depreciation and amortisation expenses amounting to RM600 million (2014: RM583 million), RM328 million (2014: RM280 million) and RM12 million (2014: RM11 million) respectively.



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**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 period under review. As at 30 September 2015, all property, plant and equipment were stated at cost less accumulated depreciation and impairment losses.

**A11. SIGNIFICANT SUBSEQUENT EVENT**

On 3 November 2015, PCG has accepted an offer from PETRONAS Refinery and Petrochemical Corporation Sdn Bhd (“PRPC”), a wholly owned subsidiary of Petroliam Nasional Berhad (“PETRONAS”), to acquire 100% equity of three companies (PRPC Glycols Sdn Bhd, PRPC Polymer Sdn Bhd and PRPC Elastomers Sdn Bhd). The three companies will undertake petrochemical projects which are part of the Refinery and Petrochemicals Integrated Development (“RAPID”) project in Johor, Malaysia.

Details of the transaction is as per the separate Bursa Announcement issued on 3 November 2015.

**A12. CONTINGENCIES**

There were no material contingent liabilities or contingent assets since the last consolidated statement of financial position as at 31 December 2014.

**A13. CAPITAL COMMITMENTS**

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

| <i>In RM Mil</i>                | <b>As at<br/>30 September<br/>2015</b> | <b>As at<br/>31 December<br/>2014</b> |
|---------------------------------|--|---------------------------------------|
| Property, plant and equipment:  |  |                                       |
| Approved and contracted for     | 1,573                                  | 1,417                                 |
| Approved but not contracted for | 2,558                                  | 1,940                                 |
|                                 | <u>4,131</u>                           | <u>3,357</u>                          |

Included in the above is an amount of RM2,180 million (2014: RM1,841 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 A – EXPLANATORY NOTES PURSUANT TO MFRS 134  
(continued)**

**A14. FAIR VALUE INFORMATION**

The carrying amounts of cash and cash equivalents, short term receivables and payables reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable input).

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

***Forward foreign exchange contracts***

The fair value of forward exchange contracts is based on the difference between the contracted forward rates and the Mark-To-Market (MTM) rates. If a quoted market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract.

***Finance lease liabilities***

The fair values of finance lease liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.



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

**A14. FAIR VALUE INFORMATION (continued)**

The following table analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

| As at 30 September 2015      | Fair value of financial instruments carried at fair value |         |         |       | Fair value of financial instruments not carried at fair value |         |         |       | Total fair value | Carrying amount |
|------------------------------|---|---------|---------|-------|---|---------|---------|-------|------------------|-----------------|
|                              | Level 1   | Level 2 | Level 3 | Total | Level 1   | Level 2 | Level 3 | Total | Total            | Total           |
| <i>In RM Mil</i>             |   |         |         |       |   |         |         |       |                  |                 |
| <b>Financial assets</b>      |   |         |         |       |   |         |         |       |                  |                 |
| Forward exchange contracts   | -   | 11      | -       | 11    | -   | -       | -       | -     | 11               | 11              |
| <b>Financial liabilities</b> |   |         |         |       |   |         |         |       |                  |                 |
| Forward exchange contracts   | -   | (917)   | -       | (917) | -   | -       | -       | -     | (917)            | (917)           |
| Finance lease liabilities    | -   | -       | -       | -     | -   | -       | (193)   | (193) | (193)            | (193)           |
|                              | -   | (917)   | -       | (917) | -   | -       | (193)   | (193) | (1,110)          | (1,110)         |



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

**A14. FAIR VALUE INFORMATION (continued)**

|                              | Fair value of financial instruments carried at fair value |         |         |       | Fair value of financial instruments not carried at fair value |         |         |       | Total fair value | Carrying amount |
|------------------------------|---|---------|---------|-------|---|---------|---------|-------|------------------|-----------------|
|                              | Level 1   | Level 2 | Level 3 | Total | Level 1   | Level 2 | Level 3 | Total | Total            | Total           |
| <i>In RM Mil</i>             |   |         |         |       |   |         |         |       |                  |                 |
| <b>Financial assets</b>      |   |         |         |       |   |         |         |       |                  |                 |
| Forward exchange contracts   | -   | 13      | -       | 13    | -   | -       | -       | -     | 13               | 13              |
| <b>Financial liabilities</b> |   |         |         |       |   |         |         |       |                  |                 |
| Forward exchange contracts   | -   | (118)   | -       | (118) | -   | -       | -       | -     | (118)            | (118)           |
| Finance lease liabilities    | -   | -       | -       | -     | -   | -       | (229)   | (229) | (229)            | (226)           |
|                              | -   | (118)   | -       | (118) | -   | -       | (229)   | (229) | (347)            | (344)           |



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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**

| <i>In RM Mil</i>      | Quarter ended 30 September |       |                         |       |                          |      |
|-----------------------|----------------------------|-------|-------------------------|-------|--------------------------|------|
|                       | Group                      |       | Olefins and Derivatives |       | Fertilisers and Methanol |      |
|                       | 2015                       | 2014  | 2015                    | 2014  | 2015                     | 2014 |
| Revenue               | 3,642                      | 3,549 | 2,619                   | 2,734 | 1,071                    | 851  |
| Profit                | 990                        | 732   | 646                     | 562   | 301                      | 143  |
| EBITDA <sup>(1)</sup> | 1,439                      | 1,099 | 1,010                   | 872   | 407                      | 219  |

The Group achieved better operational performance during the quarter, recording higher plant utilisation of 88% compared to 75% in the corresponding quarter. The stronger performance was achieved on the back of better plant and feedstock supply reliability. During the quarter, the Group undertook statutory turnaround at its larger methanol facility. Excluding the statutory turnaround, plant utilisation would have been 97%.

Both production and sales volumes increased as a result of higher plant utilisation.

Product prices averaged lower in line with the decline in crude oil price.

The Group recorded revenue of RM3.6 billion, higher by 3% or RM93 million compared to the corresponding quarter as the higher sales volumes and favourable exchange rate movement offset the impact of lower average product prices.

Profit for the quarter grew by RM258 million or 35% to RM990 million whilst EBITDA surged by RM340 million or 31% to RM1.4 billion driven by higher sales volumes, favourable exchange rate movement and lower feedstock costs particularly for naphtha, propane and butane.

(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.



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**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)**

**Olefins and Derivatives**

Operationally, the segment recorded very strong plant utilisation of 99% compared to 90% in the corresponding quarter driven by improved plant reliability and higher ethane supply. Consequently, both production and sales volumes increased.

Product prices were lower due to the sharp decline in crude oil and naphtha prices.

Revenue for the quarter declined by RM115 million or 4% to RM2.6 billion attributable to lower average product prices. Profit for the quarter, however, increased by RM84 million or 15% at RM646 million whilst EBITDA rose by RM138 million or 16% to RM1 billion on the back of higher volumes and favourable exchange rate movement which offset the impact of narrowing spreads.

**Fertilisers and Methanol**

The segment recorded improved operational performance during the quarter with a higher plant utilisation of 79% compared to 64% in the corresponding quarter. This was achieved on the back of better plant reliability and marked improvement in methane supply availability for the Group's methanol facilities despite statutory turnaround at the larger methanol facility. Excluding the statutory turnaround, plant utilisation would have been 96%.

As a result, both production and sales volumes increased.

Urea prices were affected by ample supply coupled with weakening demand following poor weather condition. Ammonia prices fell in line with resumption of supply from major exporting countries. Methanol prices were lower due to weaker demand for methanol-based energy derivatives.

Revenue rose by RM220 million or 26% at RM1.1 billion due to higher volumes and favourable exchange rate movement. Consequently, profit and EBITDA for the quarter were higher by RM158 million or 111% at RM301 million and RM188 million or 86% at RM407 million respectively.





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

**B1. REVIEW OF GROUP PERFORMANCE (continued)**

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

| <i>In RM Mil</i>      | Cumulative quarter ended 30 September |        |                         |       |                          |       |
|-----------------------|---------------------------------------|--------|-------------------------|-------|--------------------------|-------|
|                       | Group                                 |        | Olefins and Derivatives |       | Fertilisers and Methanol |       |
|                       | 2015                                  | 2014   | 2015                    | 2014  | 2015                     | 2014  |
| Revenue               | 10,087                                | 10,696 | 7,067                   | 7,838 | 3,131                    | 2,979 |
| Profit                | 2,300                                 | 2,155  | 1,415                   | 1,496 | 814                      | 644   |
| EBITDA <sup>(1)</sup> | 3,640                                 | 3,302  | 2,428                   | 2,345 | 1,211                    | 1,024 |

Operational performance improved with higher plant utilisation at 85% compared to 77% in the corresponding period, driven by better plant reliability and improved gas supply across both segments. Excluding statutory turnarounds, plant utilisation would have been 90%.

Correspondingly, production and sales volumes were higher.

Overall average product prices were lower in tandem with crude oil and naphtha prices.

Revenue declined by 6% or RM609 million at RM10.1 billion due to lower average product prices offset by the impact of favourable exchange rate movement and higher sales volumes.

In contrast, profit for the period increased by 7% or RM145 million at RM2.3 billion due to higher sales volumes and favourable exchange rate movement as well as lower feedstock costs particularly for naphtha, propane and butane. Similarly, EBITDA for the period increased by RM338 million or 10% to RM3.6 billion.

<sup>(1)</sup> 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.



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

**B1. REVIEW OF GROUP PERFORMANCE (continued)**

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

**Olefins and Derivatives**

Operationally, the segment's performance improved with higher plant utilisation of 93% compared to 84%, in line with lower statutory turnaround activities and improved ethane supply. Both production and sales volumes increased as a result of stronger operational performance.

Olefins and derivatives prices averaged lower in tandem with crude oil and naphtha prices which began to decline in the second half of 2014.

Revenue decreased by 10% or RM771 million to RM7.1 billion due to lower product prices.

EBITDA increased by 4% or RM83 million to RM2.4 billion as a result of higher volumes, favourable exchange rate movement and lower feedstock cost particularly for naphtha, propane and butane. Profit for the period declined by 5% or RM81 million at RM1.4 billion due to lower share of profits of equity accounted joint ventures and associates and higher tax expense.

**Fertilisers and Methanol**

Urea prices declined in the current period mainly as a result of ample supply. Ammonia prices fell as regional producers resumed operations whilst methanol prices decreased due to weaker demand for methanol based energy derivatives as a result of lower crude oil prices.

The segment's overall operational performance improved on the back of better plant and methane supply reliability. Plant utilisation increased by 8% to 80% from 72% in the corresponding period. Excluding statutory turnarounds, plant utilisation would have been 88%.

Revenue grew by 5% or RM152 million to RM3.1 billion as higher volumes and favourable exchange rate movement negated the impact of lower prices. Consequently, profit and EBITDA were also higher by RM170 million or 26% at RM814 million and RM187 million or 18% at RM1.2 billion respectively.



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(continued)**

**B2. VARIATION OF RESULTS AGAINST THE PRECEDING QUARTER**

The Group's plant utilisation rate was higher in the current quarter at 88% compared to 78% in the preceding quarter on the back of improved plant reliability and higher ethane supply which offset the impact of heavier statutory turnaround at its larger methanol facility. In the preceding quarter, the Group undertook statutory turnaround at its Gurun urea facility. Excluding the statutory turnaround, plant utilisation in the current quarter would have been 97%.

Production and sales volumes were higher for the current quarter in line with the improved operational performance.

Average product prices declined in the current quarter in line with crude oil and naphtha prices.

Group revenue was higher by RM337 million or 10% at RM3.6 billion, as a result of higher sales volumes and favourable exchange rate movement which offset the impact of lower average product prices. Profit for the quarter surged by RM352 million or 55% at RM990 million on the back of higher volumes and lower cost due to lower planned maintenance activities whilst EBITDA rose by RM356 million or 33% to RM1.4 billion.

**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 and sufficient availability of feedstock as well as utilities supply. With improved plant maintenance programme and supplier relationship management, the Group aims to achieve better plant utilisation for the year.

**a) Olefins and Derivatives**

The Group anticipates the market for olefins and derivatives to remain soft in the near term, given weak crude oil and naphtha prices.

**b) Fertilisers and Methanol**

Global demand and prices for urea continue to be driven largely by the agriculture industry, which is seasonal in nature. The Group expects the fertiliser market to remain challenging for the rest of the year in view of current ample supply coupled with weaker demand. Methanol price may also remain challenging as a result of weak crude oil prices.

The Group expects feedstock supply reliability for the segment to 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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(continued)**

**B4. PROFIT FORECAST OR PROFIT GUARANTEE**

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

**B5. OPERATING PROFIT**

| <i>In RM Mil</i>  | Individual<br>quarter ended<br>30 September |      | Cumulative<br>quarter ended<br>30 September |      |
|---|---|------|---|------|
|   | 2015  | 2014 | 2015  | 2014 |
| <b><i>Included in operating profit are the following charges:</i></b> |   |      |   |      |
| Depreciation and amortisation   | 313   | 314  | 940   | 874  |
| Loss on realised foreign exchange                                     | 197   | 11   | 337   | 48   |
| Loss on unrealised foreign exchange                                   | 66  | -    | 125   | 14   |
| Unrealised loss on forward exchange contract                          | -   | 8    | -   | 1    |
| <b><i>and credits:</i></b>  |   |      |   |      |
| Interest income   | 72  | 83   | 227   | 231  |
| Other income  | 3   | 7    | 10  | 60   |
| Gain on realised foreign exchange                                     | 199   | 15   | 334   | 52   |
| Gain on unrealised foreign exchange                                   | 50  | 10   | 89  | 34   |
| Unrealised gain on forward exchange contract                          | 5   | -    | 1   | 2    |

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

**B6. FINANCING COSTS**

| <i>In RM Mil</i>  | Individual<br>quarter ended<br>30 September |      | Cumulative<br>quarter ended<br>30 September |      |
|---|---|------|---|------|
|   | 2015  | 2014 | 2015  | 2014 |
| Unwinding of discount factor for other long term liabilities and provisions | 8   | 4    | 23  | 12   |
| Unrealised loss on forward exchange contract                                | 574   | -    | 756   | -    |
| Gain on unrealised foreign exchange   | (576)                                       | -    | (768)                                       | -    |
|   | 6   | 4    | 11  | 12   |



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**(continued)**

**B7. TAX EXPENSE**

| <i>In RM Mil</i>                                       | Individual<br>quarter ended<br>30 September |             | Cumulative<br>quarter ended<br>30 September |             |
|--|---|-------------|---|-------------|
|  | 2015  | 2014        | 2015  | 2014        |
| Current tax expenses                                   |   |             |   |             |
| - Current period tax                                   | 242   | 246         | 670   | 679         |
| - Over provision in respect of prior periods           | (7)   | (28)        | (7)   | (29)        |
|  | <u>235</u>                                  | <u>218</u>  | <u>663</u>                                  | <u>650</u>  |
| Deferred tax expense                                   |   |             |   |             |
| - Origination and reversal of temporary differences    | (28)  | (45)        | (69)  | (29)        |
| - Under / (Over) provision in respect of prior periods | 28  | (6)         | 27  | (4)         |
|  | <u>-</u>                                    | <u>(51)</u> | <u>(42)</u>                                 | <u>(33)</u> |
|  | <u>235</u>                                  | <u>167</u>  | <u>621</u>                                  | <u>617</u>  |

The Group's effective tax rates for the period ended 30 September 2015 and period ended 30 September 2014 are 21.3% and 22.3% respectively.

**B8. SALES OF UNQUOTED INVESTMENTS/PROPERTIES**

There were no material disposals of unquoted investments or properties by the Group for the current quarter.

**B9. QUOTED SECURITIES**

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

**B10. STATUS OF CORPORATE PROPOSALS**

There was no new corporate proposal during the quarter under review since the last audited financial statements of 31 December 2014.



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

**B11. BORROWINGS**

The details of the Group borrowings as at 30 September 2015 are as follows:

| <i>In RM Mil</i>             | <b>As at<br/>30 September<br/>2015</b> | <b>As at<br/>31 December<br/>2014</b> |
|------------------------------|--|---------------------------------------|
| <b>Current</b>               |  |                                       |
| Revolving credit – Unsecured | 30                                     | -                                     |

**B12. DERIVATIVE FINANCIAL INSTRUMENTS**

The Group's derivative financial instruments as at the date of this report is as disclosed in Note A14.

**B13. 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 quarter ended 30 September 2015.



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

**B14. 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 30 September 2015 is disclosed as follows:

| <i>In RM Mil</i>   | <b>As at<br/>30 September<br/>2015</b> | <b>As at<br/>31 December<br/>2014</b> |
|--|--|---------------------------------------|
| <b>Total retained profits of the Group:</b>                                |  |                                       |
| Realised   | 18,526                                 | 17,925                                |
| Unrealised   | (528)                                  | (642)                                 |
|  | <u>17,998</u>                          | <u>17,283</u>                         |
| <b>Total share of retained profits from joint ventures and associates:</b> |  |                                       |
| Realised   | 128                                    | 290                                   |
| Unrealised   | (40)                                   | (44)                                  |
|  | <u>88</u>                              | <u>246</u>                            |
| Total realised and unrealised  | 18,086                                 | 17,529                                |
| Less: Consolidation adjustments  | (3,575)                                | (3,686)                               |
| <b>Total group retained profits as per consolidated account</b>            | <u>14,511</u>                          | <u>13,843</u>                         |

**B15. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

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

**B16. 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 2014.



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**PART B - NOTES PURSUANT TO BURSA MALAYSIA LISTING REQUIREMENTS  
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**B17. BASIC EARNINGS PER SHARE**

| <i>In RM Mil</i>  | Individual<br>quarter ended<br>30 September |       | Cumulative<br>quarter ended<br>30 September |       |
|---|---|-------|---|-------|
|   | 2015  | 2014  | 2015  | 2014  |
| Profit for the period attributable to<br>shareholders of the Company              | 916   | 661   | 2,078                                       | 1,964 |
| <b><i>Earnings per share attributable to<br/>shareholders of the Company:</i></b> |   |       |   |       |
| <i>In millions of shares</i>  |   |       |   |       |
| Number of ordinary shares issued  | 8,000                                       | 8,000 | 8,000                                       | 8,000 |
| Basic earnings per share (sen)  | 11  | 8     | 26  | 25    |

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

3 November 2015