



PETRONAS

PETRONAS CHEMICALS GROUP BERHAD
Quarterly Report

For Fourth Quarter and Year Ended 31 December 2022



QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2022

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 31 December 2022 which should be read in conjunction with the accompanying explanatory notes on pages 8 to 28.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

In RM Mil	Note	Individual quarter ended 31 December		Year ended 31 December	
		2022	2021 Restated	2022	2021 Restated
Revenue	A9.1	8,704	6,977	28,953	23,026
Cost of revenue		(6,707)	(4,485)	(20,277)	(14,447)
Gross profit		1,997	2,492	8,676	8,579
Selling and distribution expenses		(539)	(332)	(1,436)	(1,091)
Administration expenses		(493)	(242)	(1,157)	(839)
Other expenses		(428)	(57)	(166)	(60)
Other income		83	110	717	422
Operating profit	B4	620	1,971	6,634	7,011
Financing costs		(32)	(9)	(66)	(29)
Share of (loss)/profit after tax of equity-accounted joint ventures and associates		(27)	173	165	729
Profit before taxation		561	2,135	6,733	7,711
Tax expense	B5	(77)	(100)	(406)	(391)
PROFIT FOR THE PERIOD /YEAR		484	2,035	6,327	7,320
Profit/(Loss) attributable to:					
Shareholders of the Company		481	2,061	6,322	7,346
Non-controlling interests		3	(26)	5	(26)
PROFIT FOR THE PERIOD /YEAR		484	2,035	6,327	7,320
Basic earnings per share attributable to shareholders of the Company:					
Based on ordinary shares issued (sen)	B13	6	26	79	92

The unaudited condensed consolidated statement of profit or loss should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated financial statements

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

In RM Mil	Note	Individual quarter ended 31 December		Year ended 31 December	
		2022	2021 Restated	2022	2021 Restated
PROFIT FOR THE PERIOD /YEAR		484	2,035	6,327	7,320
Other comprehensive income /(loss) <i>Items that will not be reclassified subsequently to profit or loss</i>					
Remeasurement of defined benefit liability		33	-	33	-
<i>Items that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation differences		(191)	(81)	1,550	374
Share of other comprehensive (loss)/income of equity-accounted joint ventures and associates		(90)	-	89	41
Others		-	(1)	-	(1)
Total other comprehensive (loss)/income for the period/year		(248)	(82)	1,672	414
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR		236	1,953	7,999	7,734
Total comprehensive income /(loss) attributable to:					
Shareholders of the Company		230	1,979	7,993	7,760
Non-controlling interests		6	(26)	6	(26)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR		236	1,953	7,999	7,734

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

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In RM Mil</i>	Note	As at 31 December 2022	As at 31 December 2021 Restated
ASSETS			
Property, plant and equipment		27,213	22,041
Investments in joint ventures and associates		1,665	1,480
Intangible assets		9,364	684
Long term receivables	A15	284	-
Retirement benefits		88	-
Deferred tax assets		798	823
TOTAL NON-CURRENT ASSETS		39,412	25,028
Trade and other inventories		3,465	2,214
Trade and other receivables	B7	3,619	2,737
Tax recoverable		46	85
Cash and cash equivalents		8,888	16,390
TOTAL CURRENT ASSETS		16,018	21,426
TOTAL ASSETS		55,430	46,454
EQUITY			
Share capital		8,871	8,871
Reserves		30,207	25,980
Total equity attributable to shareholders of the Company		39,078	34,851
Non-controlling interests		655	535
TOTAL EQUITY		39,733	35,386
LIABILITIES			
Borrowings	B8	2,489	2,156
Lease liabilities		1,688	1,389
Provisions		221	287
Trade payables	A16	759	-
Retirement benefits		242	-
Other long term liabilities		1,432	1,309
Deferred tax liabilities		2,364	974
TOTAL NON-CURRENT LIABILITIES		9,195	6,115
Borrowings	B8	229	232
Lease liabilities		125	73
Trade and other payables		5,914	4,378
Taxation		234	270
TOTAL CURRENT LIABILITIES		6,502	4,953
TOTAL LIABILITIES		15,697	11,068
TOTAL EQUITY AND LIABILITIES		55,430	46,454
Net assets per share attributable to shareholders of the Company (RM)		4.88	4.36

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

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<i>Attributable to shareholders of the Company</i>			
	<i>Non-distributable</i>			
<i>In RM Mil</i>	Share Capital	Foreign Currency Translation Reserve	Merger Reserve	Other Reserves
Year ended 31 December 2022				
Balance at 1 January 2022, as previously reported	8,871	24	(204)	1,042
- Effect of amendments to MFRS 116	-	-	-	-
Balance at 1 January 2022, restated	8,871	24	(204)	1,042
Foreign currency translation differences	-	1,549	-	-
Share of other comprehensive income of equity-accounted joint ventures and associates	-	-	-	89
Remeasurement of defined benefit liability	-	-	-	33
Total other comprehensive income for the year	-	1,549	-	122
Profit for the year	-	-	-	-
Total comprehensive income for the year	-	1,549	-	122
Dividends to shareholders of the Company (note A8)	-	-	-	-
Dividends to a non-controlling interest	-	-	-	-
Others	-	-	-	1
Total transactions with owners of the Group	-	-	-	1
Acquisition of a subsidiary with non-controlling interest	-	-	-	-
Balance at 31 December 2022	8,871	1,573	(204)	1,165
				<i>continue to next page</i>
Year ended 31 December 2021				
Balance at 1 January 2021, as previously reported	8,871	(350)	(204)	1,001
- Effect of amendments to MFRS 116	-	-	-	-
Balance at 1 January 2021, restated	8,871	(350)	(204)	1,001
Foreign currency translation differences	-	374	-	-
Share of other comprehensive income of equity-accounted joint ventures and associates	-	-	-	41
Others	-	-	-	(1)
Total other comprehensive income for the year	-	374	-	40
Profit/(Loss) for the year	-	-	-	-
Total comprehensive income/(loss) for the year	-	374	-	40
Additional shares issued to a non-controlling interest	-	-	-	-
Dividends to shareholders of the Company	-	-	-	-
Dividends to a non-controlling interest	-	-	-	-
Others	-	-	-	1
Total transactions with owners of the Group	-	-	-	1
Balance at 31 December 2021	8,871	24	(204)	1,042
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The unaudited 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 FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

	Attributable to shareholders of the Company			
	Distributable			
<i>In RM Mil</i>	Retained Profits	Total	Non- controlling Interests	Total Equity
Year ended 31 December 2022				
Balance at 1 January 2022, as previously reported	25,272	35,005	535	35,540
- Effect of amendments to MFRS 116	(154)	(154)	-	(154)
Balance at 1 January 2022, restated	25,118	34,851	535	35,386
Foreign currency translation differences	-	1,549	1	1,550
Share of other comprehensive income of equity- accounted joint ventures and associates	-	89	-	89
Remeasurement of defined benefit liability	-	33	-	33
Total other comprehensive income for the year	-	1,671	1	1,672
Profit for the year	6,322	6,322	5	6,327
Total comprehensive income for the year	6,322	7,993	6	7,999
Dividends to shareholders of the Company (note A8)	(3,840)	(3,840)	-	(3,840)
Dividends to a non-controlling interest	-	-	(4)	(4)
Others	73	74	(77)	(3)
Total transactions with owners of the Group	(3,767)	(3,766)	(81)	(3,847)
Acquisition of a subsidiary with non-controlling interest (note A18)	-	-	195	195
Balance at 31 December 2022	27,673	39,078	655	39,733
				<i>continued from previous page</i>
Year ended 31 December 2021				
Balance at 1 January 2021, as previously reported	21,128	30,446	563	31,009
- Effect of amendments to MFRS 116	(155)	(155)	-	(155)
Balance at 1 January 2021, restated	20,973	30,291	563	30,854
Foreign currency translation differences	-	374	-	374
Share of other comprehensive income of equity- accounted joint ventures and associates	-	41	-	41
Others	-	(1)	-	(1)
Total other comprehensive income for the year	-	414	-	414
Profit/(Loss) for the year	7,346	7,346	(26)	7,320
Total comprehensive income/(loss) for the year	7,346	7,760	(26)	7,734
Additional shares issued to a non-controlling interest	-	-	4	4
Dividends to shareholders of the Company	(3,200)	(3,200)	-	(3,200)
Dividends to a non-controlling interest	-	-	(6)	(6)
Others	(1)	-	-	-
Total transactions with owners of the Group	(3,201)	(3,200)	(2)	(3,202)
Balance at 31 December 2021	25,118	34,851	535	35,386
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The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated financial statements.

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In RM Mil</i>	2022	Year ended 31 December 2021 Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	6,733	7,711
Adjustments for:		
- Amortisation of deferred income	(88)	(140)
- Depreciation and amortisation	1,589	1,650
- Financing costs	66	29
- Finance income	(242)	-
- Interest income	(247)	(117)
- Share of profit after tax of equity-accounted joint ventures and associates	(165)	(729)
- Unrealised forex gain	(494)	(96)
- Other non-cash items	202	146
Operating profit before changes in working capital	7,354	8,454
Change in trade and other inventories	96	(529)
Change in trade and other receivables	(225)	(799)
Change in trade and other payables	1,039	1,140
Cash generated from operations	8,264	8,266
Interest income received	247	117
Taxation paid	(462)	(197)
Net cash generated from operating activities	8,049	8,186
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received from joint ventures and associates	106	201
Investment in joint ventures and associates	(47)	(169)
Payment for acquisition of a subsidiary, net of cash acquired	(11,107)	-
Payment of deferred consideration	(49)	(50)
Payment for settlement of forward foreign exchange contract	(49)	(51)
Proceeds from settlement of forward foreign exchange contract	49	50
Proceeds from disposal of property, plant and equipment	-	1
Purchase of property, plant and equipment	(1,881)	(1,539)
Redemption of preference shares in an associate	27	-
Net cash used in investing activities	(12,951)	(1,557)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to:		
- PETRONAS	(2,471)	(2,059)
- others (third parties)	(1,369)	(1,141)
- non-controlling interest	(4)	(6)
Drawdown of:		
- term loans	352	321
- revolving credit	150	83
Payment of lease liabilities:		
- principal	(67)	(68)
- interest	(50)	(50)
Proceeds from shares issued to a non-controlling interest	-	4
Repayment of revolving credit	(141)	(33)
Repayment of term loans:		
- principal	(146)	(206)
- interest	(60)	(29)
Net cash used in financing activities	(3,806)	(3,184)

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QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

<i>In RM Mil</i>	2022	Year ended 31 December 2021 Restated
Net cash flows from operating, investing and financing activities	<u>(8,708)</u>	3,445
Effect of foreign currency translation differences	<u>470</u>	11
Net (decrease)/increase in cash and cash equivalents	<u>(8,238)</u>	3,456
Net foreign exchange differences on cash held	<u>736</u>	227
Cash and cash equivalents at beginning of the year	<u>16,390</u>	12,707
Cash and cash equivalents at end of the year	<u>8,888</u>	<u>16,390</u>

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

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2022

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. BASIS OF PREPARATION

The condensed consolidated 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 audited financial statements of the Group for the year ended 31 December 2021. The explanatory notes attached to the condensed consolidated financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2021.

Within the context of these unaudited condensed consolidated financial statements, the Group comprises the Company, its subsidiaries and a joint operation, as well as the Group's interest in joint ventures and associates as at and for the year ended 31 December 2022.

A2. ADOPTION OF REVISED PRONOUNCEMENTS AND 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 audited consolidated financial statements for the year ended 31 December 2021.

During the period, the Group has adopted the following Amendments to MFRSs ("pronouncements") that have been issued by the Malaysian Accounting Standards Board ("MASB").

Effective for annual periods beginning on or after 1 January 2022

Amendments to MFRS 9	<i>Financial Instruments (Annual Improvements to MFRS Standards 2018 - 2020)</i>
Amendments to Illustrative Examples accompanying MFRS 16	<i>Leases (Annual Improvements to MFRS Standards 2018 - 2020)</i>
Amendments to MFRS 3	<i>Business Combinations (Reference to the Conceptual Framework)</i>
Amendments to MFRS 116	<i>Property, Plant and Equipment (Property, Plant and Equipment – Proceeds before Intended Use)</i>
Amendments to MFRS 137	<i>Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts – Cost of Fulfilling a Contract)</i>

The initial application of the above pronouncements did not have any material impact to the consolidated financial statements of the Group.

Amendments to MFRS 116 *Property, Plant and Equipment (Property, Plant and Equipment – Proceeds before Intended Use)*. The principal changes on Amendments to MFRS 116 and their effects are set out as below.

The Amendments to MFRS 116 no longer allow companies to deduct any net proceeds from selling items produced while bringing an asset to the location and condition necessary for it to be capable of operating in the manner intended by management, from an item of property, plant and equipment. Instead, the proceeds from selling such items and the costs of producing those items are recognised in the statement of profit or loss.

The Amendments to MFRS 116 is to be applied retrospectively, only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements. The cumulative impact of adoption is to be adjusted at the retained earnings at the beginning of that earliest period.

The restatement impact on comparative information is disclosed in Appendix 1.

A3. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The audited financial statements of PCG and its subsidiaries for the year ended 31 December 2021 were not subject to any audit qualification.

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2022

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. Specialties products generally experience predictable demand throughout the year, with the fourth quarter being historically lower than the rest of the year.

A5. EXCEPTIONAL ITEMS

There were no exceptional items during the year under review.

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 2021 that may have a material effect in the results of the year under review.

A7. DEBT AND EQUITY SECURITIES

There were no material issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the year under review, other than as disclosed in note B8.

A8. DIVIDEND PAID

During the year under review, the Company paid:

- (i) A second interim single tier dividend of 23 sen per ordinary share, amounting to RM1,840 million in respect of the financial year ended 31 December 2021 to shareholders on 25 March 2022; and
- (ii) A first interim single tier dividend of 25 sen per ordinary share, amounting to RM2,000 million in respect of the financial year ending 31 December 2022 to shareholders on 21 September 2022.

A9. OPERATING SEGMENTS

Effective fourth quarter of 2022, the Group reportable segments comprise Olefins and Derivatives, Fertilisers and Methanol, Specialties and Others following acquisition of new subsidiary. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies

- Olefins and Derivatives – activities include manufacturing and marketing of a wide range of olefins; intermediate, basic and high-performance chemicals; and polymer products.
- Fertilisers and Methanol – activities include manufacturing and marketing of methanol and a range of nitrogen, phosphate and compound fertilisers.
- Specialties – activities include manufacturing and marketing of advanced chemicals solutions, animal nutrition, silicones and lube oil additives and chemicals.
- Others – other non-reportable segments comprise operations related to investment holding and port services which provide product distribution infrastructure to the Group.

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2022

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

A9. OPERATING SEGMENTS (continued)

9.1 Revenue

<i>In RM Mil</i>					Year ended 31 December	
	2022	2021	2022	2021	2022	2021
	Restated Third Parties		Inter-segment		Restated Gross Total	
Olefins and Derivatives	12,929	12,465	3	13	12,932	12,478
Fertilisers and Methanol	12,850	9,341	-	-	12,850	9,341
Specialties	3,125	-	-	-	3,125	-
Others	49	1,220	43	46	92	1,266
Total	28,953	23,026	46	59	28,999	23,085

9.2 Segment profit for the year ¹

<i>In RM Mil</i>	Year ended 31 December	
	2022	2021 Restated
Olefins and Derivatives	2,577	3,430
Fertilisers and Methanol	4,070	3,859
Specialties	113	-
Others ²	(433)	31
Total	6,327	7,320

During the year, the Group's investment holding company has provided for earn out costs amounting to RM177 mil arising from acquisition of BRB Group in 2019 which has been included in Others.

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 2022, all property, plant and equipment other than freehold land and projects-in-progress were stated at cost less accumulated depreciation and impairment losses. Freehold land and projects-in-progress were stated at cost less accumulated impairment losses, if any.

A11. CONTINGENCIES

There were no material contingent liabilities or contingent assets since the last audited consolidated financial statements for the year ended 31 December 2021.

A12. CHANGES IN COMPOSITION OF THE GROUP

There were no other material changes in the composition of the Group for the year under review other than as disclosed in note A18.

¹ Included within profit for the year for Olefins and Derivatives, Fertilisers and Methanol, Specialties and Others segments are depreciation and amortisation expenses amounting to RM544 million (2021: RM743 million), RM863 million (2021: RM834 million), RM78 million (2021: RM nil) and RM104 million (2021: RM73 million) respectively.

² Includes profit from non-reportable segments and unallocated assets.

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2022

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:

<i>In RM Mil</i>	As at 31 December 2022	As at 31 December 2021
Property, plant and equipment:		
Approved and contracted for	168	353
Approved but not contracted for	<u>2,450</u>	<u>1,691</u>
	2,618	2,044
Lease contracts yet to commence:		
Plant and equipment	<u>49</u>	-
Total	<u>2,667</u>	<u>2,044</u>

A14. GOODWILL

Below is the movement of goodwill during the year under review:

<i>In RM Mil</i>	As at 1 January 2022	Acquisition of a subsidiary	Foreign currency translation	As at 31 December 2022
Goodwill	<u>231</u>	<u>2,885</u>	<u>(102)</u>	<u>3,014</u>

A15. LONG TERM RECEIVABLES

<i>In RM Mil</i>	As at 31 December 2022	As at 31 December 2021
Trade receivable	22	-
Other receivables and prepayment	<u>262</u>	-
	<u>284</u>	<u>-</u>

During the year, the Group via its subsidiary has entered into an arrangement on trade receivable amounting to RM37 million which resulted in adjustment of timing for payments of the balances. The receivable was fair valued on initial measurement and resulted in recognition of loss amounting to RM15 million. The trade receivable is subjected to periodic accretion of interest income over the period of the arrangement.

Included in other receivables are amount transferred into escrow account in relation to acquisition of a subsidiary (refer to Note A18).

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FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2022

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

A16. TRADE AND OTHER PAYABLES

Details of Group trade and other payables

<i>In RM Mil</i>	As at 31 December 2022	As at 31 December 2021
Non-Current Liabilities		
Trade payables	759	-
Current Liabilities		
Trade and other payables	5,914	4,378

During the year, the Group via its joint operation entity has entered into arrangements on trade payables amounting to RM915 million with counterparties, which resulted in adjustment of timing for payments of the balances. These arrangements have resulted in recognition of gain amounting to RM257 million in the profit or loss. The trade payables are subjected to periodic accretion of interest expense which is expected to approximate this potential gain.

A17. 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 values 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 identifiable 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 Group recognises transfer between levels of fair value hierarchy as of the date of the event or change in circumstances that caused the transfer.

Forward foreign exchange contracts

The fair value of forward foreign exchange contracts is based on the difference between the contracted forward rates and the mark-to-market 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.

The following table analyses financial instruments carried at fair value shown in the statement of financial position.

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FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2022

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

A17. FAIR VALUE INFORMATION (continued)

Forward foreign exchange contracts (continued)

As at 31 December 2022

Fair value of financial instruments carried at fair value

<i>In RM Mil</i>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Nominal value</u>
Financial assets					
Forward foreign exchange contracts					
- within 1 year	-	7	-	7	459
Financial liabilities					
Forward foreign exchange contracts					
- within 1 year	-	(11)	-	(11)	(562)
Contingent consideration					
- within 2 years	-	-	(208)	(208)	(208)

As at 31 December 2021

Fair value of financial instruments carried at fair value

<i>In RM Mil</i>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Nominal value</u>
Financial assets					
Forward foreign exchange contracts					
- within 1 year	-	4	-	4	597
Financial liabilities					
Forward foreign exchange contracts					
- within 1 year	-	(4)	-	(4)	(366)

A18. ACQUISITION OF A SUBSIDIARY

PCG via its wholly-owned subsidiary, PETRONAS Chemicals International B.V. ("PCIBV") had on 14 May 2022 entered into a Securities Purchase Agreement ("SPA") with Financière Forêt S.à.r.l, a company under PAI Partners, a European private equity firm ("Seller") to acquire 50,000,000 shares in Perstorp Holding AB ("Perstorp"), representing the entire issued share capital of Perstorp.

On 11 October 2022, PCG has fulfilled all the required conditions precedent and paid purchase price of EUR1,612.8 million (equivalent to approximately RM7,314.8 million³) to the Seller, satisfied wholly in cash, to complete the acquisition.

PCIBV had repaid all outstanding and unpaid amounts owed by Perstorp and its subsidiaries ("Perstorp") as of the closing date of the SPA that relates to their existing financing agreements which amounts to EUR895.2 million (equivalent to approximately RM4,060.0 million³) and paid earn-out payment into an escrow account which amounts to EUR45.0 million (equivalent to approximately RM204.1 million³) related to Perstorp's new plant in Sayakha, India. The amount in the escrow account will be disbursed to the Seller subject to meeting certain conditions as agreed in the SPA. Following this completion, Perstorp has become an indirect wholly-owned subsidiary of PCG.

The net profit contributed by these subsidiaries from the date of acquisition is not material in relation to the consolidated net profit of the Group for the financial year.

³ Translated based on exchange rate of EUR1.0000 : RM4.5353, being the middle rate quoted by Reuters on 11 October 2022.

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2022

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

A18. ACQUISITION OF A SUBSIDIARY (continued)

If the acquisition had occurred on 1 January 2022, management estimates that consolidated revenue of the Group would have been RM34,293 million and consolidated profit for the financial year would have been RM6,391 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2022.

Further details and the effect of the acquisition are as stated in a separate Bursa Announcement issued on 17 May 2022, 14 September 2022 and 12 October 2022 respectively.

Purchase price allocation

As at reporting date, a provisional purchase price allocation for the acquisition has been performed whereby the fair value of the net assets and goodwill were updated based on provisional valuation of Perstorp which resulted in the recognition of intangible assets and fair value for certain tangible assets along with the corresponding deferred tax liabilities. The intangible assets relate to the fair value of trademarks, patents and know-how, customer relations and other intangibles, whilst the goodwill reflects the synergy that Perstorp will contribute to the Group.

The fair value of the net identifiable assets and goodwill as disclosed below are based on provisional figures of which the independent valuation will be completed within twelve months after the acquisition date.

Effects of the above transaction are as below:

In RM Mil

Property, plant and equipment	3,797
Intangible assets	5,833
Deferred tax assets	265
Other non-current assets	133
Trade and other inventories	1,206
Trade and other receivables	670
Tax recoverable	7
Cash and cash equivalents	468
Borrowings	(4,092)
Lease liabilities	(37)
Deferred tax liabilities	(1,694)
Other non-current liabilities	(351)
Trade and other payables	(1,370)
Taxation	(10)
Net identifiable assets and liabilities	4,825
Less: Non-controlling interest	(195)
Add: Goodwill on acquisition	2,885
Purchase consideration	7,515
Add: Settlement of existing loans	4,060
Payment for acquisition	11,575
Less: Cash and cash equivalents acquired	(468)
Payment for acquisition, net of cash acquired	11,107

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2022

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

A19. SUBSEQUENT EVENT

On 9 January 2023, the Company has entered into a Heads of Agreement to divest 25% of its equity interest in PETRONAS Chemicals Fertiliser Sabah Sdn. Bhd. ("PCFS") to SMJ Sdn Bhd ("SMJ"), a wholly owned company of the Sabah State Government.

The divestment is part of the Group's strategic effort to position itself as a preferred partner in shaping and delivering the aspiration of the Group and SMJ to sustain and grow the petrochemicals business in the State of Sabah.

The divestment is expected to be completed in 2023, subject to execution of the definitive agreement and conditions precedent being met. The financial estimate of the proposed divestment is yet to be finalised as at reporting date. Further details and the effect of the divestment are as stated in a separate Bursa Announcement issued on 9 Jan 2023.

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2022

PART B – OTHER EXPLANATORY NOTES

B1. REVIEW OF GROUP PERFORMANCE

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

	2022		2021		2022		2021		Individual quarter ended 31 December	
	Group	Restated	Olefins and Derivatives	Restated	Fertilisers and Methanol	Restated	Specialties	2022	2021	
<i>In RM Mil</i>										
Revenue	8,704	6,977	3,494	3,407	3,533	3,268	1,664	-		
Profit/(loss) after tax	484	2,035	47	650	1,112	1,436	(163)	-		
EBITDA ⁴	1,740	2,326	372	732	1,428	1,623	7	-		

PCG Group recorded higher plant utilisation rate of 100% as compared to 89% in the corresponding quarter mainly due to lower statutory turnaround and plant maintenance activities resulting in higher production and sales volumes.

Revenue was higher by RM1.7 billion or 25% at RM8.7 billion largely due to revenue contribution from Perstorp following its acquisition in October 2022, weakening of Ringgit Malaysia against US Dollar and higher sales volumes, partially offset by lower product prices.

EBITDA was lower by RM586 million or 25% at RM1.7 billion mainly due to compressed margin. Profit after tax decreased by RM1.6 billion or 76% at RM484 million in line with lower EBITDA, higher foreign exchange loss on revaluation of loans to a joint operation company and of a subsidiary, lower share of profit from joint ventures & associates and earn out costs arising from acquisition of BRB Group in 2019.

Olefins and Derivatives

The segment's operational performance recorded comparable plant utilisation rate and production volume. However, sales volume was higher due to product drawdown from inventory.

Revenue was higher by RM87 million or 3% at RM3.5 billion primarily due to higher sales volumes and weakening of Ringgit Malaysia against US Dollar.

EBITDA was lower by RM360 million or 49% at RM372 million following compressed margin. Profit after tax was also lower by RM603 million or 93% at RM47 million in line with lower EBITDA and share of profit from joint ventures and associates.

Fertilisers and Methanol

The segment recorded higher plant utilisation rate of 100% as compared to 83% in the corresponding quarter due to lower plant statutory turnaround activities resulting in higher production and sales volumes.

The segment's revenue increased by RM265 million or 8% at RM3.5 billion primarily attributed to the higher sales volumes and weakening of Ringgit Malaysia against US Dollar.

EBITDA was lower by RM195 million or 12% at RM1.4 billion mainly due to compressed margin. Profit after tax was lower by RM324 million or 23% at RM1.1 billion in line with lower EBITDA.

Specialties

PCG has introduced a new operating segment on specialties as disclosed in note A9. The segment's performance is attributed to the inclusion of silicone and lube oil additives & chemicals, previously under Others and the newly acquired subsidiary.

⁴ 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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QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2022

PART B – OTHER EXPLANATORY NOTES (continued)

B1. REVIEW OF GROUP PERFORMANCE (continued)

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

	2022		2021		2022		2021		Year ended 31 December	
	2022	2021 Restated	2022	2021 Restated	2022	2021	2022	2021	2022	2021
<i>In RM Mil</i>										
	Group		Olefins and Derivatives		Fertilisers and Methanol		Specialties			
Revenue	28,953	23,026	12,932	12,478	12,850	9,341	3,125			-
Profit after tax	6,327	7,320	2,577	3,430	4,070	3,859	113			-
EBITDA ⁵	8,090	8,288	2,866	3,760	5,088	4,559	382			-

PCG Group recorded lower plant utilisation rate of 89% as compared to 93% in the corresponding year mainly due to higher plant statutory turnaround and maintenance activities resulting in lower production and sales volumes.

Revenue was higher by RM5.9 billion or 26% at RM29.0 billion largely due to higher product prices, weakening of Ringgit Malaysia against US Dollar and revenue contribution from Perstorp following its acquisition in October 2022, partially offset by lower sales volumes.

EBITDA was lower by RM198 million or 2% at RM8.1 billion mainly due to higher operating expenditure. Profit after tax decreased by RM993 million or 14% at RM6.3 billion in tandem with lower EBITDA and share of profit from joint ventures and associates.

Olefins and Derivatives

The segment's operational performance recorded lower plant utilisation rate of 91% as compared to 100% in the corresponding year mainly due to higher plant statutory turnaround and maintenance activities resulting in lower production and sales volumes.

Revenue was higher by RM454 million or 4% at RM12.9 billion primarily due to higher product prices and weakening of Ringgit Malaysia against US Dollar partially offset by lower sales volumes.

EBITDA was lower by RM894 million or 24% at RM2.9 billion due to lower volume. Profit after tax also decreased by RM853 million or 25% at RM2.6 billion in line with lower EBITDA.

Fertilisers and Methanol

The segment's operational performance recorded comparable plant utilisation rate, production and sales volumes with corresponding year.

The segment recorded higher revenue by RM3.5 billion or 38% at RM12.9 billion mainly due to higher product prices and weakening of Ringgit Malaysia against US Dollar.

EBITDA was higher by RM529 million or 12% at RM5.1 billion due to improved margin. Profit after tax also increased by RM211 million or 5% at RM4.1 billion in line with higher EBITDA partially offset by lower share of profit from joint ventures and associates.

Specialties

PCG has introduced a new operating segment on specialties as disclosed in note A9. The segment's performance is attributed to the inclusion of silicone and lube oil additives & chemicals, previously under Others and the newly acquired subsidiary.

⁵ 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.

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2022

PART B – OTHER EXPLANATORY NOTES (continued)

B1. REVIEW OF GROUP PERFORMANCE (continued)

(c) Variation of results against the preceding quarter

<i>In RM Mil</i>	Individual quarter ended	
	31 December 2022	30 September 2022
Revenue	8,704	7,032
Profit after tax	484	1,898
EBITDA ⁶	1,740	1,960

PCG Group recorded higher plant utilisation rate of 100% as compared to 97% in the preceding quarter mainly due to lower plant statutory turnaround and maintenance activities resulting in higher production and sales volumes.

Revenue was higher by RM1.7 billion or 24% at RM8.7 billion mainly due to revenue contribution from Perstorp its following acquisition in October 2022, higher sales volumes and weakening of Ringgit Malaysia against US Dollar, partially offset by lower product prices.

EBITDA was lower by RM220 million or 11% at RM1.7 billion mainly contributed by compressed margin. Profit after tax was lower by RM1.4 billion or 74% at RM484 million in line with lower EBITDA and share of profit from joint ventures and associates.

(d) Highlight on consolidated statement of financial position

<i>In RM Mil</i>	As at	As at
	31 December 2022	31 December 2021 Restated
Total assets	55,430	46,454
Total equity	39,733	35,386
ROE (%)	15.9	20.8

The Group's total assets were higher by RM9.0 billion or 19% at RM55.4 billion. This was mainly due to increase in intangible assets arising from an acquisition of a subsidiary, capital investment in the petrochemicals projects within Pengerang Integrated Complex (PIC) and statutory plant turnaround related costs as well as acquisition of a subsidiary represented by various components. The increase in total assets was partially offset by lower cash and cash equivalents mainly due to payment for the acquisition of a subsidiary.

Total equity was higher by RM4.4 billion or 12% at RM39.7 billion largely contributed by profit generated during the year which was partially offset by dividend payment to shareholders.

⁶ 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.

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2022

PART B – OTHER EXPLANATORY NOTES (continued)

B1. REVIEW OF GROUP PERFORMANCE (continued)

(e) Highlight on consolidated statement of cash flows

<i>In RM Mil</i>	2022	Year ended 31 December 2021 Restated
Net cash generated from operating activities	8,049	8,186
Net cash used in investing activities	(12,951)	(1,557)
Net cash used in financing activities	(3,806)	(3,184)

Net cash generated from operating activities was comparable at RM8.1 billion.

Net cash used in investing activities was higher by RM11.4 billion at RM13 billion primarily due to acquisition of a subsidiary.

Net cash used in financing activities for the year was higher by RM622 million or 20% at RM3.8 billion due to higher dividend payment to shareholders.

B2. COMMENTARY ON PROSPECTS

The results of the Group's operations are expected to be primarily influenced by global economic conditions, petrochemical products prices which have a high correlation to crude oil price, particularly for the Olefins and Derivatives segment, utilisation rate of our production facilities and foreign exchange rate movements.

The utilisation of our production facilities is dependent on plant maintenance activities and sufficient availability of feedstock as well as utilities supply. The Group will continue with its operational excellence programme and supplier relationship management to sustain plant utilisation level at above industry benchmark.

The COVID-19 pandemic continues to affect the global economy and the market will remain volatile. PCG will navigate market uncertainties by leveraging its operational and commercial excellence.

The Group anticipates product prices for olefins and derivatives to be firm on the back of healthy demand for regional festive season. Fertiliser and methanol product prices are expected to be moderate amidst weak downstream demand. For specialties, the Group expects inventory destocking across all end markets to mostly conclude in the first quarter with modest volume recovery. However, the uncertainty and impact from China's reopening on the supply chains and inflation remains for specialty chemicals products demand in 2023. The Group will continue to manage product mix and pricing excellence in a challenging environment.

B3. PROFIT FORECAST OR PROFIT GUARANTEE

The Group does not publish any profit forecast or profit guarantee.

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2022

PART B – OTHER EXPLANATORY NOTES (continued)

B4. OPERATING PROFIT

<i>In RM Mil</i>	Individual quarter ended		Year ended	
	2022	31 December 2021	2022	31 December 2021
Included in operating profit are the following charges:				
Depreciation and amortisation	487	429	1,589	1,650
Inventories:				
- written down to net realisable value	51	34	14	7
- written off	9	48	11	48
Fair value loss	10	-	-	-
Finance loss	34	-	15	-
Net loss on foreign exchange	412	21	149	-
and credits:				
Interest income	81	31	247	117
Fair value gain	-	40	60	40
Finance income	-	-	257	-
Amortisation of deferred income	22	35	88	140
Net gain on foreign exchange	-	-	-	99

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

Foreign exchange exposure / hedging policy

The Group is exposed to varying levels of foreign exchange risk when they enter into transactions that are not denominated in the respective companies' functional currencies and when foreign currency monetary assets and liabilities are retranslated at the reporting date. The main underlying economic currencies of the Group's cash flows are Ringgit Malaysia and US Dollar.

The Group's foreign exchange management policies aim to minimise transactional exposure arising from currency movements. The Group mainly relies on the natural hedge arising from most of its revenue and expenses being denominated in US Dollar. In addition, the Group, where applicable, hedge using derivative instruments in respect of current and forecasted transactions.

B5. TAX EXPENSE

<i>In RM Mil</i>	Individual quarter ended		Year ended	
	2022	31 December 2021	2022	31 December 2021
Current tax expenses				
Current period tax	101	104	449	371
Over provision in respect of prior periods	(2)	(4)	-	(16)
	99	100	449	355
Deferred tax expenses				
Origination and reversal of temporary differences	(22)	2	(59)	60
(Over)/under provision in respect of prior periods	-	(2)	16	(24)
	(22)	-	(43)	36
	77	100	406	391

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2022

PART B – OTHER EXPLANATORY NOTES (continued)

B5. TAX EXPENSE (continued)

The Group's effective tax rates for the quarter and year ended 31 December 2022 are 14% and 6% respectively which, are reflective of the various tax legislation within which the Group operates including among others Malaysia Income Tax Act 1967 and Global Incentive for Trading (GIFT) under Labuan Financial Services and Securities Act 2010. The tax rate for the quarter is mainly affected by higher non-deductible expenses arising from foreign exchange translation loss. Additionally, there was recognition of deferred tax asset on business losses for a subsidiary during the year following projection of its utilisation within the claimable period.

B6. STATUS OF CORPORATE PROPOSALS

There was no other corporate proposal announced since the last audited consolidated financial statements for the year ended 31 December 2021.

B7. TRADE AND OTHER RECEIVABLES

(a) Details of Group trade and other receivables

<i>In RM Mil</i>	As at 31 December 2022	As at 31 December 2021
Trade receivables:		
- Third party	2,714	2,096
- Joint ventures and associates	253	296
- Related companies	103	111
Other receivables	549	234
Total	3,619	2,737

Average credit term for trade receivables granted to related parties and non-related parties is 45 days.

(b) Ageing analysis of trade receivables

<i>In RM Mil</i>	As at 31 December 2022	As at 31 December 2021
Not past due	2,983	2,464
Past due 1 to 30 days	66	38
Past due 31 to 60 days	23	-
Past due 61 to 90 days	12	1
Past due more than 90 days	8	-
Total	3,092	2,503

With respect to the Group's trade receivables, there are no indications as of the reporting date that the debtors will not meet their payment obligations.

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2022

PART B – OTHER EXPLANATORY NOTES (continued)

B8. BORROWINGS

	Denominated currency	<i>In denominated currency</i>		<i>In presentation currency</i>	
		As at 31 December 2022	As at 31 December 2021	As at 31 December 2022	As at 31 December 2021
		Mil	Mil	RM Mil	RM Mil
Non-current					
Term loans - secured	USD	370	394	1,635	1,646
Term loan - unsecured	USD	157	88	695	368
Term loan - unsecured	EUR	34	30	159	142
				<u>2,489</u>	<u>2,156</u>
Current					
Terms loans - secured	USD	26	33	115	139
Term loans - unsecured	CNY	20	-	13	-
Revolving credit - unsecured	CAD	-*	-	1*	-
Revolving credit - unsecured	EUR	-	20	-	93
Revolving credit - unsecured	RM	100	-	100	-
				<u>229</u>	<u>232</u>

There are two EUR unsecured term loans which bear interests of 0.71% per annum and interest margin above EURIBOR of 0.85% per annum respectively. These loans are repayable in 2025 and 2027 respectively. The CAD unsecured revolving credit bears interest margin of 1.5% above Prime rate Canada.

The USD unsecured term loan is pursuant to the co-borrowing agreement between the joint operation company and a related party under an integrated borrowing structure. The loan which bears nil interest was fair valued as a Level 3 fair value on initial recognition with an effective interest rate ranging from 2.33% to 4.18% per annum and due for a final repayment twelve months following the final discharge of the project financing, mentioned below.

There are two CNY unsecured term loans which bear interests of 3.85% and 4.10% per annum respectively.

The RM unsecured revolving credit bears interest margin of 0.70% above KLIBOR for first RM30 million and 0.90% above KLIBOR for the remaining outstanding amount of the facility.

The secured term loans relate to 50% share of project financing facility of a joint operation company amounting to USD914 million, net of transaction costs. The loans bear interest margin above 6-month LIBOR ranging from 0.80% to 1.74% per annum and the remaining amount is repayable on various dates between 2022 and 2034.

The loans are secured in the following manner:

- (i) Completion guarantee from the ultimate holding company, PETRONAS on several and not joint basis which will be uplifted and terminated upon meeting all project completion requirements;
- (ii) Cross-guarantee arrangement under an integrated borrowing structure due to the nature of the project with a related party; and
- (iii) Charge over ordinary shares and the land lease rights of the said joint operation company.

* Amount of revolving credit – unsecured is CAD355,000 (RM1,156,311) translated at exchange rate of CAD1.0000 : RM3.2571, being the middle rate quoted by Reuters on 31 December 2022.

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2022

PART B – OTHER EXPLANATORY NOTES (continued)

B9. DERIVATIVE FINANCIAL INSTRUMENTS

There were no changes to the Group's derivative financial instruments since the last audited consolidated financial statements for the year ended 31 December 2021, other than as disclosed in note A17.

B10. 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 under review.

B11. MATERIAL LITIGATION

There was no pending material litigation since the last audited consolidated financial statements for the year ended 31 December 2021.

B12. DIVIDENDS

The Directors of the Company have declared a second interim single tier dividend of 16 sen per ordinary share, amounting to RM1,280 million in respect of the financial year ended 31 December 2022 (2021: second interim single tier dividend of 23 sen per ordinary share, amounting to RM1,840 million in respect of the financial year ended 31 December 2021).

The dividend is payable on 23 March 2023 to depositors registered in the Records of Depositors at the close of business on 13 March 2023.

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

- Shares transferred into the Depositor's Securities Account before 4:00 pm on 13 March 2023 in respect of ordinary transfers.
- Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of the Bursa Malaysia Securities Berhad.

B13. BASIC EARNINGS PER SHARE

Basic earnings per share is derived based on the profit attributable to shareholders of the Company and number of ordinary shares of the Company.

	Individual quarter ended 31 December		Year ended 31 December	
	2022	2021 Restated	2022	2021 Restated
<i>In RM Mil</i>				
Profit for the period attributable to shareholders of the Company	481	2,061	6,322	7,346
<i>In millions of shares</i>				
Number of ordinary shares issued	8,000	8,000	8,000	8,000
<i>In sen</i>				
Basic earnings per share	6	26	79	92

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.

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2022

PART B – OTHER EXPLANATORY NOTES (continued)

B13. EXCHANGE RATES

	Individual quarter ended			Year ended	
	31 December 2022	30 September 2022	31 December 2021	31 December 2022	31 December 2021
USD/MYR					
Average rate	4.5756	4.4820	4.1848	4.4001	4.1439
Closing rate	4.4150	4.6375	4.1740	4.4150	4.1740
EUR/MYR					
Average rate	4.6645	4.5150	4.7858	4.6311	4.9025
Closing rate	4.7099	4.5568	4.7279	4.7099	4.7279

By order of the Board

Azira Marini Binti Ab Rahim (SSM Practising Certificate No. 201908001107)

Kang Shew Meng (SSM Practising Certificate No. 201908002065)

Company Secretaries

Kuala Lumpur
23 February 2023

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2022

APPENDIX 1 - IMPACT OF MFRS 116 AMENDMENTS

- a) Reconciliation of consolidated statement of profit or loss and other comprehensive income for individual quarter ended 31 December 2021*

	As previously reported	Effect of MFRS 116 amendments	As restated
<i>In RM Mil</i>			
Revenue	6,976	1	6,977
Gross profit	2,491	1	2,492
Profit before taxation	2,134	1	2,135
PROFIT FOR THE PERIOD	2,034	1	2,035
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,952	1	1,953
Profit attributable to:			
Shareholders of the Company	2,060	1	2,061
Non-controlling interests	(26)	-	(26)
Total comprehensive income attributable to:			
Shareholders of the Company	1,978	1	1,979
Non-controlling interests	(26)	-	(26)
Basic earnings per ordinary share (sen)	26	-	26

* An extract of consolidated statement of profit or loss and other comprehensive income on the affected lines.

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2022

APPENDIX 1 - IMPACT OF MFRS 116 AMENDMENTS

- b) Reconciliation of consolidated statement of profit or loss and other comprehensive income as at 31 December 2021*

	As previously reported	Effect of MFRS 116 amendments	As restated
<i>In RM Mil</i>			
Revenue	23,025	1	23,026
Gross profit	8,578	1	8,579
Profit before taxation	7,710	1	7,711
PROFIT FOR THE YEAR	7,319	1	7,320
 TOTAL COMPREHENSIVE INCOME FOR THE YEAR	 7,733	 1	 7,734
 Profit/(Loss) attributable to:			
Shareholders of the Company	7,345	1	7,346
Non-controlling interests	(26)	-	(26)
 Total comprehensive income/(loss) attributable to:			
Shareholders of the Company	7,759	1	7,760
Non-controlling interests	(26)	-	(26)
	-	-	-
Basic earnings per ordinary share (sen)	92	-	92

* An extract of consolidated statement of profit or loss and other comprehensive income on the affected lines.

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2022

APPENDIX 1 - IMPACT OF MFRS 116 AMENDMENTS

c) Reconciliation of consolidated statement of financial position as at 31 December 2021.

	As previously reported	Effect of MFRS 116 amendments	As restated
<i>In RM Mil</i>			
Property, plant and equipment	22,195	(154)	22,041
Other assets	24,413	-	24,413
TOTAL ASSETS	46,608	(154)	46,454
EQUITY			
Share Capital	8,871	-	8,871
Reserves			
Retained Profits			
Balance as at 1 January 2021	21,128	(155)	20,973
Total comprehensive income for the year	7,345	1	7,346
Total transactions with owners of the Group	(3,201)	-	(3,201)
Balance as at 31 December 2021	25,272	(154)	25,118
Other reserves	862	-	862
Total equity attributable to shareholders of the Company	35,005	(154)	34,851
Non-controlling interests	535	-	535
TOTAL EQUITY	35,540	(154)	35,386
TOTAL LIABILITIES	11,068	-	11,068
TOTAL EQUITY AND LIABILITIES	46,608	(154)	46,454

QUARTERLY REPORT

FOR FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2022

APPENDIX 1 - IMPACT OF MFRS 116 AMENDMENTS

d) Reconciliation of consolidated statement of cash flows as at 31 December 2021.

	As previously reported	Effect of MFRS 116 amendments	As restated
<i>In RM Mil</i>			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation	7,710	1	7,711
Adjustment for:			
Other non-cash items	146	-	146
Other adjustment	597	-	597
Operating profit before changes in working capital	8,453	1	8,454
Change in working capital	(188)	-	(188)
Cash generated from operations	8,265	-	8,266
Interest income received	117	-	117
Taxation paid	(197)	-	(197)
Net cash generated from operating activities	8,185	1	8,186
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash used in investing activities	(1,556)	(1)	(1,557)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash used in financing activities	(3,184)	-	(3,184)
Net cash flows from operating, investing and financing activities	3,445	-	3,445
Effect of foreign currency translation differences	11	-	11
Net increase in cash and cash equivalents	3,456	-	3,456
Net foreign exchange differences on cash held	227	-	227
Cash and cash equivalents at beginning of the year	12,707	-	12,707
Cash and cash equivalents at end of the year	16,390	-	16,390