



**PETRONAS**

# Resilience. Leveraging Strengths.

PETRONAS CHEMICALS GROUP BERHAD | FINANCIAL REPORT 2025



Cover Rationale

# Resilience. Leveraging Strengths.

The theme "Resilience. Leveraging Strengths." encapsulates the spirit of collaboration at the heart of our success.

The cover celebrates the seamless integration of science, people and purpose, highlighting the collective strength that drives meaningful change. It showcases how innovation and cooperation unlock pathways to sustainability and progress, bridging the gap between challenges and opportunities. By harnessing the unique potential of our partnerships and expertise, we pave the way for impactful solutions that benefit industries, communities and the environment, demonstrating that together, we achieve more.

Dear Stakeholders,

PETRONAS Chemicals Group Berhad's approach to value creation is anchored in responsible and sustainable business practices. Our sustainability journey guides how we balance economic performance with environmental stewardship and social responsibility, supported by strong governance. By embedding transparency, accountability and ethical conduct into how we operate, we aim to build enduring trust and deliver sustainable outcomes over the long-term.

# INSIDE THIS REPORT

## FINANCIAL REPORT

- 1 Basis of This Report
- 2 Approaching Our Financial Statements
- 4 Statement of Directors' Responsibility
- 5 Directors' Report
- 9 Statement by Directors
- 9 Statutory Declaration
- 10 Statements of Financial Position
- 11 Statements of Profit or Loss
- 12 Statements of Other Comprehensive Income
- 13 Statements of Changes in Equity
- 18 Statements of Cash Flows
- 21 Notes to the Financial Statements
- 104 Independent Auditors' Report

## 28<sup>TH</sup> | ANNUAL GENERAL MEETING

**Venue:**  
To be held physically and broadcasted live from:  
Exhibition Hall 1, Ground Floor,  
Kuala Lumpur Convention Centre,  
50088 Kuala Lumpur, Malaysia

**Date:**  
Wednesday, 22 April 2026

**Time:**  
10.00 am

## BASIS OF THIS REPORT

### OUR REPORTING SUITE

PCG's reporting suite provides clear insight into our strategic priorities, performance and business direction, while addressing the material risks that influence our operations and long-term growth. Through consistent, well-structured and accountable disclosures, we demonstrate our commitment to accountability, resilience and sustainable value creation.

**IR Integrated Report 2025 (IR)**  
The objective of the IR is to provide our stakeholders with a thorough and balanced assessment of both financial and non-financial performance. Through this report, stakeholders will gain a better understanding of our business operations, sustainability initiatives, performance metrics, governance, risk management and prospects.

In demonstrating our commitment to transparency while reinforcing stakeholder trust, this report provides a comprehensive overview of our Corporate Governance Overview Statement, Nomination & Remuneration Committee Report, Board Audit Committee Report, Board Sustainability & Risk Committee Report and the Statement of Risk Management and Internal Control.

- Guided by:**
- International Integrated Reporting Framework (IIRF) as issued by the Value Reporting Foundation (VRF)
  - Malaysian Code on Corporate Governance (MCCG)
  - Main Market Listing Requirements (MMLR) as issued by Bursa Malaysia
  - Companies Act 2016 (CA 2016)
  - MFRS Accounting Standards as issued by the Malaysian Standards Board
  - IFRS Accounting Standards as issued by the International Accounting Standards Board
  - Corporate Governance Guide - 4<sup>th</sup> Edition as issued by Bursa Malaysia

**SR Sustainability Report 2025 (SR)**  
The SR is prepared in alignment with PCG's internal sustainability governance and reporting processes, supported by data collection, validation and reviews across relevant functions.

The report has been developed with reference to leading sustainability reporting standards and frameworks to ensure relevance, credibility and decision-useful disclosures for stakeholders.

- Guide by:**
- Malaysia-Specific Frameworks and Regulatory Guidance
  - National Sustainability Reporting Framework (NSRF)
  - Main Market Listing Requirements (MMLR) as issued by Bursa Malaysia
  - Bursa Malaysia Sustainability Reporting Guide
  - FTSE4Good Bursa Malaysia Index's Environmental, Social and Governance (ESG) Indicators

- International Frameworks and Standards
- IFRS Sustainability Disclosure Standards, IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures)
  - Sustainability Accounting Standards Board (SASB) Standards
  - Global Reporting Initiative (GRI) Universal Standards 2021
  - S&P Global Corporate Sustainability Assessment
  - The United Nations Sustainable Development Goals (UN SDGs)

**FR Financial Report 2025 (FR)**  
The FR includes the Directors' Report, Audited Financial Statements and Independent Auditors' Report. It offers comprehensive financial information to our shareholders, investors, analysts and other relevant parties.

- Guided by:**
- MMLR as issued by Bursa Malaysia
  - CA 2016
  - MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board
  - IFRS Accounting Standards as issued by the International Accounting Standards Board



# APPROACHING OUR FINANCIAL STATEMENTS

## FINANCIAL STATEMENTS DECODED

The purpose of financial statements is to communicate the Group's financial information to its stakeholders, especially shareholders, investors and lenders. In this section, we try to help readers who are not familiar with accounting rules and financial expressions to understand our financial information, by explaining the functions and relationships between the essential financial statements: the statements of profit or loss and other comprehensive income, the statements of financial position and the statements of cash flows. For comprehensive and authoritative definitions and explanations, readers should turn to the relevant accounting standards, but we hope this section offers useful guidance.

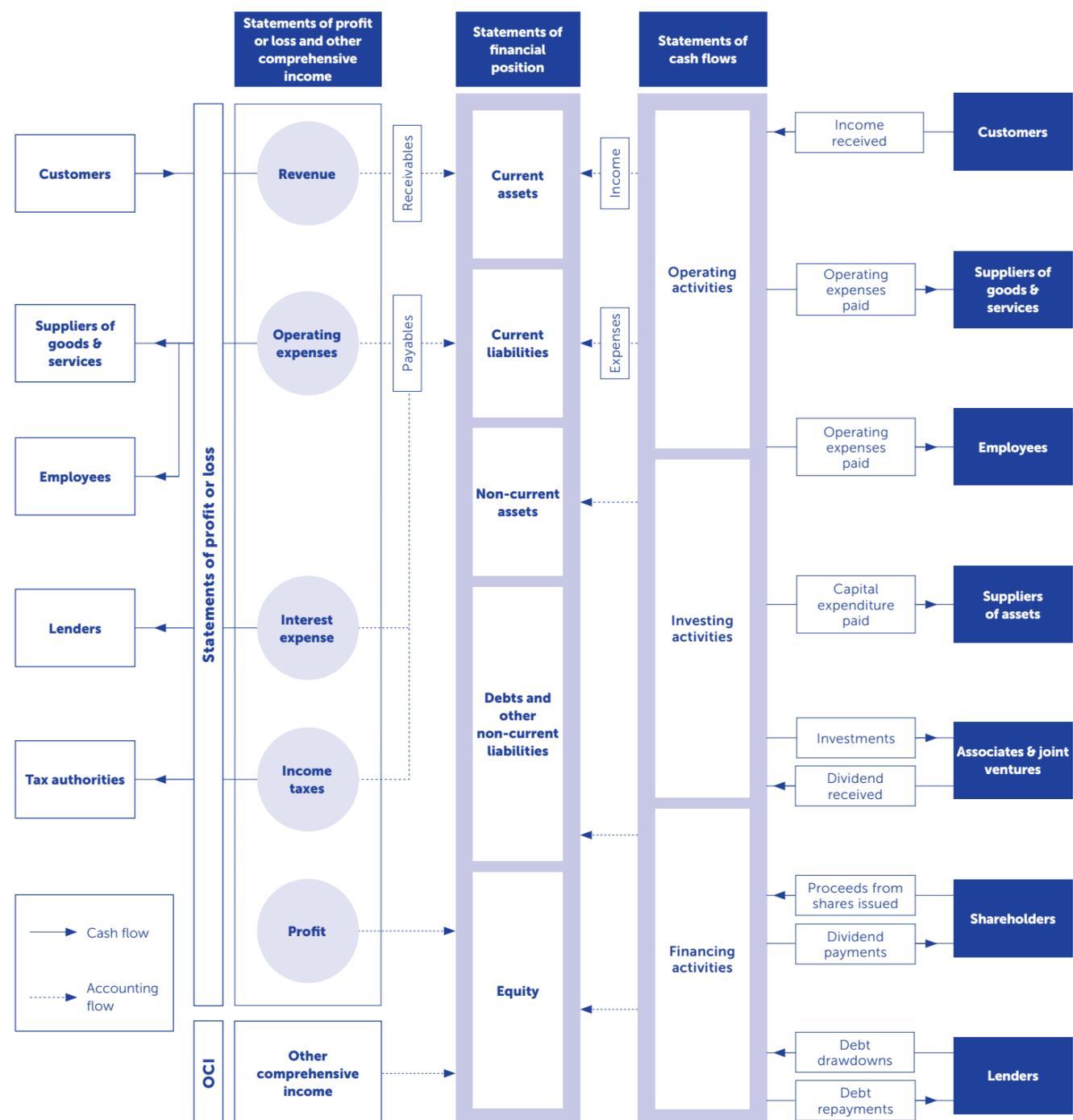
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	STATEMENTS OF FINANCIAL POSITION	STATEMENTS OF CASH FLOWS
<p><i>'Financial performance measured by recording the flow of resources over a period of time'</i></p>	<p><i>'A snapshot taken at a point in time of all the assets the company owns and all the claims against those assets'</i></p>	<p><i>'Where the company sources its cash and how it uses it'</i></p>
<p>These statements comprise (a) profit or loss and (b) other comprehensive income (OCI). The objective of these statements is to present all income or expenses (transactions with non-owners) in a performance statement. OCI represents certain income and expenses which are not recognised in profit or loss as required or permitted by the relevant accounting standards. Transactions with owners such as dividends are presented in the statements of changes in equity.</p>	<p>These statements sum up the Group's and the Company's economic resources (total assets), obligations (debts and other liabilities) and owners' equity at a particular point of time, in this case, our year end is at 31 December 2025. It also shows how the economic resources contributed by lenders and shareholders are used in the business. In the past, we used to call these statements a "balance sheet" because at any given time, assets must equal liabilities plus owners' equity (in other words, be in balance). The current name reflects its function more accurately.</p>	<p>These statements divide the cash flows into operating, investing and financing cash flows. While the operating profit underlies the operating cash flows, certain non-cash charges or credits, such as depreciation and amortisation, are adjusted for, thus the operating cash flows and the operating profit are different. Investing cash flows are the cash flows arising from the purchase or disposal of non-current assets. Financing cash flows represent the cash flows between its shareholders and lenders.</p>
<p><b>Page</b> 11-12</p> <p>Refer Statements of Profit or Loss and Other Comprehensive Income</p>	<p><b>Page</b> 10</p> <p>Refer Statements of Financial Position</p>	<p><b>Page</b> 18-20</p> <p>Refer Statements of Cash Flows</p>

# APPROACHING OUR FINANCIAL STATEMENTS

## FINANCIAL STATEMENTS ILLUSTRATED

The diagram below illustrates the relationships between the statements of profit or loss and other comprehensive income, the statements of financial position and the statements of cash flows, as well as their links with the Group's and the Company's stakeholders.

On one hand, the Group earns revenue from customers through the deployment of assets. On the other hand, it pays operating expenses mainly relating to supply of goods and services, staff costs as well as invests in additional non-current assets. The net balance of revenue and operating expenses is the operating profit. After deducting payment to lenders, this profit is available for payment to tax authorities and for distribution to shareholders in return for their contribution of funds to the Group.



# STATEMENT OF DIRECTORS' RESPONSIBILITY

(IN RELATION TO THE FINANCIAL STATEMENTS)

The financial statements of the Group and of the Company as set out on pages 10 to 103 of this Financial Report are properly drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2025 and of the results of its operations and cash flows for the year ended on that date.

The Directors consider the following in preparing the financial statements of the Group and of the Company:

- appropriate accounting policies have been used and consistently applied;
- reasonable and prudent judgments and estimates have been made;
- all Malaysian Financial Reporting Standards and the Companies Act 2016 in Malaysia have been followed; and
- prepared on a going concern basis.

The Directors are responsible for ensuring that the accounting and other records and registers required by the Companies Act 2016 in Malaysia to be retained by the Group have been properly kept in accordance with the provisions of the said Act.

The Directors also have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group and of the Company and to prevent and detect fraud and other irregularities.

# DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2025.

## PRINCIPAL ACTIVITIES

The principal activity of the Company in the course of the financial year remained unchanged as investment holding.

In the preparation of the financial statements of the Company, as required by MFRS 11 *Joint Arrangements*, the Company recognises its share of assets held and liabilities incurred jointly in a joint operation entity as disclosed in Note 30 to the financial statements.

The principal activities of subsidiaries, and nature of relationship of associates and joint ventures are stated in Note 27, Note 28 and Note 29 to the financial statements respectively and the Board of Directors ("Board") deems such information included in the Company's Directors' Report by such reference and shall form part of the Company's Directors' Report.

## HOLDING AND ULTIMATE HOLDING COMPANY

The holding and ultimate holding company is Petroliam Nasional Berhad ("PETRONAS"), a company incorporated in Malaysia.

## SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 27 to the financial statements.

## RESULTS

<i>In RM Mil</i>	Group	Company
Loss for the year	(2,050)	(2,614)
Attributable to:		
Shareholders of the Company	(2,142)	(2,614)
Non-controlling interests	92	–

## DIVIDENDS

During the financial year, the amount of dividends paid by the Company were as follows:

- In respect of the financial year ended 31 December 2024 as reported in the Directors' Report of that year, a second interim dividend of 3 sen per ordinary share amounting to RM240 million declared on 21 February 2025 and paid on 20 March 2025; and
- In respect of the financial year ended 31 December 2025, a first interim dividend of 3 sen per ordinary share amounting to RM240 million declared on 13 August 2025 and paid on 10 September 2025.

The Directors had on 23 February 2026 declared a second interim dividend of 4 sen per ordinary share amounting to RM320 million in respect of the financial year ended 31 December 2025 which is payable on 18 March 2026. The dividend will be recognised and accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2026.

Further details on dividends are disclosed in Note 25.

## RESERVES AND PROVISIONS

There were no material movements to or from reserves and provisions during the financial year other than as disclosed in the financial statements.

## DIRECTORS' REPORT

### DIRECTORS

Directors who served during the financial year until the date of this report are:

Datuk Sazali bin Hamzah (Chairman)  
Mazuin bin Ismail  
Yeoh Siew Ming  
Dr. Zafar Abdulmajid Momin  
Farehana binti Hanapiah  
Abang Yusuf bin Abang Puteh  
Luciano Tarcisio Poli (appointed on 1 November 2025)  
Warren William Wilder (resigned on 1 January 2026)  
Datin Seri Sunita Mei-Lin Rajakumar (retired on 22 April 2025)

In accordance with Article 107 of the Company's Constitution, Yeoh Siew Ming and Mazuin bin Ismail are due for retirement by rotation at the forthcoming Annual General Meeting ("AGM") of the Company and being eligible, offer themselves for re-election at the forthcoming AGM.

In accordance with Article 100 of the Company's Constitution, Luciano Tarcisio Poli who was appointed to fill casual vacancy on the Board, will retire at the forthcoming AGM, and being eligible, offers himself for re-election.

The Company has been granted a relief order pursuant to Section 255(1) of the Companies Act, 2016 relieving the Company's Directors from full compliance to the requirements under Section 253(2) of the Companies Act, 2016.

The names of Directors of subsidiaries are available on the Company's Corporate Website and the Board of Directors deems such information is included in the Company's Directors' Report by such reference and shall form part of the Company's Directors' Report.

### DIRECTORS' INTERESTS

The Directors in office at the end of the financial year who have interests and deemed interests in the shares of the Company and of its related corporations other than wholly-owned subsidiaries (including the interests of the spouses and/or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

Name	Number of ordinary shares in the Company			
	Balance at 1.1.2025	Bought	Sold	Balance at 31.12.2025
Datuk Sazali bin Hamzah - child	8,000	-	-	8,000
Farehana binti Hanapiah	6,000	-	-	6,000

None of the other Directors holding office as at 31 December 2025 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than the benefits shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

The directors' benefit paid to or receivable by directors in respect of the financial year ended 31 December 2025 was RM4,183,000 comprising fees and other short-term employee benefits.

### ISSUE OF SHARES

There were no changes in the issued and paid up capital of the Company during the financial year.

### OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

### INDEMNITY AND INSURANCE COSTS

During the financial year, PETRONAS and its subsidiaries (hereinafter referred to as "PETRONAS Group"), including the Company, maintained a Directors' and Officers' Liability Insurance in accordance with Section 289 of the Companies Act, 2016. The total insured limit for the Directors and Officers Liability Insurance effected for the Directors and Officers of PETRONAS Group was RM1,290 million per occurrence and in the aggregate. The insurance premium for the Group and the Company are RM516,570 and RM25,224 respectively.

### OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- necessary actions had been taken in relation to the writing off of bad debts and the provisioning of doubtful debts and satisfied themselves that all known bad debts have been written off and adequate provision made for doubtful debts, and
- any current assets which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company, had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- any charge on the assets of the Group and of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- any material contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

No material contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2025 have not been substantially affected by any item, transaction or event of a material and unusual nature, nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

## DIRECTORS' REPORT

### AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept reappointment.

The auditors' remuneration paid or payable to KPMG PLT and member firms of KPMG International Limited for the financial year ended 31 December 2025 are as follows:

<i>In RM'000</i>	Group	Company
<b>Audit fees</b>		
- KPMG PLT	2,032	582
- Member firms of KPMG International Limited	679	-
	2,711	582
<b>Non-audit service fees</b>		
- KPMG PLT	587	409
- Member firms of KPMG International Limited	293	-
	880	409

Signed on behalf of the Board of Directors  
in accordance with a resolution of the Directors:

**Datuk Sazali bin Hamzah**  
Chairman

**Mazuin bin Ismail**  
Director

Kuala Lumpur,  
Date: 23 February 2026

## STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 10 to 103, are drawn up in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board, IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2025 and of their financial performance and cash flows for the year then ended on that date.

Signed on behalf of the Board of Directors  
in accordance with a resolution of the Directors:

**Datuk Sazali bin Hamzah**  
Chairman

**Mazuin bin Ismail**  
Director

Kuala Lumpur,  
Date: 23 February 2026

## STATUTORY DECLARATION

I, Mohd Azli bin Ishak, the officer primarily responsible for the financial management of PETRONAS Chemicals Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 10 to 103 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed

**Mohd Azli bin Ishak**  
MIA Membership Number: 22217  
at Kuala Lumpur in Wilayah Persekutuan  
on 23 February 2026.

BEFORE ME:

## STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

In RM Mil	Note	Group		Company	
		2025	2024	2025	2024
<b>ASSETS</b>					
Property, plant and equipment	3	28,106	29,338	7,320	9,063
Investments in subsidiaries	4	—	—	19,334	19,008
Investments in associates and joint ventures	5	1,114	1,339	1,334	1,257
Intangible assets	6	9,492	8,898	—	—
Long-term receivables	7	902	951	858	900
Retirement benefits	8	20	23	—	—
Deferred tax assets	9	704	632	—	—
<b>TOTAL NON-CURRENT ASSETS</b>		<b>40,338</b>	41,181	<b>28,846</b>	30,228
Trade and other inventories	10	3,993	4,086	399	434
Trade and other receivables	11	3,655	4,356	191	289
Tax recoverable		83	37	—	1
Cash and cash equivalents	13	9,621	9,931	1,058	2,113
<b>TOTAL CURRENT ASSETS</b>		<b>17,352</b>	18,410	<b>1,648</b>	2,837
<b>TOTAL ASSETS</b>		<b>57,690</b>	59,591	<b>30,494</b>	33,065
<b>EQUITY</b>					
Share capital	14	8,871	8,871	8,871	8,871
Reserves	15	27,144	29,686	12,640	15,540
<b>Total equity attributable to shareholders of the Company</b>		<b>36,015</b>	38,557	<b>21,511</b>	24,411
Non-controlling interests	16	1,365	1,422	—	—
<b>TOTAL EQUITY</b>		<b>37,380</b>	39,979	<b>21,511</b>	24,411
<b>LIABILITIES</b>					
Borrowings	17	2,004	2,419	1,860	2,133
Lease liabilities		1,692	1,874	826	1,041
Provisions	18	350	303	118	124
Retirement benefits	8	172	175	—	—
Deferred tax liabilities	9	2,253	2,198	—	—
Other long-term liabilities	18	1,785	1,801	815	745
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>8,256</b>	8,770	<b>3,619</b>	4,043
Trade and other payables	19	10,222	9,705	5,187	4,410
Borrowings	17	1,460	795	101	134
Lease liabilities		293	224	59	57
Taxation		79	118	17	10
<b>TOTAL CURRENT LIABILITIES</b>		<b>12,054</b>	10,842	<b>5,364</b>	4,611
<b>TOTAL LIABILITIES</b>		<b>20,310</b>	19,612	<b>8,983</b>	8,654
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>57,690</b>	59,591	<b>30,494</b>	33,065

The notes set out on pages 21 to 103 are an integral part of these financial statements.

## STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2025

In RM Mil	Note	Group		Company	
		2025	2024	2025	2024
Revenue	20	27,480	30,671	1,449	1,841
Cost of revenue		(24,552)	(25,965)	(2,281)	(2,502)
<b>Gross profit/(loss)</b>		<b>2,928</b>	4,706	<b>(832)</b>	(661)
Selling and distribution expenses		(2,077)	(2,144)	(101)	(64)
Administration expenses		(1,330)	(1,526)	(363)	(473)
Other expenses		(1,649)	(199)	(1,399)	(480)
Other income		756	1,220	359	767
<b>Operating (loss)/profit</b>	21	<b>(1,372)</b>	2,057	<b>(2,336)</b>	(911)
Financing costs	22	(346)	(260)	(225)	(154)
Share of loss after tax of equity-accounted associates and joint ventures		(174)	(107)	—	—
<b>(Loss)/Profit before taxation</b>		<b>(1,892)</b>	1,690	<b>(2,561)</b>	(1,065)
Tax expense	23	(158)	(401)	(53)	(55)
<b>(Loss)/Profit for the year</b>		<b>(2,050)</b>	1,289	<b>(2,614)</b>	(1,120)
<b>(Loss)/Profit attributable to:</b>					
Shareholders of the Company		(2,142)	1,175	(2,614)	(1,120)
Non-controlling interests		92	114	—	—
<b>(LOSS)/PROFIT FOR THE YEAR</b>		<b>(2,050)</b>	1,289	<b>(2,614)</b>	(1,120)
Basic (loss)/earnings per ordinary share (sen)	24	(26.8)	14.7	—	—

The notes set out on pages 21 to 103 are an integral part of these financial statements.

## STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

In RM Mil	Note	Group		Company	
		2025	2024	2025	2024
<b>(Loss)/Profit for the year</b>		<b>(2,050)</b>	1,289	<b>(2,614)</b>	(1,120)
<b>Other comprehensive income/(loss)</b>					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Remeasurement of defined benefit liability	8	<b>11</b>	5	—	—
<i>Items that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation differences		<b>182</b>	(1,900)	<b>194</b>	57
Share of other comprehensive loss of equity-accounted associates and joint ventures		<b>(113)</b>	(40)	—	—
		<b>69</b>	(1,940)	<b>194</b>	57
<b>Total other comprehensive income/(loss) for the year</b>		<b>80</b>	(1,935)	<b>194</b>	57
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<b>(1,970)</b>	(646)	<b>(2,420)</b>	(1,063)
<b>Total comprehensive (loss)/income attributable to:</b>					
Shareholders of the Company		<b>(2,062)</b>	(760)	<b>(2,420)</b>	(1,063)
Non-controlling interests		<b>92</b>	114	—	—
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<b>(1,970)</b>	(646)	<b>(2,420)</b>	(1,063)

## STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

Group In RM Mil	Attributable to shareholders of the Company			
	Non-distributable			
	Share capital (Note 14)	Foreign currency translation Other reserves (Note 15)	Merger reserve (Note 15)	Other reserves (Note 15)
<b>Balance at 1 January 2025</b>	<b>8,871</b>	<b>1,295</b>	<b>(204)</b>	<b>1,525</b>
Foreign currency translation differences	—	<b>182</b>	—	—
Share of other comprehensive loss of equity-accounted associates and joint ventures	—	—	—	<b>(113)</b>
Remeasurement of defined benefit liability	—	—	—	<b>11</b>
Total other comprehensive income/(loss) for the year	—	<b>182</b>	—	<b>(102)</b>
(Loss)/Profit for the year	—	—	—	—
<b>Total comprehensive income/(loss) for the year</b>	—	<b>182</b>	—	<b>(102)</b>
Transfer from retained profits upon redemption of redeemable preference shares of a subsidiary	—	—	—	<b>439</b>
Dividends to shareholders of the Company (Note 25)	—	—	—	—
Dividend to a non-controlling interest	—	—	—	—
Others	—	—	—	<b>3</b>
<b>Total transactions with owners of the Group</b>	—	—	—	<b>442</b>
<b>Balance at 31 December 2025</b>	<b>8,871</b>	<b>1,477</b>	<b>(204)</b>	<b>1,865</b>

continue to next page

## STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

Group <i>In RM Mil</i>	Attributable to shareholders of the Company		Non- controlling interests	Total equity
	Distributable	Total		
	Retained profits			
<b>Balance at 1 January 2025</b>	<b>27,070</b>	<b>38,557</b>	<b>1,422</b>	<b>39,979</b>
Foreign currency translation differences	–	182	–	182
Share of other comprehensive loss of equity-accounted associates and joint ventures	–	(113)	–	(113)
Remeasurement of defined benefit liability	–	11	–	11
Total other comprehensive income/(loss) for the year	–	80	–	80
(Loss)/Profit for the year	(2,142)	(2,142)	92	(2,050)
<b>Total comprehensive income/(loss) for the year</b>	<b>(2,142)</b>	<b>(2,062)</b>	<b>92</b>	<b>(1,970)</b>
Transfer from retained profits upon redemption of redeemable preference shares of a subsidiary	(439)	–	(146)	(146)
Dividends to shareholders of the Company (Note 25)	(480)	(480)	–	(480)
Dividend to a non-controlling interest	–	–	(3)	(3)
Others	(3)	–	–	–
<b>Total transactions with owners of the Group</b>	<b>(922)</b>	<b>(480)</b>	<b>(149)</b>	<b>(629)</b>
<b>Balance at 31 December 2025</b>	<b>24,006</b>	<b>36,015</b>	<b>1,365</b>	<b>37,380</b>

*continued from previous page*

## STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

Group <i>In RM Mil</i>	Attributable to shareholders of the Company			
	Non-distributable			
	Share capital (Note 14)	Foreign currency translation Other reserves (Note 15)	Merger reserve (Note 15)	Other reserves (Note 15)
<b>Balance at 1 January 2024</b>	8,871	3,195	(204)	1,517
Foreign currency translation differences	–	(1,900)	–	–
Share of other comprehensive loss of equity-accounted associates and joint ventures	–	–	–	(40)
Remeasurement of defined benefit liability	–	–	–	5
Total other comprehensive loss for the year	–	(1,900)	–	(35)
Profit for the year	–	–	–	–
<b>Total comprehensive (loss)/income for the year</b>	–	(1,900)	–	(35)
Transfer from retained profits upon redemption of redeemable preference shares of a subsidiary	–	–	–	40
Dividends to shareholders of the Company (Note 25)	–	–	–	–
Dividends to non-controlling interests	–	–	–	–
Acquisition of a non-controlling interest	–	–	–	–
Others	–	–	–	3
<b>Total transactions with owners of the Group</b>	–	–	–	43
<b>Balance at 31 December 2024</b>	<b>8,871</b>	<b>1,295</b>	<b>(204)</b>	<b>1,525</b>

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## STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

Group <i>In RM Mil</i>	Attributable to shareholders of the Company		Non- controlling interests	Total equity
	Distributable	Total		
	Retained profits			
<b>Balance at 1 January 2024</b>	27,036	40,415	1,659	42,074
Foreign currency translation differences	–	(1,900)	–	(1,900)
Share of other comprehensive loss of equity-accounted associates and joint ventures	–	(40)	–	(40)
Remeasurement of defined benefit liability	–	5	–	5
Total other comprehensive loss for the year	–	(1,935)	–	(1,935)
Profit for the year	1,175	1,175	114	1,289
<b>Total comprehensive (loss)/income for the year</b>	1,175	(760)	114	(646)
Transfer from retained profits upon redemption of redeemable preference shares of a subsidiary	(40)	–	(147)	(147)
Dividends to shareholders of the Company (Note 25)	(1,200)	(1,200)	–	(1,200)
Dividend to a non-controlling interest	–	–	(34)	(34)
Acquisition of a non-controlling interest	102	102	(170)	(68)
Others	(3)	–	–	–
<b>Total transactions with owners of the Group</b>	(1,141)	(1,098)	(351)	(1,449)
<b>Balance at 31 December 2024</b>	27,070	38,557	1,422	39,979

continued from previous page

## STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

Group <i>In RM Mil</i>	Attributable to shareholders of the Company					Total equity
	Non-distributable				Distributable	
	Share capital (Note 14)	Foreign currency translation reserve (Note 15)	Merger relief (Note 15)	Other reserve (Note 15)	Retained profits	
<b>Balance at 1 January 2025</b>	8,871	100	7,176	(5)	8,269	24,411
Foreign currency translation differences	–	194	–	–	–	194
Loss for the year	–	–	–	–	(2,614)	(2,614)
Total comprehensive income/(loss) for the year	–	194	–	–	(2,614)	(2,420)
Dividends to shareholders of the Company (Note 25)	–	–	–	–	(480)	(480)
<b>Balance at 31 December 2025</b>	8,871	294	7,176	(5)	5,175	21,511
<b>Balance at 1 January 2024</b>	8,871	43	7,176	(5)	10,589	26,674
Foreign currency translation differences	–	57	–	–	–	57
Loss for the year	–	–	–	–	(1,120)	(1,120)
Total comprehensive income/(loss) for the year	–	57	–	–	(1,120)	(1,063)
Dividends to shareholders of the Company (Note 25)	–	–	–	–	(1,200)	(1,200)
<b>Balance at 31 December 2024</b>	8,871	100	7,176	(5)	8,269	24,411

The notes set out on pages 21 to 103 are an integral part of these financial statements.

The notes set out on pages 21 to 103 are an integral part of these financial statements.

## STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

In RM Mil	Note	Group		Company	
		2025	2024	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
(Loss)/Profit before taxation		(1,892)	1,690	(2,561)	(1,065)
<i>Adjustments for:</i>					
Amortisation of deferred income		(87)	(87)	–	–
Amortisation of intangible assets		177	179	–	–
Depreciation of property, plant and equipment		2,318	2,109	348	203
Dividend income		–	–	(259)	(334)
Financing costs		346	260	225	154
Finance income		(65)	(595)	(65)	(595)
Interest income		(391)	(414)	(37)	(76)
Impairment losses on property, plant and equipment		439	–	413	227
Impairment loss on investment in an associate		–	–	26	–
Share of loss after tax of equity-accounted associates and joint ventures		174	107	–	–
Unrealised loss on foreign exchange		1,010	159	827	215
Other non-cash items		216	114	(12)	77
<b>Operating profit/(loss) before changes in working capital</b>		<b>2,245</b>	<b>3,522</b>	<b>(1,095)</b>	<b>(1,194)</b>
Change in trade and other inventories		(32)	(370)	30	(68)
Change in trade and other receivables		1,140	(806)	(658)	(42)
Change in trade and other payables		(230)	2,169	2,127	2,422
<b>Cash generated from operations</b>		<b>3,123</b>	<b>4,515</b>	<b>404</b>	<b>1,118</b>
Interest income received		391	414	37	76
Taxation paid		(367)	(303)	(46)	(60)
<b>Net cash generated from operating activities</b>		<b>3,147</b>	<b>4,626</b>	<b>395</b>	<b>1,134</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Acquisition of a non-controlling interest		–	(68)	–	–
Dividends received from:					
- subsidiaries		–	–	219	262
- joint ventures		42	72	40	72
Investments in:					
- subsidiaries		–	–	(765)	(649)
- an associate		(104)	–	(104)	–

continue to next page

## STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

In RM Mil	Note	Group		Company	
		2025	2024	2025	2024
<b>CASH FLOWS FROM INVESTING ACTIVITIES (continued)</b>					
Payment for acquisition of a subsidiary, net of cash acquired	3	–	(19)	–	–
Payment of earn out for a subsidiary		(95)	(96)	–	–
Payment to a non-controlling interest on redemption of shares		(149)	(60)	–	–
Proceeds from disposal of property, plant and equipment		1	–	–	–
Purchase of property, plant and equipment	3	(2,082)	(2,452)	(29)	(138)
Proceeds from partial disposal of investment in a joint venture		–	4	–	4
Redemption of preference shares in:					
- subsidiaries		–	–	439	437
- an associate and a joint venture		–	124	–	124
<b>Net cash (used in)/generated from investing activities</b>		<b>(2,387)</b>	<b>(2,495)</b>	<b>(200)</b>	<b>112</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividends paid to:					
- PETRONAS	25	(309)	(772)	(309)	(772)
- others (third parties)	25	(171)	(428)	(171)	(428)
- non-controlling interests		(3)	(34)	–	–
Drawdown of:					
- term loans	26	154	13	–	–
- revolving credit	26	7,562	4,452	–	–
Payment of lease liabilities:					
- principal	26	(179)	(166)	–	–
- interest	26	(77)	(79)	(58)	(10)
Repayment of revolving credit	26	(7,042)	(3,945)	–	–
Repayment of term loans:					
- principal	26	(290)	(157)	(129)	(140)
- interest	26	(141)	(150)	(88)	(61)
<b>Net cash used in financing activities</b>		<b>(496)</b>	<b>(1,266)</b>	<b>(755)</b>	<b>(1,411)</b>

continue to next page

## STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

In RM Mil	Note	Group		Company	
		2025	2024	2025	2024
<b>CASH FLOWS FROM FINANCING ACTIVITIES (continued)</b>					
<b>Net cash flows from operating, investing and financing activities</b>		<b>264</b>	865	<b>(560)</b>	(165)
Effect of foreign currency translation differences		<b>(73)</b>	(28)	<b>(495)</b>	(116)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>191</b>	837	<b>(1,055)</b>	(281)
<b>NET FOREIGN EXCHANGE DIFFERENCES ON CASH HELD</b>		<b>(496)</b>	(179)	–	–
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		<b>9,926</b>	9,268	<b>2,113</b>	2,394
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>		<b>9,621</b>	9,926	<b>1,058</b>	2,113
<b>CASH AND CASH EQUIVALENTS</b>					
Cash and bank balances	13	<b>9,621</b>	9,931	<b>1,058</b>	2,113
Bank overdrafts	17, 26	–	(5)	–	–
		<b>9,621</b>	9,926	<b>1,058</b>	2,113

*continued from previous page*

Total cash outflows for leases for the Group and the Company, comprising payment of short-term leases, low-value assets and variable lease payments as operating activities, are disclosed in Note 21.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

#### 1.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with MFRS Accounting Standards as issued by Malaysian Accounting Standards Board ("MFRS"), IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act, 2016 in Malaysia.

These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

As of 1 January 2025, the Group and the Company had adopted amendments to MFRSs ("pronouncements") that have been issued by the Malaysian Accounting Standards Board ("MASB") as described fully in Note 35.

MASB has also issued new and revised pronouncements which are not yet effective for the Group and the Company and therefore, have not been adopted in these financial statements. These pronouncements including their impact on the financial statements in the period of initial application are set out in Note 36. New and revised pronouncements that are not relevant to the operations of the Group and of the Company are set out in Note 37.

These financial statements were approved and authorised for issue by the Board of Directors on 23 February 2026.

#### 1.2 Basis of measurement

The financial statements of the Group and of the Company have been prepared on historical cost basis except for certain items which are measured at fair value, as disclosed in accounting policies below.

#### 1.3 Functional and presentation currency

The individual financial statements of each entity in the Group are prepared using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Group's and the Company's financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information has been rounded to the nearest million, unless otherwise stated.

#### 1.4 Use of estimates and judgments

The preparation of financial statements in conformity with MFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following Notes:

- (i) Note 3 : Property, plant and equipment
- (ii) Note 6 : Intangible assets
- (iii) Note 8 : Retirement benefits
- (iv) Note 9 : Deferred tax
- (v) Note 18 : Provisions and other long-term liabilities
- (vi) Note 23 : Tax expense

## NOTES TO THE FINANCIAL STATEMENTS

## 2. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements by the Group and the Company, unless otherwise stated. The Group and the Company continuously assess the application of material accounting policies to be disclosed in the financial statements.

## 2.1 Basis of consolidation

**Subsidiaries**

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

Subsidiaries are entities controlled by the Company. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

The financial statements of subsidiaries are included in the consolidated financial statements of the Group from the date that control commences until the date that control ceases.

Subsidiaries that were acquired from Petrolia Nasional Berhad ("PETRONAS") upon Initial Public Offering ("IPO") are consolidated using the merger method of accounting. Other subsidiaries are consolidated using the acquisition method of accounting.

Under the merger method of accounting, the results of entities or businesses under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented, or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts in the consolidated statement of financial position. The difference between the cost of acquisition and the nominal value of the shares acquired are taken to merger reserve (or adjusted against any suitable reserve in the case of debit differences). The other components of equity of the acquired entities are added to the same components within the Group.

All intercompany transactions are eliminated on consolidation and revenue and profits relate to external transactions only. Unrealised losses resulting from inter-company transactions are also eliminated unless cost cannot be recovered.

**Business combinations**

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses. Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group. The identifiable assets acquired and the liabilities assumed are measured at their fair values at the acquisition date. The cost of an acquisition is measured as the aggregate of the fair value of the consideration. Non-controlling interests are stated either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

When a business combination is achieved in stages, the Group remeasures its previously held non-controlling equity interest in the acquiree at fair value at the acquisition date, with any resulting gain or loss recognised in the profit or loss. Increase in the Group's ownership interest in an existing subsidiary is accounted for as equity transactions with differences between the fair value of consideration paid and the Group's proportionate share of net assets acquired, recognised directly in equity.

The Group measures goodwill as the excess of the aggregate fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree and any previously held interest in the acquiree over the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Transaction costs, other than those associated with the issuance of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

## 2. MATERIAL ACCOUNTING POLICIES (continued)

## 2.1 Basis of consolidation (continued)

**Business combinations (continued)****Non-controlling interests**

Non-controlling interests at the end of reporting period, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the shareholders of the Company.

Non-controlling interests in the results of the Group are presented in the consolidated statements of profit or loss and consolidated statement of other comprehensive income as an allocation of the profit or loss and total comprehensive income for the financial year between the non-controlling interests and shareholders of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

**Loss of control**

Upon loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position except when the retained interest is a joint operation where the Group's retained interest in the assets and liabilities of the former subsidiary are not derecognised. Any surplus or deficit arising on the loss of control is recognised as other income or other expense respectively in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost except when the retained interest is a joint operation where such interest is measured at its carrying amount. Subsequently, it is accounted for as an equity-accounted investee, joint operation or as fair value through comprehensive income financial asset depending on the level of influence retained.

## 2.2 Associates

Associates are entities in which the Group has significant influence including representation on the Board of Directors, but not control or joint control, over the financial and operating policies of the investee company.

Associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The consolidated financial statements include the Group's share of post-acquisition profit or loss and other comprehensive income of the equity-accounted associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

The Group's share of post-acquisition reserves and retained profits less losses is added to the carrying value of the investment in the consolidated statements of financial position. These amounts are taken from the latest audited financial statements or management financial statements of the associates.

## 2.3 Joint arrangements

Joint arrangements are arrangements in which the Group or the Company has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

A joint arrangement is classified as either a joint operation or a joint venture. A joint arrangement is classified as joint operation when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Company account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation. A joint arrangement is classified as joint venture when the Group or the Company has rights only to the net assets of the arrangement. The Group accounts for its interest in the joint venture using the equity method as described in Note 2.2.

## NOTES TO THE FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

## 2. MATERIAL ACCOUNTING POLICIES (continued)

## 2.4 Property, plant and equipment and depreciation

**Recognition and measurement**

Freehold land and projects-in-progress are stated at cost less accumulated impairment losses, if any, and are not depreciated. Other property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

**Depreciation**

Depreciation for property, plant and equipment is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use.

Buildings are depreciated over their useful lives or the remaining land lease period, whichever is shorter. The estimated useful lives for property, plant and equipment and right-of-use assets are as follows:

Leasehold land	30 - 99 years
Buildings	3 - 60 years
Plant and equipment	3 - 59 years
Office equipment, furniture and fittings	3 - 20 years
Computer software and hardware	3 - 20 years
Motor vehicles	3 - 10 years

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful lives of the right-of-use asset or the end of the lease term.

The depreciable amount is determined after deducting residual value. The residual value, useful life and depreciation method are reviewed at each financial year end and adjusted as appropriate.

**Derecognition**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the profit or loss.

## 2.5 Leases

**Definition of lease**

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for a consideration. A lease exists when the Group and the Company control the use of the identified asset throughout the period of use. This is when the customer has the right to:

- obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use; and
- direct the use of the identified asset throughout that period.

At inception or on reassessment of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

## NOTES TO THE FINANCIAL STATEMENTS

## 2. MATERIAL ACCOUNTING POLICIES (continued)

## 2.5 Leases (continued)

**Definition of lease (continued)**(i) **As a lessee****Recognition and initial measurement**

The Group and the Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate is used. Generally, the Group entities use their incremental borrowing rate as the discount rate.

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group and the Company present right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'lease liabilities' in the statement of financial position.

**Subsequent measurement**

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's and the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Group and the Company change their assessment of whether they will exercise a purchase, extension or termination option. The Group and the Company will reassess whether it is reasonably certain to exercise the extension option if there is a significant change in circumstances within its control.

When the lease liability is remeasured as described in the above paragraph, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

When there is lease modification due to increase in scope of lease by adding the right-to-use one or more underlying assets, the Group and the Company assess whether the modification is accounted for as a separate lease or similar to reassessment of lease liability. The Group and the Company account for lease modification as a separate lease when the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments.

When there is lease modification due to decrease in scope, the Group and the Company decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease. The corresponding gain or loss shall be recognised in profit or loss. Lease liabilities are remeasured for all other lease modifications with corresponding adjustments to the right-of-use assets.

## NOTES TO THE FINANCIAL STATEMENTS

## 2. MATERIAL ACCOUNTING POLICIES (continued)

## 2.5 Leases (continued)

## (ii) As a lessor

**Recognition and initial measurement**

When the Group or the Company act as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease based on overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; otherwise it is an operating lease.

If an arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

The Group and the Company recognise assets held under a finance lease in its statement of financial position and present them as a receivable at an amount equal to the net investment in the lease. The Group and the Company use the interest rate implicit in the lease to measure the net investment in the lease.

When the Group or the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group or the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

**Subsequent measurement**

The Group and the Company recognise lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

The Group and the Company recognise finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's and the Company's net investment in the lease. The net investment in the lease is subject to impairment requirements in MFRS 9 *Financial Instruments* (see Note 2.10).

## 2.6 Investments

Long-term investments in subsidiaries, associates and joint ventures are stated at cost less impairment losses, if any, in the Company's financial statements, unless the investments are classified as held for sale or distribution. The cost of investments includes transaction costs.

## 2.7 Intangible assets

**Goodwill**

Goodwill arising from business combinations is initially measured at cost as described in Note 2.1. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

**Trademarks**

Trademarks arising from business combinations are initially measured at cost. Trademarks relating to acquisition of a subsidiary in 2019 have useful lives of 20 years. The trademarks of a subsidiary acquired in 2022 have indefinite useful lives due to their continuous renewal processes. Trademarks with indefinite useful lives are not amortised but instead, are reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

**Customer relations**

Customer relations reflect the future value generation related to core customers. The initial measurement is stated at cost and has a straight-line amortisation basis over the estimated useful lives of 30 years.

## NOTES TO THE FINANCIAL STATEMENTS

## 2. MATERIAL ACCOUNTING POLICIES (continued)

## 2.7 Intangible assets (continued)

**Know-how and patents**

Know-how and patents are the proprietary processes which give an edge over competitors. The know-how and patents are continually renewed when the Group introduces an innovation to the existing patents. Know-how and patents acquired through business combination are measured at cost and has a straight-line amortisation basis over the estimated useful lives of 30 years.

**Formulae**

Formulae relate to product formulation for specialty chemicals and are measured at cost. The formulae have a straight-line amortisation basis over the estimated useful lives of 20 years.

**Other intangible assets**

Other intangible assets comprise license from third party are measured on initial recognition at cost. The estimated useful life for the license from third party for the current and comparative year is 10 years.

Following initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite useful lives are assessed for impairment whenever there is an indication that the intangible assets may be impaired. Impairment assessment on intangible assets with indefinite useful lives is performed annually.

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognised in profit or loss as incurred.

## 2.8 Financial instruments

**Recognition and derecognition**

## (i) Financial assets

Regular way purchases or sales of financial assets are recognised on the trade date i.e. the date that the Group or the Company commits to purchase or to sell the financial assets.

Financial assets are classified at initial recognition and subsequently measured at amortised cost and fair value through profit or loss ("FVTPL"), as appropriate.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership.

**Amortised cost**

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss.

**Subsequent measurement**

Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. Interest income and foreign exchange gains and losses are recognised in profit or loss.

Amortised cost financial assets are subject to impairment as stated in Note 2.10 (i).

## NOTES TO THE FINANCIAL STATEMENTS

## 2. MATERIAL ACCOUNTING POLICIES (continued)

## 2.8 Financial instruments (continued)

**Recognition and derecognition (continued)****(i) Financial assets (continued)****Fair value through profit or loss**

All financial assets not classified as measured at amortised cost as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a financial guarantee contract as per Note 2.8 (iii)). On initial recognition, the Group may irrevocably designate a financial asset, that otherwise meets the requirements to be measured at amortised cost or at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

*Subsequent measurement*

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses recognised in the profit or loss. The methods used to measure fair value are stated in Note 2.9.

**(ii) Financial liabilities**

The categories of financial liabilities at initial recognition are as follows:

**Fair value through profit or loss**

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

**Amortised cost**

Subsequent to initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process.

**(iii) Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15 *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

## NOTES TO THE FINANCIAL STATEMENTS

## 2. MATERIAL ACCOUNTING POLICIES (continued)

## 2.8 Financial instruments (continued)

**Recognition and derecognition (continued)****(iv) Derivative financial instruments**

The Group and the Company use derivative financial instruments such as forward rate contracts to manage certain exposures to fluctuations in foreign currency exchange rates.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivative financial instruments are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

In general, contracts to sell or purchase non-financial items to meet expected own use requirements are not accounted for as financial instruments. However, contracts to sell or purchase commodities that can be net settled or which contain written options are required to be recognised at fair value, with gains and losses recognised in the profit or loss.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

**(v) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

## 2.9 Fair value measurement

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

**(i) Financial instruments**

The fair value of financial instruments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business at the end of reporting date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis or other valuation models.

**(ii) Non-financial assets**

For non-financial assets, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use 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. as 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 and the Company recognise transfers between levels of fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

## NOTES TO THE FINANCIAL STATEMENTS

## 2. MATERIAL ACCOUNTING POLICIES (continued)

## 2.10 Impairment

## (i) Financial assets

The Group recognises loss allowances for expected credit losses ("ECL") on financial assets measured at amortised cost.

The Group and the Company measure loss allowances on debt securities and cash and cash equivalents at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date. Other debt securities for which credit risk has not increased significantly since initial recognition are measured as 12-month expected credit loss.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is past due.

The Group and the Company consider a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group and the Company in full, without recourse by the Group and the Company to actions such as realising security.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of asset is reduced through the use of an allowance account.

## (ii) Other assets

The carrying amounts of other assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. The carrying amounts are reviewed more frequently if events or changes in circumstances indicate that the carrying value may be impaired, as described in the respective assets' accounting policies.

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the profit or loss.

For goodwill and assets with indefinite useful lives, the recoverable amount is estimated each period at the same time.

An impairment loss in respect of goodwill is not reversed in the subsequent period. In respect of other assets, impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Reversals of impairment losses are credited to the profit or loss in the financial year in which the reversals are recognised.

## 2.11 Inventories

Inventories are stated at the lower of cost and net realisable value.

Inventories include raw material costs, production overheads, emission rights and other costs necessary to bring the inventories to their present location and condition, and are determined on a weighted average basis.

Cost of stores, spares and others consists of the invoiced value from suppliers and import duty charges and is determined on a weighted average basis.

Emission rights are included in stores, spares and others. Those rights which are allocated free of charge by authorities are recognised at a value of zero (nominal amount) while purchased emission rights are recorded at acquisition costs.

Utilised emission rights are required to be reported at the end of compliance period. If emission rights utilised are higher than emission rights allocated and purchased, the shortfall is accounted for as a liability.

Income from the sale of surplus emission rights is recognised in other income, as such transactions (if any) are not part of the Group's ordinary activities.

## NOTES TO THE FINANCIAL STATEMENTS

## 2. MATERIAL ACCOUNTING POLICIES (continued)

## 2.12 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and bank balances, deposits with licensed financial institutions and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short-term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and deposits restricted as they are considered an integral part of the Group's cash management, if any.

## 2.13 Employee benefits

## (i) Short-term benefits

Wages and salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company.

## (ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF").

Some of the Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes and certain other independently-administered funds which are defined contribution plans.

Such contributions are recognised as an expense in the profit or loss as incurred.

## (iii) Defined benefit plans

Some of the Group's subsidiaries make contributions to retirement benefit plans which are funded defined benefit plans.

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned for their service in the current and prior periods; that benefit is discounted to determine the present value, and the fair value of any plan assets is deducted. The calculation of defined benefit obligations is performed annually by an independent actuary using the projected unit credit method.

When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest of the defined benefit liability or asset) and any effect of the asset ceiling (excluding amounts included in the net interest of defined benefit liability or asset), are recognised immediately in other comprehensive income.

The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Interest expense, interest income and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

## NOTES TO THE FINANCIAL STATEMENTS

## 2. MATERIAL ACCOUNTING POLICIES (continued)

## 2.14 Taxation

Tax on the profit or loss for the financial year comprises current and deferred tax. Income tax is recognised in the profit or loss except to the extent it relates to a business combination or items recognised directly in equity, in which case it is recognised in equity or other comprehensive income.

Tax incentives with the features similar to government grant are recognised to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilised, as deferred tax assets with a corresponding deferred income. Subsequently, the deferred income is amortised to profit or loss as other income on a systematic basis over the periods in which the related costs, for which the tax incentives are intended to compensate, are expensed to profit or loss. The Group continues to account for tax incentives that do not have features similar to government grant as tax credits.

**Global minimum top-up tax**

The Group and the Company have adopted International Tax Reform – Pillar Two Model Rules upon its release on 2 June 2023. The amendments introduce a mandatory temporary exception to the accounting for deferred tax arising from the jurisdictional implementation of the Pillar Two Model Rules as well as disclosure requirements on the exposure to Pillar Two income taxes upon adoption. The application by the respective entity is subject to when the law is being enacted or substantively enacted in the respective country jurisdiction.

Upon its application, the Group and the Company will apply a mandatory temporary exception from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred. The mandatory temporary exception applies retrospectively. The retrospective application has no impact to the Group's consolidated financial statements.

## 2.15 Foreign currency transactions

In preparing the financial statements of individual entities in the Group, transactions in currencies other than the entity's functional currency ("foreign currencies") are translated to the functional currencies at rates of exchange ruling on the transaction dates.

Monetary assets and liabilities denominated in foreign currencies at the reporting date have been retranslated to the functional currency at rates ruling on the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies, which are measured at fair value, are retranslated to the functional currency at the foreign exchange rates ruling at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated at the reporting date.

Gains and losses on exchange arising from retranslation are recognised in the profit or loss.

On consolidation, the assets and liabilities of subsidiaries or at the separate financial statements of the Company, the assets and liabilities of joint operation with functional currencies other than RM are translated into RM at the exchange rates ruling at reporting date.

The income and expenses are translated at the exchange rates at the dates of the transactions or an average rate that approximates those rates.

Foreign currency differences are recognised in other comprehensive income and accumulated impact are recognised in the foreign currency translation reserve within equity.

## NOTES TO THE FINANCIAL STATEMENTS

## 2. MATERIAL ACCOUNTING POLICIES (continued)

## 2.16 Revenue

Revenue from contracts with customers is measured based on the consideration specified in the contract and exclude amounts collected on behalf of third parties. The Group or the Company recognise revenue from sales of petrochemical and specialties products when or as it transfers control over a product or service to customer. Control of a product is transferred when it is delivered at an agreed delivery point, upon which revenue is recognised at a point in time.

Dividend income is recognised on the date the right to receive payment is established.

Other revenue comprises revenue from port services rendered which is recognised based on the actual and estimated throughput volume and port charges.

## 2.17 Interest income

Income arising from assets yielding interest and proceeds from Shariah compliant instruments are recognised on a time proportion basis that takes into account the effective yield on the assets.

## 2.18 Financing costs

Financing costs comprise interest payable on borrowings and lease liabilities as well as any accretion in provision due to the passage of time.

All interest and other costs incurred in connection with borrowings are expensed as incurred, other than borrowing costs attributable to the acquisition, construction or production of qualifying assets (assets that necessarily take a substantial period of time to get ready for their intended use or sale), which are capitalised as part of the cost of those assets.

The interest component of finance lease payment is accounted for in accordance with policy set out in Note 2.5.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the assets is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of financing a specific qualifying asset, in which the actual borrowing cost incurred on that borrowing less any investment income on the temporary investment of that borrowings, will be capitalised. Borrowing costs incurred subsequent to the completion of a specific qualifying asset are included in the determination of the capitalisation rate.

## 2.19 Basic earnings per ordinary share

The Group presents basic earnings per share data for its ordinary shares.

Basic earnings per share is calculated by dividing the profit and loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the financial year.

## NOTES TO THE FINANCIAL STATEMENTS

## 3. PROPERTY, PLANT AND EQUIPMENT

Group 2025 <i>In RM Mil</i>	At 1.1.2025	Additions	Disposals/ Write-offs
<b>At cost:</b>			
<u>Own use</u>			
Freehold land	199	–	–
Buildings	2,754	12	–
Plant and equipment	42,357	128	(503)
Office equipment, furniture and fittings	182	6	(2)
Computer software and hardware	590	32	(9)
Motor vehicles	32	–	–
Projects-in-progress	5,783	2,270	(1)
	<b>51,897</b>	<b>2,448</b>	<b>(515)</b>
<u>Right-of-use</u>			
Leasehold land	738	–	–
Buildings	202	67	(9)
Plant and equipment	1,222	1	(8)
Computer software and hardware	1	1	–
Motor vehicles	94	38	(45)
Vessels	461	238	(36)
	<b>2,718</b>	<b>345</b>	<b>*(98)</b>
	<b>54,615</b>	<b>2,793</b>	<b>(613)</b>

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\* Relates to derecognition of right-of-use assets in accordance with MFRS 16 Leases following end of lease of contracts.

## NOTES TO THE FINANCIAL STATEMENTS

## 3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2025 <i>In RM Mil</i>	Transfers/ Adjustments	Translation exchange difference	At 31.12.2025
<b>At cost:</b>			
<u>Own use</u>			
Freehold land	5	9	213
Buildings	318	64	3,148
Plant and equipment	4,056	(765)	45,273
Office equipment, furniture and fittings	17	(17)	186
Computer software and hardware	(10)	11	614
Motor vehicles	1	(2)	31
Projects-in-progress	(4,427)	(112)	3,513
	<b>(40)</b>	<b>(812)</b>	<b>52,978</b>
<u>Right-of-use</u>			
Leasehold land	6	(13)	731
Buildings	2	(10)	252
Plant and equipment	(139)	(90)	986
Computer software and hardware	–	(1)	1
Motor vehicles	1	–	88
Vessels	–	(51)	612
	<b>(130)</b>	<b>(165)</b>	<b>2,670</b>
	<b>^(170)</b>	<b>(977)</b>	<b>55,648</b>

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^ Relates to remeasurement of right-of-use assets in accordance with MFRS 16 Leases following extension or amendment of existing lease contract as well as transfers of property, plant and equipment to inventory.

## NOTES TO THE FINANCIAL STATEMENTS

## 3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2025 <i>In RM Mil</i>	At 1.1.2025	Charge for the year	Disposals/ Write-offs
<b>Accumulated depreciation and impairment losses:</b>			
<u>Own use</u>			
Freehold land	—	—	—
Buildings	1,086	108	—
Plant and equipment	22,877	1,912	(499)
Office equipment, furniture and fittings	153	7	(2)
Computer software and hardware	411	73	(9)
Motor vehicles	32	1	—
Projects-in-progress	—	—	—
	<b>24,559</b>	<b>2,101</b>	<b>(510)</b>
<u>Right-of-use</u>			
Leasehold land	200	13	—
Buildings	53	27	(9)
Plant and equipment	203	46	(8)
Computer software and hardware	1	—	—
Motor vehicles	56	23	(45)
Vessels	205	112	(36)
	<b>718</b>	<b>221</b>	<b>*(98)</b>
	<b>25,277</b>	<b>2,322</b>	<b>(608)</b>

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# Relates to derecognition of right-of-use assets in accordance with MFRS 16 Leases following end of lease of contracts.

## NOTES TO THE FINANCIAL STATEMENTS

## 3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2025 <i>In RM Mil</i>	Impairment losses	Transfers/ Adjustments	Translation exchange difference	At 31.12.2025
<b>Accumulated depreciation and impairment losses:</b>				
<u>Own use</u>				
Freehold land	4	—	1	5
Buildings	43	51	26	1,314
Plant and equipment	331	(13)	101	24,709
Office equipment, furniture and fittings	—	(12)	1	147
Computer software and hardware	—	(12)	9	472
Motor vehicles	—	—	(3)	30
Projects-in-progress	57	—	2	59
	<b>435</b>	<b>14</b>	<b>137</b>	<b>26,736</b>
<u>Right-of-use</u>				
Leasehold land	—	—	—	213
Buildings	3	(1)	(2)	71
Plant and equipment	—	—	(14)	227
Computer software and hardware	—	—	(1)	—
Motor vehicles	1	—	1	36
Vessels	—	—	(22)	259
	<b>4</b>	<b>(1)</b>	<b>(38)</b>	<b>806</b>
	<b>439</b>	<b>13</b>	<b>99</b>	<b>27,542</b>

continued from previous page

Included in the accumulated depreciation and impairment losses of property, plant and equipment are impairment losses carried forward of RM705 million (2024: RM266 million).

## NOTES TO THE FINANCIAL STATEMENTS

## 3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2024 <i>In RM Mil</i>	At 1.1.2024	Additions	Disposals/ Write-offs
<b>At cost:</b>			
<u>Own use</u>			
Freehold land	197	–	–
Buildings	2,871	11	(2)
Plant and equipment	33,500	98	(601)
Office equipment, furniture and fittings	223	9	(4)
Computer software and hardware	571	17	(31)
Motor vehicles	33	–	(1)
Projects-in-progress	13,552	2,693	(26)
	50,947	2,828	(665)
<u>Right-of-use</u>			
Leasehold land	713	14	–
Buildings	207	17	(7)
Plant and equipment	1,289	89	(14)
Computer software and hardware	1	–	–
Motor vehicles	89	14	(6)
Vessels	463	12	–
	2,762	146	** (27)
	53,709	2,974	(692)

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\*\* Relates to derecognition of right-of-use assets in accordance with MFRS 16 Leases following end of lease of contracts.

## NOTES TO THE FINANCIAL STATEMENTS

## 3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2024 <i>In RM Mil</i>	^^Acquisition of subsidiary	Transfers/ Adjustments	Translation exchange difference	At 31.12.2024
<b>At cost:</b>				
<u>Own use</u>				
Freehold land	–	23	(21)	199
Buildings	2	21	(149)	2,754
Plant and equipment	19	10,131	(790)	42,357
Office equipment, furniture and fittings	–	(40)	(6)	182
Computer software and hardware	–	63	(30)	590
Motor vehicles	–	–	–	32
Projects-in-progress	1	(10,227)	(210)	5,783
	22	(29)	(1,206)	51,897
<u>Right-of-use</u>				
Leasehold land	12	(5)	4	738
Buildings	–	(1)	(14)	202
Plant and equipment	–	(89)	(53)	1,222
Computer software and hardware	–	–	–	1
Motor vehicles	–	–	(3)	94
Vessels	–	–	(14)	461
	12	(95)	(80)	2,718
	34	##(124)	(1,286)	54,615

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^^ Relates to the acquisition of a subsidiary via the Company's wholly-owned subsidiary, Perstorp AB with purchase consideration of RM19 million, net of cash acquired in prior year.

## Relates to remeasurement of right-of-use assets in accordance with MFRS 16 Leases following extension or amendment of existing lease contracts as well as transfer of property, plant and equipment to inventory.

## NOTES TO THE FINANCIAL STATEMENTS

## 3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2024 <i>In RM Mil</i>	At 1.1.2024	Charge for the year	Disposals/ Write-offs
<b>Accumulated depreciation and impairment losses:</b>			
<u>Own use</u>			
Buildings	1,041	101	(1)
Plant and equipment	22,081	1,724	(584)
Office equipment, furniture and fittings	148	10	(4)
Computer software and hardware	389	72	(31)
Motor vehicles	32	1	(1)
	23,691	1,908	(621)
<u>Right-of-use</u>			
Leasehold land	182	11	–
Buildings	48	18	(7)
Plant and equipment	204	33	(14)
Computer software and hardware	–	1	–
Motor vehicles	37	20	(5)
Vessels	110	106	–
	581	189	*** (26)
	24,272	2,097	(647)

continue to next page

\*\*\* Relates to derecognition of right-of-use assets in accordance with MFRS 16 Leases following end of lease of contracts.

## NOTES TO THE FINANCIAL STATEMENTS

## 3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2024 <i>In RM Mil</i>	Translation exchange difference	At 31.12.2024
<b>Accumulated depreciation and impairment losses:</b>		
<u>Own use</u>		
Buildings	(55)	1,086
Plant and equipment	(344)	22,877
Office equipment, furniture and fittings	(1)	153
Computer software and hardware	(19)	411
Motor vehicles	–	32
	(419)	24,559
<u>Right-of-use</u>		
Leasehold land	7	200
Buildings	(6)	53
Plant and equipment	(20)	203
Computer software and hardware	–	1
Motor vehicles	4	56
Vessels	(11)	205
	(26)	718
	(445)	25,277

continued from previous page

## NOTES TO THE FINANCIAL STATEMENTS

## 3. PROPERTY, PLANT AND EQUIPMENT (continued)

Company 2025 In RM'000	At 1.1.2025	Additions	Disposals/ Write-offs
<b>At cost:</b>			
<u>Own use</u>			
Plant and equipment	8,660,004	1,693	–
Office equipment, furniture and fittings	3,931	5	–
Computer software and hardware	17,229	–	(11)
Projects-in-progress	25,011	27,724	–
	8,706,175	29,422	(11)
<u>Right-of-use</u>			
Leasehold land	110,144	–	–
Buildings	44,553	–	–
Plant and equipment	713,583	–	–
	868,280	–	–
	9,574,455	29,422	(11)

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In RM'000	At 1.1.2025	Charge for the year	Disposals/ Write-offs
<b>Accumulated depreciation and impairment losses:</b>			
<u>Own use</u>			
Plant and equipment	406,857	335,048	–
Office equipment, furniture and fittings	869	331	–
Computer software and hardware	17,179	35	(11)
	424,905	335,414	(11)
<u>Right-of-use</u>			
Leasehold land	9,323	2,007	–
Buildings	4,547	827	–
Plant and equipment	73,121	10,025	–
	86,991	12,859	–
	511,896	348,273	(11)

continue to next page

## NOTES TO THE FINANCIAL STATEMENTS

## 3. PROPERTY, PLANT AND EQUIPMENT (continued)

Company 2025 In RM'000	Transfers/ Adjustments	Translation exchange difference	At 31.12.2025
<b>At cost:</b>			
<u>Own use</u>			
Plant and equipment	(28)	(858,966)	7,802,703
Office equipment, furniture and fittings	28	(292)	3,672
Computer software and hardware	–	4	17,222
Projects-in-progress	15,140	(7,556)	60,319
	15,140	(866,810)	7,883,916
<u>Right-of-use</u>			
Leasehold land	1,604	(10,248)	101,500
Buildings	(1,197)	(4,001)	39,355
Plant and equipment	(120,002)	(59,078)	534,503
	(119,595)	(73,327)	675,358
	*(104,455)	(940,137)	8,559,274

continued from previous page

In RM'000	Impairment losses	Transfers/ Adjustments	Translation exchange difference	At 31.12.2025
<b>Accumulated depreciation and impairment losses:</b>				
<u>Own use</u>				
Plant and equipment	412,674	–	(38,612)	1,115,967
Office equipment, furniture and fittings	–	–	(34)	1,166
Computer software and hardware	–	–	4	17,207
	412,674	–	(38,642)	1,134,340
<u>Right-of-use</u>				
Leasehold land	–	2,960	(1,229)	13,061
Buildings	–	–	(460)	4,914
Plant and equipment	–	11,857	(8,295)	86,708
	–	14,817	(9,984)	104,683
	412,674	14,817	(48,626)	1,239,023

continued from previous page

Included in the accumulated depreciation and impairment losses of property, plant and equipment are impairment losses carried forward of RM640 million (2024: RM227 million).

\* Relates to remeasurement of right-of-use assets in accordance with MFRS 16 Leases following extension or amendment of existing lease contract as well as transfers of property, plant and equipment to consumable assets.

## NOTES TO THE FINANCIAL STATEMENTS

## 3. PROPERTY, PLANT AND EQUIPMENT (continued)

Company 2024 <i>In RM'000</i>	At 1.1.2024	Additions
<b>At cost:</b>		
<u>Own use</u>		
Plant and equipment	–	6,531
Office equipment, furniture and fittings	747	–
Computer software and hardware	17,285	–
Projects-in-progress	8,624,060	216,107
	8,642,092	222,638
<u>Right-of-use</u>		
Leasehold land	191,279	–
Buildings	62,166	–
Plant and equipment	827,193	62,417
	1,080,638	62,417
	9,722,730	285,055

continue to next page

<i>In RM'000</i>	At 1.1.2024	Charge for the year	Transfers/ Adjustments
<b>Accumulated depreciation and impairment losses:</b>			
<u>Own use</u>			
Plant and equipment	–	185,342	–
Office equipment, furniture and fittings	661	224	(3)
Computer software and hardware	17,208	149	–
	17,869	185,715	(3)
<u>Right-of-use</u>			
Leasehold land	10,648	2,009	–
Buildings	3,650	1,034	–
Plant and equipment	73,166	14,399	–
	87,464	17,442	–
	105,333	203,157	(3)

continue to next page

## NOTES TO THE FINANCIAL STATEMENTS

## 3. PROPERTY, PLANT AND EQUIPMENT (continued)

Company 2024 <i>In RM'000</i>	Transfers/ Adjustments	Translation exchange difference	At 31.12.2024
<b>At cost:</b>			
<u>Own use</u>			
Plant and equipment	8,765,910	(112,437)	8,660,004
Office equipment, furniture and fittings	3,267	(83)	3,931
Computer software and hardware	–	(56)	17,229
Projects-in-progress	(8,769,181)	(45,975)	25,011
	(4)	(158,551)	8,706,175
<u>Right-of-use</u>			
Leasehold land	(5,156)	(75,979)	110,144
Buildings	(16,139)	(1,474)	44,553
Plant and equipment	(139,705)	(36,322)	713,583
	(161,000)	(113,775)	868,280
	^(161,004)	(272,326)	9,574,455

continued from previous page

<i>In RM'000</i>	Impairment losses	Translation exchange difference	At 31.12.2024
<b>Accumulated depreciation and impairment losses:</b>			
<u>Own use</u>			
Plant and equipment	226,690	(5,175)	406,857
Office equipment, furniture and fittings	–	(13)	869
Computer software and hardware	–	(178)	17,179
	226,690	(5,366)	424,905
<u>Right-of-use</u>			
Leasehold land	–	(3,334)	9,323
Buildings	–	(137)	4,547
Plant and equipment	–	(14,444)	73,121
	–	(17,915)	86,991
	226,690	(23,281)	511,896

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<sup>^</sup> Relates to remeasurement of right-of-use assets in accordance with MFRS 16 Leases following extension or amendment of existing lease contract as well as transfers of property, plant and equipment to consumable assets.

## NOTES TO THE FINANCIAL STATEMENTS

## 3. PROPERTY, PLANT AND EQUIPMENT (continued)

In RM Mil	Group	
	2025	2024
<b>Carrying amount</b>		
<u>Own use</u>		
Freehold land	208	199
Buildings	1,834	1,668
Plant and equipment	20,564	19,480
Office equipment, furniture and fittings	39	29
Computer software and hardware	142	179
Motor vehicles	1	–
Projects-in-progress	3,454	5,783
	<b>26,242</b>	27,338
<u>Right-of-use</u>		
Leasehold lands	518	538
Buildings	181	149
Plant and equipment	759	1,019
Computer software and hardware	1	–
Motor vehicles	52	38
Vessels	353	256
	<b>1,864</b>	2,000
	<b>28,106</b>	29,338

In RM'000	Company	
	2025	2024
<b>Carrying amount</b>		
<u>Own use</u>		
Plant and equipment	6,686,736	8,253,147
Office equipment, furniture and fittings	2,506	3,062
Computer software and hardware	15	50
Projects-in-progress	60,319	25,011
	<b>6,749,576</b>	8,281,270
<u>Right-of-use</u>		
Leasehold lands	88,439	100,821
Buildings	34,441	40,006
Plant and equipment	447,795	640,462
	<b>570,675</b>	781,289
	<b>7,320,251</b>	9,062,559

For the Group and the Company, the land lease right amounting to RM88 million (2024: RM101 million) is pledged as a security for loan facility as set out in Note 17.

## NOTES TO THE FINANCIAL STATEMENTS

## 3. PROPERTY, PLANT AND EQUIPMENT (continued)

## Projects-in-progress

The additions to projects-in-progress during the financial year include the following:

In RM Mil	Note	Group		Company	
		2025	2024	2025	2024
Interest on borrowings	22	–	70	–	70
Interest on lease liabilities	22	20	87	–	38
Depreciation of right-of-use assets		4	(12)	–	6
Amortisation of transaction cost	22	–	4	–	4
		<b>24</b>	149	–	118

The capitalisation rates used to determine the amount of the borrowing cost eligible for capitalisation for the Group and the Company are 0.37% (2024: 3.01%) and Nil (2024: 3.10%) per annum respectively.

## As a lessee

## Right-of-use assets

## Depreciation of right-of-use assets

In RM Mil	Group		Company	
	2025	2024	2025	2024
Capitalised in property, plant and equipment	4	(12)	–	6
Recognised in profit or loss	217	201	13	11
Total depreciation	<b>221</b>	189	<b>13</b>	17

## Extension options

Certain lease contracts contain extension options exercisable by the Group and the Company before the end of the non-cancellable contract period. Where practicable, the Group and the Company include extension options in leases contracts to provide operational flexibility.

## Change in estimates

During the financial year, the Group revised the expected useful lives of certain property, plant and equipment. The revision was accounted for prospectively as a change in accounting estimates and the effect of these changes on depreciation expenses, in current and future periods are not material.

## NOTES TO THE FINANCIAL STATEMENTS

## 3. PROPERTY, PLANT AND EQUIPMENT (continued)

## Purchase of property, plant and equipment

During the financial year, the Group and the Company purchased property, plant and equipment with an aggregated cost of RM2,448 million (2024: RM2,828 million) and RM29 million (2024: RM223 million) respectively. Reconciliation of the acquisition cost in the property, plant and equipment and Statements of Cash Flows is as follows:

In RM Mil	Group		Company	
	2025	2024	2025	2024
Addition of property, plant and equipment excluding right-of-use assets	2,448	2,828	29	223
Adjustment for non-cash items:				
Accruals movement	(330)	(250)	5	40
Interest on borrowings capitalised	–	(70)	–	(70)
Interest on lease liabilities capitalised	(20)	(87)	–	(38)
Depreciation on right-of-use assets capitalised	(4)	12	–	(6)
Others	(12)	19	(5)	(11)
Purchase of property, plant and equipment	2,082	2,452	29	138

## Impairment review of property, plant and equipment

The prices of chemical products and their underlying feedstock are subject to 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. In view of this, an impairment test was conducted by management on the property, plant and equipment for the Group and the Company.

During the financial year, the Group recognised impairment losses on certain property, plant and equipment amounting to RM439 million (2024: RM Nil) mainly at Specialties segment, as a result of changes in expected economic performance. The impairment losses were determined based on an assessment of the recoverable amounts using value in use of the respective assets. As these assets were no longer expected to generate future economic benefits, their recoverable amounts were assessed as RM Nil.

The Group and the Company also perform the impairment test for property, plant and equipment of a joint operation entity. The carrying amount of the property, plant and equipment of the joint operation entity prior to the current year impairment was RM7,843 million (2024: RM9,196 million) for the Group and RM7,717 million (2024: RM9,287 million) for the Company.

For impairment testing purposes, the respective carrying amounts of property, plant and equipment were compared with their recoverable amounts. The impairment assessment at the Group and the Company were based on different cash-generating units ("CGUs"). The recoverable amounts using value in use for the Group and the Company were RM8,910 million (2024: RM10,428 million) and RM7,304 million (2024: RM9,060 million) respectively, with the Group's CGU benefiting from the margin on product offtake. Despite no impairment loss was recognised for the Group as the recoverable amount exceeded the carrying amount, the Company recognised impairment loss on its property, plant and equipment amounting to RM413 million (2024: RM227 million). After the impairment, the carrying amount of the property, plant and equipment of the joint operation entity for the Company is RM7,304 million (2024: RM9,060 million).

## 3. PROPERTY, PLANT AND EQUIPMENT (continued)

## Key assumptions and sensitivity for a joint operation entity

The recoverable amount involved the discounting of the future cash flows expected to be generated from the continued used of the assets over their useful lives of 48 years (2024: 49 years). The key assumptions applied in the impairment testing were as follows:

- A discount rate of 9.0% (2024: 9.0%) was applied to determine the recoverable amount of the assets.
- The feedstock prices were based on forecast prices by an independent market consultant, applying an agreed pricing formula with a related party and ranges between USD440 to USD980 (2024: USD650 to USD2,100) per metric ton; and

The above estimates are sensitive in the following areas:

## Group

- An increase of 0.5 percentage point in discount rate used would have reduced the recoverable amount by approximately RM766 million (2024: RM767 million); and
- An increase of 0.5 percentage point in feedstock price would have reduced the recoverable amount by approximately RM125 million (2024: RM57 million).

## Company

- An increase of 0.5 percentage point in discount rate used would have reduced the recoverable amount by approximately RM652 million (2024: RM690 million); and
- An increase of 0.5 percentage point in feedstock price would have reduced the recoverable amount by approximately RM125 million (2024: RM56 million).

## 4. INVESTMENTS IN SUBSIDIARIES

In RM Mil	Company	
	2025	2024
Investments at cost	19,974	19,648
Less: Impairment losses	(640)	(640)
	19,334	19,008

Summarised financial information of non-controlling interests has not been included as the non-controlling interests of the subsidiaries are not individually material to the Group.

Details of subsidiaries are stated in Note 27.

## NOTES TO THE FINANCIAL STATEMENTS

## 5. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

In RM Mil	Group		Company	
	2025	2024	2025	2024
Investments at cost	1,270	1,164	1,360	1,257
Share of post-acquisition (loss)/profit and reserves	(156)	175	–	–
Less: Impairment losses	–	–	(26)	–
	1,114	1,339	1,334	1,257

The Group's share of the current year losses of certain associates and a joint venture amounting to RM31 million (2024: RM Nil) have not been recognised in the Group's profit or loss as equity accounting has ceased when the Group's share of losses of these associates and a joint venture exceeded the carrying amount of its investment since the Group has no obligation in respect of these losses.

Summarised financial information has not been included as the associates and joint ventures are not individually material to the Group.

Details of associates and joint ventures are stated in Note 28 and Note 29 respectively.

## 6. INTANGIBLE ASSETS

Group 2025 In RM Mil	At 1.1.2025	Addition	Translation exchange difference	At 31.12.2025
<b>At cost:</b>				
Goodwill	3,106	–	264	3,370
Trademarks	2,147	–	194	2,341
Customer relations	1,802	–	162	1,964
Know-how and patents	1,626	–	170	1,796
Formulae	499	–	13	512
Other intangible assets	174	19	13	206
	9,354	19	816	10,189

Group 2025 In RM Mil	At 1.1.2025	Charge for the year	Translation exchange difference	At 31.12.2025
<b>Accumulated amortisation:</b>				
Trademarks	4	2	1	7
Customer relations	158	73	21	252
Know-how and patents	133	70	37	240
Formulae	131	26	3	160
Other intangible assets	30	6	2	38
	456	177	64	697

continue to next page

## NOTES TO THE FINANCIAL STATEMENTS

## 6. INTANGIBLE ASSETS (continued)

Group 2024 In RM Mil	At 1.1.2024	Addition	Translation exchange difference	At 31.12.2024
<b>At cost:</b>				
Goodwill	3,532	–	(426)	3,106
Trademarks	2,449	–	(302)	2,147
Customer relations	2,076	–	(274)	1,802
Know-how and patents	1,895	1	(270)	1,626
Formulae	548	–	(49)	499
Other intangible assets	146	48	(20)	174
	10,646	49	(1,341)	9,354

Group 2024 In RM Mil	At 1.1.2024	Charge for the year	Translation exchange difference	At 31.12.2024
<b>Accumulated amortisation:</b>				
Trademarks	3	2	(1)	4
Customer relations	124	76	(42)	158
Know-how and patents	121	69	(57)	133
Formulae	116	27	(12)	131
Other intangible assets	29	5	(4)	30
	393	179	(116)	456

Group 2024 In RM Mil	Carrying amount	
	2025	2024
Goodwill	3,370	3,106
Trademarks	2,334	2,143
Customer relations	1,712	1,644
Know-how and patents	1,556	1,493
Formulae	352	368
Other intangible assets	168	144
	9,492	8,898

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## NOTES TO THE FINANCIAL STATEMENTS

## 6. INTANGIBLE ASSETS (continued)

## Impairment review of goodwill and intangible assets with indefinite useful life

For the purpose of impairment testing, goodwill and intangible assets with indefinite useful life are allocated to CGU which represents the lowest level within the Group and at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill and intangible assets with indefinite useful life allocated to each unit are as follows:

Group <i>In RM Mil</i>	Carrying amount	
	2025	2024
Silicone and Lubricant Additives Chemicals CGU	233	227
Advanced Chemicals & Solutions and Animal Nutrition CGU	5,471	5,022
	<b>5,704</b>	5,249

## Silicone and Lubricant Additives Chemicals CGU

In performing the impairment assessment for goodwill that arose from the acquisition of a subsidiary in 2019, the carrying amount of the CGU (including goodwill) is compared with the recoverable amount of the CGU.

The recoverable amount for the CGU was based on fair value less costs to sell, which is estimated using income approach. The fair value measurement was categorised as a Level 3 fair value.

The recoverable amount of CGU was determined by discounting the future amounts of cash flows incorporating current market expectations about the future amounts.

The cash flow was projected based on plans and forecast approved by management for the next 5 years. For the period thereafter, a terminal value was calculated using perpetuity growth rate of 2.0% (2024: 2.0%) based on external macroeconomics. The future cash flow was discounted using discount rate at about 7.2% (2024: 8.4%).

Based on the above, the recoverable amount of the unit was determined to be higher than its carrying amount and therefore, no impairment loss was recognised.

The above estimates are sensitive in the following areas:

- (i) An increase of 0.5 percentage point in discount rate used would have reduced the recoverable amount by approximately RM129 million (2024: RM149 million); and
- (ii) A decrease of 0.5 percentage point in perpetuity growth rate used would have reduced the recoverable amount by approximately RM102 million (2024: RM89 million).

## Advanced Chemicals &amp; Solutions and Animal Nutrition CGU

In performing the impairment assessment for goodwill and intangible assets with indefinite useful life that arose from the acquisition of a subsidiary in 2022, the carrying amount of the CGU (including goodwill) is compared with the recoverable amount of CGU.

The recoverable amount for the CGU was based on fair value less costs to sell, which is estimated using income approach. The fair value measurement was categorised as a Level 3 fair value.

The recoverable amount of CGU was determined by discounting the future amounts of cash flows incorporating current market expectations about the future amounts.

The cash flow was projected based on plans and forecast approved by management for the next 10 years. For the period thereafter, a terminal value was calculated using perpetuity growth rate of 2.6% (2024: 2.0%) based on external macroeconomics. The future cash flow was discounted using discount rate at about 7.6% (2024: 7.9%).

## 6. INTANGIBLE ASSETS (continued)

## Impairment review of goodwill and intangible assets with indefinite useful life (continued)

## Advanced Chemicals &amp; Solutions and Animal Nutrition CGU (continued)

Based on the above, the recoverable amount of the unit was determined to be higher than its carrying amount and therefore, no impairment loss was recognised.

The above estimates are sensitive in the following areas:

- (i) An increase of 0.5 percentage point in discount rate used would have reduced the recoverable amount by approximately RM1,789 million (2024: 0.6 percentage point in discount rate used would have reduced the recoverable amount by approximately RM2,002 million).
- (ii) A decrease of 0.5 percentage point in perpetuity growth rate used would have reduced the recoverable amount by approximately RM1,019 million (2024: RM982 million).

## 7. LONG-TERM RECEIVABLES

<i>In RM Mil</i>	Note	Group		Company	
		2025	2024	2025	2024
Trade receivable	7.1	14	16	–	–
Other receivables and prepayments	7.2	888	935	858	900
		<b>902</b>	951	<b>858</b>	900

7.1 The Group via its subsidiary has entered into an arrangement on trade receivable which resulted in adjustment of timing for payments of the balances. The receivable was fair valued on initial measurement and is subjected to periodic accretion of interest income over the period of the arrangement. During the financial year, the subsidiary has remeasured these balances based on the extended timing for payments, which resulted in a remeasurement loss amounting to RM2 million (2024: RM6 million) being recognised in the profit or loss.

7.2 Included in other receivables and prepayments is consideration on a deferred payment arrangement in relation to a partial divestment of a subsidiary in 2023.

## 8. RETIREMENT BENEFITS

<i>In RM Mil</i>	Group	
	2025	2024
<b>Net defined benefit liability</b>		
Defined benefit obligations (funded/unfunded)	320	324
Salary taxes, defined benefit obligation	2	3
Fair value of plan assets	(188)	(195)
Salary taxes, direct pension	18	20
	<b>152</b>	152

The Group has defined benefit pension plans that provide pension benefits and specific pension insurance plans excluding healthcare for employees upon retirement.

The defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

## NOTES TO THE FINANCIAL STATEMENTS

## 8. RETIREMENT BENEFITS (continued)

## Funding

The defined benefit pension obligations are divided into funded and unfunded pension plans. The plan assets for the funded plans relate primarily to a Group's subsidiary in the United States of America ("USA"). The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan. The funding of the plan is based on a separate actuarial valuation for funding purpose. Employees are not required to contribute to the plans.

The Group expects to pay RM4,926,000 (2024: RM9,076,000) in contributions to its defined benefit plans in 2026.

## Movement in net defined liability

The following table shows a reconciliation from the opening balance to the closing balance for the net defined benefit liability and its components.

Group In RM Mil	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2025	2024	2025	2024	2025	2024
Balance at 1 January	347	389	(195)	(205)	152	184
<b>Included in profit or loss</b>						
Current service cost	7	8	–	–	7	8
Expected return on plan assets	–	–	(6)	9	(6)	9
Fees from employer	–	–	(3)	(7)	(3)	(7)
Disbursement	(17)	(17)	9	9	(8)	(8)
Translation effects	(4)	(28)	18	9	14	(19)
Interest cost/(income)	15	15	(11)	(10)	4	5
Salary taxes, defined benefit obligation	(1)	3	–	–	(1)	3
Salary taxes, direct pension	(3)	1	–	–	(3)	1
Others	7	(19)	–	–	7	(19)
	4	(37)	7	10	11	(27)
<b>Included in other comprehensive income</b>						
Actuarial profit	(11)	(5)	–	–	(11)	(5)
Balance at 31 December	340	347	(188)	(195)	152	152

## Plan assets

The plan assets relates primarily to a subsidiary in the USA, of which 75% (2024: 76%) are invested in debt securities, 22% (2024: 20%) in equity and 3% (2024: 4%) in cash and cash equivalents.

## NOTES TO THE FINANCIAL STATEMENTS

## 8. RETIREMENT BENEFITS (continued)

## Movement in net defined liability (continued)

## Defined benefit obligation

## Actuarial assumptions

Principal actuarial assumptions at the end of the reporting period (expressed as weighted averages):

	Group	
	2025	2024
Discount rate	4.9%	4.2%
Future salary growth	3.1%	3.1%
Anticipated return on plan assets	5.7%	4.7%
Anticipated average remaining employment term, year	10.2	10.8

## Sensitivity analysis

Any possible changes at the reporting date to one of the relevant actuarial assumptions as disclosed above, holding other assumptions constant, would have immaterial effect to the financial statements.

## 9. DEFERRED TAX

## Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

Group In RM Mil	Assets		Liabilities	
	2025	2024	2025	2024
Property, plant and equipment	5	10	(2,498)	(2,542)
Intangible assets	–	–	(1,008)	(979)
Lease liabilities	31	36	–	–
Unused tax losses	607	477	–	–
Unabsorbed capital allowances	13	18	–	–
Unused investment tax allowances	1,334	1,448	–	–
Provision for decommissioning activities	52	45	–	–
Others	107	123	(192)	(202)
Tax assets/(liabilities)	2,149	2,157	(3,698)	(3,723)
Set off tax	(1,445)	(1,525)	1,445	1,525
Net tax assets/(liabilities)	704	632	(2,253)	(2,198)

continue to next page

## NOTES TO THE FINANCIAL STATEMENTS

## 9. DEFERRED TAX (continued)

Group In RM Mil	Net	
	2025	2024
Property, plant and equipment	(2,493)	(2,532)
Intangible assets	(1,008)	(979)
Lease liabilities	31	36
Unused tax losses	607	477
Unabsorbed capital allowances	13	18
Unused investment tax allowances	1,334	1,448
Provision for decommissioning activities	52	45
Others	(85)	(79)
Tax liabilities	(1,549)	(1,566)
Set off tax	–	–
Net tax assets/(liabilities)	(1,549)	(1,566)

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The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Group 2025 In RM Mil	At 1.1.2025	(Charged)/ Credited to profit or loss (Note 23)	Translation exchange difference	At 31.12.2025
<b>Deferred tax assets</b>				
Property, plant and equipment	10	(5)	–	5
Lease liabilities	36	(5)	–	31
Unused tax losses	477	90	40	607
Unabsorbed capital allowances	18	(5)	–	13
Unused investment tax allowances	1,448	(114)	–	1,334
Provision for decommissioning activities	45	7	–	52
Others	123	(15)	(1)	107
	2,157	(47)	39	2,149
<b>Deferred tax liabilities</b>				
Property, plant and equipment	(2,542)	60	(16)	(2,498)
Intangible assets	(979)	75	(104)	(1,008)
Others	(202)	16	(6)	(192)
	(3,723)	151	(126)	(3,698)
	(1,566)	104	(87)	(1,549)

continue to next page

## NOTES TO THE FINANCIAL STATEMENTS

## 9. DEFERRED TAX (continued)

Group 2024 In RM Mil	At 1.1.2024	(Charged)/ Credited to profit or loss (Note 23)	Translation exchange difference	At 31.12.2024
<b>Deferred tax assets</b>				
Property, plant and equipment	27	(17)	–	10
Lease liabilities	28	10	(2)	36
Unused tax losses	546	(4)	(65)	477
Unabsorbed capital allowances	189	(171)	–	18
Unused reinvestment allowances	6	(6)	–	–
Unused investment tax allowances	1,482	(34)	–	1,448
Provision for decommissioning activities	32	13	–	45
Others	91	23	9	123
	2,401	(186)	(58)	2,157
<b>Deferred tax liabilities</b>				
Property, plant and equipment	(2,601)	29	30	(2,542)
Intangible assets	(1,205)	53	173	(979)
Others	(220)	4	14	(202)
	(4,026)	86	217	(3,723)
	(1,625)	(100)	159	(1,566)

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## Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

In RM Mil	Group		Company	
	2025	2024	2025	2024
Unused tax losses	9,299	6,615	7,646	5,516

In accordance with the provision of Finance Act 2021 of Malaysia, the utilisation of unused tax losses will be limited to ten years with effect from year of assessment 2019. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the subsidiaries can utilise the benefits.

A significant portion of the unused tax losses of the Group and the Company above will expire earliest in year 2028 (2024: year 2028).

In accordance with the Income Tax (Exemption) (No.7) Order 2013 P.U.(A) 41, a subsidiary and a joint operation entity have been granted 100% tax exemption on statutory income arising from qualifying activities for 15 years. Within 90 days before the expiry of the exemption period, the entities may apply for another tax exemption of 50% on qualifying statutory income for further five years pursuant to the Income Tax (Exemption) (No.2) Order 2014 P.U.(A).

The carry-forward of unused losses is limited to ten consecutive years of assessment, in which any unused losses will be disregarded thereafter. The 10-year assessment commences immediately after expiry of the pioneer period above. Deferred tax assets have not been recognised in respect of these items due to uncertainty of future taxable profit at the time the deductible temporary difference is expected to reverse.

## NOTES TO THE FINANCIAL STATEMENTS

## 10. TRADE AND OTHER INVENTORIES

In RM Mil	Group		Company	
	2025	2024	2025	2024
Petrochemical products				
- Raw materials	77	61	-	-
- Finished goods	904	1,081	144	172
Specialties products	1,140	1,163	-	-
Stores, spares and others	1,872	1,781	255	262
	<b>3,993</b>	4,086	<b>399</b>	434
Recognised in profit or loss:				
Inventories recognised as cost of revenue	24,486	25,793	2,246	2,455
Write-down to net realisable value	276	265	81	47
Reversal of write-down to net realisable value	(260)	(140)	(47)	-
Inventories written off	23	2	1	-

## 11. TRADE AND OTHER RECEIVABLES

In RM Mil	Note	Group		Company	
		2025	2024	2025	2024
Trade receivables		2,549	3,011	23	62
Other receivables, refundable deposits and prepayments		904	1,058	72	87
Amount due from holding company					
- Non-trade		2	-	38	-
Amount due from subsidiaries					
- Non-trade		-	-	34	31
Amounts due from associates and joint ventures					
- Trade		88	127	-	-
- Non-trade		3	1	3	2
Amount due from related companies					
- Trade		94	149	9	106
- Non-trade		10	6	12	1
Derivative assets	12	5	4	-	-
		<b>3,655</b>	4,356	<b>191</b>	289

Certain comparative figures have been reclassified to conform with current year presentation.

Trade amounts are unsecured and under normal trade terms. Non-trade amounts are unsecured and receivable on demand.

## NOTES TO THE FINANCIAL STATEMENTS

## 11. TRADE AND OTHER RECEIVABLES (continued)

There were no trade receivables and trade payables that were set off for presentation purposes.

There are no significant concentrations of credit risk in any particular counterparty. The credit risk associated with these non-trade receivables is low, as the majority of amounts are advances related to purchase of plant and equipments and for future delivery of feedstocks and petrochemical products with a long-standing history of reliable repayment. The Group and the Company do not expect any material defaults or losses in the foreseeable future.

## 12. DERIVATIVE ASSETS/(LIABILITIES)

Group In RM Mil	Note	2025	2024
<b>Derivative asset</b>			
<b>Current</b>			
Forward foreign exchange contracts		5	4
<b>Included within:</b>			
Trade and other receivables	11	5	4
<b>Derivative liability</b>			
<b>Current</b>			
Forward foreign exchange contracts		(7)	(6)
<b>Included within:</b>			
Trade and other payables	19	(7)	(6)

In the normal course of business, the Group and the Company enter into derivative financial instruments to manage their normal business exposures in relation to foreign currency exchange rates in accordance with the Group's and the Company's risk management policies and objectives.

The calculation of fair value of forward foreign currency exchange contracts is based on the fair value difference between forward exchange rate at the reporting date and the contracted rate.

## NOTES TO THE FINANCIAL STATEMENTS

## 13. CASH AND CASH EQUIVALENTS

In RM Mil	Group		Company	
	2025	2024	2025	2024
Cash with PETRONAS Integrated Financial Shared Services Centre ("IFSSC")				
- Conventional	7,158	6,893	399	507
- Islamic	1,283	1,734	61	872
Cash and bank balances	1,180	1,304	598	734
	9,621	9,931	1,058	2,113

The Group's and the Company's cash and bank balances are held in the In-House Account ("IHA") managed by PETRONAS IFSSC to enable more efficient cash management for the Group and the Company.

Included in cash with PETRONAS IFSSC and cash and bank balances of the Group and of the Company are interest-bearing and profit sharing amounting to RM9,580 million (2024: RM9,854 million) and RM1,058 million (2024: RM2,113 million) respectively.

## 14. SHARE CAPITAL

In RM Mil	Company	
	2025	2024
<b>Issued and fully paid shares with no par value classified as equity instruments:</b>		
8,000,000,000 ordinary shares	8,871	8,871

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

## 15. RESERVES

## Merger reserve

## Group

Merger reserve arose from the differences between the nominal value and share premium of ordinary shares issued by the Company as consideration for the acquisition of companies that are accounted using the merger method of accounting and the nominal value of ordinary shares and share premium of the companies.

## Company

Merger relief of the Company is premium arising from issuance of shares for the acquisition of wholly-owned subsidiaries.

## Foreign currency translation reserve

Foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of subsidiaries and joint operation whose functional currencies are not RM, and the Group's net investment in foreign operations.

## Other reserve

Other reserve comprises primarily reserve created upon redemption of preference shares, gain or loss on the hedging instrument in the cash flow hedge that is determined to be an effective hedge and the Group's share of its joint venture and associate companies' reserves as well as statutory reserves transferred from retained earnings for certain overseas subsidiaries of the Group as required by local authorities of the respective subsidiaries. This reserve also comprises actuarial gains and losses upon remeasurement of net defined benefit liability or asset.

## NOTES TO THE FINANCIAL STATEMENTS

## 16. NON-CONTROLLING INTERESTS

This consists of the non-controlling interests' proportion of share capital and reserves of partly-owned subsidiaries.

## 17. BORROWINGS

In RM Mil	Group		Company	
	2025	2024	2025	2024
<b>Non-current</b>				
Term loans - secured	1,174	1,396	1,174	1,396
Term loans - unsecured	830	740	686	737
Revolving credit - unsecured	—	283	—	—
	2,004	2,419	1,860	2,133
<b>Current</b>				
Term loans - secured	101	134	101	134
Term loans - unsecured	13	156	—	—
Revolving credit - unsecured	1,346	500	—	—
Bank overdraft - unsecured	—	5	—	—
	1,460	795	101	134
	3,464	3,214	1,961	2,267

In Mil	Denominated currency	Group		Company	
		2025	2024	2025	2024
<b>Secured term loans</b>					
Term loans	USD	315	343	315	343

The USD secured term loans relate to 50% share of project financing facility of a joint operation entity. The loans bear interest margin above 6-month Compounded Reference Rate ranging from 0.80% to 1.74% (2024: 0.80% to 1.74%) per annum and is repayable on various dates between 2021 and 2034.

The term loans are secured in the following manner:

- Completion guarantee from the ultimate holding company, which is a fully recourse guarantee to the Company, where the ultimate holding company on several and not joint basis which will be uplifted and terminated upon meeting all project completion requirements;
- Cross-guarantee arrangement under an integrated borrowing structure due to the nature of the project with a related party as disclosed in Note 34; and
- Charge over ordinary shares and the land lease rights of the said joint operation entity.

The Guaranteed Project Completion Date ("PCD") was extended from 31 December 2023 to 31 December 2025 and subsequently further extended to 31 December 2027.

## NOTES TO THE FINANCIAL STATEMENTS

## 17. BORROWINGS (continued)

In Mil	Unsecured term loans, revolving credit and bank overdraft	Denominated currency	Group		Company	
			2025	2024	2025	2024
Term loan	USD	169	165	169	165	
Term loan	EUR	31	32	–	–	
Term loan	CNY	15	20	–	–	
Revolving credit	SEK	2,690	1,500	–	–	
Revolving credit	USD	38	38	–	–	
Revolving credit	EUR	2	2	–	–	
Bank overdraft	SEK	–	14	–	–	

The USD unsecured term loan is pursuant to the co-borrowing agreement between the joint operation entity 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% (2024: 2.33% to 4.18%) per annum and is repayable between 2027 to 2029.

There are two EUR unsecured term loans which bear interest margin above Euro Interbank Offer Rate ("EURIBOR") of 1.15% (2024: Nil) and interest margin above EURIBOR of 0.85% (2024: 0.85%) per annum respectively. These loans are repayable on various dates between 2027 and 2030 respectively. During the financial year, an unsecured EUR term loan from prior year which bore interest rate of 0.71% has been fully repaid.

There are two CNY term loans which bear interest rates of 2.60% (2024: 3.05%) and 3.00% (2024: 3.60%) per annum respectively.

The SEK unsecured revolving credit bear interests ranging from 2.55% to 2.92% (2024: 3.39% to 3.69%) per annum.

The USD unsecured revolving credit bear interests ranging from 4.49% to 5.10% (2024: 5.23% to 6.20%) per annum.

The EUR unsecured revolving credit bear interest rate of 2.90% (2024: 3.83%) per annum.

The SEK unsecured bank overdraft in prior year bore interest rate of 1.50% above Stockholm Interbank Offered Rate ("STIBOR").

## 18. PROVISIONS AND OTHER LONG-TERM LIABILITIES

## 18.1 Provisions

In RM Mil	Note	Group		Company	
		2025	2024	2025	2024
Non-current		350	303	118	124
Current	19	58	100	7	6
		408	403	125	130

## 18. PROVISIONS AND OTHER LONG-TERM LIABILITIES (continued)

## 18.1 Provisions (continued)

The movements of provisions are as follows:

In RM Mil	Group	Company
<b>At 1 January 2025</b>	403	130
Provisions made	99	5
Provisions reversed	–	(7)
Provisions utilised	(99)	–
Unwinding of discount	13	6
Translation exchange difference	(8)	(9)
<b>At 31 December 2025</b>	408	125

During the financial year, the provision for decommissioning of plant and equipment of the Group and the Company increased by RM10 million and RM2 million (2024: increase of RM4 million and RM3 million) respectively as a result of change in discount rates coupled with an increase in the provision by RM3 million and RM3 million (2024: decrease of RM26 million and increase of RM3 million) respectively resulting from other changes in estimated cash flows.

The Group's provisions mainly comprise:

- (i) Provisions for decommissioning activities in relation to the discontinuation of the Group's vinyl business which includes dismantling/demolishing and removal of equipment, structures and foundation as well as site remediation.

The provisions have been made based on present value of estimated decommissioning amount payable over a period of 10 years (2024: 11 years) using discount rate of 3.5% (2024: 3.8%).

- (ii) Provisions for decommissioning of property, plant and equipment in relation to certain subsidiaries' and a joint operation entity's obligation to decommission and remove all property, plant and equipment, and to restore land subleased to its original condition upon expiry between 2035 to 2076.

The provisions have been made based on present value of estimated decommissioning amount using discount rates ranging from 3.5% to 4.2% (2024: 3.8% to 4.2%).

The Company's provisions comprise:

- (i) Provision for financial assistance in relation to subscription of redeemable preference shares in a subsidiary to meet the subsidiary's obligation in respect of decommissioning activities and other related expenses.

The provision amounting to RM29 million (2024: RM34 million) as at 31 December 2025 has been made based on present value of estimated funding requirements for decommissioning costs over a period of 10 years (2024: 11 years) using a discount rate of 9.2% (2024: 9.2%).

- (ii) Provision for decommissioning of property, plant and equipment in relation to joint operation entity's obligation to decommission and remove all property, plant and equipment, and to restore land subleased to its original condition upon expiry in 2076.

The provision amounting to RM96 million (2024: RM96 million) as at 31 December 2025 has been made based on present value of estimated decommissioning amount using a discount rate of 4.0% (2024: 4.0%).

The corresponding asset of an amount equivalent to the provision is also created and will be depreciated in accordance with the policy set out in Note 2.4. The increase in the present value of the provision for the expected cost due to the passage of time is included within financing costs.

## NOTES TO THE FINANCIAL STATEMENTS

## 18. PROVISIONS AND OTHER LONG-TERM LIABILITIES (continued)

## 18.2 Other long-term liabilities

In RM Mil	Note	Group		Company	
		2025	2024	2025	2024
Deferred income	i	908	995	—	—
Trade payables	ii	815	745	815	745
Other payables		62	61	—	—
		<b>1,785</b>	1,801	<b>815</b>	745

- (i) The Group's deferred income relates to tax incentives with the features similar to government grant for which the current portion is as disclosed in Note 19.1.
- (ii) The Group and the Company via their joint operation entity have arrangements on trade payables amounting to RM1,501 million (2024: RM1,651 million), which resulted in an adjustment of timing for payments of the balances. The trade payables were fair valued on initial measurement and are subjected to periodic accretion of interest expense over the period of the arrangement. During the financial year, the joint operation entity has remeasured these balances based on the extended timing for payments, which resulted in a remeasurement gain amounting to RM25 million (2024: RM553 million) being recognised in the profit or loss.

## 19. TRADE AND OTHER PAYABLES

In RM Mil	Note	Group		Company	
		2025	2024	2025	2024
Trade payables		1,156	977	—	—
Other payables	19.1	2,790	2,868	466	360
Amount due to holding company	19.2				
- Trade		254	270	—	—
- Non-trade		118	259	29	36
Amount due to subsidiaries	19.2				
- Non-trade		—	—	—	2
Amount due to related companies	19.2				
- Trade		5,584	4,964	4,679	3,924
- Non-trade		208	239	6	82
Amounts due to associates and joint ventures	19.2				
- Trade		38	21	—	—
- Non-trade		9	1	—	—
Provisions	18.1, 19.3	58	100	7	6
Derivative liabilities	12	7	6	—	—
		<b>10,222</b>	9,705	<b>5,187</b>	4,410

## 19. TRADE AND OTHER PAYABLES (continued)

Certain comparative figures have been reclassified to conform with current year presentation.

- 19.1 Included in other payables for the Group is the current portion of deferred income as per Note 18.2 amounting to RM87 million (2024: RM87 million).
- 19.2 Trade amounts are unsecured and under normal trade terms. Non-trade amounts are unsecured and repayable on demand.
- 19.3 Included in provisions are earn out costs amounting to RM Nil (2024: RM92 million) arising from acquisition of a subsidiary in 2019.

## 20. REVENUE

In RM Mil	Group		Company	
	2025	2024	2025	2024
Sales of petrochemical products	21,728	24,068	1,190	1,507
Sales of specialties products	5,693	6,542	—	—
Dividend income	—	—	259	334
Others	59	61	—	—
	<b>27,480</b>	30,671	<b>1,449</b>	1,841

Disaggregation of revenue by geographical location and by segment is as disclosed in Note 33.

Nature of goods	Timing of recognition and method used to recognise revenue	Significant payment terms
Petrochemical and specialties products	Revenue is recognised at a point in time upon transfer of control as per INCOTERM	Average credit term of 44 days

There are no variable elements in consideration, obligation for returns or refunds nor warranty in substantially all of the contracts for the provision of goods by the Group.

## Transaction price allocated to remaining performance obligations

Most of the Group's contracts are based on master service agreements whereby the contracted volumes are agreed on annual basis. An insignificant amount of contracts have original contract period of more than one year.

The future revenue of the Group is dependent on the market price movement of the products, the prevailing exchange rate on the transaction date as well as production volume which is dependent on feedstock availability and plant utilisation.

## NOTES TO THE FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

## 21. OPERATING (LOSS)/PROFIT

In RM Mil	Note	Group		Company	
		2025	2024	2025	2024
<b>Included in operating (loss)/profit are the following charges:</b>					
Auditors' remuneration*		13	12	1	1
Amortisation of intangible assets	6	177	179	–	–
Depreciation of property, plant and equipment	3	2,318	2,109	348	197
Expenses relating to short-term leases		6	6	–	–
Expenses relating to leases of low-value assets		12	10	4	3
Expenses relating to variable lease payments not included in the measurement of lease liabilities		–	1	–	–
Impairment losses on property, plant and equipment	3	439	–	413	227
Inventories:	10				
- net write-down to net realisable value		16	125	34	47
- written off		23	2	1	–
Loss of remeasurement of financial asset	7	2	6	–	–
Net loss on foreign exchange		1,130	160	848	217
Staff costs:					
- contribution to pension funds		161	170	31	39
- wages, salaries and others		2,197	2,456	254	316
- expenses related to defined benefit plans	8	11	–	–	–
Write-off of investment in a joint venture		–	24	–	24
<b>and credits:</b>					
Adjustment on defined benefit plan	8	–	27	–	–
Amortisation of deferred income		87	87	–	–
Dividend income					
- subsidiaries		–	–	219	262
- associates and joint ventures		–	–	40	72
Finance income		65	595	65	595
Interest income		391	414	37	76
Reversal of write-down of inventory to net realisable value		–	–	–	–
Management fee		–	–	102	93

## NOTES TO THE FINANCIAL STATEMENTS

## 21. OPERATING (LOSS)/PROFIT (continued)

\* The auditors' remuneration includes the following:

In RM'000	Group		Company	
	2025	2024	2025	2024
Audit fees				
- KPMG PLT	2,032	1,996	582	615
- Member firms of KPMG International Limited	679	409	–	–
- Other auditors	9,243	8,819	–	–
Non-audit service fees				
- KPMG PLT	587	274	409	270
- Member firms of KPMG International Limited	293	519	–	–
	12,834	12,017	991	885

## 22. FINANCING COSTS

In RM Mil	Group		Company	
	2025	2024	2025	2024
<b>Recognised in profit or loss:</b>				
Interest expense on lease liabilities	110	75	60	38
Unwinding of discount factor for provisions and other long-term liabilities	90	78	77	57
Interest expense on borrowings	141	89	88	59
Other finance cost	5	18	–	–
	346	260	225	154
<b>Capitalised into qualifying assets:</b>				
Interest expense on lease liabilities	20	87	–	38
Interest expense on borrowings	–	70	–	70
Amortisation of transaction cost	–	4	–	4
	20	161	–	112
	366	421	225	266

## NOTES TO THE FINANCIAL STATEMENTS

## 23. TAX EXPENSE

In RM Mil	Group		Company	
	2025	2024	2025	2024
<b>Current tax expenses</b>				
Current year	263	294	50	51
(Over)/Under provision in prior year	(1)	7	3	4
	262	301	53	55
<b>Deferred tax (credit)/expenses</b>				
Origination and reversal of temporary differences	(89)	102	–	–
Over provision in prior year	(15)	(2)	–	–
	(104)	100	–	–
	158	401	53	55

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company are as follows:

Group In RM Mil	%	2025	%	2024
(Loss)/Profit before taxation		(1,892)		1,690
Taxation at Malaysian statutory tax rate	24	(454)	24	406
Non-deductible expenses, net of non-assessable income	(10)	191	6	108
Effects of income subject to different tax rates	(1)	17	–	(7)
Tax exempt income and incentives	1	(19)	(1)	(12)
Effect of lower tax rate under Global Incentive for Trading ("GIFT")	10	(187)	(24)	(406)
Effect of net deferred tax benefits not recognised	(34)	652	21	350
Effect of deferred tax benefits previously not recognised	–	(3)	(1)	(16)
Effect from share of loss after tax of equity-accounted associates and joint ventures	(2)	43	2	27
Others	3	(66)	(3)	(54)
	(9)	174	24	396
(Over)/Under provision in prior years		(16)		5
Tax expense		158		401

## NOTES TO THE FINANCIAL STATEMENTS

## 23. TAX EXPENSE (continued)

Company In RM Mil	%	2025	%	2024
Loss before taxation		(2,561)		(1,065)
Taxation at Malaysian statutory tax rate	24	(615)	24	(256)
Non-deductible expenses, net of non-assessable income	(9)	222	(10)	108
Tax exempt income	3	(68)	12	(129)
Effect of deferred tax benefits not recognised	(20)	511	(31)	328
	(2)	50	(5)	51
Under provision in prior years		3		4
Tax expense		53		55

## Global minimum top-up tax

The Group is subject to Pillar Two legislation which come into effect on 1 January 2025. Certain subsidiaries within the Group also operate within jurisdictions that has been enacted or substantively enacted as at 31 December 2025.

Following the Amendments to MFRS 112 *Income Taxes International Tax Reform - Pillar Two Model Rules*, mandatory temporary exception has been applied to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two Model Rules as well as disclosure requirements on the exposure to Pillar Two income taxes upon adoption.

The assessment of the Pillar Two income taxes is performed based on best financial statements information available for the constituent entities in PETRONAS Group as at reporting period by applying the requirements issued by Organisation for Economic Co-operation and Development ("OECD"). Based on the assessment carried out as at 31 December 2025, PETRONAS Group has identified jurisdiction where effective tax rate is likely to be lower than 15%.

The Group, however, does not expect a material exposure to Pillar Two income taxes in those jurisdictions.

## 24. BASIC (LOSS)/EARNINGS PER ORDINARY SHARE

## Basic (loss)/earnings per ordinary share

The calculation of basic loss or earnings per ordinary share was based on the loss or profit attributable to shareholders of the Company and number of ordinary shares of the Company as follows:

Group In RM Mil	2025	2024
(Loss)/Profit for the year attributable to shareholders	(2,142)	1,175
<i>In millions of shares</i>		
Number of shares issued at 31 December	8,000	8,000
<i>In sen</i>		
Basic (loss)/earnings per ordinary share	(26.8)	14.7

## Diluted earnings per ordinary share

No diluted earnings per share is disclosed in these financial statements as there is no dilutive potential ordinary share.

## NOTES TO THE FINANCIAL STATEMENTS

## 25. DIVIDENDS

Company	Sen per share	Total amount In RM Mil	Date of payment
<b>2025</b>			
Second interim dividend for financial year ended 31 December 2024	3	240	20 March 2025
First interim dividend for financial year ended 31 December 2025	3	240	10 September 2025
		480	
<b>2024</b>			
Second interim dividend for financial year ended 31 December 2023	5	400	26 March 2024
First interim dividend for financial year ended 31 December 2024	10	800	12 September 2024
		1,200	

After the financial year end, the following dividend was approved by the Board of Directors:

	Sen per share	Total amount In RM Mil
Second interim dividend for financial year ended 31 December 2025	4	320

The dividend will be recognised and accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2026.

## 26. NET CASH USED IN FINANCING ACTIVITIES

Reconciliation of movement of liabilities to cash flows arising from financing activities:

Group 2025 In RM Mil	Borrowings (Note 17)	Lease liabilities
<b>At 1.1.2025</b>	<b>3,214</b>	<b>2,098</b>
<b>Changes from financing cash flows</b>		
Repayment of term loans:		
- principal	(290)	-
- interests	(141)	-
Repayment of:		
- revolving credit	(7,042)	-
- bank overdraft	(5)	-
Payment of lease liabilities:		
- principal	-	(179)
- interests	-	(77)
Drawdown of term loans	154	-
Drawdown of revolving credit	7,562	-
<b>Total changes from financing cash flows</b>	<b>238</b>	<b>(256)</b>

continue to next page

## NOTES TO THE FINANCIAL STATEMENTS

## 26. NET CASH USED IN FINANCING ACTIVITIES (continued)

Reconciliation of movement of liabilities to cash flows arising from financing activities: (continued)

Group 2025 In RM Mil	Borrowings (Note 17)	Lease liabilities
<b>Other changes</b>		
Acquisition of new leases	-	345
Leases adjustments	-	(130)
Financing costs	141	130
Amortisation of transaction costs	25	-
Others	(1)	(17)
Effect of foreign currency translation difference	(153)	(185)
<b>Total other changes</b>	<b>12</b>	<b>143</b>
<b>At 31.12.2025</b>	<b>3,464</b>	<b>1,985</b>

continued from previous page

Group 2024 In RM Mil	Borrowings (Note 17)	Lease liabilities
<b>At 1.1.2024</b>	2,973	2,159
<b>Changes from financing cash flows</b>		
Repayment of term loans:		
- principal	(157)	-
- interests	(150)	-
Repayment of revolving credit	(3,945)	-
Payment of lease liabilities:		
- principal	-	(166)
- interests	-	(79)
Drawdown of term loans	13	-
Drawdown of revolving credit	4,452	-
Drawdown of bank overdraft	5	-
<b>Total changes from financing cash flows</b>	<b>218</b>	<b>(245)</b>

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## NOTES TO THE FINANCIAL STATEMENTS

## 26. NET CASH USED IN FINANCING ACTIVITIES (continued)

Reconciliation of movement of liabilities to cash flows arising from financing activities: (continued)

Group 2024 In RM Mil	Borrowings (Note 17)	Lease liabilities
<b>Other changes</b>		
Acquisition of new leases	–	146
Leases adjustments	–	(95)
Amortisation of transaction costs	4	–
Financing costs	159	162
Acquisition of a subsidiary	–	12
Others	14	23
Effect of foreign currency translation difference	(154)	(64)
<b>Total other changes</b>	<b>23</b>	<b>184</b>
<b>At 31.12.2024</b>	<b>3,214</b>	<b>2,098</b>

continued from previous page

Company 2025 In RM Mil	Borrowings (Note 17)	Lease liabilities
<b>At 1.1.2025</b>	<b>2,267</b>	<b>1,098</b>
<b>Changes from financing cash flows</b>		
Repayment of term loans:		
- principal	(129)	–
- interests	(88)	–
Payment of lease liabilities:		
- interests	–	(58)
<b>Total changes from financing cash flows</b>	<b>(217)</b>	<b>(58)</b>
<b>Other changes</b>		
Leases adjustments	–	(134)
Financing costs	88	60
Amortisation of transaction costs	25	–
Effect of foreign currency translation difference	(202)	(81)
<b>Total other changes</b>	<b>(89)</b>	<b>(155)</b>
<b>At 31.12.2025</b>	<b>1,961</b>	<b>885</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 26. NET CASH USED IN FINANCING ACTIVITIES (continued)

Reconciliation of movement of liabilities to cash flows arising from financing activities: (continued)

Company 2024 In RM Mil	Borrowings (Note 17)	Lease liabilities
<b>At 1.1.2024</b>	2,453	1,141
<b>Changes from financing cash flows</b>		
Repayment of term loans:		
- principal	(140)	–
- interests	(61)	–
Payment of lease liabilities:		
- interests	–	(10)
<b>Total changes from financing cash flows</b>	<b>(201)</b>	<b>(10)</b>
<b>Other changes</b>		
Acquisition of new leases	–	62
Leases adjustments	–	(161)
Financing costs	70	76
Amortisation of transaction costs	4	–
Others	13	19
Effect of foreign currency translation difference	(72)	(29)
<b>Total other changes</b>	<b>15</b>	<b>(33)</b>
<b>At 31.12.2024</b>	<b>2,267</b>	<b>1,098</b>

## 27. SUBSIDIARIES AND ACTIVITIES

Name of company	Effective ownership interest and voting interest		Country of incorporation	Principal activities
	2025 %	2024 %		
<b>Subsidiaries of the Company</b>				
PETRONAS Chemicals Ammonia Sdn. Bhd.	100	100	Malaysia	Processing of feedstock into ammonia, syngas and carbon monoxide.
PETRONAS Chemicals Aromatics Sdn. Bhd.	100	100	Malaysia	Processing of feedstock into paraxylene, benzene and other by-products.
PETRONAS Chemicals Derivatives Sdn. Bhd.	100	100	Malaysia	Processing of feedstock into ethylene oxide derivatives, propylene derivatives products and other related chemical products.
PETRONAS Chemicals Fertiliser Kedah Sdn. Bhd.	100	100	Malaysia	Processing of feedstock into urea, ammonia and methanol.
PETRONAS Chemicals Glycols Sdn. Bhd.	100	100	Malaysia	Processing of feedstock into ethylene oxide, ethylene glycol and other related by-products.

## NOTES TO THE FINANCIAL STATEMENTS

## 27. SUBSIDIARIES AND ACTIVITIES (continued)

Name of company	Effective ownership interest and voting interest		Country of incorporation	Principal activities
	2025 %	2024 %		
<b>Subsidiaries of the Company (continued)</b>				
PETRONAS Chemicals International Holdings Sdn. Bhd.	100	100	Malaysia	Investment holding company.
PETRONAS Chemicals LDPE Sdn. Bhd.	100	100	Malaysia	Processing of feedstock into low-density polyethylene.
PETRONAS Chemicals Methanol Sdn. Bhd.	100	100	Malaysia	Processing of feedstock into methanol.
PETRONAS Chemicals MTBE Sdn. Bhd.	100	100	Malaysia	Processing of feedstock into methyl tertiary butyl ether (MTBE), propylene, n-butane, isobutylene and other related chemicals product.
PETRONAS Chemicals Olefins Sdn. Bhd.	100	100	Malaysia	Processing of feedstock into ethylene, propylene and other hydrocarbon by-products.
PETRONAS Chemicals Polyethylene Sdn. Bhd.	100	100	Malaysia	Processing of ethylene into polyethylene.
Kytari Sdn. Bhd.	100	100	Malaysia	The intended principal activity is to convert plastic waste into circular pyrolysis oil, naphtha and polymers. The company has yet to commence operations during the financial year.
Kertih Port Sdn. Bhd.	100	100	Malaysia	Owning, operating and managing Kertih Marine Facilities.
Polypropylene Malaysia Sdn. Bhd.	100	100	Malaysia	The company had ceased operation and is currently engaged in investment holding activity.
Vinyl Chloride (Malaysia) Sdn. Bhd.	100	100	Malaysia	The company had ceased operation and is currently under going decommissioning activities.
PETRONAS Chemicals Ethylene Sdn. Bhd.	87.50	87.50	Malaysia	Processing of ethane into ethylene.
PETRONAS Chemicals Fertiliser Sabah Sdn. Bhd.	75	75	Malaysia	Production and sale of ammonia and urea.
ASEAN Bintulu Fertilizer Sdn. Bhd.	63.47	63.47	Malaysia	Processing of natural gas into urea and ammonia.

## NOTES TO THE FINANCIAL STATEMENTS

## 27. SUBSIDIARIES AND ACTIVITIES (continued)

Name of company	Effective ownership interest and voting interest		Country of incorporation	Principal activities
	2025 %	2024 %		
<b>Subsidiaries of PETRONAS Chemicals International Holdings Sdn. Bhd.</b>				
PETRONAS Chemicals Marketing (Labuan) Ltd.	100	100	Malaysia	Marketing and trading of petrochemical products.
PCM (China) Company Limited*	100	100	China	Marketing of petrochemical products.
PETRONAS Chemicals International B.V.*	100	100	Netherlands	Investment holding company.
PCM (Thailand) Company Limited*	^99.99	^99.99	Thailand	Marketing of petrochemical products.
PT PCM Kimia Indonesia*	^99.67	^99.67	Indonesia	Marketing of petrochemical products.
PC Marketing (Vietnam) Company Limited*	100	—	Vietnam	Marketing of petrochemical products.
<b>Subsidiaries of PETRONAS Chemicals International B.V.</b>				
Da Vinci Group B.V.*	100	100	Netherlands	Investment holding company.
Perstorp Holding AB*	100	100	Sweden	Investment holding company.
<b>Subsidiaries of Da Vinci Group B.V.</b>				
BRB SIL Invest B.V.*	100	100	Netherlands	Real estate company.
BRB LAC Invest B.V.*	100	100	Netherlands	Real estate company.
<b>Subsidiary of BRB SIL Invest B.V.</b>				
BRB International B.V.*	100	100	Netherlands	Own-brand reselling, formulating and manufacturing of silicones.
<b>Subsidiaries of BRB International B.V.</b>				
BRB North America, Inc.*	100	100	USA	Own-brand reselling of silicones.
BRB Silicones South Africa Pty Ltd.*	100	100	South Africa	Own-brand reselling of silicones.
BRB South America Representacao Comercial Ltda.*	100	100	Brazil	Representative office.
BRB Central Eastern Europe Sp. z.o.o.*	100	100	Poland	Own-brand reselling of silicones.
BRB ST Kimyasal Sanayi ve Ticaret A.S.*	100	100	Turkey	Own-brand reselling of silicones.
BRB Singapore Pte. Ltd.*	100	100	Singapore	Own-brand reselling of silicones.
CSL Silicones Inc.*	100	100	Canada	Own-brand reselling, formulating and manufacturing of silicones.
BRB Silicones UK Ltd.*	100	100	United Kingdom	Own-brand reselling of silicones.

## NOTES TO THE FINANCIAL STATEMENTS

## 27. SUBSIDIARIES AND ACTIVITIES (continued)

Name of company	Effective ownership interest and voting interest		Country of incorporation	Principal activities
	2025 %	2024 %		
<b>Subsidiaries of BRB Singapore Pte. Ltd.</b>				
BRB Malaysia Sdn. Bhd.*	100	100	Malaysia	Formulating and manufacturing of silicones.
Qingdao BRB Trading Co. Ltd.*	100	100	China	Own-brand reselling of silicones, lube oil additives and chemicals.
BRB Hong Kong Limited*	100	100	Hong Kong	Own-brand reselling of silicones.
BRB South Korea Limited*	100	100	Korea	Own-brand reselling of silicones.
<b>Subsidiary of BRB LAC Invest B.V.</b>				
BRB Lube Oil Additives & Chemicals B.V.*	100	100	Netherlands	Own-brand reselling, formulating and manufacturing of lube oil additives and chemicals.
<b>Subsidiaries of BRB Lube Oil Additives &amp; Chemicals B.V.</b>				
BRB LAC Singapore Pte. Ltd.*	100	100	Singapore	Own-brand reselling of lube oil additives and chemicals.
Viscotech Asia Pte. Ltd.*	65	65	Singapore	Own-brand reselling of lube oil additives and chemicals.
<b>Subsidiary of Perstorp Holding AB</b>				
Perstorp Financial Services AB*	100	100	Sweden	Investment and trading company.
<b>Subsidiaries of Perstorp Financial Services AB</b>				
Perstorp Services AB*	100	100	Sweden	The company had ceased operation and remained dormant thereafter.
Perstorp AB*	100	100	Sweden	Investment holding company.
Perstorp Holding B.V.*	100	100	Netherlands	Investment holding company.
Perstorp Holding GmbH*	100	100	Germany	Investment holding company.
<b>Subsidiaries of Perstorp AB</b>				
Perstorp Quimica do Brasil Ltda*	100	100	Brazil	Marketing and trading of petrochemical products.
Perstorp Sales France Sas*	100	100	France	Trading of chemical products.
Perstorp S.p.A.*	100	100	Italy	Manufacturing of specialty polyols and propionates.
Perstorp Japan Co. Ltd*	100	100	Japan	Trading of chemical products.
Perstorp Chemicals Asia PTE Ltd*	100	100	Singapore	Trading of chemical products.

## NOTES TO THE FINANCIAL STATEMENTS

## 27. SUBSIDIARIES AND ACTIVITIES (continued)

Name of company	Effective ownership interest and voting interest		Country of incorporation	Principal activities
	2025 %	2024 %		
<b>Subsidiaries of Perstorp AB (continued)</b>				
Perstorp Storitve d.o.o.*	100	100	Slovenia	Trading of chemical products.
Perstorp Iberica SL*	100	100	Spain	Production and sale of products for the feed and agricultural industries and any other chemical product for other market sectors.
Perstorp Services UK Ltd*	100	100	United Kingdom	Trading of chemical products.
Perstorp Fastighets AB*	100	100	Sweden	Real estate company.
Perstorp Formulas AB*	100	100	Sweden	The company had ceased operation and remained dormant thereafter.
Perstorp Specialty Chemicals AB*	100	100	Sweden	Manufacturing of basic and specialty polyols, formates, organic acids and formaldehyde.
Perstorp Specialty Fluids AB*	100	100	Sweden	The company had ceased operation and remained dormant thereafter.
Perstorp Holding (U.S.) Inc.*	100	100	USA	Investment holding company.
Perstorp Industries India Private Ltd*	100	100	India	Manufacturing of pentaerythritol, di-pentaerythritol and calcium formate. During the financial year, the Company has commenced its operation.
Perstorp India Private Ltd*	—	100	India	Liquidated.
Perstorp Equipment S.r.l.*	100	100	Italy	Production of chemical products.
Shandong Perstorp Chemical Co. Ltd.*	100	100	China	Production of chemical products.
Perstorp Kimya Sanayi Ve Ticaret Ltd. Sti.*	100	100	Turkey	Trading of chemical products.
Perstorp Chemicals (Malaysia) Sdn. Bhd.*	100	100	Malaysia	Trading of chemical products.
Perstorp East Asia Ltd.*	100	100	Taiwan	Trading of chemical products.
Perstorp Amsterdam B.V.*	100	100	Netherlands	Production of chemical products.
<b>Subsidiaries of Perstorp Specialty Chemicals AB</b>				
Perstorp Oxo AB*	100	100	Sweden	Manufacturing of aldehydes, oxo alcohols, carboxylic acids, plasticizers and phthalic anhydride.
Perstorp (Shanghai) Chemical Trading Co. Ltd*	100	100	China	Trading of chemical products.

## NOTES TO THE FINANCIAL STATEMENTS

## 27. SUBSIDIARIES AND ACTIVITIES (continued)

Name of company	Effective ownership interest and voting interest		Country of incorporation	Principal activities
	2025 %	2024 %		
<b>Subsidiary of Perstorp Holding (U.S.) Inc.</b>				
Perstorp Polyols Inc.*	100	100	USA	Manufacturing of trimethylolpropane, pentaerythritol and di-pentaerythritol and sodium formate.
<b>Subsidiary of Perstorp Holding GmbH</b>				
Perstorp Chemicals GmbH*	100	100	Germany	Manufacturing and distribution of pentaerythritol, calcium formate and formaldehyde.
<b>Subsidiary of Perstorp Chemicals GmbH</b>				
Perstorp Service GmbH*	100	100	Germany	Distribution of chemical products, provision of other services in the field of chemical industry and representation of third companies.
<b>Subsidiaries of Perstorp Holding B.V.</b>				
Perstorp Specialty Chemicals Holding B.V.*	100	100	Netherlands	Investment holding company.
Perstorp Specialty Chemicals B.V.*	100	100	Netherlands	Manufacturing of formaldehyde and other chemical products.
Perstorp Waspik B.V.*	100	100	Netherlands	Manufacturing of preservative acids, nutritional salts and other chemical products.
<b>Subsidiaries of Perstorp Specialty Chemicals Holding B.V.</b>				
Perstorp Chemicals India Private Ltd*	100	100	India	Trading company including lab for product sales support.
Perstorp Chemicals Korea Co. Ltd*	100	100	South Korea	Trading of chemical products.

\* Audited by firms of auditors other than KPMG PLT.

^ Wholly-owned subsidiary of the Group as the remaining shareholding is also held by other subsidiary of the Company.

## NOTES TO THE FINANCIAL STATEMENTS

## 28. ASSOCIATES AND NATURE OF RELATIONSHIP

Name of company	Effective ownership interest and voting interest		Country of incorporation	Principal activities
	2025 %	2024 %		
BASF PETRONAS Chemicals Sdn. Bhd.	40	40	Malaysia	Purchases propylene and n-butane feedstocks from the Group for production, marketing and sale of acrylic, oxo and butanediol products.
Idemitsu SM (Malaysia) Sdn. Bhd.	30	30	Malaysia	Purchases ethylene and benzene feedstocks from the Group for production, marketing and sale of styrene monomer.
Malaysian NPK Fertilizer Sdn. Bhd.	20	20	Malaysia	Purchases urea feedstock and utilities from the Group for production and sale of NPK fertiliser products.
LG PETRONAS Chemicals Malaysia Sdn. Bhd.	49	49	Malaysia	Purchases butadiene feedstock from a related company of the Group for the production and sale of Nitrile Butadiene Latex products.
PetroPort Holding AB	50	50	Sweden	Port operations for industrial purposes, goods handling and other compatible activities to the Group.
Industrins Räddningstjänst i Stenungsund AB	25	25	Sweden	Industrial rescue services, fire inspection work, fire training and compatible tasks on assignment to the Group.
PetroPort AB	50	50	Sweden	Port operations for industrial purposes, goods handling and other compatible activities to the Group.

## 29. JOINT VENTURES AND NATURE OF RELATIONSHIP

Name of company	Effective ownership interest and voting interest		Country of incorporation	Principal activities
	2025 %	2024 %		
Viscotech GmbH	50	50	Germany	Processor of raw material supplied by the Group for production of lube oil additives and chemicals.
PCG PCC Oxyalkylates Sdn. Bhd.	47.5	47.5	Malaysia	Purchases highly purified ethylene oxide feedstock from the Group for production, marketing and sale of specialty ethoxylates and specialty polyether polyols.
PT Anugerah Kimia Indonesia	49	49	Indonesia	Purchases methanol from the Group for local sales and distribution.
Kertih Terminals Sdn. Bhd.	40	40	Malaysia	Provides bulk chemical storage and handling services to the Group.

## NOTES TO THE FINANCIAL STATEMENTS

## 29. JOINT VENTURES AND NATURE OF RELATIONSHIP (continued)

Name of company	Effective ownership interest and voting interest		Country of incorporation	Principal activities
	2025 %	2024 %		
INEOS PCG Acetyls Sdn. Bhd.	30	30	Malaysia	Purchases carbon monoxide and methanol feedstock from the Group for production and sale of acetic acid.
Pengerang Intermediate Chemicals Sdn. Bhd.	—	49	Malaysia	Liquidated.

## 30. INTEREST IN A JOINT OPERATION

The Group's investment in Pengerang Petrochemical Company Sdn. Bhd. ("PPC"), jointly held with Aramco Overseas Company B.V. with equal shareholdings is accounted for as a joint operation in accordance with MFRS 11 *Joint Arrangements*.

PPC's principal place of business is in Malaysia. The principal activity of PPC is sales of products within ethane, propane chains and ethane derivatives to the joint operators.

## 31. COMMITMENTS

Outstanding commitments in respect of capital expenditure at the end of the reporting year not provided for in the financial statements are:

In RM Mil	Group		Company	
	2025	2024	2025	2024
<b>Property, plant and equipment</b>				
Approved and contracted for	912	1,058	93	16
Approved but not contracted for	1,905	2,594	147	180
	<b>2,817</b>	3,652	<b>240</b>	196
<b>Right-of-use assets committed but not commenced</b>				
Plant and equipment	—	4	—	—
	<b>2,817</b>	3,656	<b>240</b>	196

## 32. RELATED PARTY DISCLOSURES

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Company and certain members of senior management of the Group.

The Group's and the Company's related parties include subsidiaries, associates, joint ventures as well as the holding company and its related entities. The Group's and the Company's related parties also include the Government of Malaysia and its related entities as the holding company is wholly-owned by the Government of Malaysia.

## NOTES TO THE FINANCIAL STATEMENTS

## 32. RELATED PARTY DISCLOSURES (continued)

## (a) Key management personnel compensation

In RM'000	Group and Company	
	2025	2024
<b>Directors:</b>		
- Fees	1,157	1,049
- Benefits-in-kind	14	18
	<b>1,171</b>	1,067

In addition to Directors' compensation paid as above, the Company reimbursed the holding company for payroll related costs and benefits of key management personnel as well as fees for Directors who are appointees of the holding company as disclosed in Note 32 (b).

## (b) Significant transactions with related parties

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

Group In RM Mil	Note	2025	2024
<b>Ultimate holding company:</b>			
<b>PETRONAS</b>			
Fees and benefits for representation on the Board of Directors	32.1	(1)	(1)
Reimbursement of key management personnel costs and benefits	32.2	(11)	(16)
Payroll charges		(1,112)	(1,317)
Information, communication and technology charges		(137)	(174)
Corporate services charges		(111)	(91)
Interest income from PETRONAS IFSSC		310	384
Project expenses		(25)	(24)
Insurance expenses		(78)	(65)
Purchase of processed gas and natural gas		(1,889)	(1,661)
<b>Subsidiaries of PETRONAS:</b>			
<b>Pengerang Gas Solution Sdn. Bhd.</b>			
Purchase of utilities		(151)	(164)
<b>Pengerang Power Sdn. Bhd.</b>			
Purchase of electricity and utilities		(215)	(239)
<b>PETRONAS Carigali Sdn. Bhd.</b>			
Purchase of processed gas and natural gas		(95)	(75)
<b>PETRONAS Energy and Gas Trading Sdn. Bhd.</b>			
Purchase of processed gas and natural gas		(3,860)	(3,947)

## NOTES TO THE FINANCIAL STATEMENTS

## 32. RELATED PARTY DISCLOSURES (continued)

## (b) Significant transactions with related parties (continued)

Group In RM Mil	Note	2025	2024
<b>PETRONAS Gas Berhad</b>			
Purchase of utilities, materials and supplies		(1,495)	(1,521)
<b>PETRONAS Refinery &amp; Petrochemical Corporation Sdn. Bhd.</b>			
Project expenses		–	(2)
<b>PETRONAS Technical Services Sdn. Bhd.</b>			
Technical retainer fee		(46)	(43)
Plant change delivery		(96)	(94)
<b>PETCO Trading Labuan Company Ltd.</b>			
Purchase of heavy naphtha		(1,605)	(2,597)
Sale of petrochemical products		914	1,095
Purchase of marine diesel		(1)	(6)
<b>PRPC Utilities and Facilities Sdn. Bhd.</b>			
Purchase of utilities		(295)	(258)
<b>Subsidiaries of PETRONAS:</b>			
<b>Joint ventures of PETRONAS:</b>			
<b>Pengerang Refining Company Sdn. Bhd.</b>			
Sale of petrochemical products		294	330
Purchase of petrochemical products		(1,161)	(1,543)
Purchase of feedstock		(1,089)	(1,493)
<b>Subsidiaries of PETRONAS:</b>			
<b>Associates and joint ventures of the Group:</b>			
<b>BASF PETRONAS Chemicals Sdn. Bhd.</b>			
Sale of petrochemical products		1,254	1,196
<b>INEOS PCG Acetyls Sdn. Bhd.</b>			
Sale of petrochemical products		394	515
Purchase of petrochemical products		(38)	(47)
<b>Idemitsu SM (Malaysia) Sdn. Bhd.</b>			
Sale of petrochemical products		212	432
<b>Kertih Terminals Sdn. Bhd.</b>			
Rendering of warehouse and transportation services		(167)	(148)

## NOTES TO THE FINANCIAL STATEMENTS

## 32. RELATED PARTY DISCLOSURES (continued)

## (b) Significant transactions with related parties (continued)

Group In RM Mil	Note	2025	2024
<b>Government of Malaysia's related entities:</b>			
<b>Pertubuhan Peladang Kebangsaan</b>			
Sale of petrochemical products		198	149
<b>Tenaga Nasional Berhad</b>			
Purchase of electricity		(168)	(159)
Company In RM'000	Note	2025	2024
<b>Ultimate holding company:</b>			
<b>PETRONAS</b>			
Fees and benefits for representation on the Board of Directors	32.1	(926)	(730)
Reimbursement of key management personnel costs and benefits	32.2	(2,086)	(2,086)
Interest income from PETRONAS IFSSC		25,593	66,219
Payroll charges		(171,602)	(258,169)
<b>Subsidiaries:</b>			
<b>PETRONAS Chemicals Ammonia Sdn. Bhd.</b>			
Dividend income		–	30,000
<b>PETRONAS Chemicals Ethylene Sdn. Bhd.</b>			
Dividend income		17,500	17,500
<b>PETRONAS Chemicals Fertiliser Sabah Sdn. Bhd.</b>			
Redeemable preference shares		438,750	437,250
<b>PETRONAS Chemicals Marketing (Labuan) Ltd.</b>			
Sales of petrochemical products		611,718	1,577,352
<b>PETRONAS Chemicals International Holdings Sdn. Bhd.</b>			
Dividend income		120,000	–
<b>PETRONAS Chemicals Methanol Sdn. Bhd.</b>			
Dividend income		–	89,000
<b>Kertih Port Sdn. Bhd.</b>			
Dividend income		39,600	55,200
<b>PETRONAS Chemicals MTBE Sdn. Bhd.</b>			
Dividend income		–	50,000
<b>PETRONAS Chemicals Polyethylene Sdn. Bhd.</b>			
Dividend income		42,000	20,000

## NOTES TO THE FINANCIAL STATEMENTS

## 32. RELATED PARTY DISCLOSURES (continued)

## (b) Significant transactions with related parties (continued)

Company In RM'000	Note	2025	2024
<b>Subsidiaries of PETRONAS:</b>			
<b>Pengerang Gas Solution Sdn. Bhd.</b>			
Purchase of utilities		(130,424)	(138,646)
<b>Pengerang Power Sdn. Bhd.</b>			
Purchase of electricity and utilities		(154,957)	(184,736)
<b>PETRONAS Refinery &amp; Petrochemical Corporation Sdn. Bhd.</b>			
Project expenses		–	(2,474)
<b>PRPC Utilities and Facilities Sdn. Bhd.</b>			
Purchase of utilities		(216,726)	(171,828)
<b>PETRONAS Technical Services Sdn. Bhd.</b>			
Technical retainer fee		(14,308)	(8,631)
<b>Joint ventures of PETRONAS:</b>			
<b>Pengerang Refining Company Sdn. Bhd.</b>			
Purchase of feedstock		(1,089,000)	(1,492,910)
<b>Pengerang Terminal (Two) Sdn. Bhd.</b>			
Rendering of port services		(25,551)	(17,278)
<b>Joint ventures:</b>			
<b>Kertih Terminals Sdn. Bhd.</b>			
Dividend income		28,200	72,000
<b>INEOS PCG Acetyls Sdn. Bhd.</b>			
Dividend income		11,970	–

32.1 Fees for representation on the Board of Directors paid directly to holding company relate to payment of fees for Directors who are appointees of the holding company.

32.2 Reimbursement of key management personnel costs and benefits paid to holding company relate to payroll related costs and benefits payment for services of certain key management personnel.

## NOTES TO THE FINANCIAL STATEMENTS

## 32. RELATED PARTY DISCLOSURES (continued)

Information regarding outstanding balances arising from related party transactions as at 31 December 2025 are included in Notes 7, 11, 13, 18.2 and 19 as well as lease liabilities balances as follows:

In RM Mil	Group		Company	
	2025	2024	2025	2024
Subsidiaries of PETRONAS	906	952	710	740
Joint ventures of PETRONAS	378	571	168	358
	1,284	1,523	878	1,098

Other related party transactions have not been included as the transactions are not significant to the Group and the Company.

## 33. OPERATING SEGMENTS AND GEOGRAPHICAL INFORMATION

As at 31 December 2025, the Group reportable segments comprise Olefins and Derivatives, Fertilisers and Methanol, Specialties and Others. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies.

The following summary describes the operations in each of the Group's reportable segments:

- 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 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.

Management monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment.

Performance is measured based on segment profit after tax as included in the internal management reports that are reviewed by the Managing Director/Chief Executive Officer ("MD/CEO"), who is the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within these industries.

Inter-segment pricing is established on commercial basis.

**Segment assets**

The total of segment assets are measured based on all assets of a segment, as included in the internal management reports that are reviewed by the MD/CEO. Segment total assets are used to measure the return of assets of each segment.

## NOTES TO THE FINANCIAL STATEMENTS

## 33. OPERATING SEGMENTS AND GEOGRAPHICAL INFORMATION (continued)

## Segment liabilities

The Group segment liabilities are measured and managed on a group basis and are not allocated to operating segments.

2025 In RM Mil	Olefins and Derivatives	Fertilisers and Methanol	Specialties	Others*	Elimination and adjustment	Total
<b>Segment (loss)/profit</b>	<b>(2,337)</b>	<b>1,743</b>	<b>(707)</b>	<b>(749)</b>	<b>–</b>	<b>(2,050)</b>
<i>Included in the measure of segment (loss)/profit are:</i>						
Revenue from external customers	12,176	9,552	5,693	59	–	27,480
Inter-segment revenue	–	–	–	42	(42)	–
Depreciation and amortisation	(893)	(985)	(355)	^(262)	–	(2,495)
Impairment losses on property, plant and equipment	–	(4)	(335)	(100)	–	(439)
Interest income	140	167	5	306	(227)	391
Financing costs	(250)	(29)	(66)	(1)	–	(346)
Share of (loss)/profit of equity-accounted associates and joint ventures	(81)	(4)	3	(92)	–	(174)
Tax (expense)/credit	(131)	(198)	121	50	–	(158)
<b>Segment assets</b>	<b>20,061</b>	<b>14,336</b>	<b>6,466</b>	<b>*18,463</b>	<b>(1,636)</b>	<b>57,690</b>
<i>Included in the measure of segment assets are:</i>						
Investments in associates and joint ventures	839	172	47	56	–	1,114
Additions to non-current assets other than financial instruments and deferred tax assets	1,207	1,090	436	79	–	2,812

\* Includes unallocated assets.

^ Includes depreciation and amortisation arising from finalisation of purchase price allocation.

# Included under Others segment are goodwill on acquisition of subsidiaries and fair valuation upon finalisation of purchase price allocation amounting to RM9,329 million in prior year.

## NOTES TO THE FINANCIAL STATEMENTS

## 33. OPERATING SEGMENTS AND GEOGRAPHICAL INFORMATION (continued)

2024 In RM Mil	Olefins and Derivatives	Fertilisers and Methanol	Specialties	Others**	Elimination and adjustment	Total
<b>Segment profit/(loss)</b>	117	1,763	46	(637)	–	1,289
<i>Included in the measure of segment profit/(loss) are:</i>						
Revenue from external customers	15,401	8,667	6,542	61	–	30,671
Inter-segment revenue	–	–	–	50	(50)	–
Depreciation and amortisation	(712)	(988)	(320)	^(268)	–	(2,288)
Interest income	148	165	7	354	(260)	414
Financing costs	(166)	(30)	(51)	(13)	–	(260)
Share of (loss)/profit of equity-accounted associates and joint ventures	(26)	8	5	(94)	–	(107)
Tax (expense)/credit	(263)	(213)	(22)	97	–	(401)
<b>Segment assets</b>	23,776	14,628	6,996	**16,102	(1,911)	59,591
<i>Included in the measure of segment assets are:</i>						
Investments in associates and joint ventures	1,021	201	43	74	–	1,339
Additions to non-current assets other than financial instruments and deferred tax assets	1,538	944	520	55	–	3,057

\*\* Includes unallocated assets.

^^ Includes depreciation and amortisation arising from finalisation of purchase price allocation.

### Included under Others segment are goodwill on acquisition of subsidiaries and fair valuation upon finalisation of purchase price allocation amounting to RM8,906 million in prior year.

## NOTES TO THE FINANCIAL STATEMENTS

## 33. OPERATING SEGMENTS AND GEOGRAPHICAL INFORMATION (continued)

## Geographical information

Geographical revenue is determined based on location of customers. The amounts presented in non-current assets are based on the geographical location of the assets and do not include financial instruments (including investments in associates and joint ventures), retirement benefits and deferred tax assets.

Group 2025 In RM Mil	Revenue	Non- current assets
Malaysia	6,919	28,442
Asia:		
- China	3,384	57
- Indonesia	2,823	1
- Thailand	1,976	–
- Others	6,579	5
Sweden	250	7,607
Rest of the world	5,549	1,486
	27,480	37,598

2024 In RM Mil	Revenue	Non- current assets
Malaysia	7,910	29,287
Asia:		
- China	4,117	68
- Indonesia	3,260	1
- Thailand	2,295	–
- Others	6,747	–
Sweden	305	7,131
Rest of the world	6,037	1,749
	30,671	38,236

## Major customers

As at 31 December 2025 and 31 December 2024, there are no major customers with revenue that contribute to more than 10 percent of the Group's revenue.

## NOTES TO THE FINANCIAL STATEMENTS

## 34. FINANCIAL INSTRUMENTS

## Categories of financial instruments

The following tables provide an analysis of financial instruments categorised as follows:

- (i) Amortised cost ("AC"); and
- (ii) Fair value through profit or loss ("FVTPL")
  - Mandatorily required by MFRS 9 *Financial Instruments*

Group 2025 In RM Mil	Note	AC	FVTPL	Total carrying amount
<b>Financial assets</b>				
Long-term receivables*		876	–	876
Trade and other receivables*		2,912	5	2,917
Cash and cash equivalents	13	9,621	–	9,621
		13,409	5	13,414

<b>Financial liabilities</b>				
Other long-term liabilities*		(838)	–	(838)
Borrowings	17	(3,464)	–	(3,464)
Trade and other payables*		(9,910)	(7)	(9,917)
		(14,212)	(7)	(14,219)

2024 In RM Mil	Note	AC	FVTPL	Total carrying amount
<b>Financial assets</b>				
Long-term receivables*		919	–	919
Trade and other receivables*		3,468	4	3,472
Cash and cash equivalents	13	9,931	–	9,931
		14,318	4	14,322

<b>Financial liabilities</b>				
Other long-term liabilities*		(760)	–	(760)
Borrowings	17	(3,214)	–	(3,214)
Trade and other payables*		(9,331)	(6)	(9,337)
		(13,305)	(6)	(13,311)

\* These balances exclude non-financial instruments balances.

## NOTES TO THE FINANCIAL STATEMENTS

## 34. FINANCIAL INSTRUMENTS (continued)

## Categories of financial instruments (continued)

Company 2025 <i>In RM Mil</i>	Note	AC	Total carrying amount
<b>Financial assets</b>			
Long-term receivables	7	858	858
Trade and other receivables*		183	183
Cash and cash equivalents	13	1,058	1,058
		<b>2,099</b>	<b>2,099</b>
<b>Financial liabilities</b>			
Other long-term liabilities*		(815)	(815)
Borrowings	17	(1,961)	(1,961)
Trade and other payables*		(5,180)	(5,180)
		<b>(7,956)</b>	<b>(7,956)</b>

2024 <i>In RM Mil</i>	Note	AC	Total carrying amount
<b>Financial assets</b>			
Long-term receivables	7	900	900
Trade and other receivables*		280	280
Cash and cash equivalents	13	2,113	2,113
		<b>3,293</b>	<b>3,293</b>
<b>Financial liabilities</b>			
Other long-term liabilities*		(745)	(745)
Borrowings	17	(2,267)	(2,267)
Trade and other payables*		(4,404)	(4,404)
		<b>(7,416)</b>	<b>(7,416)</b>

\* These balances exclude non-financial instruments balances.

## Financial risk management

The Group and the Company are exposed to various financial risks, that are particular to its core business of petrochemical. These risks, which arise in the normal course of the Group's and the Company's business, comprise counterparty credit risk, liquidity risk and market risk relating to interest rates risk and foreign exchange risk.

The Group has policies, standards and guidelines in place that sets the foundation for a consistent approach towards establishing an effective integrated financial risk management across the Group.

## 34. FINANCIAL INSTRUMENTS (continued)

## Financial risk management (continued)

Risk taking activities are undertaken within acceptable level of risk or risk appetite, whereby the risk appetite level reflects business considerations and capacity to assume such risks. The risk appetite is established at Board level, where relevant, based on defined methodology and translated into operational thresholds.

The Group's and the Company's goal in risk management are to ensure that the management understands, measures, monitors and reports the financial risks that arise in connection with their operations. The policies, standards and guidelines have been developed to identify, analyse, appraise, monitor and report the dynamic risks faced by the Group and the Company. Based on this assessment, each business unit/Company adopts appropriate measures to mitigate these risks in accordance with the business unit's/Company's view of the balance between risk and reward.

## Credit risk

Counterparty credit risk refers to risk of loss resulting from a counterparty failing to perform its contractual financial obligation or making payment for goods and services, due to circumstances such as bankruptcy, financial constraints, political restrictions and government directives.

The Group's and the Company's exposures to credit risk arise principally from their receivables from customers and intercompany loans and advances. Credit risks are controlled in accordance with PETRONAS' policies, standards and guidelines implemented across PETRONAS Group.

## (i) Cash and cash equivalents

## Risk management objectives, policies and processes for managing the risk

The Group and the Company are exposed to counterparty credit risk from financial institutions through fund investment activities which is managed by PETRONAS IFSSC on behalf of the Group and the Company comprising primarily money market placement. These exposures are managed in accordance with existing policies and guidelines that define the parameters within which the investment activities shall be undertaken in order to achieve the Group's and the Company's investment objectives of preserving capital and generating optimal returns above appropriate benchmarks within allowable risk parameters.

Investments are only made with approved counterparties who met the appropriate rating and other relevant criteria, and within approved credit limits, as stipulated in the policies and guidelines.

## Exposure to credit risk

The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

Credit risk on a financial instrument is considered low, if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

As at the reporting date, the Group and the Company do not expect any of the counterparties to fail to meet its obligation in view of their sound credit ratings.

## (ii) Intercompany loans and advances

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly. As at the end of the reporting period, the maximum exposure to credit risk arising from intercompany loans and advances is represented by their carrying amounts in the statements of financial position.

## (iii) Trade receivables

## Risk management objectives, policies and processes for managing the risk

The Group and the Company minimise credit risk by ensuring that all potential third-party counterparties are subject to credit assessment and approval prior to any transaction being concluded. Existing third-party counterparties are also subject to regular reviews, including re-appraisal and approval of granted limits where applicable. The creditworthiness of counterparties is assessed based on an analysis of all available quantitative and qualitative data regarding business risks and financial standing, together with the review of any relevant third-party and market information. Reports are prepared and presented to the management that cover the Group's and the Company's overall credit exposure against portfolio level risk appetite.

## NOTES TO THE FINANCIAL STATEMENTS

## 34. FINANCIAL INSTRUMENTS (continued)

**Credit risk (continued)****(iii) Trade receivables (continued)****Risk management objectives, policies and processes for managing the risk (continued)**

Depending on the types of transactions and counterparty creditworthiness, the Group and the Company further mitigate credit risk by requiring collateral or other credit enhancements such as cash deposits, letter of credit or bank guarantees.

**Exposure to credit risk**

Exposure to losses increases with concentrations of credit risk which may exist when a number of counterparties are involved in similar activities or operate in the same industry sector or geographical area, which may result in their ability to meet contractual obligations being impacted by changes in economic, political or other conditions.

The Group's significant concentration of credit risk for receivables at the end of the reporting date by segment is as follows:

In RM Mil	Group	
	2025	2024
Olefins and Derivatives	1,264	1,608
Fertilisers and Methanol	933	957
Specialties	703	830
Others	12	73
	<b>2,912</b>	3,468

The Group uses ageing analysis to monitor the credit quality of trade receivables.

**Recognition and measurement of impairment loss**

The Group performs credit rating assessment of all its counterparties in order to measure ECLs of trade receivables for all segments using the PETRONAS Credit Risk Rating System. This credit rating assessment considers quantitative assessment using the counterparties' customer's financial statements or a qualitative assessment of the counterparties' customer, which includes but is not limited to their customer's reputation, competitive position, industry and geopolitical outlook.

In determining the ECL, the Group considers the probability of default and loss given default assigned to each counterparty customer. The probability of default is based on their individual credit rating. This probability of default is derived by benchmarking against available third party and market information, which also incorporates forward looking information.

Loss given default is the assumption of the proportion of financial asset that cannot be recovered by conversion of collateral to cash or by legal process, and is assessed based on the Group's and the Company's historical experience.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- (i) significant financial difficulty of the customer;
- (ii) a breach of contract such as a default; and
- (iii) it is probable that the customer will enter bankruptcy or other financial reorganisation.

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

## NOTES TO THE FINANCIAL STATEMENTS

## 34. FINANCIAL INSTRUMENTS (continued)

**Credit risk (continued)****(iii) Trade receivables (continued)****Recognition and measurement of impairment loss (continued)**

As at the reporting period, the maximum exposure to credit risk arising from receivables is equal to the carrying amount.

The ageing of trade receivables and amount due from related companies and associates which are trade in nature as at the end of the financial year is analysed below:

In RM Mil	Group	
	2025	2024
<b>At net</b>		
Current	2,624	3,168
Past due 1 to 30 days	114	122
Past due 31 to 60 days	6	7
Past due 61 to 90 days	1	3
Past due more than 90 days	—	3
	<b>2,745</b>	3,303

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.

**(iv) Financial guarantees****Risk management objectives, policies and processes for managing the risk**

The Group and the Company provide unsecured financial guarantees to banks in respect of banking facilities granted to an associate and a joint venture. The Group and the Company monitor on an ongoing basis, the results of the associate and the joint venture as well as repayments made by the entities.

**Exposure to credit risk**

The maximum exposure to credit risk is amounting to RM392 million (2024: RM191 million), which represents the outstanding banking facilities of the entities as at reporting date. As at reporting date, there was no indication that the associate and the joint venture would default on repayments.

In connection to the project financing facility undertaken by the joint operation entity under an integrated borrowing structure with a related party (the "Borrowers") as disclosed in Note 17, the Borrowers provide cross-guarantee to the project financing lenders on each other's loan being the loan amount excluding any transaction costs. Upon failure to pay by a Borrower, the project financing lenders would have primary recourse to that Borrower as well as to the other Borrower under the cross-guarantee.

Prior to project completion date, the Group's and the Company's share of maximum exposure to credit risk is up to joint operation entity's outstanding loans at financial year end of RM1,338 million (2024: RM1,607 million), being the Group's and the Company's share in the joint operation entity.

Post project completion date, the Group's and the Company's share of maximum exposure on the credit risk relating to the cross-guarantee of the related party's outstanding loan at financial year end of RM11,387 million (2024: RM13,673 million) is limited to the joint operation entity's value of asset securitised to lenders upon enforcement. Similarly, the joint operation entity benefits from the same cross-guarantee by the related party.

## NOTES TO THE FINANCIAL STATEMENTS

## 34. FINANCIAL INSTRUMENTS (continued)

## Liquidity risk

Liquidity risk is the risk that the Group and the Company will have insufficient funds to meet financial commitments in a timely manner. The Group's and the Company's exposure to liquidity risk arises principally from its trade and other payables, lease liabilities and borrowings. In managing its liquidity risk, the Group monitors and maintains sufficient cash and cash equivalents deemed adequate by management to finance the Group's and the Company's operations and to mitigate the effects of fluctuations in cash flows.

## Maturity analysis

The table below summarises the maturity profile of the Group's and Company's financial liabilities as at the reporting date based on undiscounted contractual payments:

Group 2025 <i>In RM Mil</i>	Carrying amount	Contractual interest/ discount rates per annum %	Contractual cash flows
<b>Financial liabilities</b>			
Borrowings	3,464	3.65	3,921
Lease liabilities	1,985	6.57	4,284
Other long-term liabilities	838	5.23	1,534
Trade and other payables	9,910	—	9,910
Net derivative liabilities			
- inflow	(5)	—	(7)
- outflow	7	—	5
Financial guarantees			
- associate and joint venture	—	—	392
- related party	—	—	11,387
	<b>16,199</b>		<b>31,426</b>

continue below

Group 2025 <i>In RM Mil</i>	Within 1 year	1-2 years	2-5 years	More than 5 years
<b>Financial liabilities</b>				
Borrowings	1,524	728	910	759
Lease liabilities	413	394	493	2,984
Other long-term liabilities	6	6	8	1,514
Trade and other payables	9,910	—	—	—
Net derivative liabilities				
- inflow	(7)	—	—	—
- outflow	5	—	—	—
Financial guarantees				
- associate and joint venture	392	—	—	—
- related party	*11,387	—	—	—
	<b>23,630</b>	<b>1,128</b>	<b>1,411</b>	<b>5,257</b>

continued from above

\* This relates to project financing facility undertaken by the joint operation entity as disclosed in Note 17 and page 93 on financial guarantees.

## NOTES TO THE FINANCIAL STATEMENTS

## 34. FINANCIAL INSTRUMENTS (continued)

## Liquidity risk (continued)

## Maturity analysis (continued)

Group 2024 <i>In RM Mil</i>	Carrying amount	Contractual interest/ discount rates per annum %	Contractual cash flows
<b>Financial liabilities</b>			
Borrowings	3,214	4.59	3,857
Lease liabilities	2,098	7.72	4,904
Other long-term liabilities	760	5.49	1,607
Trade and other payables	9,331	—	9,331
Net derivative liabilities			
- inflow	(4)	—	(424)
- outflow	6	—	426
Financial guarantees			
- associate and joint venture	—	—	191
- related party	—	—	13,673
	<b>15,405</b>		<b>33,565</b>

continue below

Group 2024 <i>In RM Mil</i>	Within 1 year	1-2 years	2-5 years	More than 5 years
<b>Financial liabilities</b>				
Borrowings	1,032	335	645	1,845
Lease liabilities	278	401	451	3,774
Other long-term liabilities	2	1	4	1,600
Trade and other payables	9,331	—	—	—
Net derivative liabilities				
- inflow	(424)	—	—	—
- outflow	426	—	—	—
Financial guarantees				
- associate and joint venture	191	—	—	—
- related party	*13,673	—	—	—
	<b>24,509</b>	<b>737</b>	<b>1,100</b>	<b>7,219</b>

continued from above

\* This relates to project financing facility undertaken by the joint operation entity as disclosed in Note 17 and page 93 on financial guarantees.

## NOTES TO THE FINANCIAL STATEMENTS

## 34. FINANCIAL INSTRUMENTS (continued)

## Liquidity risk (continued)

## Maturity analysis (continued)

Company 2025 <i>In RM Mil</i>	Carrying amount	Contractual interest/ discount rates per annum %	Contractual cash flows
<b>Financial liabilities</b>			
Borrowings	1,961	4.11	2,417
Lease liabilities	885	6.78	2,045
Trade and other payables	5,187	–	5,187
Financial guarantees			
- associate and joint venture	–	–	392
- related party	–	–	11,387
Other long-term liabilities	815	5.28	1,090
	<b>8,848</b>		<b>22,518</b>

continue below

Company 2025 <i>In RM Mil</i>	Within 1 year	1-2 years	2-5 years	More than 5 years
<b>Financial liabilities</b>				
Borrowings	165	583	910	759
Lease liabilities	115	62	186	1,682
Trade and other payables	5,187	–	–	–
Financial guarantees				
- associate and joint venture	392	–	–	–
- related party	*11,387	–	–	–
Other long-term liabilities	–	–	–	1,090
	<b>17,246</b>	<b>645</b>	<b>1,096</b>	<b>3,531</b>

continued from above

\* This relates to project financing facility undertaken by the joint operation entity as disclosed in Note 17 and page 93 on financial guarantees.

## NOTES TO THE FINANCIAL STATEMENTS

## 34. FINANCIAL INSTRUMENTS (continued)

## Liquidity risk (continued)

## Maturity analysis (continued)

Company 2024 <i>In RM Mil</i>	Carrying amount	Contractual interest/ discount rates per annum %	Contractual cash flows
<b>Financial liabilities</b>			
Borrowings	2,267	5.19	2,104
Lease liabilities	1,098	6.91	2,647
Trade and other payables	4,404	–	4,404
Financial guarantees			
- associate and joint venture	–	–	191
- related party	–	–	13,673
Other long-term liabilities	745	5.52	1,090
	<b>8,514</b>		<b>24,109</b>

continue below

Company 2024 <i>In RM Mil</i>	Within 1 year	1-2 years	2-5 years	More than 5 years
<b>Financial liabilities</b>				
Borrowings	234	191	645	1,034
Lease liabilities	79	79	238	2,251
Trade and other payables	4,404	–	–	–
Financial guarantees				
- associate and joint venture	191	–	–	–
- related party	*13,673	–	–	–
Other long-term liabilities	–	–	–	1,090
	<b>18,581</b>	<b>270</b>	<b>883</b>	<b>4,375</b>

continued from above

\* This relates to project financing facility undertaken by the joint operation entity as disclosed in Note 17 and page 93 on financial guarantees.

## NOTES TO THE FINANCIAL STATEMENTS

## 34. FINANCIAL INSTRUMENTS (continued)

**Market risk**

Market risk is the risk or uncertainty arising from changes in market prices and their impact on the performance of the business. The market price changes arising from financial instruments that the Group and the Company are exposed to include interest rates and foreign currency exchange rates that could affect the value of the Group's and the Company's financial assets, liabilities or expected future cash flows.

**Interest rate risk**

The Group's and the Company's variable rate instruments are exposed to a risk of change in cash flows due to changes in interest rates whilst fixed rate instruments are exposed to a risk of change in their fair value due to changes in interest rates. Short-term receivables and payables are not significantly exposed to interest rate risk.

All interest rate exposures are monitored and managed proactively in line with PETRONAS' policies and guidelines. The Group enters into hedging transactions with respect to interest rate on certain long-term borrowings and other debts where necessary and appropriate, in accordance with policies and guidelines.

As at reporting date, the Group and the Company transitional activities are completed, with the exceptions of certain number of contracts that which transition to alternative benchmark rate are still ongoing. The Group and the Company have applied the practical expedients to negotiated contracts for which the benchmark rate had been replaced to SOFR. As at 31 December 2025, the exposure referencing to the benchmark rate is immaterial.

The completed negotiated contracts for which alternative benchmark rate had been replaced to SOFR are fully economically equivalent with no profit or loss impact upon initial transition.

The carrying amount of the Group's and the Company's interest-bearing financial instruments as at reporting date is as follows:

In RM Mil	Group		Company	
	2025	2024	2025	2024
<b>Fixed rate instruments</b>				
Financial assets	2,250	2,823	659	1,606
Financial liabilities	(2,826)	(2,995)	(1,276)	(1,835)
	(576)	(172)	(617)	(229)
<b>Floating rate instruments</b>				
Financial assets	7,330	7,031	399	507
Financial liabilities	(2,623)	(2,317)	(686)	(1,530)
	4,707	4,714	(287)	(1,023)

The Group's and the Company's financial assets and liabilities are measured at amortised cost. Any reasonable possible change in interest rate is not expected to have material impact on the Group's and the Company's profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

## 34. FINANCIAL INSTRUMENTS (continued)

**Market risk (continued)****Foreign exchange risk**

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

The Group's and the Company's foreign exchange management policies are to minimise economic and significant transactional exposures 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 deemed necessary and appropriate will enter into derivative financial instruments to hedge and minimise exposure to the foreign currency movement in respect of current and forecasted transactions.

The Group's and the Company's significant exposure to foreign currency risk, based on carrying amounts as at the reporting date is as follows:

Group In RM Mil	2025 Denominated in			2024 Denominated in		
	USD	THB	EURO	USD	THB	EURO
<b>Financial assets</b>						
Trade and other receivables	1	47	4	–	57	6
Cash and cash equivalents	1	26	–	–	41	–
<b>Financial liabilities</b>						
Trade and other payables	(131)	–	(36)	(75)	(3)	(30)
Net derivative liabilities at nominal value	–	(69)	–	–	(104)	–
<b>Net exposure</b>	<b>(129)</b>	<b>4</b>	<b>(32)</b>	(75)	(9)	(24)

## NOTES TO THE FINANCIAL STATEMENTS

## 34. FINANCIAL INSTRUMENTS (continued)

## Fair value information

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

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 statements of financial position.

Group 2025 <i>In RM Mil</i>	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value	Carrying amount	Nominal value
	Level 2	Level 3	Total	Level 3	Total	Total
<b>Financial assets</b>						
Forward foreign exchange contracts	5	–	5	–	5	506
Long-term receivables	–	–	–	876	876	–
	5	–	5	876	881	506
<b>Financial liabilities</b>						
Forward foreign exchange contracts	(7)	–	(7)	–	(7)	506
Other long-term liabilities	–	–	–	(838)	(838)	–
Borrowings	–	–	–	(3,464)	(3,464)	–
	(7)	–	(7)	(4,302)	(4,309)	506

2024 <i>In RM Mil</i>	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value	Carrying amount	Nominal value
	Level 2	Level 3	Total	Level 3	Total	Total
<b>Financial assets</b>						
Forward foreign exchange contracts	4	–	4	–	4	118
Long-term receivables	–	–	–	919	919	–
	4	–	4	919	923	118
<b>Financial liabilities</b>						
Forward foreign exchange contracts	(6)	–	(6)	–	(6)	548
Other long-term liabilities	–	–	–	(760)	(760)	–
Borrowings	–	–	–	(3,214)	(3,214)	–
	(6)	–	(6)	(3,974)	(3,980)	548

\* Sensitivity analysis was not presented as the effect is immaterial to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

## 34. FINANCIAL INSTRUMENTS (continued)

## Fair value information (continued)

Company 2025 <i>In RM Mil</i>	Fair value of financial instruments not carried at fair value	Carrying amount
	Level 3	Total
<b>Financial assets</b>		
Long-term receivables	858	858
<b>Financial liabilities</b>		
Other long-term liabilities	(815)	(815)
Borrowings	(1,961)	(1,961)
	(2,776)	(2,776)

2024 <i>In RM Mil</i>	Fair value of financial instruments not carried at fair value	Carrying amount
	Level 3	Total
<b>Financial assets</b>		
Long-term receivables	900	900
<b>Financial liabilities</b>		
Other long-term liabilities	(745)	(745)
Borrowings	(2,267)	(2,267)
	(3,012)	(3,012)

**Forward foreign exchange contracts**

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

**Borrowings**

The fair value of borrowings is calculated based on the present value of the projected repayment of loans, discounted at the market rate of interest at the end of the reporting period.

**Long-term receivables and other long-term liabilities**

The fair values of long-term receivables and other long-term liabilities are calculated based on the present values of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

## NOTES TO THE FINANCIAL STATEMENTS

## 34. FINANCIAL INSTRUMENTS (continued)

## Income/(expense), net gains and losses arising from financial instruments

Group 2025 In RM Mil	Interest income	Interest expense	Others	Total
Financial assets at amortised cost	391	–	(57)	334
Financial liabilities at amortised cost	–	(141)	(1,075)	(1,216)
	391	(141)	(1,132)	(882)

Group 2024 In RM Mil	Interest income	Interest expense	Others	Total
Financial assets at amortised cost	414	–	(13)	401
Financial liabilities at amortised cost	–	(159)	(153)	(312)
	414	(159)	(166)	89

Company 2025 In RM Mil	Interest income	Interest expense	Others	Total
Financial assets measured at amortised cost	37	–	(21)	16
Financial liabilities measured at amortised cost	–	(88)	(827)	(915)
	37	(88)	(848)	(899)

Company 2024 In RM Mil	Interest income	Interest expense	Others	Total
Financial assets measured at amortised cost	76	–	(2)	74
Financial liabilities measured at amortised cost	–	(129)	(215)	(344)
	76	(129)	(217)	(270)

Others relate to gains and losses arising from financial instruments such as realised and unrealised foreign exchange gains or losses, fair value gains or losses and amortisation of transaction cost on borrowings.

## 35. ADOPTION OF REVISED PRONOUNCEMENT

During the financial year, the Group and the Company adopted the following pronouncement that has been issued by the MASB and is applicable as listed below:

**Effective for annual periods beginning on or after 1 January 2025**

Amendments to MFRS 121 *The Effects of Changes in Foreign Exchange Rates (Lack of Exchangeability)*

The initial application of the above-mentioned pronouncement did not have any material impact to the financial statements of the Group and the Company.

## 36. PRONOUNCEMENTS YET IN EFFECT

The following pronouncements that have been issued by the MASB will become effective in future financial reporting periods and have not been adopted by the Group and the Company in these financial statements:

**Effective for annual periods beginning on or after 1 January 2026**

Amendments to MFRS 9 *Financial Instruments* and MFRS 7 *Financial Instruments: Disclosures (Classification and Measurement of Financial Instruments)*

Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*, MFRS 7 *Financial Instruments: Disclosures*, MFRS 9 *Financial Instruments*, MFRS 10 *Consolidated Financial Statements* and MFRS 107 *Statement of Cash Flows (Annual Improvements to MFRS Accounting Standards - Volume 11)*

## 36. PRONOUNCEMENTS YET IN EFFECT (continued)

**Effective for annual periods beginning on or after 1 January 2027**

MFRS 18 *Presentation and Disclosure in Financial Statements*  
Amendments to MFRS 121 *The Effects of Changes in Foreign Exchange Rates Translation to a Hyperinflationary Presentation Currency*

**Effective for a date yet to be confirmed**

Amendments to MFRS 10 *Consolidated Financial Statements (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)*  
Amendments to MFRS 128 *Investments in Associates and Joint Ventures (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)*

The Group and the Company are expected to apply the above-mentioned pronouncements beginning from the respective dates the pronouncements become effective. The initial application of the above mentioned pronouncements are not expected to have any material impacts to the financial statements of the Group and of the Company, except for MFRS 18 pronouncement, which impact on initial application is currently being assessed. Further details on MFRS 18 pronouncements are discussed below.

**MFRS 18 Presentation and Disclosure in Financial Statements**

MFRS 18 replaces MFRS 101 and introduces enhanced requirements for the presentation and disclosure of financial statements. The standard mandates structured subtotals in the statement of profit or loss, classification of income and expenses into defined categories, and disclosure of management-defined performance measures with reconciliations to MFRS amounts.

The Group and the Company have assessed the estimated impact on financial statements upon the initial application of MFRS 18. The implementation of MFRS 18 will not result in changes to the recognition and measurement of financial statements. The impact will be limited to the financial statements' disclosures and presentation.

Upon adoption, the Group and the Company expect the impact mainly from the classification of income derived from the Group's equity accounted investments and income from fund and other investments into the investing category within the statement of profit or loss.

The Group and the Company do not expect significant change in the information that is currently disclosed in the notes as the requirement to disclose material information remains unchanged. However, there will be new disclosures required for:

- Management-defined performance measures; and
- The nature of expenses for certain line items presented by function in the operating category of the statement of profit or loss.

## 37. NEW AND REVISED PRONOUNCEMENTS NOT APPLICABLE TO THE GROUP AND THE COMPANY

The MASB has issued new pronouncements which are not relevant to the Group and the Company and hence, no further disclosure is warranted.

**Effective for annual periods beginning on or after 1 January 2026**

Amendments to MFRS 9 *Financial Instruments* and MFRS 7 *Financial Instruments: Disclosures (Contracts Referencing Nature-dependent Electricity)*

**Effective for annual periods beginning on or after 1 January 2027**

MFRS 19 *Subsidiaries without Public Accountability: Disclosures*

## 38. CAPITAL MANAGEMENT

The Group defines capital as the total equity and debt of the Group. The objective of the Group's and the Company's capital management is to maintain an optimal capital structure and ensuring availability of funds in order to support its business and maximises shareholders' value.

The Group monitors and maintains a prudent level of total debt to total assets.

There were no changes in the Group's and the Company's approach to capital management during the financial year.

## 39. HOLDING AND ULTIMATE HOLDING COMPANY

The holding and ultimate holding company is PETRONAS, a company incorporated in Malaysia.

# INDEPENDENT AUDITORS REPORT

# INDEPENDENT AUDITORS REPORT

## TO THE MEMBERS OF PETRONAS CHEMICALS GROUP BERHAD

(Company No. 199801003704 (459830-K))  
(Incorporated in Malaysia)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of PETRONAS Chemicals Group Berhad, which comprise the statements of financial position as at 31 December 2025 of the Group and of the Company, and the statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 10 to 103.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025, and of their financial performance and their cash flows for the year then ended in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board ("MFRS Accounting Standards"), IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Companies Act 2016 in Malaysia.

#### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), as applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Impairment assessments on property, plant and equipment ("PPE")

Refer to Note 2.10 (ii) – *Impairment – Other assets*, Note 3 – *Property, plant and equipment* to the financial statements.

The prices of crude oil, oil products, and chemicals exhibit volatility, influenced by global and regional supply and demand dynamics. An impairment test was conducted by the management on the property, plant, and equipment for a joint operation entity of the Group and the Company.

As at 31 December 2025, the carrying amount of the PPE in the joint operation entity is RM7,843 million and RM7,304 million for the Group and the Company respectively. The Company's balance incorporates the current year impairment loss recognised during the year.

#### Key Audit Matters (continued)

#### Impairment assessments on property, plant and equipment ("PPE") (continued)

The impairment assessment at the Group and the Company were based on different cash-generating units ("CGUs"). There was no impairment loss recognised at the Group level, as the Group's CGU has a higher margin on the product offtake, resulting in a higher recoverable amount than the carrying amount of the PPE. At the Company level, an impairment loss of RM413 million has been recognised in respect of the PPE of the joint operation entity, due to a lower recoverable amount of PPE.

Based on the impairment assessment conducted by the management, the recoverable amount of the assets is sensitive to two key assumptions:

- i. The feedstock prices were based on forecast prices by an independent market consultant, applying an agreed pricing formula with a related party; and
- ii. A discount rate of 9.00% was applied to determine the recoverable amount of the assets.

An increase of 0.5% in discount rate would have reduced the recoverable amount of the Group and the Company by RM766 million and RM652 million respectively. For the feedstock prices, an increase of 0.5% would have reduced the recoverable amount of both the Group and the Company by RM125 million.

The assessment is a key audit matter because:

- The significance of the assets to the Group's and the Company's statements of financial position;
- There were inherent uncertainties and significant judgment involved in the assessment of indicators of impairment, and forecasting and discounting future cash flows in determining the recoverable amounts where impairment tests were performed; and
- Impairment assessment is complex and requires significant involvement of our more experienced team members and valuation specialist.

We performed the following audit procedures, among others:

- Evaluated the assessment performed by the Group and the Company on the impairment indicators to determine whether the relevant internal and external factors were considered.
- Where impairment tests are performed, and the recoverable amounts were determined by discounting future cashflows:
  - Obtained an understanding of the Group's and the Company's PPE impairment assessment process;
  - Challenged the impairment models by comparing with market practices and the requirement of the accounting standards;
  - Compared the key market-based assumption, being the future sales price and future feedstock cost, against external analyst report;
  - Engaged our specialist to assess the appropriateness of discount rate;
  - Assessed the sensitivity of the key assumptions on the recoverable amount and evaluated the effect on the headroom over the carrying amount; and
  - Determined the adequacy of the disclosures in the financial statements

## INDEPENDENT AUDITORS REPORT

**Annual impairment assessment for goodwill and intangible assets with indefinite useful life allocated to Advanced Chemicals & Solutions and Animal Nutrition cash generating unit ("CGU")**

Refer to Note 2.10 (ii) – *Impairment – Other assets*, Note 6 – *Intangible assets* to the financial statements.

The Group performs an annual impairment assessment on the goodwill and intangible assets with indefinite useful life allocated to Advanced Chemicals & Solutions and Animal Nutrition CGU amounting to RM5,471 million.

The assessment is a key audit matter because:

- There were inherent uncertainties and significant judgment involved in forecasting and discounting future cash flows in determining the recoverable amount where impairment tests were performed; and
- Impairment assessment is complex and requires significant involvement of our more experienced team members and valuation specialist.

We performed the following audit procedures, among others:

- Obtained understanding of the Group's impairment assessment process and tested key controls such as the review and approval of budgets and forecasts by management and the Board;
- Challenged the impairment models by comparing with market practices and the requirement of the accounting standards;
- Where a component auditor is involved in evaluating the impairment assessments of the goodwill and intangible assets with indefinite useful life, we engaged with the component auditor throughout the audit to satisfy our requirements under the International Auditing Standards;
- Challenged and corroborated the Group's key assumptions by comparing them with internal and external sources of information and market practices;
- Engaged our valuation specialist to assess the appropriateness of discount rate;
- Assessed the sensitivity of the key assumptions on the recoverable amount and evaluated the effect on the headroom over the carrying amount; and
- Determined the adequacy of the disclosures in the financial statements.

**Information Other than the Financial Statements and Auditors' Report Thereon**

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Director's Report and Statement on Risk Management and Internal Control (but does not include the financial statements of the Group and of the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

**Key Audit Matters (continued)****Information Other than the Financial Statements and Auditors' Report Thereon (continued)**

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining parts of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate actions in accordance with approved standards on auditing in Malaysia and International Standards on Auditing.

**Responsibilities of the Directors for the Financial Statements**

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

## INDEPENDENT AUDITORS REPORT

## INDEPENDENT AUDITORS REPORT

### Key Audit Matters (continued)

#### Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in note 27 to the financial statements.

#### Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

#### KPMG PLT

(LLP0010081-LCA & AF 0758)  
Chartered Accountants

Petaling Jaya, Selangor

Date: 23 February 2026

#### Chua See Guan

Approval Number: 03169/02/2027 J  
Chartered Accountant



PCG's Financial Report 2025 has been developed in line with our theme, **Resilience. Leveraging Strengths.** We considered the environmental impact of every decision, from responsible material selection to efficient production and purposeful design, to minimise our footprint while maintaining clarity and quality for stakeholders.



**PETRONAS**

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