



**PETRONAS**

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

**QUARTERLY REPORT FOR THE QUARTER ENDED 31 MARCH 2015**

The Board of Directors of PETRONAS Chemicals Group Berhad (“PCG” or “the Company”) is pleased to announce the following unaudited condensed consolidated financial statements for the quarter ended 31 March 2015 which should be read in conjunction with the accompanying explanatory notes on pages 8 to 22.

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

<i>In RM Mil</i>	Note	Quarter ended 31 March	
		2015	2014
Revenue		3,140	3,806
Cost of goods sold		(2,108)	(2,552)
<b>Gross profit</b>		1,032	1,254
Selling and distribution expenses		(146)	(144)
Administration expenses		(110)	(141)
Other expenses		(301)	(45)
Other income		350	123
<b>Operating profit</b>	B5	825	1,047
Financing costs		(7)	(4)
Share of profit of equity accounted joint ventures and associates, net of tax		25	49
<b>Profit before taxation</b>		843	1,092
Tax expense	B6	(171)	(253)
<b>PROFIT FOR THE PERIOD</b>		672	839
<b>Other comprehensive income/(expenses)</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Foreign currency translation differences		87	(1)
Share of other comprehensive income of equity accounted joint ventures and associates		42	(6)
		129	(7)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		801	832



PETRONAS

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

QUARTERLY REPORT FOR THE QUARTER ENDED 31 MARCH 2015

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

<i>In RM Mil</i>	Note	Quarter ended 31 March	
		2015	2014
<b>Profit attributable to:</b>			
Shareholders of the Company		605	749
Non-controlling interests		67	90
<b>PROFIT FOR THE PERIOD</b>		<b>672</b>	<b>839</b>
<b>Total comprehensive income attributable to:</b>			
Shareholders of the Company		734	742
Non-controlling interests		67	90
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>801</b>	<b>832</b>
<b>Basic earnings per share attributable to shareholders of the Company</b>			
Based on ordinary shares issued (sen)	B16	8	9

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated financial statements.



PETRONAS

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

QUARTERLY REPORT FOR THE QUARTER ENDED 31 MARCH 2015

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<i>In RM Mil</i>	Note	As at 31 March 2015	As at 31 December 2014
<b>ASSETS</b>			
Property, plant and equipment		14,572	14,255
Investments in joint ventures and associates		934	866
Intangible assets		7	7
Long term receivables		8	9
Deferred tax assets		500	475
<b>TOTAL NON-CURRENT ASSETS</b>		<b>16,021</b>	<b>15,612</b>
Trade and other inventories		1,339	1,239
Trade and other receivables		1,483	1,674
Current tax assets		127	131
Cash and cash equivalents		9,094	9,807
<b>TOTAL CURRENT ASSETS</b>		<b>12,043</b>	<b>12,851</b>
<b>TOTAL ASSETS</b>		<b>28,064</b>	<b>28,463</b>
<b>EQUITY</b>			
Share capital		800	800
Reserves		22,016	21,922
<b>Total equity attributable to shareholders of the Company</b>		<b>22,816</b>	<b>22,722</b>
Non-controlling interests		1,668	1,755
<b>TOTAL EQUITY</b>		<b>24,484</b>	<b>24,477</b>
<b>LIABILITIES</b>			
Deferred tax liabilities		934	941
Other long term liabilities and provisions		689	567
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,623</b>	<b>1,508</b>
Trade and other payables		1,887	2,395
Current tax payables		70	83
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,957</b>	<b>2,478</b>
<b>TOTAL LIABILITIES</b>		<b>3,580</b>	<b>3,986</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>28,064</b>	<b>28,463</b>

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



PETRONAS

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

QUARTERLY REPORT FOR THE QUARTER ENDED 31 MARCH 2015

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<i>Attributable to Shareholders of the Company</i>								
	<i>Non-Distributable</i>					<i>Distributable</i>			
	Share Capital	Share Premium	Foreign Currency Translation Reserve	Merger Reserve	Other Reserves	Retained Profits	Total	Non- controlling Interests	Total Equity
RM Mil	RM Mil	RM Mil	RM Mil	RM Mil	RM Mil	RM Mil	RM Mil	RM Mil	RM Mil
<b>Balance as at 1 January 2014</b>	800	8,071	4	(204)	131	12,934	21,736	1,653	23,389
Foreign currency translation differences	-	-	(1)	-	-	-	(1)	-	(1)
Share of other comprehensive expense of equity accounted joint ventures and associates	-	-	-	-	(6)	-	(6)	-	(6)
Total other comprehensive expense for the period	-	-	(1)	-	(6)	-	(7)	-	(7)
Profit for the period	-	-	-	-	-	749	749	90	839
<b>Total comprehensive income for the period</b>	-	-	(1)	-	(6)	749	742	90	832
Dividends to shareholders of the Company	-	-	-	-	-	(960)	(960)	-	(960)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-
<b>Total transactions with shareholders of the Company</b>	-	-	-	-	-	(960)	(960)	-	(960)
<b>Balance as at 31 March 2014</b>	800	8,071	3	(204)	125	12,723	21,518	1,743	23,261

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



PETRONAS

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

QUARTERLY REPORT FOR THE QUARTER ENDED 31 MARCH 2015

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

	<i>Attributable to Shareholders of the Company</i>								
	<i>Non-Distributable</i>					<i>Distributable</i>			
	Share Capital	Share Premium	Foreign Currency Translation Reserve	Merger Reserve	Other Reserves	Retained Profits	Total	Non- controlling Interests	Total Equity
RM Mil	RM Mil	RM Mil	RM Mil	RM Mil	RM Mil	RM Mil	RM Mil	RM Mil	RM Mil
<b>Balance as at 1 January 2015</b>	800	8,071	74	(204)	138	13,843	22,722	1,755	24,477
Foreign currency translation differences	-	-	87	-	-	-	87	-	87
Share of other comprehensive income of equity accounted joint ventures and associates	-	-	42	-	-	-	42	-	42
Total other comprehensive income for the period	-	-	129	-	-	-	129	-	129
Profit for the period	-	-	-	-	-	605	605	67	672
<b>Total comprehensive income for the period</b>	-	-	129	-	-	605	734	67	801
Redemption of Redeemable Preference Shares in a subsidiary	-	-	-	-	130	(130)	-	(111)	(111)
Dividends to shareholders of the Company	-	-	-	-	-	(640)	(640)	-	(640)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(43)	(43)
<b>Total transactions with shareholders of the Company</b>	-	-	-	-	130	(770)	(640)	(154)	(794)
<b>Balance as at 31 March 2015</b>	800	8,071	203	(204)	268	13,678	22,816	1,668	24,484

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



PETRONAS

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

QUARTERLY REPORT FOR THE QUARTER ENDED 31 MARCH 2015

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

<i>In RM Mil</i>	Quarter ended 31 March	
	2015	2014
Cash receipts from customers	3,606	3,533
Cash paid to suppliers and employees	(2,797)	(2,616)
	809	917
Interest income received	75	79
Taxation paid	(212)	(211)
<b>Cash flows generated from operating activities</b>	<b>672</b>	<b>785</b>
Dividends received from equity accounted joint ventures and associates	-	28
Purchase of property, plant and equipment	(608)	(581)
Proceeds from sale of property, plant and equipment	1	-
Proceeds from finance lease receivables	-	3
<b>Cash flows used in investing activities</b>	<b>(607)</b>	<b>(550)</b>
Dividend paid to:		
- PETRONAS	(412)	(618)
- Other (third parties)	(228)	(342)
- Non-controlling interests of subsidiaries	(43)	-
Drawdown of revolving credit	-	20
Redemption of redeemable preference shares held by non-controlling interests	(111)	-
Repayment of finance lease liabilities	(14)	(17)
<b>Cash flows used in financing activities</b>	<b>(808)</b>	<b>(957)</b>



PETRONAS

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

QUARTERLY REPORT FOR THE QUARTER ENDED 31 MARCH 2015

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

<i>In RM Mil</i>	Quarter ended 31 March	
	2015	2014
Net decrease in cash and cash equivalents	(743)	(722)
Net foreign exchange difference	30	(1)
Cash and cash equivalents at beginning of the period	9,807	10,155
<b>Cash and cash equivalents at end of the period</b>	<b>9,094</b>	<b>9,432</b>

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



PETRONAS

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

**QUARTERLY REPORT FOR THE QUARTER ENDED 31 MARCH 2015**

**PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A1. BASIS OF PREPARATION**

The condensed financial statements are unaudited and have been prepared in accordance with IAS 34, MFRS 134, *Interim Financial Reporting* and paragraph 9.22 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements. They should also be read in conjunction with the financial statements of the Group for the year ended 31 December 2014 and the accompanying notes attached to the unaudited condensed consolidated financial statements.

Within the context of these condensed consolidated financial statements, the Group comprises the Company and its subsidiaries, and the Group's interest in joint ventures and associates as at and for the quarter ended 31 March 2015.

**A2. SIGNIFICANT ACCOUNTING POLICIES**

Except as described below, the same accounting policies and methods of computation are followed in the condensed consolidated financial statements as compared with the consolidated financial statements for 31 December 2014.

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

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

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

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





**PETRONAS**

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

**QUARTERLY REPORT FOR THE QUARTER ENDED 31 MARCH 2015**

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

**A3. AUDIT QUALIFICATION**

The audited financial statements of PCG and its subsidiaries for the year ended 31 December 2014 were not subject to any audit qualification.

**A4. SEASONALITY OR CYCLICALITY OF OPERATIONS**

The prices of petrochemical products and their underlying feedstock are subject to significant fluctuations as they are influenced both by global supply and demand as well as movements in the prices of key commodities such as crude oil and natural gas. Consequently, margins have historically been cyclical and are sensitive to supply and demand imbalances both domestically and internationally. Supply is affected by significant capacity expansions by producers, and if such additions are not matched by corresponding growth in demand, which is generally linked to the level of economic activity, average industry operating margins will face downward pressures. As a result, the petrochemical cycle is characterised by years of tight supply, leading to high capacity utilisation rates and margins, followed by years of oversupply, primarily resulting from significant capacity additions, leading to reduced capacity utilisation rates and margins.

**A5. EXCEPTIONAL ITEMS**

There were no exceptional items during the quarter ended 31 March 2015.

**A6. MATERIAL CHANGES IN ESTIMATES**

There were no material changes in estimates of the amounts reported in the most recent annual financial statements of PCG and its subsidiaries for the year ended 31 December 2014 that may have a material effect in the results of the period under review.

**A7. DEBTS AND EQUITY SECURITIES**

There were no material issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the quarter ended 31 March 2015.

**A8. DIVIDENDS PAID**

During the period under review, the Company paid a second interim single tier dividend of 8 sen per ordinary share amounting to RM640 million in respect of the financial year ended 31 December 2014 to shareholders on 24 March 2015.



PETRONAS

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

**QUARTERLY REPORT FOR THE QUARTER ENDED 31 MARCH 2015**

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

**A9. SEGMENT RESULTS AND REPORTING**

- Olefins and Derivatives - activities include manufacturing and marketing of a wide range of olefin and polymer products, which are used as basic feedstock for other products, to intermediate products including basic and high performance chemicals.
- Fertilisers and Methanol - activities include manufacturing and marketing methanol and a range of nitrogen, phosphate and compound fertilisers.
- Others - other businesses that supports the petrochemicals' business operations.

**9.1 Revenue**

<i>In RM Mil</i>	Quarter ended 31 March					
	External customers		Inter segment		Gross total revenue	
	2015	2014	2015	2014	2015	2014
Olefins and Derivatives	2,090	2,856	3	3	2,093	2,859
Fertilisers and Methanol	1,038	940	40	65	1,078	1,005
Others	12	10	10	7	22	17
<b>Total</b>	<b>3,140</b>	<b>3,806</b>	<b>53</b>	<b>75</b>	<b>3,193</b>	<b>3,881</b>

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

<i>In RM Mil</i>	Quarter ended 31 March	
	2015	2014
Olefins and Derivatives	364	589
Fertilisers and Methanol	290	242
Others	18	8
<b>Total</b>	<b>672</b>	<b>839</b>

(1) Included within profit for the quarter for Olefins and Derivatives, Fertilisers and Methanol and Others segments are depreciation and amortisation expenses amounting to RM193 million (2014: RM182 million), RM109 million (2014: RM90 million) and RM4 million (2014: RM3 million) respectively.



PETRONAS

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

**QUARTERLY REPORT FOR THE QUARTER ENDED 31 MARCH 2015**

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

**A10. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT**

There were no revaluations of property, plant and equipment for the period under review. As at 31 March 2015, all property, plant and equipment were stated at cost less accumulated depreciation and impairment losses.

**A11. CONTINGENCIES**

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

**A12. CAPITAL COMMITMENTS**

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

<i>In RM Mil</i>	<b>As at 31 March 2015</b>	<b>As at 31 December 2014</b>
Property, plant and equipment:		
Approved and contracted for	906	1,417
Approved but not contracted for	1,593	1,940
	<u>2,499</u>	<u>3,357</u>

Included in the above is an amount of RM1,314 million (2014: RM1,841 million) relating to the development of a new world scale fertiliser plant in Sipitang, Sabah (referred to as the "SAMUR" project).



PETRONAS

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

**QUARTERLY REPORT FOR THE QUARTER ENDED 31 MARCH 2015**

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

**A13. FAIR VALUE INFORMATION**

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

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

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

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

***Forward foreign exchange contracts***

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

***Finance lease liabilities***

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



PETRONAS

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

QUARTERLY REPORT FOR THE QUARTER ENDED 31 MARCH 2015

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

**A13. FAIR VALUE INFORMATION (continued)**

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

As at 31 March 2015	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Total	Total
<i>In RM Mil</i>										
<b>Financial assets</b>										
Forward exchange contracts	-	9	-	9	-	-	-	-	9	9
<b>Financial liabilities</b>										
Forward exchange contracts	-	(244)	-	(244)	-	-	-	-	(244)	(244)
Finance lease liabilities	-	-	-	-	-	-	(218)	(218)	(218)	(215)
	-	(244)	-	(244)	-	-	(218)	(218)	(462)	(459)



PETRONAS

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

QUARTERLY REPORT FOR THE QUARTER ENDED 31 MARCH 2015

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

**A13. FAIR VALUE INFORMATION (continued)**

As at 31 December 2014	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Total	Total
<i>In RM Mil</i>										
<b>Financial assets</b>										
Forward exchange contracts	-	13	-	13	-	-	-	-	13	13
<b>Financial liabilities</b>										
Forward exchange contracts	-	(118)	-	(118)	-	-	-	-	(118)	(118)
Finance lease liabilities	-	-	-	-	-	-	(229)	(229)	(229)	(226)
	-	(118)	-	(118)	-	-	(229)	(229)	(347)	(344)



PETRONAS

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

QUARTERLY REPORT FOR THE QUARTER ENDED 31 MARCH 2015

**PART B - NOTES PURSUANT TO BURSA MALAYSIA LISTING REQUIREMENTS**

**B1. REVIEW OF GROUP PERFORMANCE**

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

<i>In RM Mil</i>	Quarter ended 31 March					
	Group		Olefins and Derivatives		Fertilisers and Methanol	
	2015	2014	2015	2014	2015	2014
Revenue	3,140	3,806	2,093	2,859	1,078	1,005
Profit	672	839	364	589	290	242
EBITDA <sup>(1)</sup>	1,118	1,247	650	879	472	400

The Group recorded significantly higher plant utilisation at 90% for the quarter compared to 80% in the corresponding quarter. This stronger operational performance was achieved on the back of improved methane gas supply and better plant reliability at the Group's methanol facilities. There were also no statutory turnaround activities during the quarter whereas the corresponding quarter had statutory turnaround activities at the Group's urea plant in Bintulu.

Both production and sales volumes increased in line with plant utilisation.

Market conditions, however, continued to be challenging as both segments recorded lower average realised product prices amidst lower crude oil price environment.

Group's revenue was lower by RM666 million or 17% at RM3.1 billion compared to the corresponding quarter as the lower average realised product prices offset higher sales volumes and favourable exchange rate movement.

Profit for the quarter was lower by RM167 million or 20% at RM672 mil mainly due to narrower product spreads. Accordingly EBITDA, declined by RM129 million or 10% at RM1.1 billion.

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



**PETRONAS**

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

**QUARTERLY REPORT FOR THE QUARTER ENDED 31 MARCH 2015**

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

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

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

**Olefins and Derivatives**

The sharp fall in crude oil and ethylene prices compared to the corresponding quarter affected olefins and derivatives product prices which trended lower across the board.

Operationally, the segment recorded plant utilisation of 95% compared to 97% in the corresponding quarter mainly due to lower onstream days for MTBE plant. In line with lower plant utilisation, production was also lower but sales volumes remain comparable.

Segment revenue for the quarter was lower by RM766 mil or 27% at RM2.1 billion as a result of lower average realised product prices. Profit for the quarter declined by RM225 million or 38% at RM364 million attributable to thinning spreads in line with lower product prices. Similarly, EBITDA was lower by RM229 million or 26% at RM650 million.

**Fertilisers and Methanol**

Both urea and methanol softened compared to the corresponding quarter following resumption of supply from key producers. In addition, methanol prices were also affected by weaker demand for methanol based energy derivatives as a result of lower crude oil prices. Ammonia prices corrected during the quarter and were comparable against the corresponding quarter.

Against the market backdrop, F&M plant utilisation rate surged from 67% to 87% driven by a marked improvement in methane gas supply availability and better plant reliability at its methanol facilities. In addition, there was no statutory turnaround activity in the quarter whereas the corresponding quarter was affected by statutory turnaround activities at the urea plant. Correspondingly, production and sales volumes were higher compared to the corresponding quarter.

Driven by stronger operational performance, revenue for the segment rose by RM73 million or 7% at RM1.1 billion. Profit for the quarter was higher by RM48 million or 20% at RM290 million largely due higher sales volumes whilst EBITDA was higher by RM72 million or 18% at RM472 million.





PETRONAS

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

**QUARTERLY REPORT FOR THE QUARTER ENDED 31 MARCH 2015**

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

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

The Group's plant utilisation rate strengthened in the current quarter at 90% compared to 88% in the preceding quarter on the back of improved plant performance across both segments which offset methane gas supply limitations at the methanol facilities during the quarter. Excluding methane gas supply limitations, plant utilisation would have been 98%. Production volume was higher in line with the higher plant utilisation rate.

Average realised product prices declined as a result of continued decline of crude oil prices.

Group revenue was lower by RM761 million or 20% at RM3.1 billion, mainly attributable to lower average realised product prices. Accordingly, EBITDA decreased by RM223 million or 17% to RM1.1 billion. However, profit for the quarter was higher by RM102 million or 18% at RM672 million as the preceding quarter included impairment loss of RM262 million being impairment loss on assets relating to the Group's butane-MTBE chain. Excluding this, profit for the quarter would be lower by RM160 million or 19% as a result of lower spreads.

**B3. COMMENTARY ON PROSPECTS**

The results of the Group's operations are expected to be primarily influenced by fluctuations in international petrochemical products prices, global economic conditions and utilisation rate of our production facilities.

The utilisation of our production facilities is dependent on plant maintenance activities, sufficient availability of feedstock and utilities supply. With improved plant maintenance programme and supplier relationship management, the Group aims to achieve better plant utilisation for the year.

The Group plans to undertake statutory turnaround at two of its plants during the course of the year.

**a) Olefins and Derivatives**

The Group anticipates the market for olefins and derivatives to remain uncertain in the near term as product prices may continue to be challenging, given the uncertainty in the crude oil and naphtha prices although we expect the volatility to be less than the crude oil price.

**b) Fertilisers and Methanol**

Global demand and prices for urea continue to be driven largely by the agriculture industry, which is seasonal in nature. However, the Group expects some challenges in 2015 with the higher supplies of fertilisers anticipated from China following changes in their export tax structure. Methanol price may remain challenging as a result of uncertainty in crude oil prices.

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



PETRONAS

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

QUARTERLY REPORT FOR THE QUARTER ENDED 31 MARCH 2015

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

**B4. PROFIT FORECAST OR PROFIT GUARANTEE**

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

**B5. OPERATING PROFIT**

<i>In RM Mil</i>	Quarter ended 31 March	
	2015	2014
<b><i>Included in operating profit are the following charges:</i></b>		
Depreciation and amortisation	306	275
Loss on realised foreign exchange	136	18
Loss on unrealised foreign exchange	33	21
Unrealised loss on forward forex contract	131	-
<b><i>and credits:</i></b>		
Interest income	78	75
Other income	4	12
Gain on realised foreign exchange	125	3
Gain on unrealised foreign exchange	142	16
Unrealised gain on forward forex contract	1	17

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



PETRONAS

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

**QUARTERLY REPORT FOR THE QUARTER ENDED 31 MARCH 2015**

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

**B6. TAX EXPENSE**

<i>In RM Mil</i>	<b>Quarter ended 31 March</b>	
	<b>2015</b>	<b>2014</b>
Current tax expenses		
- Current period tax	202	241
- Under / (Over) provision in respect of prior periods	1	(1)
	<u>203</u>	<u>240</u>
Deferred tax expenses		
- Origination and reversal of temporary differences	(29)	12
- (Over) / Under provision in respect of prior periods	(3)	1
	<u>(32)</u>	<u>13</u>
	<u>171</u>	<u>253</u>

The Group's effective tax rates for the quarter ended 31 March 2015 and quarter ended 31 March 2014 are 20% and 23% respectively.

**B7. SALES OF UNQUOTED INVESTMENTS/PROPERTIES**

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

**B8. QUOTED SECURITIES**

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

**B9. STATUS OF CORPORATE PROPOSALS**

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



PETRONAS

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

QUARTERLY REPORT FOR THE QUARTER ENDED 31 MARCH 2015

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

**B10. BORROWINGS**

The details of the Group borrowings as at 31 March 2015 are as follows:

<i>In RM Mil</i>	Quarter ended 31 March	
	2015	2014
<b>Current</b>		
Unsecured		
Revolving credit	-	20
Total	-	20

**B11. DERIVATIVE FINANCIAL INSTRUMENTS**

The Group's derivative financial instruments as at the date of this report is as disclosed in note A13.

**B12. FAIR VALUE CHANGES OF FINANCIAL LIABILITIES**

The Group does not have any financial liabilities that are measured at fair value (other than derivative financial instruments) for the quarter ended 31 March 2015.



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

**QUARTERLY REPORT FOR THE QUARTER ENDED 31 MARCH 2015**

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

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

This information has been properly compiled, in all material respects, in accordance with the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirement*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia.

The Group's balance of realised and unrealised retained profits as at 31 March 2015 is disclosed as follows:

<i>In RM Mil</i>	<b>As at 31 March 2015</b>	<b>As at 31 December 2014</b>
<b>Total retained profits of the Group:</b>		
Realised	17,546	17,925
Unrealised	(518)	(642)
	17,028	17,283
<b>Total share of retained profits from joint ventures and associates:</b>		
Realised	309	290
Unrealised	(38)	(44)
	271	246
Total realised and unrealised	17,299	17,529
Less: Consolidation adjustments	(3,621)	(3,686)
<b>Total group retained profits as per consolidated account</b>	13,678	13,843



PETRONAS

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

**QUARTERLY REPORT FOR THE QUARTER ENDED 31 MARCH 2015**

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

**B14. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

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

**B15. MATERIAL LITIGATION**

There is no pending material litigation since the last audited financial statements of PCG and its subsidiaries for the year ended 31 December 2014.

**B16. BASIC EARNINGS PER SHARE**

<i>In RM Mil</i>	<b>Quarter ended 31 March</b>	
	<b>2015</b>	<b>2014</b>
Profit for the period attributable to shareholders of the Company	605	749
<b><i>Earnings per share attributable to shareholders of the Company:</i></b>		
<i>In millions of shares</i>		
Number of ordinary shares issued	8,000	8,000
Basic earnings per share (sen)	8	9

As at the date of the statement of financial position, the Company does not have any instruments which may have a dilutive impact on the basic earnings per share.

**By order of the Board**

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

Kuala Lumpur  
07 May 2015