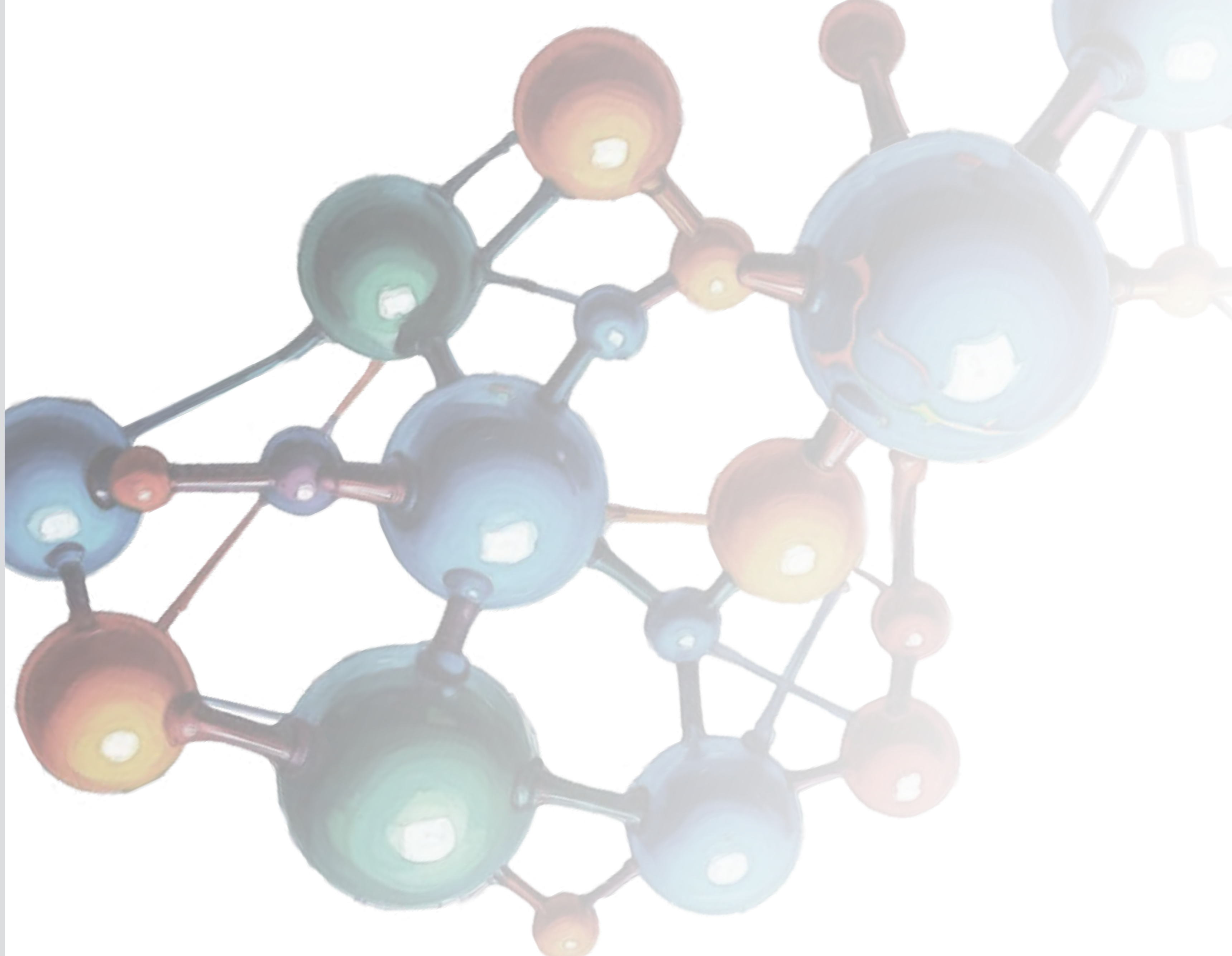
TOGETHER. HARNESSING POTENTIAL.

PETRONAS CHEMICALS GROUP BERHAD | FINANCIAL REPORT 2024

PETRONAS

TOGETHER.
HARNESSING POTENTIAL.

The theme "Together. Harnessing Potential." 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,

At PETRONAS Chemicals Group Berhad, we create value for stakeholders through our Sustainability Agenda, which integrates Environmental, Economic and Social pillars, with Governance as a cornerstone. Transparency, accountability and responsibility remain essential in building trust and driving sustainable progress.

INSIDE THIS REPORT

FINANCIAL REPORT

OUR REPORTING SUITE

At PCG, we recognise that transparency and clarity are essential to maintaining the trust of our stakeholders. As a global integrated chemicals enterprise, we are committed to providing comprehensive insights into our business direction, strategic priorities and performance. Equally, we acknowledge the importance of addressing the material risks that affect our operations and growth. Through consistent and thoughtful reporting practices, we aim to build upon the confidence our stakeholders place in us and demonstrate our commitment to accountability, resilience and sustainable value creation.

Integrated Report 2024 (IR)

The objective of PCG's IR is to provide our stakeholders with a thorough and balanced assessment of both financial and non-financial performance. By reading this report, stakeholders will gain a better understanding of our business operations, sustainability initiatives, performance metrics, governance, risk management and future prospects. This report demonstrates our commitment to transparency and aims to bolster the trust and confidence of our stakeholders. Within the governance section, we provide comprehensive coverage of our Corporate Governance activities via the Corporate Governance Overview Statement, Nomination and Remuneration Committee Report, Board Audit Committee Report, Board Sustainability and Risk Committee Report and the Statement on Risk Management and Internal Control.

Guided by:
- International Integrated Reporting Framework (IIRF) as issued by 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 Accounting Standards Board
- IFRS Accounting Standards as issued by the International Accounting Standards Board
- Corporate Governance Guide – 4th Edition as issued by Bursa Malaysia

Financial Report 2024 (FR)

Our FR includes the Directors' Report, Audited Financial Statements and Independent Auditors' Report. The report 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

Sustainability Report 2024 (SR)

PCG's SR details our performance in Environmental, Economic, Social and Governance (EESG) contexts. The report describes our initiatives and their outcomes that are aimed at creating positive and sustainable impacts for all our stakeholders.

Guided by:
- MMLR as issued by Bursa Malaysia
- Global Reporting Initiative (GRI) Universal Standards 2021
- FTSE4Good Bursa Malaysia Index's Environmental, Social and Governance (ESG) Indicators
- IPIECA Sustainability Reporting Guidance for the Oil and Gas Industry – 4th Edition, 2020
- Dow Jones Best-in-Class Indices
- The United Nations Sustainable Development Goals (UN SDGs)
- IFRS Sustainability Disclosure Standards, IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures)

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.

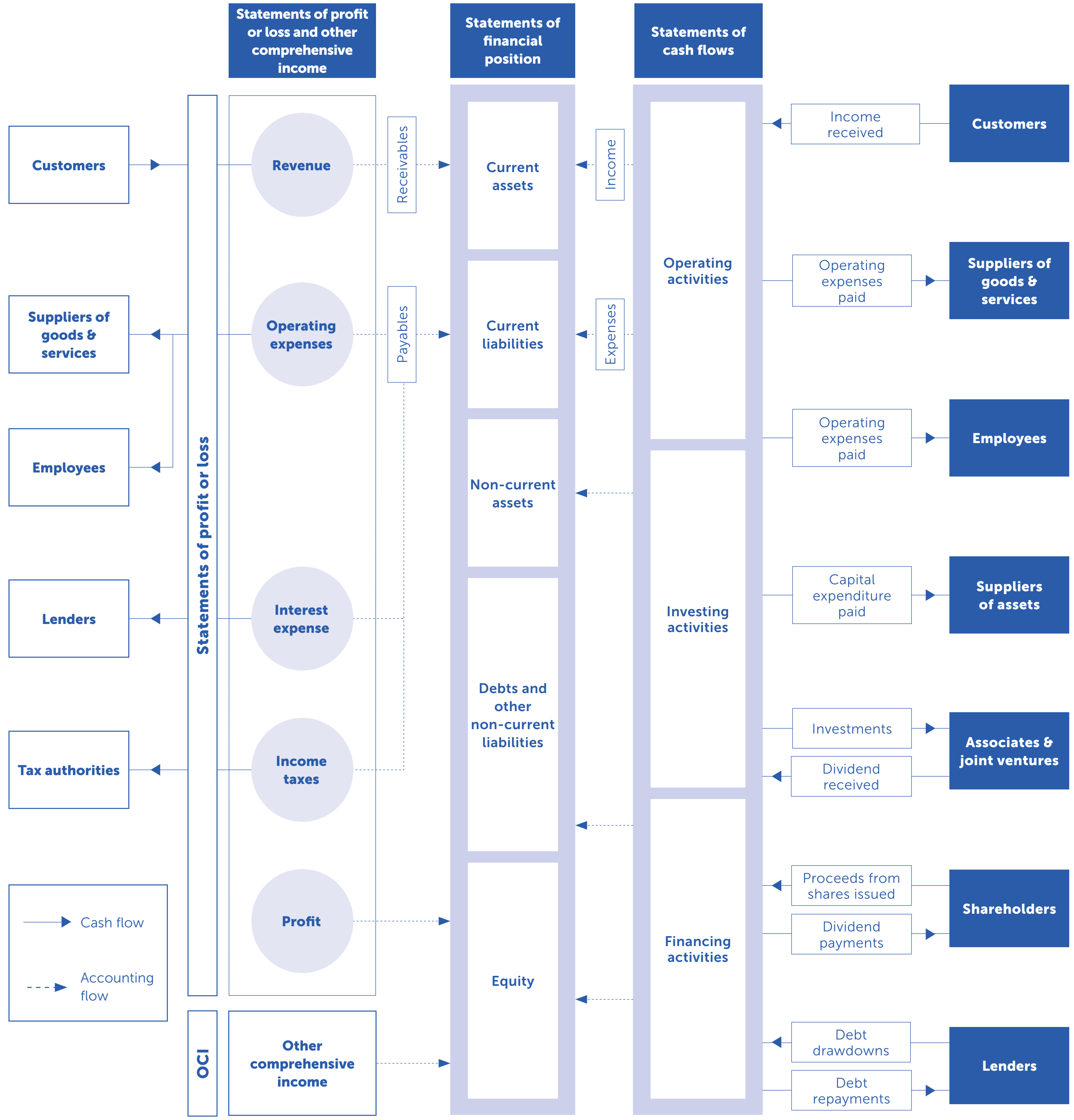
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	STATEMENTS OF FINANCIAL POSITION	STATEMENTS OF CASH FLOWS
'Financial performance measured by recording the flow of resources over a period of time'	*'A snapshot taken at a point in time of all the assets the company owns and all the claims against those assets'*	*'Where the company sources its cash and how it uses it'*
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.	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 2024. 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.	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.
Page 11-12 Refer Statements of Profit or Loss and Other Comprehensive Income	*Page 10* Refer Statements of Financial Position	*Page 18-20* Refer Statements of Cash Flows

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 102 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 2024 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 year ended 31 December 2024.

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 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

In RM Mil	Group	Company
Profit/(loss) for the year	1,289	(1,120)
Attributable to:		
Shareholders of the Company	1,175	(1,120)
Non-controlling interests	114	-

DIVIDENDS

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

(i) In respect of the financial year ended 31 December 2023 as reported in the Directors' Report of that year, a second interim dividend of 5 sen per ordinary share amounting to RM400 million was declared on 26 February 2024 and was paid on 26 March 2024; and

(ii) In respect of the financial year ended 31 December 2024, a first interim dividend of 10 sen per ordinary share amounting to RM800 million was declared on 16 August 2024 and was paid on 12 September 2024.

The Directors had on 21 February 2025 declared a second interim dividend of 3 sen per ordinary share amounting to RM240 million in respect of the financial year ended 31 December 2024 which is payable on 20 March 2025. The dividend will be recognised and accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2025.

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
Warren William Wilder
Dr. Zafar Abdulmajid Momin
Farehana binti Hanapiah
Datin Seri Sunita Mei-Lin Rajakumar
Abang Yusuf bin Abang Puteh (appointed on 1 January 2025)
Datuk Ir. (Dr.) Abdul Rahim bin Hashim (resigned on 1 January 2025)

In accordance with Article 107 of the Company's Constitution, Farehana binti Hanapiah and Datin Seri Sunita Mei-Lin Rajakumar are due for retirement by rotation at the forthcoming Annual General Meeting ("AGM") of the Company. Farehana binti Hanapiah being eligible, offers herself for re-election at the forthcoming AGM and Datin Seri Sunita Mei-Lin Rajakumar does not wish to seek for re-election and has expressed her decision to retire at the close of the forthcoming AGM.

In accordance with Article 100 of the Company's Constitution, Abang Yusuf bin Abang Puteh 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 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:

	Number of ordinary shares in the Company			
Name	Balance at 1.1.2024	Bought	Sold	Balance at 31.12.2024
Datuk Ir. (Dr.) Abdul Rahim bin Hashim	60,000	-	-	60,000
Datuk Sazali bin Hamzah - child	8,000	-	-	8,000
Farehana binti Hanapiah	6,000	-	-	6,000

	Number of ordinary shares in PETRONAS Dagangan Berhad			
Name	Balance at 1.1.2024	Bought	Sold	Balance at 31.12.2024
Datuk Ir. (Dr.) Abdul Rahim bin Hashim	2,000	-	-	2,000

None of the other Directors holding office as at 31 December 2024 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' REPORT

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 2024 was RM3,883,000 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 RM582,006 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:

(i) 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

(ii) 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:

(i) 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

(ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

(iii) 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

(iv) 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:

(i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

(ii) any material contingent liability in respect of the Group or 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 2024 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 2024 are as follows:

In RM'000	Group	Company
Audit fees		
- KPMG PLT	1,996	615
- Member firms of KPMG International Limited	409	-
	2,405	615
Non audit service fees		
- KPMG PLT	274	270
- Member firms of KPMG International Limited	519	-
	793	270

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: 21 February 2025

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 10 to 102, 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 2024 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: 21 February 2025

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 102 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 21 February 2025.

BEFORE ME:

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

		Group		Company	
In RM Mil	Note	2024	2023	2024	2023
ASSETS					
Property, plant and equipment	3	**29,338**	29,437	**9,063**	9,617
Investments in subsidiaries	4	**-**	-	**19,008**	18,796
Investments in associates and joint ventures	5	**1,339**	1,710	**1,257**	1,408
Intangible assets	6	**8,898**	10,253	**-**	-
Long term receivables	7	**951**	1,027	**900**	958
Retirement benefits	8	**103**	95	**-**	-
Deferred tax assets	9	**632**	746	**-**	-
TOTAL NON-CURRENT ASSETS		**41,261**	43,268	**30,228**	30,779
Trade and other inventories	10	**4,086**	3,767	**434**	427
Trade and other receivables	11	**4,705**	3,857	**289**	362
Tax recoverable		**37**	46	**1**	-
Cash and cash equivalents	13	**9,931**	9,268	**2,113**	2,394
TOTAL CURRENT ASSETS		**18,759**	16,938	**2,837**	3,183
TOTAL ASSETS		**60,020**	60,206	**33,065**	33,962
EQUITY					
Share capital	14	**8,871**	8,871	**8,871**	8,871
Reserves	15	**29,686**	31,544	**15,540**	17,803
Total equity attributable to shareholders of the Company		**38,557**	40,415	**24,411**	26,674
Non-controlling interests	16	**1,422**	1,659	**-**	-
TOTAL EQUITY		**39,979**	42,074	**24,411**	26,674
LIABILITIES					
Borrowings	17	**2,419**	2,473	**2,133**	2,312
Lease liabilities		**1,874**	1,930	**1,041**	1,078
Provisions	18	**303**	299	**124**	110
Retirement benefits	8	**255**	279	**-**	-
Other long term liabilities	18	**1,801**	1,831	**745**	692
Deferred tax liabilities	9	**2,198**	2,371	**-**	-
TOTAL NON-CURRENT LIABILITIES		**8,850**	9,183	**4,043**	4,192
Borrowings	17	**795**	500	**134**	141
Lease liabilities		**224**	229	**57**	63
Trade and other payables	19	**10,054**	8,042	**4,410**	2,877
Taxation		**118**	178	**10**	15
TOTAL CURRENT LIABILITIES		**11,191**	8,949	**4,611**	3,096
TOTAL LIABILITIES		**20,041**	18,132	**8,654**	7,288
TOTAL EQUITY AND LIABILITIES		**60,020**	60,206	**33,065**	33,962

The notes set out on pages 21 to 102 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2024

		Group		Company	
In RM Mil	Note	2024	2023	2024	2023
Revenue	20	**30,671**	28,667	**1,841**	2,941
Cost of revenue		**(25,965)**	(23,882)	**(2,502)**	(1,440)
Gross profit/(loss)		**4,706**	4,785	**(661)**	1,501
Selling and distribution expenses		**(2,144)**	(1,906)	**(64)**	-
Administration expenses		**(1,526)**	(1,394)	**(473)**	(386)
Other expenses		**(199)**	(40)	**(480)**	119
Other income		**1,220**	711	**767**	582
Operating profit/(loss)	21	**2,057**	2,156	**(911)**	1,816
Financing costs	22	**(260)**	(139)	**(154)**	(42)
Share of (loss)/profit after tax of equity-accounted associates and joint ventures		**(107)**	93	**-**	-
Profit/(Loss) before taxation		**1,690**	2,110	**(1,065)**	1,774
Tax expense	23	**(401)**	(360)	**(55)**	(63)
Profit/(Loss) for the year		**1,289**	1,750	**(1,120)**	1,711
Profit/(Loss) attributable to:					
Shareholders of the Company		**1,175**	1,696	**(1,120)**	1,711
Non-controlling interests		**114**	54	**-**	-
PROFIT/(LOSS) FOR THE YEAR		**1,289**	1,750	**(1,120)**	1,711
Basic earnings per ordinary share (sen)	24	**14.7**	21.2	**-**	-

The notes set out on pages 21 to 102 are an integral part of these financial statements.

STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

		Group		Company	
In RM Mil	Note	2024	2023	2024	2023
Profit/(Loss) for the year		**1,289**	1,750	**(1,120)**	1,711
Other comprehensive (loss)/income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit liability	8	**5**	(67)	**-**	-
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences		**(1,900)**	1,635	**57**	12
Share of other comprehensive loss of equity-accounted associates and joint ventures		**(40)**	(23)	**-**	-
		(1,940)	1,612	**57**	12
Total other comprehensive (loss)/income for the year		**(1,935)**	1,545	**57**	12
TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE YEAR		**(646)**	3,295	**(1,063)**	1,723
Total comprehensive (loss)/income attributable to:					
Shareholders of the Company		**(760)**	3,228	**(1,063)**	1,723
Non-controlling interests		**114**	67	**-**	-
TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE YEAR		**(646)**	3,295	**(1,063)**	1,723

The notes set out on pages 21 to 102 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Attributable to shareholders of the Company			
	Non-distributable			
Group *In RM Mil*	Share capital (Note 14)	Foreign currency translation reserve (Note 15)	Merger reserve (Note 15)	Other reserves (Note 15)
Balance at 1 January 2024	**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	**-**	**-**	**-**	**-**
Total comprehensive (loss)/income for the year	**-**	**(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**
Total transactions with owners of the Group	**-**	**-**	**-**	**43**
Balance at 31 December 2024	**8,871**	**1,295**	**(204)**	**1,525**

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The notes set out on pages 21 to 102 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

Group *In RM Mil*	*Attributable to shareholders of the Company*			
	Distributable			
	Retained profits	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2024	**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**
Total comprehensive (loss)/income for the year	**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)**
Dividends to non-controlling interests	**-**	**-**	**(34)**	**(34)**
Acquisition of a non-controlling interest	**102**	**102**	**(170)**	**(68)**
Others	**(3)**	**-**	**-**	**-**
Total transactions with owners of the Group	**(1,141)**	**(1,098)**	**(351)**	**(1,449)**
Balance at 31 December 2024	**27,070**	**38,557**	**1,422**	**39,979**

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STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

Group *In RM Mil*	*Attributable to shareholders of the Company*			
	Non-distributable			
	Share capital (Note 14)	**Foreign currency translation reserve (Note 15)**	**Merger reserve (Note 15)**	**Other reserves (Note 15)**
Balance at 1 January 2023	8,871	1,573	(204)	1,165
Foreign currency translation differences	-	1,622	-	-
Share of other comprehensive loss of equity-accounted associates and joint ventures	-	-	-	(23)
Remeasurement of defined benefit liability	-	-	-	(67)
Total other comprehensive income/(loss) for the year	-	1,622	-	(90)
Profit for the year	-	-	-	-
Total comprehensive income/(loss) for the year	-	1,622	-	(90)
Transfer from retained profits upon redemption of redeemable preference shares of a subsidiary	-	-	-	532
Changes in ownership interest in a subsidiary	-	-	-	(91)
Dividends to shareholders of the Company (Note 25)	-	-	-	-
Others	-	-	-	1
Total transactions with owners of the Group	-	-	-	442
Balance at 31 December 2023	8,871	3,195	(204)	1,517

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STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

Group *In RM Mil*	*Attributable to shareholders of the Company*			
	Distributable			
	Retained profits	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2023	27,673	39,078	655	39,733
Foreign currency translation differences	-	1,622	13	1,635
Share of other comprehensive loss of equity-accounted associates and joint ventures	-	(23)	-	(23)
Remeasurement of defined benefit liability	-	(67)	-	(67)
Total other comprehensive income/(loss) for the year	-	1,532	13	1,545
Profit for the year	1,696	1,696	54	1,750
Total comprehensive income/(loss) for the year	1,696	3,228	67	3,295
Transfer from retained profits upon redemption of redeemable preference shares of a subsidiary	(532)	-	(177)	(177)
Changes in ownership interest in a subsidiary	120	29	1,114	1,143
Dividends to shareholders of the Company (Note 25)	(1,920)	(1,920)	-	(1,920)
Others	(1)	-	-	-
Total transactions with owners of the Group	(2,333)	(1,891)	937	(954)
Balance at 31 December 2023	27,036	40,415	1,659	42,074

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STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

Company *In RM Mil*	*Attributable to shareholders of the Company*					
	Non-distributable				*Distributable*	
	Share capital (Note 14)	**Foreign currency translation reserve (Note 15)**	**Merger relief (Note 15)**	**Other reserves (Note 15)**	**Retained profits**	**Total equity**
Balance at 1 January 2024	**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 loss for the year	**-**	**57**	**-**	**-**	**(1,120)**	**(1,063)**
Dividends to shareholders of the Company (Note 25)	**-**	**-**	**-**	**-**	**(1,200)**	**(1,200)**
Balance at 31 December 2024	**8,871**	**100**	**7,176**	**(5)**	**8,269**	**24,411**
Balance at 1 January 2023	8,871	31	7,176	(5)	10,798	26,871
Foreign currency translation differences	-	12	-	-	-	12
Profit for the year	-	-	-	-	1,711	1,711
Total comprehensive income for the year	-	12	-	-	1,711	1,723
Dividends to shareholders of the Company (Note 25)	-	-	-	-	(1,920)	(1,920)
Balance at 31 December 2023	8,871	43	7,176	(5)	10,589	26,674

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

In RM Mil	Group 2024	Group 2023	Company 2024	Company 2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before taxation	**1,690**	2,110	**(1,065)**	1,774
Adjustments for:				
- amortisation of deferred income	**(87)**	(87)	**-**	-
- depreciation and amortisation	**2,288**	1,978	**203**	1
- dividend income	**-**	-	**(334)**	(1,923)
- financing costs	**260**	139	**154**	42
- finance income	**(595)**	(133)	**(595)**	(133)
- interest income	**(414)**	(386)	**(76)**	(57)
- impairment loss on property, plant and equipment	**-**	-	**227**	-
- share of loss/(profit) after tax of equity-accounted associates and joint ventures	**107**	(93)	**-**	-
- unrealised loss/(gain) on foreign exchange	**159**	(38)	**215**	(185)
- other non-cash items	**114**	331	**77**	(253)
Operating profit/(loss) before changes in working capital	**3,522**	3,821	**(1,194)**	(734)
Change in trade and other inventories	**(370)**	(332)	**(68)**	(218)
Change in trade and other receivables	**(786)**	165	**(42)**	129
Change in trade and other payables	**2,149**	1,502	**2,422**	1,147
Cash generated from operations	**4,515**	5,156	**1,118**	324
Interest income received	**414**	386	**76**	57
Taxation paid	**(303)**	(423)	**(60)**	(51)
Net cash generated from operating activities	**4,626**	5,119	**1,134**	330
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of a non-controlling interest	**(68)**	-	**-**	-
Adjustment on purchase consideration for acquisition of a subsidiary	**-**	2	**-**	-
Dividends received from:				
- subsidiaries	**-**	-	**262**	1,900
- joint venture	**72**	23	**72**	23
Investment in subsidiaries	**-**	-	**(649)**	(706)

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STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

In RM Mil	Note	Group 2024	Group 2023	Company 2024	Company 2023
CASH FLOWS FROM INVESTING ACTIVITIES (continued)					
Payment for acquisition of a subsidiary, net of cash acquired	3	**(19)**	-	**-**	-
Payment of earn out for a subsidiary		**(96)**	(231)	**-**	-
Proceeds from disposal of property, plant and equipment		**-**	3	**-**	-
Purchase of property, plant and equipment	3	**(2,452)**	(2,352)	**(138)**	(203)
Proceeds from partial disposal of investment in a joint venture		**4**	-	**4**	-
Redemption of preference shares in:					
- subsidiaries		**-**	-	**437**	532
- an associate and a joint venture		**124**	-	**124**	-
- non-controlling interest		**(60)**	(38)	**-**	-
Net cash (used in)/generated from investing activities		**(2,495)**	(2,593)	**112**	1,546
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid to:					
- PETRONAS	25	**(772)**	(1,236)	**(772)**	(1,236)
- others (third parties)	25	**(428)**	(684)	**(428)**	(684)
- non-controlling interests		**(34)**	-	**-**	-
Drawdown of:					
- term loans	26	**13**	-	**-**	-
- revolving credit	26	**4,452**	226	**-**	-
Payment of lease liabilities:					
- principal	26	**(166)**	(141)	**-**	-
- interest	26	**(79)**	(84)	**(10)**	(22)

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The notes set out on pages 21 to 102 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

		Group		Company	
In RM Mil	Note	2024	2023	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES (continued)					
Repayment of revolving credit	26	**(3,945)**	(1)	**-**	-
Repayment of term loans:					
- principal	26	**(157)**	(124)	**(140)**	(119)
- interest	26	**(150)**	(131)	**(61)**	(125)
Net cash used in financing activities		**(1,266)**	(2,175)	**(1,411)**	(2,186)
Net cash flows from operating, investing and financing activities		**865**	351	**(165)**	(310)
Effect of foreign currency translation differences		**(28)**	(172)	**(116)**	(148)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**837**	179	**(281)**	(458)
NET FOREIGN EXCHANGE DIFFERENCES ON CASH HELD		**(179)**	201	**-**	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**9,268**	8,888	**2,394**	2,852
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**9,926**	9,268	**2,113**	2,394
CASH AND CASH EQUIVALENTS					
Cash and bank balances	13	**9,931**	9,268	**2,113**	2,394
Bank overdrafts	17, 26	**(5)**	-	**-**	-
		9,926	9,268	**2,113**	2,394

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Total cash outflows for leases for the Group and the Company are disclosed in Note 21.

The notes set out on pages 21 to 102 are an integral part of these financial statements.

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 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.

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

As of 1 January 2024, the Group and the Company had adopted Amendments to MFRS Accounting Standards ("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. 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 21 February 2025.

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; and
(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

(i) 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 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.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (continued)

2.1 Basis of consolidation (continued)

(i) Subsidiaries (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.

(ii) 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.

Joint arrangement are 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 2.1 (iii).

(iii) 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.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (continued)

2.2 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 accumulated impairment losses, if any.

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 over the remaining land lease period, whichever is shorter.

Estimates in respect of certain items of property, plant and equipment were revised during the year (refer Note 3).

Following the revision of the estimated useful lives, below are the current and comparative estimated useful lives:

	2024	2023
Leasehold land	30 - 99 years	30 - 99 years
Buildings	3 - 60 years	3 - 60 years
Plant and equipment	3 - 59 years	3 - 66 years
Office equipment, furniture and fittings	3 - 20 years	3 - 20 years
Computer software and hardware	3 - 20 years	3 - 20 years
Motor vehicles	3 - 10 years	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.

2.3 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)

2.3 Leases (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 asset.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 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 presents 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 2.8).

2.4 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.

2.5 Intangible assets

(i) Goodwill

Goodwill arising from business combinations is initially measured at cost as described in Note 2.1 (i). 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.

(ii) 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.

(iii) 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)

2.5 Intangible assets (continued)

(iv) 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.

(v) Formulae

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

(vi) 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.

2.6 Financial instruments

(i) Financial assets

Recognition and derecognition

Regular way purchases or sales of financial assets (purchases or sales under a contract whose terms require delivery of financial assets within a time frame established by regulation or convention in the marketplace concerned) 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 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.

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

Fair value through profit or loss

All financial assets not classified as measured at amortised cost as described below 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 2.6 (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.

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 2.7.

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 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 2.8 (i).

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

(ii) Financial liabilities

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.

(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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

(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.

Interest rate benchmark reform

The Group and the Company have applied the practical expedients provided in the amendments to MFRS 9 *Financial Instruments*, MFRS 139 *Financial Instruments: Recognition and Measurement*, MFRS 7 *Financial Instruments: Disclosures,* MFRS 4 *Insurance Contracts* and MFRS 16 *Leases (Interest Rate Benchmark Reform – Phase 2)* upon transition from London Inter-Bank Offered Rate ("LIBOR") to Secured Overnight Financing Rate ("SOFR").

As at reporting date, the Group's and the Company's negotiated contracts for which alternative benchmark rate SOFR had been used to replace LIBOR resulted in economically equivalent position with no profit or loss impact upon initial transition.

2.7 Fair value measurement

Fair value of an asset or a liability, except for lease transaction, 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)

2.8 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 action 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.

2.9 Inventories

Inventories includes raw material costs, production overheads 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.

2.10 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, if any.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (continued)

2.11 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.

2.12 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.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (continued)

2.12 Taxation (continued)

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.

2.13 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.

2.14 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.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (continued)

2.15 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.

2.16 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 2.3.

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.

2.17 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 2024 *In RM Mil*	At 1.1.2024	Additions	Disposals/ Write-offs
At cost:			
Own use			
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)
Right-of-use			
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)

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 *In RM Mil*	#Acquisition of subsidiary	Transfers/ Adjustments	Translation exchange difference	At 31.12.2024
At cost:				
Own use				
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
Right-of-use				
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 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.

\# Relates to the acquisition of a new subsidiary via the Company's wholly-owned subsidiary, Perstorp AB with purchase consideration of RM19 million, net of cash acquired.

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2024 *In RM Mil*	**At 1.1.2024**	**Charge for the year**	**Disposals/ Write-offs**
Accumulated depreciation and impairment losses:			
Own use			
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)
Right-of-use			
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)

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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 *In RM Mil*	**Translation exchange difference**	**At 31.12.2024**
Accumulated depreciation and impairment losses:		
Own use		
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
Right-of-use		
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

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Included in the accumulated depreciation and impairment losses of property, plant and equipment are impairment losses carried forward of RM266 million (2023: RM266 million).

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2023 *In RM Mil*	At 1.1.2023	Additions	Disposals/ Write-offs
At cost:			
Own use			
Freehold land	167	-	-
Buildings	2,404	12	(11)
Plant and equipment	32,376	231	(220)
Office equipment, furniture and fittings	372	16	(3)
Computer software and hardware	533	11	(24)
Motor vehicles	33	-	-
Projects-in-progress	11,416	2,807	(6)
	47,301	3,077	(264)
Right-of-use			
Leasehold land	672	19	-
Buildings	181	9	(4)
Plant and equipment	1,213	34	(28)
Computer software and hardware	1	-	-
Motor vehicles	73	20	(7)
Vessels	166	288	-
	2,306	370	^^(39)
	49,607	3,447	(303)

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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 2023 *In RM Mil*	Effect upon finalisation of purchase price allocation	Transfers/ Adjustments	Translation exchange difference	At 31.12.2023
At cost:				
Own use				
Freehold land	14	-	16	197
Buildings	321	37	108	2,871
Plant and equipment	(399)	1,115	397	33,500
Office equipment, furniture and fittings	-	(165)	3	223
Computer software and hardware	-	31	20	571
Motor vehicles	-	-	-	33
Projects-in-progress	-	(1,159)	494	13,552
	(64)	(141)	1,038	50,947
Right-of-use				
Leasehold land	-	15	7	713
Buildings	-	9	12	207
Plant and equipment	-	19	51	1,289
Computer software and hardware	-	-	-	1
Motor vehicles	-	1	2	89
Vessels	-	-	9	463
	-	44	81	2,762
	(64)	##(97)	1,119	53,709

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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 contracts as well as transfer of property, plant and equipment to inventory.

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2023 *In RM Mil*	At 1.1.2023	Charge for the year	Disposals/ Write-offs
Accumulated depreciation and impairment losses:			
Own use			
Buildings	904	106	(4)
Plant and equipment	20,447	1,600	(196)
Office equipment, furniture and fittings	272	(123)	(2)
Computer software and hardware	347	54	(25)
Motor vehicles	31	1	-
	22,001	1,638	(227)
Right-of-use			
Leasehold land	168	13	-
Buildings	22	25	(3)
Plant and equipment	155	57	(15)
Motor vehicles	25	17	(6)
Vessels	23	85	-
	393	197	***(24)
	22,394	1,835	(251)

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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 2023 *In RM Mil*	Translation exchange difference	At 31.12.2023
Accumulated depreciation and impairment losses:		
Own use		
Buildings	35	1,041
Plant and equipment	230	22,081
Office equipment, furniture and fittings	1	148
Computer software and hardware	13	389
Motor vehicles	-	32
	279	23,691
Right-of-use		
Leasehold land	1	182
Buildings	4	48
Plant and equipment	7	204
Motor vehicles	1	37
Vessels	2	110
	15	581
	294	24,272

continued from previous page

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Company 2024 *In RM'000*	At 1.1.2024	Additions
At cost:		
Own use		
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
Right-of-use		
Leasehold land	191,279	-
Buildings	62,166	-
Plant and equipment	827,193	62,417
	1,080,638	62,417
	9,722,730	285,055

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In RM'000	At 1.1.2024	Charge for the year	Transfers/ Adjustments
Accumulated depreciation and impairment losses:			
Own use			
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)
Right-of-use			
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)

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NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Company 2024 *In RM'000*	Transfers/ Adjustments	Translation exchange difference	At 31.12.2024
At cost:			
Own use			
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
Right-of-use			
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

In RM'000	Impairment loss	Translation exchange difference	At 31.12.2024
Accumulated depreciation and impairment losses:			
Own use			
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
Right-of-use			
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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* 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 2023 *In RM'000*	At 1.1.2023	Additions	Disposals/ Write-offs	Transfers/ Adjustments	Translation exchange difference	At 31.12.2023
At cost:						
Own use						
Office equipment, furniture and fittings	725	41	(6)	(13)	-	747
Computer software and hardware	17,503	49	(265)	-	(2)	17,285
Projects-in-progress	7,546,711	747,259	-	-	330,090	8,624,060
	7,564,939	747,349	(271)	(13)	330,088	8,642,092
Right-of-use						
Leasehold land	186,392	-	-	-	4,887	191,279
Buildings	59,672	-	-	-	2,494	62,166
Plant and equipment	794,068	-	-	-	33,125	827,193
	1,040,132	-	-	-	40,506	1,080,638
	8,605,071	747,349	(271)	^(13)	370,594	9,722,730

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In RM'000	At 1.1.2023	Charge for the year	Disposals/ Write-offs	Translation exchange difference	At 31.12.2023
Accumulated depreciation:					
Own use					
Office equipment, furniture and fittings	629	34	(2)	-	661
Computer software and hardware	16,835	557	(186)	2	17,208
	17,464	591	(188)	2	17,869
Right-of-use					
Leasehold land	8,188	2,118	-	342	10,648
Buildings	2,375	1,176	-	99	3,650
Plant and equipment	55,710	15,128	-	2,328	73,166
	66,273	18,422	-	2,769	87,464
	83,737	19,013	(188)	2,771	105,333

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^ Relates to transfers from property, plant and equipment to consumable assets.

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (continued)

	Group	
In RM Mil	**2024**	**2023**
Carrying amount		
Own use		
Freehold land	**199**	197
Buildings	**1,668**	1,830
Plant and equipment	**19,480**	11,419
Office equipment, furniture and fittings	**29**	75
Computer software and hardware	**179**	182
Motor vehicles	**-**	1
Projects-in-progress	**5,783**	13,552
	27,338	27,256
Right-of-use		
Leasehold lands	**538**	531
Buildings	**149**	159
Plant and equipment	**1,019**	1,085
Computer software and hardware	**-**	1
Motor vehicles	**38**	52
Vessels	**256**	353
	2,000	2,181
	29,338	29,437

	Company	
In RM'000	**2024**	**2023**
Carrying amount		
Own use		
Plant and equipment	**8,253,147**	-
Office equipment, furniture and fittings	**3,062**	86
Computer software and hardware	**50**	77
Projects-in-progress	**25,011**	8,624,060
	8,281,270	8,624,223
Right-of-use		
Leasehold lands	**100,821**	180,631
Buildings	**40,006**	58,516
Plant and equipment	**640,462**	754,027
	781,289	993,174
	9,062,559	9,617,397

For the Group and the Company, the land lease right amounting to RM101 million (2023: RM111 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:

		Group		Company	
In RM Mil	**Note**	**2024**	**2023**	**2024**	**2023**
Interest on borrowings	22	**70**	142	**70**	142
Interest on lease liabilities	22	**87**	105	**38**	76
Depreciation of right-of-use assets		**(12)**	29	**6**	18
Amortisation of transaction cost	22	**4**	8	**4**	8
		149	284	**118**	244

The capitalisation rates used to determine the amount of the borrowing cost eligible for capitalisation for the Group and the Company are 3.01% (2023: 5.11%) and 3.10% (2023: 6.17%) per annum respectively.

As a lessee

Right-of-use assets

Depreciation of right-of-use assets

	Group		Company	
In RM Mil	**2024**	**2023**	**2024**	**2023**
Capitalised in property, plant and equipment	**(12)**	29	**6**	18
Recognised in profit or loss	**201**	168	**11**	-
Total depreciation	**189**	197	**17**	18

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 year, the Group and the Company 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 RM2,828 million (2023: RM3,077 million) and RM223 million (2023: RM747 million) respectively. Reconciliation of the acquisition cost in the property, plant and equipment and Statements of Cash Flows is as follows:

	Group		Company	
In RM Mil	**2024**	**2023**	**2024**	**2023**
Addition of property, plant and equipment excluding right-of-use assets	**2,828**	3,077	**223**	747
Adjustment for non-cash items:				
Accruals movement	**(250)**	(458)	**40**	(300)
Interest on borrowings capitalised	**(70)**	(142)	**(70)**	(142)
Interest on lease liabilities capitalised	**(87)**	(105)	**(38)**	(76)
Depreciation on right-of-use assets capitalised	**12**	(29)	**(6)**	(18)
Others	**19**	9	**(10)**	(8)
Purchase of property, plant and equipment	**2,452**	2,352	**139**	203

Impairment review of property, plant and equipment

The prices of petrochemical 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 a joint operation entity of the Group and the Company.

The carrying amount of the property, plant and equipment of the joint operation entity prior to the impairment was RM9,196 million for the Group and RM9,287 million for the Company. For impairment testing purposes, the respective carrying amounts of property, plant and equipment were compared with their recoverable amount. The impairment assessment at the Group and the Company were based on different cash-generating units ("CGUs"). The recoverable amount for the Group and the Company were RM10,428 million and 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 RM227 million. After the impairment, the carrying amount of the property, plant and equipment of the joint operation entity for the Company is RM9,060 million.

NOTES TO THE FINANCIAL STATEMENTS

3 PROPERTY, PLANT AND EQUIPMENT (continued)

Key assumptions and sensitivity

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 49 years (2023: 50 years). The key assumptions applied in the impairment testing were as follows:

- 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 USD650 to USD2,100 (2023: USD750 to USD2,000) per metric ton; and
- A discount rate of 9.0% (2023: 9.5%) was applied to determine the recoverable amount of the assets.

The above estimates are sensitive in the following areas:

Group

(i) An increase of 0.5 percentage point in discount rate used would have reduced the recoverable amount by approximately RM767 million (2023: RM903 million); and

(ii) An increase of 0.5 percentage point in feedstock price would have reduced the recoverable amount by approximately RM57 million (2023: RM101 million).

Company

(i) An increase of 0.5 percentage point in discount rate used would have reduced the recoverable amount by approximately RM690 million (2023: RM829 million); and

(ii) An increase of 0.5 percentage point in feedstock price would have reduced the recoverable amount by approximately RM56 million (2023: RM100 million).

4. INVESTMENTS IN SUBSIDIARIES

	Company	
In RM Mil	**2024**	**2023**
Investments at cost	**19,648**	19,436
Less: Impairment losses	**(640)**	(640)
	19,008	18,796

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.

5. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	Group		Company	
In RM Mil	**2024**	**2023**	**2024**	**2023**
Investments at cost	**1,164**	1,315	**1,257**	1,408
Share of post-acquisition profit or loss and reserves	**175**	395	**-**	-
	1,339	1,710	**1,257**	1,408

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.

NOTES TO THE FINANCIAL STATEMENTS

6. INTANGIBLE ASSETS

Group 2024 *In RM Mil*	At 1.1.2024	Addition	Translation exchange difference	At 31.12.2024
At cost:				
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**
Others	**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
Accumulated amortisation:				
Trademarks	**3**	**2**	**(1)**	**4**
Customer relations	**124**	**76**	**(42)**	**158**
Know-how and patents	**121**	**69**	**(57)**	**133**
Formulae	**116**	**27**	**(12)**	**131**
Others	**29**	**5**	**(4)**	**30**
	393	**179**	**(116)**	**456**

Group 2023 *In RM Mil*	At 1.1.2023	Addition	Effect upon finalisation of purchase price allocation	Translation exchange difference	At 31.12.2023
At cost:					
Goodwill	3,014	-	58	460	3,532
Trademarks	2,245	-	(2)	206	2,449
Customer relations	1,925	-	(38)	189	2,076
Know-how and patents	1,710	1	1	183	1,895
Formulae	507	-	-	41	548
Others	113	22	-	11	146
	9,514	23	19	1,090	10,646

Group 2023 *In RM Mil*	At 1.1.2023	Charge for the year	Translation exchange difference	At 31.12.2023
Accumulated amortisation:				
Trademarks	-	2	1	3
Customer relations	27	71	26	124
Know-how and patents	17	69	35	121
Formulae	83	26	7	116
Others	23	4	2	29
	150	172	71	393

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NOTES TO THE FINANCIAL STATEMENTS

6. INTANGIBLE ASSETS (continued)

Group *In RM Mil*	Carrying amount 2024	Carrying amount 2023
Goodwill	**3,106**	3,532
Trademarks	**2,143**	2,446
Customer relations	**1,644**	1,952
Know-how and patents	**1,493**	1,774
Formulae	**368**	432
Others	**144**	117
	8,898	10,253

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Impairment review of goodwill and intangible asset with indefinite useful life

For the purpose of impairment testing, goodwill and intangible asset 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.

Group *In RM Mil*	Carrying amount 2024	Carrying amount 2023
Silicone and Lubricant Additives Chemicals CGU	**227**	249
Advanced Chemicals & Solutions and Animal Nutrition CGU	**5,022**	5,729
	5,249	5,978

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 10 years. For the period thereafter, a terminal value was calculated using perpetuity growth rate of 2.0% (2023: 2.1%) based on external macroeconomics. The future cash flow was discounted using discount rate at about 8.4% (2023: 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 RM149 million (2023: RM163 million); and

(ii) A decrease of 0.5 percentage point in perpetuity growth rate used would have reduced the recoverable amount by approximately RM89 million (2023: RM98 million).

NOTES TO THE FINANCIAL STATEMENTS

6. INTANGIBLE ASSETS (continued)

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

Advanced Chemicals & Solutions and Animal Nutrition CGU

In performing the impairment assessment for goodwill and intangible asset 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 2.0% (2023: 2.0%) based on external macroeconomics. The future cash flow was discounted using discount rate at about 7.9% (2023: 8.6%).

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 0.6 percentage point in discount rate used would have reduced the recoverable amount by approximately RM2,002 million (2023: RM1,360 million).

(ii) A decrease of 0.5 percentage point in perpetuity growth rate used would have reduced the recoverable amount by approximately RM982 million (2023: RM932 million).

7. LONG TERM RECEIVABLES

		Group		Company	
In RM Mil	Note	2024	2023	2024	2023
Trade receivable	7.1	**16**	22	**-**	-
Other receivables and prepayments	7.2	**935**	1,005	**900**	958
		951	1,027	**900**	958

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 year, the subsidiary has remeasured these balances based on the extended timing for payments, which resulted in a remeasurement loss amounting to RM6 million (2023: Nil) 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 previous year.

NOTES TO THE FINANCIAL STATEMENTS

8. RETIREMENT BENEFITS

	Group	
In RM Mil	2024	2023
Net defined benefit liability		
Defined benefit obligations (funded/unfunded)	**324**	365
Salary taxes, defined benefit obligation	**3**	3
Fair value of plan assets	**(195)**	(205)
Salary taxes, direct pension	**20**	21
	152	184

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.

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 RM9,076,000 (2023: RM8,229,000) in contributions to its defined benefit plans in 2025.

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	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
In RM Mil	2024	2023	2024	2023	2024	2023
Balance as at 1 January	**389**	350	**(205)**	(196)	**184**	154
Included in profit or loss						
Current service cost	**8**	8	**-**	-	**8**	8
Expected return on plan assets	**-**	-	**9**	5	**9**	5
Fees from employer	**-**	-	**(7)**	(6)	**(7)**	(6)
Disbursement	**(17)**	(17)	**9**	10	**(8)**	(7)
Translation effects	**(28)**	18	**9**	(8)	**(19)**	10
Interest cost/(income)	**15**	15	**(10)**	(10)	**5**	5
Salary taxes, defined benefit obligation	**3**	3	**-**	-	**3**	3
Salary taxes, direct pension	**1**	1	**-**	-	**1**	1
Others	**(19)**	(56)	**-**	-	**(19)**	(56)
	(37)	(28)	**10**	(9)	**(27)**	(37)
Included in other comprehensive income						
Actuarial (profit)/loss	**(5)**	67	**-**	-	**(5)**	67
Balance as at 31 December	**347**	389	**(195)**	(205)	**152**	184

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

8. RETIREMENT BENEFITS (continued)

Movement in net defined liability (continued)

Plan assets

The plan assets relates primarily to a subsidiary in the USA, of which 76% (2023: 85%) are invested in debt securities, 20% (2023: 10%) in equity and 4% (2023: 5%) in cash and cash equivalents.

Defined benefit obligation

Actuarial assumptions

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

	Group	
	2024	2023
Discount rate	4.2%	4.3%
Future salary growth	3.1%	3.9%
Anticipated return on plan assets	4.7%	4.7%
Anticipated average remaining employment term, year	10.8	11.1

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	
	2024	2023	2024	2023
Property, plant and equipment	10	27	(2,542)	(2,601)
Intangible assets	-	-	(979)	(1,205)
Lease liabilities	36	28	-	-
Unused tax losses	477	546	-	-
Unabsorbed capital allowances	18	189	-	-
Unused reinvestment allowances	-	6	-	-
Unused investment tax allowances	1,448	1,482	-	-
Provision for decommissioning activities	45	32	-	-
Others	123	91	(202)	(220)
Tax assets/(liabilities)	2,157	2,401	(3,723)	(4,026)
Set off tax	(1,525)	(1,655)	1,525	1,655
Net tax assets/(liabilities)	632	746	(2,198)	(2,371)

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9. DEFERRED TAX (continued)

Recognised deferred tax assets/(liabilities) (continued)

Deferred tax assets and liabilities are attributable to the following: (continued)

Group *In RM Mil*	Net	
	2024	2023
Property, plant and equipment	(2,532)	(2,574)
Intangible assets	(979)	(1,205)
Lease liabilities	36	28
Unused tax losses	477	546
Unabsorbed capital allowances	18	189
Unused reinvestment allowances	-	6
Unused investment tax allowances	1,448	1,482
Provision for decommissioning activities	45	32
Others	(79)	(129)
Net tax liabilities	(1,566)	(1,625)

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

Group 2024 *In RM Mil*	At 1.1.2024	(Charged)/ Credited to profit or loss (Note 23)	Translation exchange difference	At 31.12.2024
Deferred tax assets				
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
Deferred tax liabilities				
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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NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

9 DEFERRED TAX (continued)

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

Group 2023 *In RM Mil*	At 1.1.2023	(Charged)/ Credited to profit or loss (Note 23)	Effect upon finalisation of purchase price allocation	Translation exchange difference	At 31.12.2023
Deferred tax assets					
Property, plant and equipment	22	5	-	-	27
Lease liabilities	31	(3)	-	-	28
Unused tax losses	393	118	-	35	546
Unabsorbed capital allowances	367	(178)	-	-	189
Unused reinvestment allowances	6	-	-	-	6
Unused investment tax allowances	1,545	(63)	-	-	1,482
Provision for decommissioning activities	25	7	-	-	32
Others	95	(16)	-	12	91
	2,484	(130)	-	47	2,401
Deferred tax liabilities					
Property, plant and equipment	(2,664)	67	30	(34)	(2,601)
Intangible assets	(1,138)	49	33	(149)	(1,205)
Others	(248)	7	11	10	(220)
	(4,050)	123	74	(173)	(4,026)
	(1,566)	(7)	74	(126)	(1,625)

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

Unrecognised deferred tax assets

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

In RM Mil	Group 2024	Group 2023	Company 2024	Company 2023
Unused tax losses	**5,280**	3,940	**4,180**	2,813

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 (2023: 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.

10. TRADE AND OTHER INVENTORIES

In RM Mil	Group 2024	Group 2023	Company 2024	Company 2023
Petrochemical products				
- Raw materials	**61**	49	**-**	-
- Finished goods	**1,081**	900	**172**	178
Specialties products	**1,163**	1,137	**-**	-
Stores, spares and others	**1,781**	1,681	**262**	249
	4,086	3,767	**434**	427
Recognised in profit or loss:				
Inventories recognised as cost of revenue	**25,793**	23,772	**1,611**	1,440
Write-down to net realisable value	**265**	137	**47**	58
Reversal of write-down to net realisable value	**(140)**	(63)	**-**	(13)
Inventories written off	**2**	4	**-**	-

11 TRADE AND OTHER RECEIVABLES

In RM Mil	Note	Group 2024	Group 2023	Company 2024	Company 2023
Trade receivables		**3,011**	2,355	**62**	10
Other receivables, refundable deposits and prepayments		**1,407**	1,200	**87**	132
Amount due from subsidiaries					
- Non-trade		**-**	-	**31**	214
Amounts due from associates and joint ventures					
- Trade		**127**	190	**-**	-
- Non-trade		**1**	3	**2**	2
Amount due from related companies					
- Trade		**149**	93	**106**	-
- Non-trade		**6**	4	**1**	4
Derivative assets	12	**4**	12	**-**	-
		4,705	3,857	**289**	362

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

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

12. DERIVATIVE ASSETS/(LIABILITIES)

In RM Mil	Note	Group 2024	Group 2023
Derivative asset			
Current			
Forward foreign exchange contracts		**4**	12
Included within:			
Trade and other receivables	11	**4**	12
Derivative liability			
Current			
Forward foreign exchange contracts		**(6)**	(13)
Included within:			
Trade and other payables	19	**(6)**	(13)

In the normal course of business, the Group and the Company enter into derivative financial instruments to manage its 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.

13. CASH AND CASH EQUIVALENTS

In RM Mil	Group 2024	Group 2023	Company 2024	Company 2023
Cash with PETRONAS Integrated Financial Shared Services Centre ("IFSSC")				
- Conventional	**6,893**	6,543	**507**	490
- Islamic	**1,734**	1,778	**872**	1,778
Cash and bank balances	**1,304**	947	**734**	126
	9,931	9,268	**2,113**	2,394

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 RM9,854 million (2023: RM9,001 million) and RM2,113 million (2023: RM2,394 million) respectively.

14. SHARE CAPITAL

In RM Mil	Group and Company 2024	Group and Company 2023
Issued and fully paid:		
8,000,000,000 ordinary shares with no par value	**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.

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 2024	Group 2023	Company 2024	Company 2023
Non-current				
Term loans - secured	**1,396**	1,570	**1,396**	1,570
Term loans - unsecured	**740**	903	**737**	742
Revolving credit - unsecured	**283**	-	**-**	-
	2,419	2,473	**2,133**	2,312
Current				
Term loans - secured	**134**	141	**134**	141
Term loans - unsecured	**156**	17	**-**	-
Revolving credit - unsecured	**500**	342	**-**	-
Bank overdraft - unsecured	**5**	-	**-**	-
	795	500	**134**	141
	3,214	2,973	**2,267**	2,453

NOTES TO THE FINANCIAL STATEMENTS

17. BORROWINGS (continued)

In Mil		Group 2024	Group 2023	Company 2024	Company 2023
Secured term loans	**Denominated currency**				
Term loans	USD	**343**	372	**343**	372

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 synthetic USD LIBOR ranging from 0.80% to 1.74% (2023: 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:

(i) 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;

(ii) 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

(iii) Charge over ordinary shares and the land lease rights of the said joint operation entity.

As per the integrated borrowing structure, the ultimate holding company has provided a project completion guarantee to the lenders, via a Debt Service Undertaking ("DSU") for a Guaranteed Project Completion Date ("Guaranteed PCD") on 31 December 2023.

During the financial year, the Guaranteed PCD has been extended from 31 December 2023 to 31 December 2025.

In Mil		Group 2024	Group 2023	Company 2024	Company 2023
Unsecured term loans, revolving credit and bank overdraft	**Denominated currency**				
Term loan	USD	**165**	161	**165**	161
Term loan	EUR	**32**	33	**-**	-
Term loan	CNY	**20**	20	**-**	-
Revolving credit	SEK	**1,500**	525	**-**	-
Revolving credit	USD	**38**	-	**-**	-
Revolving credit	EUR	**2**	-	**-**	-
Revolving credit	RM	**-**	100	**-**	-
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% (2023: 2.38% to 4.18%) per annum and is repayable between 2027 to 2029.

There are two EUR unsecured term loans which bear interest rate of 0.71% (2023: 0.71%) and interest margin above Euro Interbank Offered Rate ("EURIBOR") of 0.85% (2023: 0.85%) per annum respectively. These loans are repayable on various dates between 2025 and 2027 respectively.

There are two CNY term loans which bear interest rates of 3.05% (2023: 3.85%) and 3.60% (2023: 4.10%) per annum respectively.

The SEK unsecured revolving credit bear interests ranging from 3.39% to 3.69% (2023: 4.8% to 5.1%) per annum.

The USD unsecured revolving credit bear interests ranging from 5.23% to 6.20% per annum.

The EUR unsecured revolving credits bear interest rate of 3.83% per annum.

The RM unsecured revolving credit in prior year bore interest margin of 0.70% above Kuala Lumpur Interbank Offered Rate ("KLIBOR") for the first RM30 million and 0.90% above KLIBOR for the remaining outstanding amount of the facility.

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

NOTES TO THE FINANCIAL STATEMENTS

18. PROVISIONS AND OTHER LONG TERM LIABILITIES

18.1 Provisions

In RM Mil	Note	Group 2024	Group 2023	Company 2024	Company 2023
Non-current		**303**	299	**124**	110
Current	19	**100**	254	**6**	2
		403	553	**130**	112

The movements of provisions are as follows:

In RM Mil	Group	Company
At 1 January 2024	**553**	**112**
Provisions made	**46**	**11**
Provisions utilised	**(207)**	**-**
Unwinding of discount	**15**	**4**
Translation exchange difference	**(4)**	**3**
At 31 December 2024	**403**	**130**

During the year, the Group and the Company revised the provisions for its estimated future costs of decommissioning of plant and equipment resulting from increase in discount rate of RM4 million (2023: increase of RM38 million) coupled with a decrease in the provision resulting from other changes in estimated cash flows of RM26 million (2023: increase of RM2 million).

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 11 years (2023: 12 years) using discount rate of 3.8% (2023: 3.9%).

(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 has been made based on present value of estimated decommissioning amount using discount rates ranging from 3.8% to 4.2% (2023: 3.9% to 4.3%).

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 RM34 million (2023: RM22 million) as at 31 December 2024 has been made based on present value of estimated funding requirements for decommissioning costs over a period of 12 years (2023: 12 years) using a discount rate of 9.2% (2023: 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 (2023: RM88 million) as at 31 December 2024 has been made based on present value of estimated decommissioning amount using a discount rate of 4.0% (2023: 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 2.2. 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

		Group		Company	
In RM Mil	Note	2024	2023	2024	2023
Deferred income	i	**995**	1,081	**-**	-
Trade payables	ii	**745**	692	**745**	692
Other payables		**61**	58	**-**	-
		1,801	1,831	**745**	692

(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 RM1,651 million (2023: RM1,161 million), which resulted in an adjustment of timing for payments of the balances. The trade payables were fair valued on initial measurement and is subjected to periodic accretion of interest expense over the period of the arrangement. During the year, the joint operation entity has remeasured these balances based on the extended timing for payments, which resulted in a remeasurement gain amounting to RM553 million (2023: RM114 million) being recognised in the profit or loss.

19. TRADE AND OTHER PAYABLES

		Group		Company	
In RM Mil	Note	2024	2023	2024	2023
Trade payables		**977**	744	**-**	-
Other payables	19.1	**3,217**	2,920	**360**	414
Amount due to holding company	19.2				
- Trade		**270**	286	**-**	-
- Non-trade		**259**	144	**36**	35
Amount due to subsidiaries	19.2				
- Non-trade		**-**	-	**2**	337
Amount due to related companies	19.2				
- Trade		**4,964**	3,437	**3,924**	1,770
- Non-trade		**239**	238	**82**	319
Amounts due to associates and joint ventures	19.2				
- Trade		**21**	5	**-**	-
- Non-trade		**1**	1	**-**	-
Provisions	18.1, 19.3	**100**	254	**6**	2
Derivative liabilities	12	**6**	13	**-**	-
		10,054	8,042	**4,410**	2,877

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 (2023: RM87 million).

19.2 Trade amount is unsecured and under normal trade terms. Non-trade amount is unsecured and repayable on demand.

19.3 Included in provisions are earn out costs amounting to RM92 million (2023: RM246 million) arising from acquisition of a subsidiary in 2019.

NOTES TO THE FINANCIAL STATEMENTS

20. REVENUE

	Group		Company	
In RM Mil	2024	2023	2024	2023
Sales of petrochemical products	**24,068**	22,233	**1,507**	1,018
Sales of specialties products	**6,542**	6,385	**-**	-
Dividend income	**-**	-	**334**	1,923
Others	**61**	49	**-**	-
	30,671	28,667	**1,841**	2,941

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 51 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 PROFIT/(LOSS)

In RM Mil	Note	Group 2024	Group 2023	Company 2024	Company 2023
Included in operating profit/(loss) are the following charges:					
Auditors' remuneration*		**12**	10	**1**	1
Amortisation of intangible assets	6	**179**	172	**-**	-
Depreciation of property, plant and equipment	3	**2,109**	1,806	**197**	1
Expenses relating to short-term leases		**6**	6	**-**	-
Expenses relating to leases of low-value assets		**10**	12	**3**	2
Expenses relating to variable lease payments not included in the measurement of lease liabilities		**1**	2	**-**	-
Inventories:	10				
- net write-down to net realisable value		**125**	74	**47**	45
- written off		**2**	4	**-**	-
Net loss on foreign exchange		**160**	-	**217**	-
Write-off of investment in a joint venture		**24**	-	**24**	-
Loss of remeasurement of financial asset	7	**6**	-	**-**	-
Impairment of property, plant and equipment	3	**-**	-	**227**	-
Staff costs:					
- contribution to pension funds		**170**	154	**39**	28
- wages, salaries and others		**2,456**	2,222	**316**	215
and credits:					
Amortisation of deferred income		**87**	87	**-**	-
Dividend income					
- subsidiaries		**-**	-	**262**	1,900
- associates and joint ventures		**-**	-	**72**	23
Net gain on foreign exchange		**-**	70	**-**	186
Interest income		**414**	386	**76**	57
Finance income		**595**	133	**595**	133
Gain on divestment of subsidiary		**-**	-	**-**	262
Management fee		**-**	-	**93**	76
Adjustment on defined benefit plan	8	**27**	37	**-**	-

* The auditors' remuneration includes the following:

In RM'000	Group 2024	Group 2023	Company 2024	Company 2023
Audit fees				
- KPMG PLT	**1,996**	1,758	**615**	493
- Member firms of KPMG International Limited	**409**	385	**-**	-
- Other auditors	**8,407**	7,451	**-**	29
Non audit service fees				
- KPMG PLT	**274**	411	**270**	391
- Member firms of KPMG International Limited	**519**	55	**-**	-
	11,605	10,060	**885**	913

22. FINANCING COSTS

In RM Mil	Group 2024	Group 2023	Company 2024	Company 2023
Recognised in profit or loss:				
Interest expense on lease liabilities	**75**	37	**38**	-
Unwinding of discount factor for provisions and other long term liabilities	**78**	56	**53**	38
Interest expense on borrowings	**89**	7	**59**	-
Other finance cost	**18**	39	**4**	4
	260	139	**154**	42
Capitalised into qualifying assets:				
Interest expense on lease liabilities	**87**	105	**38**	76
Interest expense on borrowings	**70**	142	**70**	142
Amortisation of transaction cost	**4**	8	**4**	8
	161	255	**112**	226
	421	394	**266**	268

23. TAX EXPENSE

In RM Mil	Group 2024	Group 2023	Company 2024	Company 2023
Current tax expenses				
Current year	**294**	365	**51**	64
Under/(Over) provision in prior year	**7**	(12)	**4**	(1)
	301	353	**55**	63
Deferred tax expenses/(credit)				
Origination and reversal of temporary differences	**102**	(14)	**-**	-
(Over)/Under provision in prior year	**(2)**	21	**-**	-
	100	7	**-**	-
	401	360	**55**	63

23. TAX EXPENSE (continued)

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*	**%**	**2024**	**%**	**2023**
Profit before taxation		**1,690**		2,110
Taxation at Malaysian statutory tax rate	**24**	**406**	24	506
Non-deductible expenses, net of non-assessable income	**6**	**108**	8	176
Effects of income subject to different tax rates	**-**	**(7)**	1	13
Tax exempt income and incentives	**(1)**	**(12)**	(1)	(13)
Effect of lower tax rate under Global Incentive for Trading (GIFT)	**(24)**	**(406)**	(17)	(372)
Effect of net deferred tax benefits not recognised	**21**	**350**	5	105
Effect of deferred tax benefits previously not recognised	**(1)**	**(16)**	-	-
Effect from share of loss/(profit) from associates and joint ventures	**2**	**27**	(1)	(21)
Others	**(3)**	**(54)**	(2)	(43)
	24	**396**	17	351
Under provision in prior years		**5**		9
Tax expense		**401**		360

Company *In RM Mil*	**%**	**2024**	**%**	**2023**
(Loss)/Profit before taxation		**(1,065)**		1,774
Taxation at Malaysian statutory tax rate	**(24)**	**(256)**	24	426
Non-deductible expenses/(non-assessable income), net	**10**	**108**	(3)	(52)
Tax exempt income	**(12)**	**(129)**	(23)	(408)
Effect of deferred tax benefits not recognised	**31**	**328**	6	98
	5	**51**	4	64
Under/(Over) provision in prior years		**4**		(1)
Tax expense		**55**		63

Global minimum top-up tax

On 2 June 2023, the MASB has also issued the Amendments to MFRS 112 *Income Taxes International Tax Reform - Pillar Two Model Rules*. This pronouncement is effective from annual period beginning on or after 1 January 2023. On 29 December 2023, Pillar Two legislation has been enacted in Malaysia, which will 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 2024.

The Amendments to MFRS 112 introduce a mandatory temporary exception 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 2024, the Group and the Company have identified potential exposure to Pillar Two income taxes on several jurisdictions where effective tax rate is likely to be lower than 15%. The potential exposure is expected to come from the constituent entities in these jurisdictions. The exposure may also exist in other jurisdictions where the assessment is in progress.

The Group and the Company, however, do not expect a material exposure to Pillar Two income taxes in those jurisdictions.

24. BASIC EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

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

Group *In RM Mil*	**2024**	**2023**
Profit for the year attributable to shareholders	**1,175**	1,696
In millions of shares		
Number of shares issued at 31 December	**8,000**	8,000
In sen		
Basic earnings per ordinary share	**14.7**	21.2

Diluted earnings per ordinary share

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

25. DIVIDENDS

Company	**Sen per share**	**Total amount In RM Mil**	**Date of payment**
2024			
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	
2023			
Second interim dividend for financial year ended 31 December 2022	16	1,280	23 March 2023
First interim dividend for financial year ended 31 December 2023	8	640	21 September 2023
		1,920	

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 2024	**3**	**240**

The dividend will be recognised and accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2025.

NOTES TO THE FINANCIAL STATEMENTS

26. NET CASH USED IN FINANCING ACTIVITIES

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

Group 2024 *In RM Mil*	Borrowings (Note 17)	Lease liabilities
At 1.1.2024	**2,973**	**2,159**
Changes from financing cash flows		
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	-
Total changes from financing cash flows	**218**	**(245)**
Other changes		
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)
Total other changes	**23**	**184**
At 31.12.2024	**3,214**	**2,098**

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 2023 *In RM Mil*	Borrowings (Note 17)	Lease liabilities
At 1.1.2023	2,718	1,813
Changes from financing cash flows		
Repayment of term loans:		
- principal	(124)	-
- interests	(131)	-
Repayment of revolving credit	(1)	-
Payment of lease liabilities:		
- principal	-	(141)
- interests	-	(84)
Drawdown of revolving credit	226	-
Total changes from financing cash flows	(30)	(225)
Other changes		
Acquisition of new leases	-	370
Leases adjustments	-	44
Amortisation of transaction costs	8	-
Financing costs	149	142
Others	-	(48)
Effect of foreign currency translation difference	128	63
Total other changes	285	571
At 31.12.2023	2,973	2,159

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**
At 1.1.2024	**2,453**	**1,141**
Changes from financing cash flows		
Repayment of term loans:		
- principal	**(140)**	**-**
- interests	**(61)**	**-**
Payment of lease liabilities:		
- interests	**-**	**(10)**
Total changes from financing cash flows	**(201)**	**(10)**
Other changes		
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)**
Total other changes	**15**	**(33)**
At 31.12.2024	**2,267**	**1,098**

Company 2023 *In RM Mil*	**Borrowings (Note 17)**	**Lease liabilities**
At 1.1.2023	2,445	1,048
Changes from financing cash flows		
Repayment of term loans:		
- principal	(119)	-
- interests	(125)	-
Payment of lease liabilities:		
- interests	-	(22)
Total changes from financing cash flows	**(244)**	**(22)**
Other changes		
Financing costs	142	76
Amortisation of transaction costs	8	-
Effect of foreign currency translation difference	102	39
Total other changes	**252**	**115**
At 31.12.2023	**2,453**	**1,141**

NOTES TO THE FINANCIAL STATEMENTS

27. SUBSIDIARIES AND ACTIVITIES

Name of company	**Effective ownership interest and voting interest (%) 2024**	**2023**	**Country of incorporation**	**Principal activities**
Subsidiaries of the Company				
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.
PETRONAS Chemicals International Holdings Sdn. Bhd.	**100**	100	**Malaysia**	Investment holding company.
PETRONAS Chemicals Isononanol Sdn. Bhd.	**100**	100	**Malaysia**	The intended principal activity is to produce and sell processed chemicals and all petrochemicals and chemicals products. The Company has yet to commence operations during the financial year.
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.

NOTES TO THE FINANCIAL STATEMENTS

27. SUBSIDIARIES AND ACTIVITIES (continued)

Name of company	Effective ownership interest and voting interest (%) 2024	2023	Country of incorporation	Principal activities
Subsidiaries of the Company (continued)				
Polypropylene Malaysia Sdn. Bhd.	**100**	100	**Malaysia**	The Company had ceased operations and is currently engaged in investment holding activity.
Vinyl Chloride (Malaysia) Sdn. Bhd.	**100**	100	**Malaysia**	The Company had ceased operations 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.
Subsidiaries of PETRONAS Chemicals International Holdings Sdn. Bhd.				
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.
Subsidiaries of PETRONAS Chemicals International B.V.				
Da Vinci Group B.V.*	**100**	100	**Netherlands**	Investment holding company.
Perstorp Holding AB*	**100**	100	**Sweden**	Investment holding company.
Subsidiaries of Da Vinci Group B.V.				
BRB SIL Invest B.V.*	**100**	100	**Netherlands**	Real estate company.
BRB LAC Invest B.V.*	**100**	100	**Netherlands**	Real estate company.
Subsidiary of BRB SIL Invest B.V.				
BRB International B.V.*	**100**	100	**Netherlands**	Own-brand reselling, formulating and manufacturing of silicones.
Subsidiaries of BRB International B.V.				
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.

NOTES TO THE FINANCIAL STATEMENTS

27. SUBSIDIARIES AND ACTIVITIES (continued)

Name of company	Effective ownership interest and voting interest (%) 2024	2023	Country of incorporation	Principal activities
Subsidiaries of BRB International B.V. (continued)				
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, formulating and manufacturing 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.
Subsidiaries of BRB Singapore Pte. Ltd.				
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.
Subsidiary of BRB LAC Invest B.V.				
BRB Lube Oil Additives & Chemicals B.V.*	**100**	100	**Netherlands**	Own-brand reselling, formulating and manufacturing of lube oil additives and chemicals.
Subsidiaries of BRB Lube Oil Additives & Chemicals B.V.				
BRB LAC Singapore Pte. Ltd.*	**100**	100	**Singapore**	Own-brand reselling, formulating and manufacturing of lube oil additives and chemicals.
Viscotech Asia Pte. Ltd.*	**65**	65	**Singapore**	Own-brand reselling, formulating and manufacturing of lube oil additives and chemicals.
Subsidiary of Perstorp Holding AB				
Perstorp Financial Services AB*	**100**	100	**Sweden**	Investment and trading company.

NOTES TO THE FINANCIAL STATEMENTS

27. SUBSIDIARIES AND ACTIVITIES (continued)

Name of company	Effective ownership interest and voting interest (%) 2024	2023	Country of incorporation	Principal activities
Subsidiaries of Perstorp Financial Services AB				
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.
Subsidiaries of Perstorp AB				
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.
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**	The intended principal activity is manufactured pentaerythritol, di-pentaerythritol and calcium formate. The Company has yet to commence operations during the financial year.
Perstorp India Private Ltd.*	**100**	100	**India**	The company had ceased operation and remained dormant thereafter.

NOTES TO THE FINANCIAL STATEMENTS

27. SUBSIDIARIES AND ACTIVITIES (continued)

Name of company	Effective ownership interest and voting interest (%) 2024	2023	Country of incorporation	Principal activities
Subsidiaries of Perstorp AB (continued)				
Perstorp Equipment S.r.l.*	**100**	100	**Italy**	Production of chemical products.
Shandong Perstorp Chemical Co. Ltd. (formerly known as Shandong Fufeng Perstorp Chemical Co. Ltd.)*^	**100**	68.3	**China**	Production of chemical products.
Perstorp Kimya Sanayi Ve Ticaret Ltd. Sti.*	**100**	-	**Turkey**	Trading of chemical products.
Perstorp Chemicals (Malaysia) Sdn. Bhd.*	**100**	-	**Malaysia**	Trading of chemical products.
Perstorp East Asia Ltd.*	**100**	-	**Taiwan**	Trading of chemical products.
Perstorp Amsterdam B.V. (formerly known as OQ Chemicals Nederland B.V.)*^^	**100**	-	**Netherland**	Production of chemical products.
Subsidiaries of Perstorp Specialty Chemicals AB				
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.
Subsidiary of Perstorp Holding (U.S.) Inc.				
Perstorp Polyols Inc.*	**100**	100	**USA**	Manufacturing of trimethylolpropane, pentaerythritol and di-pentaerythritol and sodium formate.
Subsidiary of Perstorp Holding GmbH				
Perstorp Chemicals GmbH*	**100**	100	**Germany**	Manufacturing and distribution of pentaerythritol, calcium formate and formaldehyde.
Subsidiary of Perstorp Chemicals GmbH				
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.

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27. SUBSIDIARIES AND ACTIVITIES (continued)

Name of company	Effective ownership interest and voting interest (%) 2024	2023	Country of incorporation	Principal activities
Subsidiaries of Perstorp Holding B.V.				
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.
Subsidiaries of Perstorp Specialty Chemicals Holding B.V.				
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.
^ The Group has completed the acquisition of Shandong Perstorp Chemical Co. Ltd. non-controlling interest during the year. As a result, it becomes a wholly-owned subsidiary of the Group.
# Wholly-owned subsidiary of the Group as the remaining shareholding is also held by other subsidiary of the Company.
^^ Acquisition of a new subsidiary via the Company's wholly-owned subsidiary, Perstorp AB.

28. ASSOCIATES AND NATURE OF RELATIONSHIP

The Group includes the following associates:

Name of company	Effective ownership interest and voting interest (%) 2024	2023	Country of incorporation	Nature of relationship
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. During the financial year, the Company has commenced its operations.
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.

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29. JOINT VENTURES AND NATURE OF RELATIONSHIP

The Group includes the following joint ventures:

Name of company	Effective ownership interest and voting interest (%) 2024	2023	Country of incorporation	Nature of relationship
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**	50	**Malaysia**	Purchases highly purified ethylene oxide feedstock from the Group for production, marketing and sale of specialty ethoxylates and specialty polyether polyols. During the financial year, the Company has commenced its operations.
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.
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**	49	**Malaysia**	In liquidation.

30. INTEREST IN 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. PPC has commenced operation during the financial year.

31. CAPITAL COMMITMENTS

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

	Group		Company	
In RM Mil	**2024**	**2023**	**2024**	**2023**
Property, plant and equipment				
Approved and contracted for	**1,058**	80	**16**	-
Approved but not contracted for	**2,594**	3,329	**180**	252
	3,652	3,409	**196**	252
Lease contracts yet to commence				
Plant and equipment	**4**	51	**-**	51
	3,656	3,460	**196**	303

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.

(a) Key management personnel compensation

	Group and Company	
In RM'000	**2024**	**2023**
Directors remuneration:		
- Fees	**1,049**	1,208
- Benefits-in-kind	**18**	24
	1,067	1,232

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).

NOTES TO THE FINANCIAL STATEMENTS

32. RELATED PARTY DISCLOSURES (continued)

(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**	**2024**	**2023**
Ultimate holding company:			
PETRONAS			
Fees and benefits for representation on the Board of Directors	32.1	**(1)**	(1)
Reimbursement of key management personnel costs and benefits	32.2	**(16)**	(15)
Payroll charges		**(1,317)**	(1,213)
Information, communication and technology charges		**(174)**	(127)
Corporate services charges		**(91)**	(88)
Interest income from PETRONAS IFSSC		**384**	369
Project expenses		**(24)**	(22)
Insurance expenses		**(65)**	(57)
Purchase of processed gas and natural gas		**(1,661)**	(1,741)
Subsidiaries of PETRONAS:			
Pengerang Gas Solution Sdn. Bhd.			
Purchase of utilities		**(164)**	(149)
Pengerang Power Sdn. Bhd.			
Purchase of electricity and utilities		**(239)**	(295)
PETRONAS Carigali Sdn. Bhd.			
Purchase of processed gas and natural gas		**(75)**	(97)
PETRONAS Energy and Gas Trading Sdn. Bhd.			
Purchase of processed gas and natural gas		**(3,947)**	(4,055)
PETRONAS Gas Berhad			
Purchase of utilities, materials and supplies		**(1,521)**	(1,605)
PETRONAS Refinery & Petrochemical Corporation Sdn. Bhd.			
Project expenses		**(2)**	(15)
PETRONAS Technical Services Sdn. Bhd.			
Technical retainer fee		**(43)**	(51)
Plant change delivery		**(94)**	(73)
PETCO Trading Labuan Company Ltd.			
Purchase of heavy naphtha		**(2,597)**	(2,027)
Sale of petrochemical products		**1,095**	1,068
Purchase of marine diesel		**(6)**	(28)
PRPC Utilities and Facilities Sdn. Bhd.			
Purchase of utilities		**(258)**	(191)

NOTES TO THE FINANCIAL STATEMENTS

32. RELATED PARTY DISCLOSURES (continued)

(b) Significant transactions with related parties (continued)

Group *In RM Mil*	**2024**	**2023**
Joint ventures of PETRONAS:		
Pengerang Refining Company Sdn. Bhd.		
Project expenses	**-**	(111)
Sale of petrochemical products	**330**	146
Purchase of petrochemical products	**(1,543)**	(1,209)
Purchase of feedstock	**(1,493)**	(1,200)
Joint ventures and associates of the Group:		
BASF PETRONAS Chemicals Sdn. Bhd.		
Sale of petrochemical products	**1,196**	1,405
INEOS PCG Acetyls Sdn. Bhd.		
Sale of petrochemical products	**515**	575
Purchase of petrochemical products	**(47)**	(43)
Idemitsu SM (Malaysia) Sdn. Bhd.		
Sale of petrochemical products	**432**	290
Kertih Terminals Sdn. Bhd.		
Purchase of warehouse and transportation services	**(148)**	(97)
Government related entities:		
Pertubuhan Peladang Kebangsaan		
Sale of petrochemical products	**149**	249
Tenaga Nasional Berhad		
Purchase of electricity	**(159)**	(174)

NOTES TO THE FINANCIAL STATEMENTS

32. RELATED PARTY DISCLOSURES (continued)

(b) Significant transactions with related parties (continued)

Company *In RM'000*	**Note**	**2024**	**2023**
Ultimate holding company:			
PETRONAS			
Fees and benefits for representation on the Board of Directors	32.1	**(730)**	(754)
Reimbursement of key management personnel costs and benefits	32.2	**(2,086)**	(1,916)
Interest income from PETRONAS IFSSC		**66,219**	53,445
Payroll charges		**(258,169)**	(214,184)
Subsidiaries:			
PETRONAS Chemicals Ammonia Sdn. Bhd.			
Dividend income		**30,000**	-
PETRONAS Chemicals Ethylene Sdn. Bhd.			
Dividend income		**17,500**	-
PETRONAS Chemicals Fertiliser Sabah Sdn. Bhd.			
Redeemable preference shares		**437,250**	531,750
PETRONAS Chemicals LDPE Sdn. Bhd.			
Dividend income		**-**	23,800
PETRONAS Chemicals Marketing (Labuan) Ltd.			
Sales of petrochemical products		**1,577,352**	1,134,305
PETRONAS Chemicals International Holdings Sdn. Bhd.			
Dividend income		**-**	1,739,000
PETRONAS Chemicals Methanol Sdn. Bhd.			
Dividend income		**89,000**	-
PETRONAS Chemicals Olefins Sdn. Bhd.			
Dividend income		**-**	54,808
Kertih Port Sdn. Bhd.			
Dividend income		**55,200**	73,000
PETRONAS Chemicals MTBE Sdn. Bhd.			
Dividend income		**50,000**	-
PETRONAS Chemicals Polyethylene Sdn. Bhd.			
Dividend income		**20,000**	10,000
Subsidiaries of PETRONAS:			
Pengerang Gas Solution Sdn. Bhd.			
Purchase of utilities		**(138,646)**	(138,134)
Pengerang Power Sdn. Bhd.			
Purchase of electricity and utilities		**(184,736)**	(260,906)

NOTES TO THE FINANCIAL STATEMENTS

32. RELATED PARTY DISCLOSURES (continued)

(b) Significant transactions with related parties (continued)

Company *In RM'000*	**2024**	**2023**
Subsidiaries of PETRONAS (continued):		
PETRONAS Refinery & Petrochemical Corporation Sdn. Bhd.		
Project expenses	**(2,142)**	(14,658)
PRPC Utilities and Facilities Sdn. Bhd.		
Purchase of utilities	**(353,317)**	(303,904)
PETRONAS Technical Services Sdn. Bhd.		
Technical retainer fee	**(8,631)**	(11,873)
Joint ventures of PETRONAS:		
Pengerang Refining Company Sdn. Bhd.		
Project expenses	**(2,142)**	(110,779)
Purchase of feedstock	**(2,985,820)**	(2,399,031)
Pengerang Terminal (Two) Sdn. Bhd.		
Rendering of port services	**(2,410)**	(26,883)
Joint ventures and associates:		
Kertih Terminals Sdn. Bhd.		
Dividend income	**72,000**	22,800

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.

Information regarding outstanding balances arising from related party transactions as at 31 December 2024 are included in Notes 7, 11, 13, 18.2 and 19. Related party balances on lease liabilities are as follows:

	Group		**Company**	
In RM Mil	**2024**	**2023**	**2024**	**2023**
Subsidiaries of PETRONAS	**952**	986	**740**	805
Joint ventures of PETRONAS	**571**	525	**358**	336
	1,523	1,511	**1,098**	1,141

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

NOTES TO THE FINANCIAL STATEMENTS

33. OPERATING SEGMENTS

As at 31 December 2024, 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.

NOTES TO THE FINANCIAL STATEMENTS

33. OPERATING SEGMENTS (continued)

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.

Segment liabilities

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

2024 *In RM Mil*	**Olefins and Derivatives**	**Fertilisers and Methanol**	**Specialties**	**Others***	**Elimination and adjustment**	**Total**
Segment profit/(loss)	117	1,763	46	(637)	-	1,289
Included in the measure of segment profit are:						
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)
Segment assets	22,949	15,454	6,931	^16,597	(1,911)	60,020
Included in the measure of segment assets are:						
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.
^ Included under Others segment are goodwill on acquisition of subsidiaries in prior year and fair valuation upon finalisation of purchase price allocation amounting to RM8,906 million.

NOTES TO THE FINANCIAL STATEMENTS

33. OPERATING SEGMENTS (continued)

2023 *In RM Mil*	**Olefins and Derivatives**	**Fertilisers and Methanol**	**Specialties**	**Others#**	**Elimination and adjustment**	**Total**
Segment profit/(loss)	707	1,661	(198)	(420)	-	1,750
Included in the measure of segment profit are:						
Revenue from external customers	13,732	8,501	6,385	49	-	28,667
Inter-segment revenue	-	-	-	42	(42)	-
Depreciation and amortisation	(500)	(931)	(299)	(248)	-	(1,978)
Interest income	122	155	7	350	(248)	386
Financing costs	(56)	(31)	(45)	(7)	-	(139)
Share of profit of equity accounted associates and joint ventures	81	2	5	5	-	93
Tax (expense)/credit	(183)	(201)	84	(60)	-	(360)
Segment assets	20,904	15,183	7,011	**18,828	(1,720)	60,206
Included in the measure of segment assets are:						
Investments in associates and joint ventures	1,203	199	39	269	-	1,710
Additions to non-current assets other than financial instruments and deferred tax assets	1,729	1,170	490	36	-	3,425

\# Includes unallocated assets.
** Included under Others segment are goodwill on acquisition of subsidiaries in prior year and fair valuation upon finalisation of purchase price allocation amounting to RM10,386 million.

NOTES TO THE FINANCIAL STATEMENTS

33. OPERATING SEGMENTS (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 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**

Group 2023 *In RM Mil*	**Revenue**	**Non-current assets**
Malaysia	7,536	29,702
Asia:		
- China	3,544	61
- Indonesia	2,942	1
- Thailand	2,553	2
- Others	5,982	-
Sweden	289	8,135
Rest of the world	5,821	1,789
	28,667	39,690

Major customers

None of the customers individually contributes to more than 10% of the Group's revenue.

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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 2024 *In RM Mil*	**Note**	**AC**	**FVTPL**	**Total carrying amount**
Financial assets				
Long term receivables*		**919**	**-**	**919**
Trade and other receivables*		**3,817**	**4**	**3,821**
Cash and cash equivalents	**13**	**9,931**	**-**	**9,931**
		14,667	**4**	**14,671**
Financial liabilities				
Other long term liabilities*		**(760)**	**-**	**(760)**
Borrowings	**17**	**(3,214)**	**-**	**(3,214)**
Trade and other payables*		**(9,680)**	**(6)**	**(9,686)**
		(13,654)	**(6)**	**(13,660)**

Group 2023 *In RM Mil*	**Note**	**AC**	**FVTPL**	**Total carrying amount**
Financial assets				
Long term receivables*		983	-	983
Trade and other receivables*		2,777	12	2,789
Cash and cash equivalents	13	9,268	-	9,268
		13,028	12	13,040
Financial liabilities				
Other long term liabilities*		(709)	-	(709)
Borrowings	17	(2,973)	-	(2,973)
Trade and other payables*		(7,534)	(13)	(7,547)
		(11,216)	(13)	(11,229)

* These balances exclude non-financial instruments balances.

34. FINANCIAL INSTRUMENTS (continued)

Categories of financial instruments (continued)

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

Company 2023 *In RM Mil*	**Note**	**AC**	**Total carrying amount**
Financial assets			
Long term receivables	7	958	958
Trade and other receivables*		359	359
Cash and cash equivalents	13	2,394	2,394
		3,711	3,711
Financial liabilities			
Other long term liabilities*		(692)	(692)
Borrowings	17	(2,453)	(2,453)
Trade and other payables*		(2,877)	(2,877)
		(6,022)	(6,022)

* 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.

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.

34. FINANCIAL INSTRUMENTS (continued)

Financial risk management (continued)

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 its 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, credit quality and collateral

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.

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

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

(iii) Trade Receivables (continued)

Exposure to credit risk, credit quality and collateral

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:

	Group	
In RM Mil	**2024**	**2023**
Olefins and Derivatives	**780**	756
Fertilisers and Methanol	**1,784**	1,453
Specialties	**685**	383
Others	**568**	185
	3,817	2,777

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.

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

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

(iii) Trade Receivables (continued)

Recognition and measurement of impairment loss (continued)

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

In RM Mil	Group	
	2024	2023
At net		
Current	**3,168**	2,599
Past due 1 to 30 days	**122**	47
Past due 31 to 60 days	**7**	5
Past due 61 to 90 days	**3**	1
Past due more than 90 days	**3**	8
	3,303	2,660

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

Exposure to credit risk, credit quality and collateral

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 RM1,607 million (2023: RM1,798 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 RM13,673 million (2023: RM15,301 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.

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 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.

34. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

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 2024 In RM Mil	Carrying amount	Contractual interest/ discount rates per annum %	Contractual cash flows
Financial liabilities			
Borrowings	**3,214**	**4.59**	**3,857**
Lease liabilities	**2,098**	**7.72**	**4,904**
Other long term liabilities	**760**	**5.49**	**25,044**
Trade and other payables	**9,680**	**-**	**9,680**
Net derivative liabilities			
- inflow	**(4)**	**-**	**(424)**
- outflow	**6**	**-**	**426**
Financial guarantee			
- related party	**-**	**-**	**13,673**
	15,754		**57,160**

continue below

Group 2024 In RM Mil	Within 1 year	1-2 years	2-5 years	More than 5 years
Financial liabilities				
Borrowings	**1,032**	**335**	**645**	**1,845**
Lease liabilities	**278**	**401**	**451**	**3,774**
Other long term liabilities	**1,304**	**1,303**	**3,910**	**18,527**
Trade and other payables	**9,680**	**-**	**-**	**-**
Net derivative liabilities				
- inflow	**(424)**	**-**	**-**	**-**
- outflow	**426**	**-**	**-**	**-**
Financial guarantee				
- related party	***13,673**	**-**	**-**	**-**
	25,969	**2,039**	**5,006**	**24,146**

continued from above

* This relates to project financing facility undertaken by the joint operation entity as disclosed in Note 17 and page 92 on financial guarantees.

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

Maturity analysis (continued)

Group 2023 *In RM Mil*	Carrying amount	Contractual interest/ discount rates per annum %	Contractual cash flows
Financial liabilities			
Borrowings	2,973	5.17	3,679
Lease liabilities	2,159	6.59	4,310
Other long term liabilities	709	4.65	1,114
Trade and other payables	7,534	-	7,534
Net derivative liabilities			
- inflow	(12)	-	(1,653)
- outflow	13	-	1,655
Financial guarantee			
- related party	-	-	15,301
	13,376		31,940

continue below

Group 2023 *In RM Mil*	Within 1 year	1-2 years	2-5 years	More than 5 years
Financial liabilities				
Borrowings	604	364	584	2,127
Lease liabilities	266	437	659	2,948
Other long term liabilities	1	1	4	1,108
Trade and other payables	7,534	-	-	-
Net derivative liabilities				
- inflow	(1,653)	-	-	-
- outflow	1,655	-	-	-
Financial guarantee				
- related party	*15,301	-	-	-
	23,708	802	1,247	6,183

continued from above

* This relates to project financing facility undertaken by the joint operation entity as disclosed in Note 17 and page 92 on financial guarantees.

34. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

Maturity analysis (continued)

Company 2024 *In RM Mil*	Carrying amount	Contractual interest/ discount rates per annum %	Contractual cash flows
Financial liabilities			
Borrowings	**2,267**	**1.39**	**2,104**
Lease liabilities	**1,098**	**3.46**	**2,647**
Trade and other payables	**4,404**	**-**	**4,404**
Financial guarantee			
- related party	**-**	**-**	**13,673**
Other long term liabilities	**745**	**4.67**	**1,090**
	8,514		**23,918**

continue below

Company 2024 *In RM Mil*	Within 1 year	1-2 years	2-5 years	More than 5 years
Financial liabilities				
Borrowings	**234**	**191**	**645**	**1,034**
Lease liabilities	**79**	**79**	**238**	**2,251**
Trade and other payables	**4,404**	**-**	**-**	**-**
Financial guarantee				
- related party	***13,673**	**-**	**-**	**-**
Other long term liabilities	**-**	**-**	**-**	**1,090**
	18,390	**270**	**883**	**4,375**

continued from above

Company 2023 *In RM Mil*	Carrying amount	Contractual interest/ discount rates per annum %	Contractual cash flows
Financial liabilities			
Borrowings	2,453	1.67	3,155
Lease liabilities	1,141	6.32	2,763
Trade and other payables	2,877	-	2,877
Financial guarantee			
- related party	-	-	15,301
Other long term liabilities	692	4.67	1,090
	7,163		25,186

continue to next page

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

Maturity analysis (continued)

Company 2023 *In RM Mil*	**Within 1 year**	**1-2 years**	**2-5 years**	**More than 5 years**
Financial liabilities				
Borrowings	244	206	578	2,127
Lease liabilities	79	84	321	2,279
Trade and other payables	2,877	-	-	-
Financial guarantee				
- related party	*15,301	-	-	-
Other long term liabilities	-	-	-	1,090
	18,501	290	899	5,496

continued from previous page

* This relates to project financing facility undertaken by the joint operation entity as disclosed in Note 17 and page 92 on financial guarantees.

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.

The Group and the Company are also exposed to the ongoing interbank offered rates ("IBOR") reforms on its financial instruments that will be replaced or reformed as part of these market-wide initiatives.

The Group's and the Company's main IBOR exposure are indexed to USD LIBOR which was discontinued on 30 June 2023.

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (continued)

Market risk (continued)

Interest rate risk (continued)

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 2024 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 at reporting date is as follows:

	Group		**Company**	
In RM Mil	**2024**	**2023**	**2024**	**2023**
Fixed rate instruments				
Financial assets	**2,823**	2,170	**1,606**	1,904
Financial liabilities	**(2,995)**	(3,070)	**(1,835)**	(1,882)
	(172)	(900)	**(229)**	22
Floating rate instruments				
Financial assets	**7,031**	6,831	**507**	490
Financial liabilities	**(2,317)**	(2,062)	**(1,530)**	(1,712)
	4,714	4,769	**(1,023)**	(1,222)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (continued)

Market risk (continued)

Foreign exchange risk (continued)

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 2024 *In RM Mil*	Denominated in USD	THB	EURO
Financial assets			
Trade and other receivables	**-**	**57**	**6**
Cash and cash equivalents	**-**	**41**	**-**
Financial liabilities			
Trade and other payables	**(75)**	**(3)**	**(30)**
Net derivative liabilities at nominal value	**-**	**(104)**	**-**
Net exposure	**(75)**	**(9)**	**(24)**

Group 2023 *In RM Mil*	Denominated in USD	THB	EURO
Financial assets			
Trade and other receivables	-	220	2
Cash and cash equivalents	-	49	-
Financial liabilities			
Trade and other payables	(46)	-	(25)
Net derivative liabilities at nominal value	-	(161)	-
Net exposure	(46)	108	(23)

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 2024 *In RM Mil*	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
Financial assets						
Forward foreign exchange contracts	**4**	**-**	**4**	**-**	**4**	**118**
Financial liabilities						
Forward foreign exchange contracts	**(6)**	**-**	**(6)**	**-**	**(6)**	**548**
Borrowings	**-**	**-**	**-**	**(3,214)**	**(3,214)**	**-**

Group 2023 *In RM Mil*	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
Financial assets						
Forward foreign exchange contracts	12	-	12	-	12	196
Financial liabilities						
Forward foreign exchange contracts	(13)	-	(13)	-	(13)	1,470
Contingent consideration*	-	(107)	(107)	-	(107)	107
Borrowings	-	-	-	(2,973)	(2,973)	-

* 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 2024 *In RM Mil*	Fair value of financial instruments not carried at fair value Level 3	Carrying amount Total
Financial liabilities		
Borrowings	**(2,267)**	**(2,267)**

Company 2023 *In RM Mil*	Fair value of financial instruments not carried at fair value Level 3	Carrying amount Total
Financial liabilities		
Borrowings	(2,453)	(2,453)

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.

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

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)**	**(151)**	**(310)**
	414	**(159)**	**(164)**	**91**

Group 2023 *In RM Mil*	Interest income	Interest expense	Others	Total
Financial assets at amortised cost	386	-	57	443
Financial liabilities at amortised cost	-	(149)	5	(144)
	386	(149)	62	299

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (continued)

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

Company 2024 *In RM Mil*	Interest income	Interest expense	Others	Total
Financial assets measured at amortised cost	**76**	**-**	**(216)**	**(140)**
Financial liabilities measured at amortised cost	**-**	**(129)**	**(4)**	**(133)**
	76	**(129)**	**(220)**	**(273)**

Company 2023 *In RM Mil*	Interest income	Interest expense	Others	Total
Financial assets measured at amortised cost	57	-	183	240
Financial liabilities measured at amortised cost	-	(142)	(8)	(150)
	57	(142)	175	90

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 PRONOUNCEMENTS

As of 1 January 2024 the Group and the Company adopted the following pronouncements that have been issued by the MASB and are applicable as listed below:

Effective for annual periods beginning on or after 1 January 2024

Amendments to MFRS 16	*Leases (Lease Liability in a Sale and Leaseback)*
Amendments to MFRS 101	*Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)*
Amendments to MFRS 101	*Presentation of Financial Statements (Non-current Liabilities with Covenants)*
Amendments to MFRS 107	*Statement of Cash Flows (Supplier Finance Arrangements)*
Amendments to MFRS 7	*Financial Instruments: Disclosures (Supplier Finance Arrangements)*

The initial application of the above mentioned pronouncements 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 2025

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

Effective for annual periods beginning on or after 1 January 2026

Amendments to MFRS 9	*Financial Instruments* and MFRS 7 *Financial Instruments: Disclosures (Amendments to the 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)*

NOTES TO THE FINANCIAL STATEMENTS

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*

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 as mentioned below:

MFRS 18 *Presentation and Disclosure in Financial Statements*

MFRS 18 will replace MFRS 101 *Presentation of Financial Statements,* which retains majority of the requirements of MFRS 101 and complementing them with new requirements. In addition, narrow-scope amendments have been made to MFRS 107 *Statement of Cash Flows* and some requirements of MFRS 101 have been moved to MFRS 108 *Basis of Preparation of Financial Statements.*

MFRS 18 introduces new key requirements as follows:

(i) Statement of Profit or Loss and Other Comprehensive Income:
The standard requires reclassification of all income and expenses within the statement of profit or loss into five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. The standard also requires to present a newly-defined operating profit subtotal, and the net profit will not change.

(ii) Statement of Cash Flows:
The standard requires to disclose the starting point for cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and the optionality around classification of cash flows from dividends and interest are removed.

(iii) Management-defined Performance Measures ("MPMs") and guidance on Aggregation and Disaggregation:
The standard requires MPMs are disclosed in a single note in the financial statements and enhanced guidance is provided on aggregation and disaggregation of financial information.

The Group and the Company are currently assessing the impact of MFRS 18, particularly with respect to the structure of the statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Group and the Company are also assessing the impact on aggregation and disaggregation on how information is grouped in the financial statements.

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

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 2024 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 102.

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 2024, 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"), 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 judgment, 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 2.8 (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 2024, the carrying amount of the PPE in the joint operation entity is RM9,196 million and RM9,060 million for the Group and the Company respectively.

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 RM227 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 RM767 million and RM690 million respectively. For the feedstock prices, an increase of 0.5% would have reduced the recoverable amount of the Group and the Company by RM57 million and RM56 million respectively.

INDEPENDENT AUDITORS' REPORT

Key Audit Matters (continued)

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

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;
  - Challenged 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;
  - Considered the sensitivity of the recoverable amounts by varying key assumptions within a reasonable possible range; and
  - Determined the adequacy of the disclosures in the financial statements.

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 2.8 (ii) – *Impairment – Other assets*, and 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 RM5,022 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 test 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;

INDEPENDENT AUDITORS' REPORT

Key Audit Matters (continued)

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

- Engaged our valuation specialist to assess the appropriateness of discount rate;
- Considered the sensitivity of the recoverable amount by varying key assumptions within a reasonably possible range; 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.

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 judgment 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

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: 21 February 2025

Chua See Guan
Approval Number: 03169/02/2027 J
Chartered Accountant

PCG's Financial Report 2024 has been produced in line with our theme: **TOGETHER. HARNESSING POTENTIAL.** We considered the environmental impact of each decision made in the publication of this report. Everything is intentional, from the materials used and acquired to the design concept and production.

Please support us in our efforts and download the soft copy of our suite of reports from our website, instead of requesting for a hard copy

OPTIMAL PRODUCTION

- The production and printing of all reports followed the FSC® certified chain of custody
- The Governance section is in the Integrated Report to reduce the usage of four-colour print for the Financial Report
- The cover is printed on FSC® certified Monalisa White 280 gsm paper, while the inside pages are printed on FSC® certified Vincent Extra White 160 gsm paper
- A soy-based ink was used for a more sustainable approach

MINIMALIST PRESENTATION

- The entirety of the report is presented in a straightforward and structured package with simple design elements

SIMPLICITY IN DESIGN

- Consciously minimising sizes of photographic images and other graphic representation (such as graphs, charts, and diagrams) where possible

PRINTED SUSTAINABLY

- The full report was produced using carbon-neutral press machines and eco-friendly materials certified with an ISO 14001 environmental management system in line with minimising environmental impact

CONCISE LANGUAGE

- The concepts are encapsulated in a concise and articulate manner, focusing on the presentation of the content beyond just words

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