



PETRONAS Group

Quarterly Report

For Second Quarter Ended 30 June 2023

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2023

The Board of Directors of Petroliam Nasional Berhad ("PETRONAS" or the "Company") is pleased to announce the results of PETRONAS Group and its reportable segments for the second quarter ended 30 June 2023 which should be read in conjunction with the unaudited condensed consolidated financial statements and the accompanying explanatory notes on pages 14 to 26.

GROUP PERFORMANCE REVIEW¹

30 June 2023	Individual quarter ended		In RM Mil	Cumulative quarter ended	
	31 March 2023	30 June 2022 ²		30 June 2023	30 June 2022 ²
79,931	90,377	92,258	Revenue	170,308	170,435
31,982	38,563	43,125	EBITDA ³	70,545	82,675
16,373	23,810	22,998	PAT ⁴	40,183	46,433
			In RM Mil	Cumulative quarter ended 30 June 2023	30 June 2022
			Cash flows from operating activities	57,848	62,442
			Capital investments ⁵	21,372	18,927
			In RM Mil	As at 30 June 2023	As at 31 December 2022
			Total assets	742,009	710,570
			Shareholders' equity	410,033	401,609
			Gearing ratio ⁶	20.9%	20.3%
			ROACE ⁷	17.8%	19.9%

Second quarter

Comparison with corresponding quarter

PETRONAS Group's revenue of RM79.9 billion for the second quarter of 2023 was lower by RM12.3 billion or 13% as compared to the second quarter of 2022 on the back of lower average realised prices for all products in tandem with the declining benchmark prices partially offset by higher sales volume for major products and favourable impact from foreign exchange.

The Group recorded EBITDA of RM32.0 billion, lower by RM11.1 billion or 26% in line with lower revenue partially negated by lower cash payments.

PAT of RM16.4 billion was lower by RM6.6 billion mainly due to lower EBITDA partially offset by lower taxation in line with lower profit. Excluding net impairment losses/write-off on assets⁸, the Group would record a PAT of RM19.2 billion, lower by RM5.9 billion as compared to RM25.1 billion in the corresponding quarter.

¹ Comprises continuing and discontinued operations.

² Certain prior period information has been restated to conform with current period presentation.

³ Earnings Before Interest, Taxation, Depreciation and Amortisation ("EBITDA") consists of profit before taxation and non-controlling interests, with the addition of amounts previously deducted for depreciation, amortisation, net impairment losses on property, plant and equipment and intangible assets, provision for onerous contracts, loss/(gain) on remeasurement of net assets held for sale and the exclusion of financing costs and interest income.

⁴ Profit After Tax.

⁵ Capital investments are based on cash, inclusive of cost of acquisition of subsidiaries and investment in associates and joint ventures.

⁶ Gearing ratio is calculated as adjusted total debt (total debt including financial guarantees) divided by adjusted total equity (total equity plus deferred tax liabilities and minus capitalised interest) and adjusted total debt.

⁷ Return on average capital employed ("ROACE") is calculated as profit before interest expense after tax (calculated on 12-month preceding basis) divided by average total equity and long-term debt.

⁸ Includes net impairment losses/write-off of well costs and other exploration expenditure under intangible assets, loss on derecognition of financial assets measured at amortised cost and provision for onerous contracts, net of tax.

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2023

GROUP PERFORMANCE REVIEW (continued)

Comparison with preceding quarter

PETRONAS Group's revenue for the second quarter of 2023 was lower by RM10.4 billion or 12% as compared to the first quarter of 2023 primarily due to unfavourable average realised prices for all products.

The Group's EBITDA was lower by RM6.6 billion or 17% in line with lower revenue partially offset by lower product costs and favourable impact from foreign exchange.

PAT was lower by RM7.4 billion in tandem with lower EBITDA and higher net impairment losses/write-off on assets⁸ partially negated by lower taxation in line with lower profit. Excluding net impairment losses/write-off on assets, the Group would record a PAT of RM19.2 billion, lower by RM4.7 billion as compared to RM23.9 billion in the preceding quarter.

Cumulative quarter

PETRONAS Group's revenue of RM170.3 billion for the first half of 2023 was marginally lower by RM0.1 billion as compared to the same period in 2022 mainly due to unfavourable average realised prices. This was partially offset by higher sales volume for major products and favourable impact from foreign exchange.

The Group recorded EBITDA of RM70.5 billion, lower by RM12.1 billion or 15% largely due to higher product costs and lower revenue.

PAT of RM40.2 billion was lower by RM6.3 billion in tandem with lower EBITDA partially negated by lower taxation in line with lower profit. Excluding net impairment losses/write-off on assets, the Group would record a PAT of RM43.2 billion, lower by RM5.6 billion as compared to RM48.8 billion for the same period in 2022.

Cash flows from operating activities decreased by RM4.6 billion or 7% in line with lower cash generated from operations and higher taxation paid relating to prior year of assessment partially negated by higher interest income received. Capital investments amounted to RM21.4 billion was higher by RM2.4 billion or 13%, with higher domestic investments by 48%.

Total assets strengthened to RM742.0 billion as at 30 June 2023 against RM710.6 billion as at 31 December 2022 mainly contributed by higher cash and cash equivalents, property, plant and equipment as well as fund and other investments. Shareholders' equity of RM410.0 billion increased by RM8.4 billion mainly attributable to profit recorded and favourable impact from foreign exchange during the period partially offset by dividends declared to shareholders amounting to RM40.0 billion.

Gearing ratio increased to 20.9% as at 30 June 2023 from 20.3% as at 31 December 2022 in line with higher borrowings. ROACE decreased to 17.8% 30 June 2023 from 19.9% as at 31 December 2022 in line with lower profit and higher shareholders' equity recorded.

⁸ Includes net impairment losses/write-off of well costs and other exploration expenditure under intangible assets, loss on derecognition of financial assets measured at amortised cost and provision for onerous contracts, net of tax.

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FOR SECOND QUARTER ENDED 30 JUNE 2023

UPSTREAM PERFORMANCE REVIEW

30 June 2023	Individual quarter ended		<i>Financial Indicators</i>	Cumulative quarter ended	
	31 March 2023	30 June 2022		30 June 2023	30 June 2022
			<i>In RM Mil</i>		
9,424	10,331	17,740	Revenue		
24,023	25,524	24,181	Third party	19,755	31,210
33,447	35,855	41,921	Inter-segment	49,547	45,476
6,514	12,461	11,228	PAT	69,302	76,686
				18,975	23,092
			<i>Operational Indicators</i>		
			<i>In RM Mil</i>		
			Production ⁹ ('000 boe ¹⁰ per day)		
835	857	855	Crude oil and condensates	847	845
1,518	1,640	1,539	Natural gas	1,578	1,580
2,353	2,497	2,394		2,425	2,425
			Entitlement ¹¹ ('000 boe per day)		
499	536	548	Crude oil and condensates	516	521
1,050	1,237	1,146	Natural gas	1,144	1,163
1,549	1,773	1,694		1,660	1,684

Second quarter

Comparison with corresponding quarter

Revenue for the second quarter of 2023 was RM33.4 billion, lower by RM8.5 billion or 20% as compared to the second quarter of 2022 mainly contributed by lower average realised prices and sales volume for crude oil and condensates as well as natural gas. This was partially offset by favourable impact from foreign exchange.

PAT for the second quarter of 2023 was RM6.5 billion, lower by RM4.7 billion primarily due to lower revenue and higher net impairment losses on assets⁸. This was partially offset by lower cash payments, taxation and operating expenses.

Total daily production average for the second quarter of 2023 was 2,353 thousand boe per day, lower by 41 thousand boe per day as compared to the corresponding quarter mainly due to lower crude oil production from Malaysia coupled with lower natural gas production from international operations.

Cumulative quarter

Revenue for the first half of 2023 was RM69.3 billion, lower by RM7.4 billion or 10% as compared to the same period in 2022 mainly due to lower average realised prices for crude oil and condensates partially offset by favourable impact from foreign exchange.

PAT for the first half of 2023 was RM19.0 billion, lower by RM4.1 billion in line with lower revenue partially offset by lower taxation and operating expenses.

Total daily production average for the period ended 30 June 2023 was at 2,425 thousand boe per day, was comparable to the same period last year.

⁸ Includes net impairment losses/write-off of well costs and other exploration expenditure under intangible assets, loss on derecognition of financial assets measured at amortised cost and provision for onerous contracts, net of tax.

⁹ Represents Malaysia's production (PETRONAS Group and other operators) and PETRONAS Group's international equity production volume.

¹⁰ boe: barrels oil equivalent. Volume of gas has been converted using gas heating values, reflecting PETRONAS gas portfolio.

¹¹ Represents PETRONAS Group's sales entitlement to Malaysia's production and PETRONAS Group's international sales entitlement volume.

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2023

GAS PERFORMANCE REVIEW

30 June 2023	Individual quarter ended		<i>Financial Indicators</i>	Cumulative quarter ended	
	31 March 2023	30 June 2022		30 June 2023	30 June 2022
			<i>In RM Mil</i>		
21,903	29,096	29,246	Revenue	50,999	53,602
3,667	4,082	3,607	Third party	7,749	6,760
25,570	33,178	32,853	Inter-segment	58,748	60,362
7,455	8,759	9,083	PAT	16,214	17,527
			<i>Operational Indicators</i>		
			<i>In RM Mil</i>		
2,655	2,942	2,868	Malaysia average sales gas volume (mmscfd ¹²)	2,798	2,752
7.60	8.88	8.44	Gross LNG sales volume ¹³ (million tonnes)	16.48	16.82

Second quarter

Comparison with corresponding quarter

Revenue for the second quarter of 2023 was RM25.6 billion, decreased by RM7.3 billion or 22% as compared to the same quarter in 2022 mainly as a result of lower liquefied natural gas ("LNG") and processed gas average realised prices coupled with lower sales volume partially offset by favourable impact from foreign exchange.

PAT was RM7.5 billion against RM9.1 billion in the same quarter of 2022 primarily driven by lower revenue partially offset by lower taxation and product costs.

Malaysia average sales gas volume decreased by 213 mmscfd mainly due to lower offtake from power sector in Peninsular Malaysia.

Gross LNG sales volume decreased by 0.84 million tonnes mainly due to lower plant production.

Cumulative quarter

Revenue for the first half of 2023 was RM58.7 billion, decreased by RM1.6 billion or 3% as compared to the same period in 2022 mainly as a result of lower LNG and processed gas average realised prices coupled with lower sales volume partially offset by favourable impact from foreign exchange.

PAT was RM16.2 billion against RM17.5 billion in the same period of 2022 primarily driven by lower revenue and higher product costs partially offset by lower taxation.

Malaysia average sales gas volume increased by 46 mmscfd mainly due to higher offtake from non-power sector in Sabah.

Gross LNG sales volume decreased by 0.34 million tonnes mainly due to lower plant production.

¹² mmscfd: million standard cubic feet per day.

¹³ Gross volume refers to all LNG sales inclusive of volume subsequently sold as sales gas.

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FOR SECOND QUARTER ENDED 30 JUNE 2023

DOWNSTREAM PERFORMANCE REVIEW¹

30 June 2023	Individual quarter ended		<i>Financial Indicators</i>	Cumulative quarter ended	
	31 March 2023	30 June 2022 ²		30 June 2023	30 June 2022 ²
			<i>In RM Mil</i>		
43,530	45,874	41,477	Revenue	89,404	78,578
1,196	2,540	2,146	Third party	3,736	5,121
44,726	48,414	43,623	Inter-segment	93,140	83,699
275	1,646	3,375	PAT	1,921	8,431
			<i>Operational Indicators</i>		
			<i>In RM Mil</i>		
72.7	77.2	57.5	Petroleum products sales volume (in million barrels)	149.9	115.8
28.6	27.4	28.3	Crude oil sales volume (in million barrels)	56.0	58.7
2.3	2.4	1.6	Petrochemical products sales volume (in million metric tonnes)	4.7	3.5

Second quarter

Comparison with corresponding quarter

Revenue for the second quarter of 2023 was RM44.7 billion, higher by RM1.1 billion or 3% as compared to the same quarter in 2022 underpinned by higher sales volume coupled with favourable impact from foreign exchange partially offset by lower average realised prices for petroleum products and petrochemical products.

PAT was RM0.3 billion as compared to RM3.4 billion in the second quarter of 2022, lower by RM3.1 billion primarily due to lower refining and petrochemical margins in line with lower average realised prices.

Petroleum products sales volume was 72.7 million barrels, higher by 15.2 million barrels largely driven by increased trading activities and higher marketing volume. Crude oil sales volume was 28.6 million barrels, slightly higher by 0.3 million barrels mainly due to higher trading opportunities partially offset by lower marketing volume. Petrochemical products sales volume was 2.3 million metric tonnes, higher by 0.7 million metric tonnes in line with higher production.

Cumulative quarter

Revenue for the first half of 2023 was RM93.1 billion, higher by RM9.4 billion or 11% as compared to the same period in 2022 on the back of higher sales volume coupled with favourable impact from foreign exchange. This was partially offset by lower average realised prices for petroleum products and petrochemical products.

PAT was RM1.9 billion against RM8.4 billion in the same period of 2022, lower by RM6.5 billion mainly due to lower refining and petrochemical margins in line with lower average realised prices.

Petroleum products sales volume was 149.9 million barrels, higher by 34.1 million barrels primarily driven by increased trading activities and higher marketing volume. Crude oil sales volume was 56.0 million barrels, lower by 2.7 million barrels mainly due to lower marketing volume partially offset by higher trading opportunities. Petrochemical products sales volume was 4.7 million metric tonnes, higher by 1.2 million metric tonnes in line with higher production.

¹ Comprises continuing and discontinued operations.

² Certain prior period information has been restated to conform with current period presentation.

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2023

CORPORATE AND OTHERS PERFORMANCE REVIEW

30 June 2023	Individual quarter ended		<i>Financial Indicators</i>	Cumulative quarter ended	
	31 March 2023	30 June 2022		30 June 2023	30 June 2022
			<i>In RM Mil</i>		
5,074	5,076	3,795	Revenue	10,150	7,045
1,533	1,166	1,124	Third party	2,699	2,189
6,607	6,242	4,919	Inter-segment	12,849	9,234
2,070	582	193	PAT/(LAT) ¹⁴	2,652	(283)

Second quarter

Comparison with corresponding quarter

Revenue for the second quarter of 2023 was RM6.6 billion, higher by RM1.7 billion or 34% as compared to the same quarter in 2022 mainly contributed by higher fund investment income following higher average rate of return in tandem with higher market rates coupled with higher revenue from construction contracts.

PAT was RM2.1 billion against RM0.2 billion in the same quarter last year, mainly attributable to higher revenue coupled with favourable impact from foreign exchange.

Cumulative quarter

Revenue for the first half of 2023 was RM12.8 billion, higher by RM3.6 billion or 39% as compared to the same period in 2022 largely contributed by higher fund investment income and higher revenue from construction contracts.

PAT for the first half of 2023 was RM2.7 billion as compared to LAT of RM0.3 billion in the same period last year mainly attributable to higher revenue coupled with favourable impact from foreign exchange. Nonetheless, this was partially offset by higher operating expenses.

¹⁴ Loss After Tax.

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

30 June 2023	Individual quarter ended		<i>In RM Mil</i>	Cumulative quarter ended	
	31 March 2023	30 June 2022 ²		30 June 2023	30 June 2022 ²
71,105	81,471	81,309	Continuing operations		
(43,916)	(46,128)	(41,885)	Revenue	152,576	151,422
27,189	35,343	39,424	Cost of revenue	(90,044)	(76,824)
(1,838)	(2,065)	(1,617)	Gross profit	62,532	74,598
(3,309)	(3,969)	(4,621)	Selling and distribution expenses	(3,903)	(3,523)
(3,684)	(65)	(1,900)	Administration expenses	(7,278)	(7,241)
(113)	(23)	(766)	Net impairment losses ¹⁵	(3,749)	(2,197)
3,316	1,792	1,592	Other expenses	(136)	(2,035)
21,561	31,013	32,112	Other income	5,108	2,504
(1,286)	(1,430)	(1,337)	Operating profit	52,574	62,106
			Financing costs	(2,716)	(2,614)
			Share of profit after tax and non-controlling interests of equity accounted associates and joint ventures		
105	209	389		314	1,023
20,380	29,792	31,164	Profit before taxation	50,172	60,515
(4,552)	(6,637)	(9,923)	Tax expense	(11,189)	(17,352)
15,828	23,155	21,241	PROFIT FOR THE PERIOD	38,983	43,163
			Discontinued operations¹⁶		
545	655	1,757	Profit for the period from discontinued operations, net of tax	1,200	3,270
16,373	23,810	22,998	PROFIT FOR THE PERIOD	40,183	46,433
			Profit attributable to:		
15,186	21,824	20,603	Shareholders of the Company	37,010	41,490
1,187	1,986	2,395	Non-controlling interests	3,173	4,943
16,373	23,810	22,998	PROFIT FOR THE PERIOD	40,183	46,433

² Certain prior period information has been restated to conform with current period presentation.

¹⁵ Excludes well costs and includes certain amount relating to write-back and write-off of other assets and loss on derecognition of financial assets measured at amortised cost.

¹⁶ See Note A15.

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

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

30 June 2023	Individual quarter ended		In RM Mil	Cumulative quarter ended	
	31 March 2023	30 June 2022		30 June 2023	30 June 2022
16,373	23,810	22,998	PROFIT FOR THE PERIOD	40,183	46,433
			Other comprehensive income/(loss)		
			<i>Items that will not be reclassified subsequently to profit or loss</i>		
			Net changes in fair value of equity investments at fair value through other comprehensive income ("OCI")	(29)	147
(20)	(9)	155	<i>Items that may be reclassified subsequently to profit or loss</i>		
			Net movements from exchange differences	12,803	8,994
12,984	(181)	6,756	Cash flow hedge	476	1,143
(271)	747	1,253	Others	118	136
123	(5)	63	Total other comprehensive income for the period	13,368	10,420
12,816	552	8,227	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	53,551	56,853
29,189	24,362	31,225			
			Total comprehensive income attributable to:		
26,296	22,368	27,445	Shareholders of the Company	48,664	49,959
2,893	1,994	3,780	Non-controlling interests	4,887	6,894
29,189	24,362	31,225	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	53,551	56,853

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

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In RM Mil</i>	As at 30 June 2023	As at 31 December 2022
ASSETS		
Property, plant and equipment	310,525	301,218
Investment properties and land held for development	12,328	12,658
Investments in associates and joint ventures	8,369	8,114
Intangible assets	28,776	26,260
Long-term receivables	45,674	41,127
Fund and other investments	5,965	1,425
Deferred tax assets	21,392	20,675
TOTAL NON-CURRENT ASSETS	433,029	411,477
Trade and other inventories	15,232	15,612
Trade and other receivables	51,006	53,998
Fund and other investments	11,358	10,945
Cash and cash equivalents	217,586	201,220
	295,182	281,775
Assets classified as held for sale	13,798	17,318
TOTAL CURRENT ASSETS	308,980	299,093
TOTAL ASSETS	742,009	710,570
EQUITY		
Share capital	100	100
Reserves	409,933	401,509
Total equity attributable to shareholders of the Company	410,033	401,609
Non-controlling interests	58,703	58,822
TOTAL EQUITY	468,736	460,431
LIABILITIES		
Borrowings	101,065	96,345
Deferred tax liabilities	11,967	11,829
Other long-term liabilities and provisions	52,284	50,418
TOTAL NON-CURRENT LIABILITIES	165,316	158,592
Trade and other payables	57,975	63,677
Borrowings	9,702	7,812
Taxation	7,659	8,438
Dividend payable	24,000	—
	99,336	79,927
Liabilities classified as held for sale	8,621	11,620
TOTAL CURRENT LIABILITIES	107,957	91,547
TOTAL LIABILITIES	273,273	250,139
TOTAL EQUITY AND LIABILITIES	742,009	710,570

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

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the Company				
	Non-distributable				
<i>In RM Mil</i>	Share Capital	Capital and Other Reserves	Foreign Currency Translation Reserve	Fair Value through OCI Reserve	Hedging Reserve
Cumulative quarter ended 30 June 2023					
Balance at 1 January 2023	100	15,987	39,771	145	863
Net changes in fair value of equity investments at fair value through OCI	—	—	—	(29)	—
Net movements from exchange differences	—	—	11,069	—	—
Cash flow hedge ¹⁷	—	—	—	—	497
Others	—	117	—	—	—
Total other comprehensive income/(loss) for the period, net of tax	—	117	11,069	(29)	497
Profit for the period	—	—	—	—	—
Total comprehensive income/(loss) for the period	—	117	11,069	(29)	497
Changes in ownership interests in a subsidiary	—	—	120	—	—
Redemption of redeemable preference shares in a subsidiary	—	—	—	—	—
Dividends	—	—	—	—	—
Total transactions with shareholders	—	—	120	—	—
Balance at 30 June 2023	100	16,104	50,960	116	1,360
					<i>continue to next page</i>
Cumulative quarter ended 30 June 2022					
Balance at 1 January 2022	100	15,838	33,370	574	(1,608)
Net changes in fair value of equity investments at fair value through OCI	—	—	—	147	—
Net movements from exchange differences	—	—	7,427	—	—
Cash flow hedge ¹⁷	—	—	—	—	792
Others	—	103	—	—	—
Total other comprehensive income for the period, net of tax	—	103	7,427	147	792
Profit for the period	—	—	—	—	—
Total comprehensive income for the period	—	103	7,427	147	792
Changes in ownership interests in subsidiaries	—	—	(21)	—	—
Dividends	—	—	—	—	—
Total transactions with shareholders	—	—	(21)	—	—
Balance at 30 June 2022	100	15,941	40,776	721	(816)
					<i>continue to next page</i>

¹⁷ Includes RM368 million (30 June 2022: RM1,043 million) cost of hedging reserve movement during the period.

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

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

	Attributable to shareholders of the Company			Non- Controlling Interests	Total Equity
	Distributable		Total		
<i>In RM Mil</i>	General Reserve	Retained Profits	Total		
Cumulative quarter ended 30 June 2023					
Balance at 1 January 2023	12,000	332,743	401,609	58,822	460,431
Net changes in fair value of equity investments at fair value through OCI	—	—	(29)	—	(29)
Net movements from exchange differences	—	—	11,069	1,734	12,803
Cash flow hedge ¹⁷	—	—	497	(21)	476
Others	—	—	117	1	118
Total other comprehensive income/(loss) for the period, net of tax	—	—	11,654	1,714	13,368
Profit for the period	—	37,010	37,010	3,173	40,183
Total comprehensive income/(loss) for the period	—	37,010	48,664	4,887	53,551
Changes in ownership interests in a subsidiary	—	(360)	(240)	(588)	(828)
Redemption of redeemable preference shares in a subsidiary	—	—	—	(483)	(483)
Dividends	—	(40,000)	(40,000)	(3,935)	(43,935)
Total transactions with shareholders	—	(40,360)	(40,240)	(5,006)	(45,246)
Balance at 30 June 2023	12,000	329,393	410,033	58,703	468,736
					<i>continued from previous page</i>
Cumulative quarter ended 30 June 2022					
Balance at 1 January 2022	12,000	290,529	350,803	53,484	404,287
Net changes in fair value of equity investments at fair value through OCI	—	—	147	—	147
Net movements from exchange differences	—	—	7,427	1,567	8,994
Cash flow hedge ¹⁷	—	—	792	351	1,143
Others	—	—	103	33	136
Total other comprehensive income for the period, net of tax	—	—	8,469	1,951	10,420
Profit for the period	—	41,490	41,490	4,943	46,433
Total comprehensive income for the period	—	41,490	49,959	6,894	56,853
Changes in ownership interests in subsidiaries	—	(99)	(120)	355	235
Dividends	—	(25,000)	(25,000)	(3,656)	(28,656)
Total transactions with shareholders	—	(25,099)	(25,120)	(3,301)	(28,421)
Balance at 30 June 2022	12,000	306,920	375,642	57,077	432,719
					<i>continued from previous page</i>

¹⁷ Includes RM368 million (30 June 2022: RM1,043 million) cost of hedging reserve movement during the period.

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In RM Mil</i>	Cumulative quarter ended	
	30 June 2023	30 June 2022
Cash flows from operating activities		
Profit before taxation from:		
- continuing operations	50,172	60,515
- discontinued operations	1,299	3,723
Profit before taxation	51,471	64,238
Adjustments for:		
Change in contract liabilities	(154)	24
Change in provisions	(22)	(236)
Depreciation and amortisation	18,189	15,983
Financing costs	2,870	2,737
Interest income	(5,461)	(1,893)
Loss on remeasurement of net assets classified as held for sale	—	989
Net (gain)/loss on disposal of investment in subsidiaries, property, plant and equipment, other investments, associates and a business	(1,413)	282
Net impairment losses on:		
- intangible assets	106	19
- loan and advances to joint ventures	65	55
- property, plant and equipment	3,552	1,067
- trade and other receivables	7	745
- other investments	1	—
Net impairment/write-off on well costs	111	184
Net (reversal)/written down of inventories to net realisable value	(119)	83
Net unrealised (gain)/loss on foreign exchange	(895)	2,286
Net unrealised (gain)/loss on derivatives	(222)	494
Net write-off of:		
- bad debts	15	3
- property, plant and equipment	6	313
Net (gain)/loss on realisation of foreign currency translation reserve from disposals	(445)	329
Share of profit after tax and non-controlling interests of equity accounted associates and joint ventures	(314)	(1,025)
Other non-cash items	—	100
Operating profit before changes in working capital	67,348	86,777
Net changes in working capital	1,440	(17,223)
Cash generated from operations	68,788	69,554
Interest expenses paid	(1,907)	(1,927)
Interest income received	5,461	1,893
Taxation paid	(14,494)	(7,078)
Net cash generated from operating activities	57,848	62,442

continue to next page

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

<i>In RM Mil</i>	Cumulative quarter ended	
	30 June 2023	30 June 2022
Cash flows from investing activities		
Acquisition of a subsidiary, net of cash acquired	(1,380)	—
Dividends received	321	732
Investments in:		
- associates and joint ventures	(308)	(389)
- securities and other investments	(6,318)	(2,061)
Proceeds from disposal/partial disposal of:		
- investment in a subsidiary/business, net of cash disposed	575	257
- investments in associates	—	829
- property, plant and equipment	832	7,920
- securities and other investments	1,713	839
Purchase of property, plant and equipment, investment properties, intangible assets and land held for development	(19,595)	(18,538)
Net cash used in investing activities	(24,160)	(10,411)
Cash flows from financing activities		
Dividends paid	(16,000)	(12,000)
Dividends paid to non-controlling interests	(3,935)	(3,656)
Drawdown of borrowings	8,894	17,699
Payment of lease liabilities	(2,340)	(1,754)
Payment to non-controlling interests on additional equity interests	(496)	—
Payment to non-controlling interests on redemption of redeemable preference shares	(483)	—
Proceeds from partial disposal of equity interest to non-controlling interests	—	235
Repayment of borrowings	(8,843)	(22,000)
Net cash used in financing activities	(23,203)	(21,476)
Net increase in cash and cash equivalents	10,485	30,555
(Increase)/decrease in cash and cash equivalents restricted	(302)	135
Net foreign exchange differences	6,490	7,686
Cash and cash equivalents at beginning of the year	200,384	163,558
Cash and cash equivalents at end of the period	217,057	201,934
Cash and cash equivalents		
Cash and bank balances and deposits	217,586	203,967
Bank overdrafts	—	(1,302)
Classified as held for sale:		
- Cash and bank balances	971	514
- Bank overdrafts	(159)	—
	218,398	203,179
Less: Cash and cash equivalents restricted	(1,341)	(1,245)
	217,057	201,934

continued from previous page

During the period, RM25 billion has been allocated for the purpose of PETRONAS' decarbonisation and clean energy pursuits.

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

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2023

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. BASIS OF PREPARATION

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*. They should be read in conjunction with the Group's audited consolidated financial statements for the year ended 31 December 2022.

The explanatory notes attached to these condensed consolidated financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2022.

Within the context of these condensed consolidated financial statements, the Group comprises the Company, its subsidiaries and joint operations, as well as the Group's interests in joint ventures and associates as at and for the period ended 30 June 2023.

A2. SIGNIFICANT ACCOUNTING POLICIES

The financial information presented herein has been prepared in accordance with the accounting policies to be used in preparing the annual consolidated financial statements for 31 December 2023 under the MFRS framework. These policies do not differ significantly from those used in the audited consolidated financial statements for year ended 31 December 2022 except as disclosed below.

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

Effective for annual periods beginning on or after 1 January 2023

MFRS 17 *Insurance Contracts*

Amendments to MFRS 17 *Insurance Contracts (Initial Application of MFRS 17 and MFRS 9 – Comparative Information)*

Amendments to MFRS 101 *Presentation of Financial Statements (Disclosure of Accounting Policies)*

Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)*

Amendments to MFRS 112 *Income Taxes (Deferred Tax related to Assets and Liabilities Arising from a Single Transaction)*

The initial application of the above pronouncements are not expected to have material impact to the financial statements of the Group.

On 2 June 2023, 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 and will be in effect upon enactment of Pillar Two Model Rules in Malaysia. As allowed by the transitional provision, the Group is not required to provide any disclosure in relation to this pronouncement for interim period ended 30 June 2023.

A3. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The audited financial statements of the Group for the year ended 31 December 2022 were not subjected to any audit qualification.

A4. SEASONALITY OR CYCLICALITY OF OPERATIONS

The Group's operations, on overall, are not significantly affected by seasonal or cyclical fluctuations of the business/industry.

A5. EXCEPTIONAL ITEMS

There were no exceptional items during the period under review.

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2023

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

A6. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of the amounts reported in the most recent annual financial statements of the Group for the year ended 31 December 2022 that may have material effect in the results of the period under review.

A7. DEBT AND EQUITY SECURITIES

There were no material issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the period under review, other than as disclosed in Note A9 and Note B7.

A8. DIVIDENDS PAID

During the period, the Company paid a dividend of RM16 billion, being partial payment of the approved dividend of RM350,000 per ordinary share amounting to RM35 billion declared on 23 February 2023.

The remaining amount of the dividend amounting to RM19 billion will be paid in instalments between July 2023 and November 2023.

A9. SIGNIFICANT EVENT

On 29 March 2023, PETRONAS via its partly-owned subsidiary, PETRONAS Dagangan Berhad ("PDB") has announced the establishment of Islamic Commercial Papers Programme and Islamic Medium Term Notes Programme with a combined aggregate limit of up to RM10.0 billion in nominal value based on the Shariah principle of Wakalah Bi Al-Istithmar (collectively, the "Sukuk Wakalah Programmes"). The proceeds will be used to finance PDB and/or its subsidiaries' Shariah-compliant general corporate purposes, which include investments, capital expenditure, working capital requirements and/or refinancing of existing or future financing. As at reporting date, PDB has not issued nor utilised any amount from the Sukuk Wakalah Programmes.

A10. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

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

A11. COMMITMENTS

There were no material changes to capital commitment of the Group for the period under review, since the last audited consolidated financial statements for the year ended 31 December 2022.

A12. CONTINGENCIES

There were no material contingent liabilities or contingent assets since the last audited consolidated financial statements for the year ended 31 December 2022.

A13. CHANGES IN COMPOSITION OF THE GROUP

There were no material changes in the composition of the Group for the period under review.

A14. FAIR VALUE INFORMATION

The following table analyses financial instruments carried at fair value by valuation method. The different levels in a fair value hierarchy based on the input used in the valuation technique have been defined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Input 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).

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2023

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

A14. FAIR VALUE INFORMATION (continued)

The Group recognises transfers between levels of fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the current financial period and comparative period.

30 June 2023

In RM Mil

	Level 1	Level 2	Level 3	Total
Financial assets				
Quoted shares	1,885	—	—	1,885
Unquoted shares	—	—	1,362	1,362
Malaysian Government Securities	—	1,882	—	1,882
Corporate Bonds and Sukuk	—	7,747	—	7,747
Forward foreign exchange contracts	—	86	—	86
Commodity derivatives	177	2,504	—	2,681
Interest rate swaps	—	958	—	958
	<u>2,062</u>	<u>13,177</u>	<u>1,362</u>	<u>16,601</u>
Financial liabilities				
Forward foreign exchange contracts	—	(177)	—	(177)
Commodity derivatives	(149)	(50)	—	(199)
Interest rate swaps	—	(41)	—	(41)
	<u>(149)</u>	<u>(268)</u>	<u>—</u>	<u>(417)</u>

31 December 2022

In RM Mil

	Level 1	Level 2	Level 3	Total
Financial assets				
Quoted shares	1,453	—	—	1,453
Unquoted shares	—	—	1,241	1,241
Malaysian Government Securities	—	1,814	—	1,814
Corporate Bonds and Sukuk	—	7,862	—	7,862
Forward foreign exchange contracts	—	406	—	406
Commodity derivatives	1,213	1,385	—	2,598
Interest rate swaps	—	917	—	917
	<u>2,666</u>	<u>12,384</u>	<u>1,241</u>	<u>16,291</u>
Financial liabilities				
Forward foreign exchange contracts	—	(184)	—	(184)
Commodity derivatives	(396)	(28)	—	(424)
Interest rate swaps	—	(7)	—	(7)
	<u>(396)</u>	<u>(219)</u>	<u>—</u>	<u>(615)</u>

Derivative financial instruments

As disclosed in the Group's audited consolidated financial statements for the year ended 31 December 2022, the Group is exposed to various risks which may affect the value of the Group's assets, liabilities or expected future cash flows. To mitigate these exposures from a business perspective, the Group enters into various hedging activities and applies hedge accounting on the fair value movement of certain commodity derivatives and interest rate swaps to hedge its exposures. Methods and assumptions used to estimate the fair values as at 30 June 2023 are consistent with those used as at 31 December 2022.

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2023

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

A15. DISCONTINUED OPERATIONS

On 7 February 2023, PETRONAS via its wholly-owned subsidiary, PETRONAS Marketing International Sdn. Bhd., signed a Sale and Purchase Agreement with Vitol Emerald Bidco (Pty) Ltd and Vitol Africa B.V. for the sale of PMISB's entire 74% equity interests in its subsidiary, namely Engen Limited and its subsidiaries ("Engen Group"). The divestment is expected to be completed in the second half of 2023 upon fulfilment of customary conditions precedent including regulatory approvals.

The business of Engen Group represents the major composition of the Group's geographical segment for South Africa and has been classified as disposal group held for sale and discontinued operations since 31 December 2022.

The results of Engen Group for the period are presented below:

30 June 2023	Individual quarter ended		<i>In RM Mil</i>	Cumulative quarter ended	
	31 March 2023	30 June 2022		30 June 2023	30 June 2022
8,826	8,906	10,949	Revenue	17,732	19,013
(7,876)	(7,814)	(8,437)	Cost of revenue	(15,690)	(14,413)
950	1,092	2,512	Gross profit	2,042	4,600
(193)	(195)	(253)	Selling and distribution expenses	(388)	(423)
(170)	(206)	(237)	Administration expenses	(376)	(456)
(1)	–	(2)	Net impairment losses ¹⁸	(1)	(3)
(24)	(143)	(37)	Other expenses	(167)	(150)
122	221	54	Other income	343	276
684	769	2,037	Operating profit	1,453	3,844
(79)	(75)	(72)	Financing costs	(154)	(123)
–	–	–	Share of profit after tax and non-controlling interests of equity accounted associates and joint ventures	–	2
605	694	1,965	Profit before tax from discontinued operations	1,299	3,723
(60)	(39)	(208)	Tax expense	(99)	(453)
545	655	1,757	Profit for the period from discontinued operations	1,200	3,270
–	2	–	Other comprehensive income/ (loss)		
–	2	–	Net changes in fair value of equity investments at fair value through OCI	2	–
99	(133)	(201)	Net movements from exchange differences	(34)	121
644	524	1,556	Other comprehensive income from discontinued operations	1,168	3,391

¹⁸ Includes certain amount relating to write-off of assets.

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2023

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

A15. DISCONTINUED OPERATIONS (continued)

The net cash flows incurred by Engen Group are as follows:

<i>In RM Mil</i>	Cumulative quarter ended	
	30 June 2023	30 June 2022
Net cash generated from operating activities	1,995	1,023
Net cash used in investing activities	(127)	(96)
Net cash used in financing activities	(39)	(249)
Net increase in cash and cash equivalents	1,829	678

The net effect arising from the disposal of Engen Group is not expected to be material in relation to the consolidated net profit of the Group for the period.

A16. OPERATING SEGMENTS

The Group's reportable segments comprise Upstream, Gas and Downstream. Each reportable segment offers different products and services and are managed separately as described in the Group's audited consolidated financial statements for the year ended 31 December 2022.

For each of the reportable segment, the Group chief operating decision maker, which in this case is the PETRONAS Executive Leadership Team ("ELT"), reviews internal management reports at least on a quarterly basis.

Performance is measured based on segment PAT, as included in the internal management reports. Segment PAT is used to measure performance as the PETRONAS ELT believes that such information is the most relevant in evaluating the results of the segments.

A16.1 Segment revenue

30 June 2023	Individual quarter ended		<i>In RM Mil</i>	Cumulative quarter ended	
	31 March 2023	30 June 2022		30 June 2023	30 June 2022
9,424	10,331	17,740	Third-parties	19,755	31,210
21,903	29,096	29,246	Upstream	50,999	53,602
43,530	45,874	41,477	Gas	89,404	78,578
5,074	5,076	3,795	Downstream ^{2,19}	10,150	7,045
79,931	90,377	92,258	Corporate and Others	170,308	170,435
			Total third-parties		
24,023	25,524	24,181	Inter-segment	49,547	45,476
3,667	4,082	3,607	Upstream	7,749	6,760
1,196	2,540	2,146	Gas	3,736	5,121
1,533	1,166	1,124	Downstream	2,699	2,189
30,419	33,312	31,058	Corporate and Others	63,731	59,546
			Total inter-segment		
33,447	35,855	41,921	Gross total	69,302	76,686
25,570	33,178	32,853	Upstream	58,748	60,362
44,726	48,414	43,623	Gas	93,140	83,699
6,607	6,242	4,919	Downstream	12,849	9,234
110,350	123,689	123,316	Corporate and Others	234,039	229,981
			Total		

² Certain prior period information has been restated to conform with current period presentation.

¹⁹ Includes revenue from discontinued operations. See Note A15.

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2023

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

A16. OPERATING SEGMENTS (continued)

A16.2 Segment PAT

30 June 2023	Individual quarter ended		In RM Mil	Cumulative quarter ended	
	31 March 2023	30 June 2022		30 June 2023	30 June 2022
6,514	12,461	11,228	Upstream	18,975	23,092
7,455	8,759	9,083	Gas	16,214	17,527
275	1,646	3,375	Downstream	1,921	8,431
2,070	582	193	Corporate and Others	2,652	(283)
16,314	23,448	23,879	Total PAT for reportable segments	39,762	48,767
59	362	(881)	Elimination of inter-segment transactions	421	(2,334)
16,373	23,810	22,998	Consolidated PAT	40,183	46,433

A17. REVENUE

The following table includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

30 June 2023	Individual quarter ended		In RM Mil	Cumulative quarter ended	
	31 March 2023	30 June 2022		30 June 2023	30 June 2022
			Revenue from contract customers		
8,617	9,578	16,370	Upstream	18,195	28,869
21,472	29,198	29,463	Gas	50,670	54,275
43,285	45,650	41,360	Downstream ^{1,2}	88,935	78,211
1,940	1,677	2,034	Corporate and Others	3,617	3,792
75,314	86,103	89,227	Total revenue from contract customers	161,417	165,147
			Other revenue		
807	753	1,370	Upstream	1,560	2,341
431	(102)	(217)	Gas ²⁰	329	(673)
245	224	117	Downstream ^{2,20}	469	367
3,134	3,399	1,761	Corporate and Others	6,533	3,253
4,617	4,274	3,031	Total other revenue	8,891	5,288
			Total		
9,424	10,331	17,740	Upstream	19,755	31,210
21,903	29,096	29,246	Gas	50,999	53,602
43,530	45,874	41,477	Downstream	89,404	78,578
5,074	5,076	3,795	Corporate and Others	10,150	7,045
79,931	90,377	92,258	Total	170,308	170,435

¹ Comprises continuing and discontinued operations.

² Certain prior period information has been restated to conform with current period presentation.

²⁰ Inclusive of net trading gain/(losses).

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2023

PART B – OTHER EXPLANATORY NOTES

B1. COMMENTARY ON PROSPECTS

Oil and gas prices remain volatile, influenced by persistent economic headwinds and energy security concerns. Amidst these challenges, PETRONAS remains resolute in delivering energy responsibly in support of its growth and sustainability agenda, both in Malaysia and internationally.

B2. PROFIT FORECAST OR PROFIT GUARANTEE

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

B3. STATUS OF CORPORATE PROPOSALS

There were no other material corporate proposals announced but not completed since the last audited consolidated financial statements for the year ended 31 December 2022, other than as disclosed in Note A15.

B4. TAXATION

30 June 2023	Individual quarter ended		<i>In RM Mil</i>	Cumulative quarter ended	
	31 March 2023	30 June 2022		30 June 2023	30 June 2022
4,552	6,637	9,923	Tax expenses from continuing operations	11,189	17,352
60	39	208	Tax expenses from discontinued operations	99	453
4,612	6,676	10,131	Total tax expenses	11,288	17,805
<i>Components of tax expenses include:</i>					
Current tax expenses					
5,875	5,176	10,020	Malaysia	11,051	16,715
645	305	706	Overseas	950	1,285
6,520	5,481	10,726		12,001	18,000
Deferred tax expenses					
(1,908)	1,195	(595)	Origination and reversal of temporary differences	(713)	(195)
4,612	6,676	10,131		11,288	17,805

The Group's effective tax rate for the current quarter and period to date were 22% respectively, which are reflective of the various tax legislations within which the Group operates, including among others Petroleum (Income Tax) Act 1967 ("PITA"), Malaysia Income Tax Act 1967, Global Incentive for Trading ("GIFT") under Labuan Financial Services and Securities Act 2010, Labuan Business Activity Tax 1990 ("LBATA") and international tax legislations.

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2023

PART B – OTHER EXPLANATORY NOTES (continued)

B5. CASH, FUND AND OTHER INVESTMENTS

<i>In %</i>	As at 30 June 2023	As at 31 December 2022
By Currency		
RM	52.9	55.4
USD	45.9	42.8
Others	1.2	1.8
	<u>100.0</u>	<u>100.0</u>
By Maturity²¹		
< 1 year	93.9	95.2
1 to 5 years	1.4	1.8
5 to 10 years	4.7	3.0
	<u>100.0</u>	<u>100.0</u>
By Type		
Money market	92.6	94.2
Corporate bonds	3.3	3.7
Equities	4.1	2.1
	<u>100.0</u>	<u>100.0</u>

There were no material purchase and sale of quoted securities during the year under review, other than as disclosed in Note A14.

²¹ Refers to instrument maturity dates; excludes equities.

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2023

PART B – OTHER EXPLANATORY NOTES (continued)

B6. TRADE RECEIVABLES

The breakdown of trade receivables as at 30 June 2023 are as follows:

<i>In RM Mil</i>	As at 30 June 2023	As at 31 December 2022
Trade receivables		
Third party	27,563	33,304
Amount due from associates and joint arrangements	9,690	8,413
Contract assets	8,050	6,859
	<u>45,303</u>	<u>48,576</u>
Less: Impairment losses	(1,832)	(1,805)
	<u>43,471</u>	<u>46,771</u>

The ageing of trade receivables net of impairment amount as at the reporting date are as follows:

<i>In RM Mil</i>	As at 30 June 2023	As at 31 December 2022
At net		
Not past due	39,900	43,614
Past due 1 to 30 days	683	226
Past due 31 to 60 days	226	228
Past due 61 to 90 days	634	34
Past due more than 90 days	2,028	2,669
	<u>43,471</u>	<u>46,771</u>

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

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2023

PART B – OTHER EXPLANATORY NOTES (continued)

B7. BORROWINGS

The details of the Group borrowings as at 30 June 2023 are as follows:

<i>In RM Mil</i>	As at 30 June 2023	As at 31 December 2022
Non-Current		
Term loans	18,362	15,759
Lease liabilities	13,160	13,291
Notes and Bonds	65,733	61,917
Islamic financing facilities	3,810	5,378
Total non-current borrowings	101,065	96,345
Current		
Term loans	3,856	4,789
Lease liabilities	2,376	1,782
Islamic financing facilities	2,401	794
Revolving credits	520	154
Bankers' acceptances	549	293
Total current borrowings	9,702	7,812
Total borrowings	110,767	104,157

<i>In RM Mil</i>	As at 30 June 2023	%	As at 31 December 2022	%
By Currency				
USD	91,696	82.8	87,975	84.5
RM	12,014	10.8	11,461	11.0
EUR	2,457	2.2	2,279	2.2
AUD	987	0.9	—	—
CAD	559	0.5	385	0.3
INR	2,782	2.5	1,803	1.7
GBP	10	—	16	0.1
Others	262	0.3	238	0.2
	110,767	100.0	104,157	100.0

By Repayment Schedule				
< 1 year	9,702	8.8	7,812	7.5
1 to 5 years	34,622	31.3	33,395	32.1
5 to 10 years	27,304	24.6	25,122	24.1
> 10 years	39,139	35.3	37,828	36.3
	110,767	100.0	104,157	100.0

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2023

PART B – OTHER EXPLANATORY NOTES (continued)

B8. MATERIAL LITIGATION

There were no material litigation since the last audited consolidated financial statements for the year ended 31 December 2022.

B9. DERIVATIVE FINANCIAL INSTRUMENTS

There were no material changes to the Group's derivative financial instruments since the last audited consolidated financial statements for the year ended 31 December 2022, other than as disclosed in Note A14.

B10. FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

The Group does not have any financial liabilities that are measured at fair value (other than derivative financial instruments) for the period under review.

QUARTERLY REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2023

PART B – OTHER EXPLANATORY NOTES (continued)

B11. PROFIT FOR THE PERIOD (continued)

Foreign exchange exposure/hedging policy

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

The Group's foreign exchange management policy is to minimise economic and significant transactional exposures arising from currency movements. The Group coordinates the handling of foreign exchange risks centrally typically by matching receipts and payments for the same currency. For major capital projects, the Group performs assessment of potential foreign exchange risk exposure at the investment decision phase to determine the appropriate foreign exchange risk management strategy. Residual net positions are actively managed and monitored against prescribed policies and control procedures. When deemed necessary and appropriate, the Group will enter into derivative financial instruments to hedge and minimise its exposures to the foreign currency movements.

B12. DIVIDENDS

The Directors had on 22 June 2023 declared a dividend of RM50,000 per ordinary share amounting to RM5 billion. The dividend has been recognised and accounted for in equity as an appropriation of retained profits in the current financial period.

B13. EXCHANGE RATES

	Individual quarter ended			Cumulative quarter ended		
	30 June 2023	31 March 2023	30 June 2022	30 June 2023	30 June 2022	31 December 2022
US Dollar/RM						
Average rate	4.5250	4.3906	4.3502	4.4578	4.2713	4.4001
Closing rate	4.6860	4.4150	4.4035	4.6860	4.4035	4.4150

By order of the Board

Intan Shafinas (Tuty) Hussain (LS0009774)
Company Secretary
Kuala Lumpur
29 August 2023