



**PETROLIAM NASIONAL BERHAD**  
(20076-K)  
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR FOURTH QUARTER 2012**

The Board of Directors of PetroliaM Nasional Berhad ("PETRONAS" or the "Company") is pleased to announce the following unaudited condensed consolidated financial statements of PETRONAS Group for the fourth quarter ended 31 December 2012 which should be read in conjunction with the Explanatory Notes on pages 6 to 22 and Appendix 1 on pages 23 to 28.

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

	Individual quarter ended		Cumulative quarter ended	
	2012	2011	2012	2011
<i>In RM Mil</i>				
Revenue	76,766	78,046	290,976	288,473
Cost of revenue	(54,058)	(42,971)	(183,461)	(163,492)
<b>Gross profit</b>	<u>22,708</u>	<u>35,075</u>	<u>107,515</u>	<u>124,981</u>
Selling and distribution expenses	(1,142)	(1,321)	(4,455)	(4,834)
Administration expenses	(10,790)	(5,867)	(19,428)	(16,940)
Other expenses	(1,240)	(3,076)	(2,575)	(5,102)
Other income	5,973	642	9,439	6,705
<b>Operating profit</b>	<u>15,509</u>	<u>25,453</u>	<u>90,496</u>	<u>104,810</u>
Financing costs	(841)	(407)	(2,935)	(2,921)
Share of profit after tax and non-controlling interests of equity accounted associates and jointly controlled entities	491	340	1,518	1,903
<b>Profit before taxation</b>	<u>15,159</u>	<u>25,386</u>	<u>89,079</u>	<u>103,792</u>
Tax expense	(6,437)	(9,534)	(30,017)	(35,124)
<b>PROFIT FOR THE PERIOD/YEAR</b>	<u>8,722</u>	<u>15,852</u>	<u>59,062</u>	<u>68,668</u>
<b>Other comprehensive income/ (expenses)</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net movements from exchange differences	(725)	(1,715)	(5,489)	3,694
Available-for-sale financial assets				
- Changes in fair value	1,131	380	1,896	(526)
- Transfer to profit or loss upon disposal	-	-	(1,326)	(3,068)
Other comprehensive income/ (expenses)	43	(8)	162	50
	<u>449</u>	<u>(1,343)</u>	<u>(4,757)</u>	<u>150</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR</b>	<u>9,171</u>	<u>14,509</u>	<u>54,305</u>	<u>68,818</u>
<b>Profit attributable to:</b>				
Shareholders of the Company	5,970	13,811	49,388	59,690
Non-controlling interests	2,752	2,041	9,674	8,978
<b>PROFIT FOR THE PERIOD/YEAR</b>	<u>8,722</u>	<u>15,852</u>	<u>59,062</u>	<u>68,668</u>
<b>Total comprehensive income attributable to:</b>				
Shareholders of the Company	6,445	12,576	45,125	59,670
Non-controlling interests	2,726	1,933	9,180	9,148
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR</b>	<u>9,171</u>	<u>14,509</u>	<u>54,305</u>	<u>68,818</u>



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**INTERIM FINANCIAL REPORT FOR FOURTH QUARTER 2012**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at 31.12.2012	As at 31.12.2011	As at 1.4.2011
<i>In RM Mil</i>			
<b>ASSETS</b>			
Property, plant and equipment	226,059	205,555	190,949
Investment properties, land held for development and prepaid lease payments	13,292	13,250	12,753
Investments in associates and jointly controlled entities	11,670	12,323	11,561
Intangible assets	33,256	20,614	13,272
Fund and other investments	8,053	3,495	11,824
Cash and cash equivalents	164	89	108
Other non-current assets	9,984	7,971	7,268
<b>TOTAL NON-CURRENT ASSETS</b>	<u>302,478</u>	<u>263,297</u>	<u>247,735</u>
Trade and other inventories	14,187	12,366	10,274
Trade and other receivables	42,279	38,111	33,545
Fund and other investments	20,874	35,383	37,869
Cash and cash equivalents	107,735	125,358	106,556
Other current assets	755	631	346
<b>TOTAL CURRENT ASSETS</b>	<u>185,830</u>	<u>211,849</u>	<u>188,590</u>
<b>TOTAL ASSETS</b>	<u>488,308</u>	<u>475,146</u>	<u>436,325</u>
<b>EQUITY</b>			
Share capital	100	100	100
Reserves	303,689	286,797	262,172
<b>Total equity attributable to shareholders of the Company</b>	303,789	286,897	262,272
Non-controlling interests	32,423	32,079	31,283
<b>TOTAL EQUITY</b>	<u>336,212</u>	<u>318,976</u>	<u>293,555</u>
<b>LIABILITIES</b>			
Borrowings	32,051	39,674	44,354
Deferred tax liabilities	14,195	13,267	12,865
Other long term liabilities and provisions	26,574	23,977	24,544
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>72,820</u>	<u>76,918</u>	<u>81,763</u>
Trade and other payables	58,820	50,408	38,122
Borrowings	10,166	12,849	3,457
Taxation	9,751	15,995	13,428
Dividend payable	539	-	6,000
<b>TOTAL CURRENT LIABILITIES</b>	<u>79,276</u>	<u>79,252</u>	<u>61,007</u>
<b>TOTAL LIABILITIES</b>	<u>152,096</u>	<u>156,170</u>	<u>142,770</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>488,308</u>	<u>475,146</u>	<u>436,325</u>



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**INTERIM FINANCIAL REPORT FOR FOURTH QUARTER 2012**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

<i>In RM Mil</i>	<i>Attributable to shareholders of the Company</i>			
	<i>Share Capital</i>	<i>Capital Reserves</i>	<i>Foreign Currency Translation Reserve</i>	<i>Available-for-sale Reserve</i>
<b>Quarter ended 31 December 2011</b>				
Balance at 1 January 2011	100	13,110	(12,666)	5,583
Net movements from exchange differences Available-for-sale financial assets	-	-	3,568	-
- Changes in fair value	-	-	-	(541)
- Transfer to profit or loss upon disposal	-	-	-	(3,068)
Other comprehensive income	-	21	-	-
Total other comprehensive income/(expenses) for the year	-	21	3,568	(3,609)
Profit for the year	-	-	-	-
<b>Total comprehensive income/ (expenses) for the year</b>	-	21	3,568	(3,609)
Additional issuance of shares to non-controlling interests	-	-	-	-
Additional equity interest in a subsidiary	-	-	-	-
Dividends	-	-	-	-
Other movements	-	274	-	-
<b>Total transactions with shareholders</b>	-	274	-	-
	100	13,405	(9,098)	1,974
Effect of transition to MFRS	-	-	13,403	-
Balance at 31 December 2011	100	13,405	4,305	1,974
<b>Quarter ended 31 December 2012</b>				
Balance at 1 January 2012	100	13,405	4,305	1,974
Net movements from exchange differences Available-for-sale financial assets	-	-	(4,945)	-
- Changes in fair value	-	-	-	1,873
- Transfer to profit or loss upon disposal	-	-	-	(1,326)
Other comprehensive income	-	135	-	-
Total other comprehensive income/(expenses) for the year	-	135	(4,945)	547
Profit for the year	-	-	-	-
<b>Total comprehensive income/ (expenses) for the year</b>	-	135	(4,945)	547
Additional issuance of shares to non-controlling interests	-	-	-	-
Additional equity interest in a subsidiary	-	-	-	-
Dividends	-	-	-	-
Other movements	-	(16)	-	-
<b>Total transactions with shareholders</b>	-	(16)	-	-
Balance at 31 December 2012	100	13,524	(640)	2,521

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(20076-K)  
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR FOURTH QUARTER 2012**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

<i>In RM Mil</i>	<b>Cumulative quarter ended</b>	
	<b>31 December</b>	
	<b>2012</b>	<b>2011</b>
Cash receipts from customers	282,683	279,331
Cash paid to suppliers and employees	(165,230)	(155,634)
	<u>117,453</u>	<u>123,697</u>
Interest income from fund and other investments	3,888	2,824
Interest expenses paid	(2,273)	(2,348)
Taxation paid	(41,000)	(33,804)
<b>Cash flows from operating activities</b>	<u>78,068</u>	<u>90,369</u>
Acquisition of subsidiaries, net of cash acquired	(17,751)	(89)
Investment in securities	(13,305)	(8,102)
Proceeds from disposal:		
- investment in subsidiaries, net of cash disposed	145	521
- property, plant and equipment, prepaid lease payments and intangible assets	963	2,202
- securities and other investment	24,999	14,390
Purchase of property, plant and equipment, prepaid lease payments and intangible assets	(45,623)	(41,215)
Others	144	(725)
<b>Cash flows from investing activities</b>	<u>(50,428)</u>	<u>(33,018)</u>
Repayment of borrowings	(14,276)	(3,862)
Drawdown of borrowings	4,945	6,293
Dividends paid	(27,461)	(30,000)
Dividends paid to non-controlling interests	(6,545)	(8,649)
Others	10	1
<b>Cash flows from financing activities</b>	<u>(43,327)</u>	<u>(36,217)</u>
Net (decrease)/increase in cash and cash equivalents	(15,687)	21,134
Decrease in deposits restricted	79	158
Net foreign exchange differences	(787)	664
Cash and cash equivalents at beginning of the year	124,283	102,327
<b>Cash and cash equivalents at end of the year</b>	<u>107,888</u>	<u>124,283</u>
<b>Cash and cash equivalents</b>		
Cash and bank balances and deposits	107,899	125,447
Negotiable certificate of deposits	1,793	514
Bank overdrafts	(1,113)	(908)
Less: Deposits restricted	(691)	(770)
	<u>107,888</u>	<u>124,283</u>



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**(20076-K)**  
**(Incorporated in Malaysia)**

**INTERIM FINANCIAL REPORT FOR FOURTH QUARTER 2012**

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

**1. BASIS OF PREPARATION**

Beginning 1 January 2012, the financial statements of PETRONAS and its subsidiaries (“PETRONAS Group” or the “Group”) have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards and the Companies Act, 1965 in Malaysia. In the previous financial years, the financial statements of the Group and the Company were prepared in accordance with Financial Reporting Standards (“FRS”) in Malaysia.

In 2011, PETRONAS Group changed its financial year end from 31 March to 31 December. Therefore, the comparative figures for the Group’s first MFRS-compliant annual financial statements that is, 31 December 2012, is a 9-month period from 1 April 2011 to 31 December 2011. The Group has elected 1 April 2011, being the beginning date of this immediate preceding financial period, as the Group’s date of transition to MFRS accordingly. The financial impacts on transition from FRS to MFRS including the impact of electing certain transitional exemptions in MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* are set out in Appendix 1.

However, for the purpose of the Group’s interim quarter reporting in 2012, comparative information other than for consolidated statement of financial position, will be reported based on a 12-month period from January 2011 to December 2011. The period from January 2011 to March 2011 (i.e. the “first quarter of 2011”), which is not part of the immediate preceding financial period of the Group falls prior to the Group’s transition date to MFRS and therefore, has been prepared on the basis of the previously-adopted FRS.

This unaudited condensed consolidated financial statements have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting* other than the presentation of comparative information as described in the preceding paragraph. MFRS 134 and IAS 34 require comparative statements to be presented from the immediate preceding financial year and restated as necessary in accordance with the MFRS framework. Nevertheless, the comparatives in this report are disclosed as such in order to present a comparable and unambiguous review of performance of the Group’s operations and business activities.

The results for this interim period are unaudited and should be read in conjunction with the Group’s audited consolidated financial statements and the accompanying notes for the year ended 31 December 2012.

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 period ended 31 December 2011.

**2. 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 2012 under the MFRS framework. These policies do not differ significantly from those used in the audited consolidated financial statements for 31 December 2011 other than that disclosed in the first quarter report relating to first time adoption of MFRS and its impact as of 1 April 2011.

During the current financial year, the Group and the Company have early adopted the amendments to MFRS 101 *Presentation of Financial Statements* which is effective for annual periods beginning on or after 1 July 2012. The early adoption of the amendments to MFRS 101 has no impact on the financial statements other than the presentation format of the statement of profit or loss and other comprehensive income.



**PETROLIAM NASIONAL BERHAD**  
**(20076-K)**  
**(Incorporated in Malaysia)**

**INTERIM FINANCIAL REPORT FOR FOURTH QUARTER 2012**

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

**3. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS**

There was no qualified audit report issued by the auditors in the annual financial statements for the year ended 31 December 2012.

**4. SEASONALITY OR CYCLICALITY OF OPERATIONS**

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

**5. EXCEPTIONAL ITEMS**

There was no exceptional item during the quarter under review.

**6. DIVIDENDS**

During the financial year, the Company paid a dividend of RM27,461 million out of the approved tax exempt final dividend under Section 84 of the Petroleum (Income Tax) Act, 1967 of RM280,000 per ordinary share amounting to RM28 billion in respect of the financial period ended 31 December 2011.

Out of the remaining RM539 million dividend to be paid, RM343 million was paid on 22 February 2013, while the balance of RM196 million is also expected to be paid in the financial year ending 31 December 2013.

The Directors propose a tax exempt final dividend under Section 84 of the Petroleum (Income Tax) Act, 1967 of RM270,000 per ordinary share amounting to RM27 billion in respect of the financial year ended 31 December 2012 for shareholders' approval at the forthcoming Annual General Meeting.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2013.

**7. SIGNIFICANT AND SUBSEQUENT EVENTS**

***Petroleum operations in the Republic of South Sudan***

As disclosed in the previous interim report, the Group's petroleum operations in the Republic of South Sudan ("RSS") were shut down for the most part of 2012 following a Shut Down Order issued by the Government of the RSS. To-date, the Group's petroleum operations in the RSS have yet to resume. Currently, the Group and other operators continue to undertake technical preparation and maintenance activities as allowed by the Government of the RSS. The impact of the shut down is not material in relation to the consolidated net profit of the Group for the year.





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(20076-K)  
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR FOURTH QUARTER 2012**

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

**7. SIGNIFICANT AND SUBSEQUENT EVENTS (continued)**

***Conditional take-over offer to MISC Berhad***

On 31 January 2013, the Company issued a notice on conditional take-over offer to its subsidiary, MISC Berhad (“MISC”), for the remaining shares in MISC which it does not hold for a cash price of RM5.30 per share. MISC is currently listed on the Main Market of Bursa Malaysia Securities Berhad. The offer is conditional upon the Company receiving valid acceptances which would result in the Company holding 90% or more of the total MISC’s shares as well as obtaining approval from the relevant authorities.

The offer is currently in progress and, if successful, will result in the Company holding 90% or more of the total MISC’s shares.

**8. CHANGES IN COMPOSITION OF THE GROUP**

There was no material change in the composition of the Group.

**9. SIGNIFICANT RELATED PARTY TRANSACTIONS**

Parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa. Related parties may be individuals or other entities. The Company’s related parties include subsidiaries, associates, jointly controlled entities as well as the Government of Malaysia and its related entities as the Company is wholly-owned by the Government of Malaysia.

In addition to related party transactions disclosed in the Group’s annual consolidated financial statements for 31 December 2011, the Group had the following significant transactions with the Government of Malaysia and its related entities during the quarter under review:

<i>In RM Mil</i>	<b>Individual quarter ended</b>		<b>Cumulative quarter ended</b>	
	<b>2012</b>	<b>31 December 2011</b>	<b>2012</b>	<b>31 December 2011</b>
<b>Federal and State Governments of Malaysia</b>				
Petroleum proceeds	3,030	3,094	12,286	11,059
Sale of petroleum products	77	101	347	359
<b>Government of Malaysia’s related entities</b>				
Sales of petroleum products, processed gas and utilities	1,639	1,594	6,335	6,089

The above transactions have been entered into in the normal course of business and have been established on a commercial basis. Items which are statutory in nature including among others, taxation and export duties, are not considered related party transactions for the purpose of MFRS 124 *Related Party Disclosures* and therefore not included in the above disclosure.





**PETROLIAM NASIONAL BERHAD**  
(20076-K)  
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR FOURTH QUARTER 2012**

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

**10. OPERATING SEGMENTS**

The Group has four reportable operating segments comprising Exploration and Production, Gas and Power, Downstream and Corporate and Others. Corporate and Others segment comprises primarily maritime and logistics segment, property segment and central treasury function.

Performance is measured based on segment net operating profit after tax (“NOPAT”), which is derived from net profit after tax excluding financing cost, share of profits of associates and jointly controlled entities and other non-operating income and expenses, as included in the internal management reports. Segment NOPAT is used to measure performance as the Group chief operating decision maker, which in this case is the PETRONAS Executive Committee, believes that such information is the most relevant in evaluating the results of the segments.

**10.1 Revenue**

<i>In RM Mil</i>	Individual quarter ended					
	31 December					
	2012	2011	2012	2011	2012	2011
	Third Parties		Inter-segment		Gross Total	
Exploration and Production <sup>1</sup>	13,751	13,544	15,531	17,813	29,282	31,357
Gas and Power	20,219	21,064	1,736	1,953	21,955	23,017
Downstream	39,351	39,362	486	271	39,837	39,633
Corporate and Others	3,445	4,076	1,163	1,081	4,608	5,157
<b>Total</b>	<b>76,766</b>	<b>78,046</b>	<b>18,916</b>	<b>21,118</b>	<b>95,682</b>	<b>99,164</b>

<i>In RM Mil</i>	Cumulative quarter ended					
	31 December					
	2012	2011	2012	2011	2012	2011
	Third Parties		Inter-segment		Gross Total	
Exploration and Production <sup>1</sup>	49,063	53,196	59,924	61,518	108,987	114,714
Gas and Power	79,176	71,590	6,720	7,622	85,896	79,212
Downstream	148,407	149,986	1,928	1,820	150,335	151,806
Corporate and Others	14,330	13,701	4,224	5,535	18,554	19,236
<b>Total</b>	<b>290,976</b>	<b>288,473</b>	<b>72,796</b>	<b>76,495</b>	<b>363,772</b>	<b>364,968</b>

Certain items in the comparative figures have been reclassified between segments to be consistent with current year presentation.

<sup>1</sup> Inter-segment includes deemed sales between Exploration and Production and Gas and Power segments



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(20076-K)  
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR FOURTH QUARTER 2012**

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

**10. OPERATING SEGMENTS (continued)**

**10.2 NOPAT**

<i>In RM Mil</i>	Individual quarter ended		Cumulative quarter ended	
	31 December		31 December	
	2012	2011	2012	2011
Exploration and Production	1,671	11,599	28,972	47,004
Gas and Power	4,012	3,999	16,423	13,081
Downstream	1,454	1,418	6,070	6,617
Corporate and Others	1,726	(1,475)	4,177	(733)
Total NOPAT for reportable segments	8,863	15,541	55,642	65,969
Elimination of inter-segment transactions	(158)	(245)	1,325	(1,335)
Consolidated NOPAT	8,705	15,296	56,967	64,634

**10.3 Reconciliation of reportable segment NOPAT**

<i>In RM Mil</i>	Individual quarter ended		Cumulative quarter ended	
	31 December		31 December	
	2012	2011	2012	2011
Consolidated NOPAT	8,705	15,296	56,967	64,634
Financing cost, net of tax	(520)	(237)	(1,946)	(1,923)
Share of profits of associates and jointly controlled entities, net of tax	491	340	1,518	1,903
Unrealised foreign exchange gains/(losses)	709	(506)	926	(252)
Other non-operating (expense)/income, net of tax	(663)	959	1,597	4,306
Profit for the period/year	8,722	15,852	59,062	68,668



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(20076-K)  
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR FOURTH QUARTER 2012**

**PART B – OTHER EXPLANATORY NOTES**

**11. REVIEW OF GROUP PERFORMANCE**

Cumulative quarter ended		<i>In RM Mil</i>	Individual quarter ended		
31.12.2011	31.12.2012		31.12.2012	30.9.2012	31.12.2011
288,473	<b>290,976</b>	Revenue	<b>76,766</b>	68,340	78,046
68,668	<b>59,062</b>	Profit for the period	<b>8,722</b>	14,376	15,852
64,634	<b>56,967</b>	NOPAT	<b>8,705</b>	13,763	15,296
122,960	<b>119,894</b>	EBITDA <sup>2</sup>	<b>30,849</b>	26,520	31,123

<i>In RM Mil</i>	As at 31.12.2012	As at 31.12.2011
Total assets	488,308	475,146
Shareholders' equity	303,789	286,897
Total debt to total assets	0.09x	0.11x
ROACE <sup>3</sup>	17.2%	20.4%

**Fourth quarter** PETRONAS Group recorded a decline in revenue for the quarter of RM76.8 billion, compared with RM78.0 billion for the same period in 2011 and profit for the quarter was RM8.7 billion compared with RM15.9 billion for the same period in 2011.

Revenue for the quarter declined primarily due to lower crude oil trading volume on the back of limited trading opportunities and the strengthening of Ringgit against the US Dollar quarter-on-quarter, driven by weaker US economy and uncertainty surrounding its domestic fiscal challenges. Nevertheless, the decline in revenue was partially offset by higher realised price of petroleum products.

Profit and NOPAT for the quarter decreased by RM7.1 billion and RM6.6 billion respectively, primarily due to lower margins resulting from higher operating costs and impairment losses on certain property, plant and equipment. EBITDA also slightly decreased by RM0.3 billion as compared to the same period in 2011.

**Cumulative quarter** Group revenue for the year of RM291.0 billion was largely comparable to 2011 of RM288.5 billion. Profit and NOPAT for the financial year decreased by RM9.6 billion and RM7.7 billion respectively as compared to the previous year on the back of lower margins resulting from higher operating costs and impairment losses on certain property, plant and equipment. EBITDA decreased by RM3.1 billion as compared to the previous year.

During the financial year, the Group disposed of its entire investment in amongst others, Centrica Plc and APA Group, resulting in a total gain of RM1.5 billion. By comparison, the profit of 2011 includes a net gain of RM2.6 billion from the disposal of Cairn India Ltd. After adjusting for these gains, profit and EBITDA decreased by RM8.6 billion and RM2.0 billion respectively, in line with lower margins.

<sup>2</sup> EBITDA consists of profit before taxation and non-controlling interests, with the addition of amounts previously deducted for depreciation, amortisation and impairment loss on property, plant and equipment and intangible assets and financing costs, and the exclusion of interest income.

<sup>3</sup> Return on average capital employed (ROACE) is calculated as NOPAT divided by average shareholders' equity and long term debt during the period/year.



**PETROLIAM NASIONAL BERHAD  
(20076-K)  
(Incorporated in Malaysia)**

**INTERIM FINANCIAL REPORT FOR FOURTH QUARTER 2012**

**PART B – OTHER EXPLANATORY NOTES (continued)**

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

Total assets increased to RM488.3 billion as at 31 December 2012 as compared to RM475.1 billion in 2011 primarily as a result of profits recorded during the year. Shareholders' equity of RM303.8 billion as at 31 December 2012 showed an increase of RM16.9 billion compared to that of 2011 due to the net impact of profits generated during the financial year and approved final dividend amounting to RM28.0 billion in respect of the financial period ended 31 December 2011.

Total debt to total assets ratio decreased to 0.09x as at 31 December 2012 compared to 0.11x as at 31 December 2011 due to lower debt following repayment of bonds during the year against higher total assets. ROACE decreased to 17.2% as at 31 December 2012 compared to 20.4% as at 31 December 2011 in line with lower NOPAT.



**PETROLIAM NASIONAL BERHAD**  
(20076-K)  
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR FOURTH QUARTER 2012**

**PART B – OTHER EXPLANATORY NOTES (continued)**

**12. REVIEW OF PERFORMANCE - EXPLORATION AND PRODUCTION SEGMENT**

Cumulative quarter ended		<i>Financial Indicators</i> <i>In RM Mil</i>	Individual quarter ended		
31.12.2011	31.12.2012		31.12.2012	30.9.2012	31.12.2011
53,196	<b>49,063</b>	Revenue			
61,518	<b>59,924</b>	Third party	<b>13,751</b>	9,847	13,544
114,714	<b>108,987</b>	Inter-segment	<b>15,531</b>	13,708	17,813
			<b>29,282</b>	23,555	31,357
47,004	<b>28,972</b>	NOPAT	<b>1,671</b>	8,077	11,599

Cumulative quarter ended		<i>Operational Indicators</i>	Individual quarter ended		
31.12.2011	31.12.2012		31.12.2012	30.9.2012	31.12.2011
		Production ('000 boe <sup>4</sup> per day)			
819	<b>719</b>	Crude oil and condensates	<b>745</b>	683	828
1,256	<b>1,291</b>	Natural gas	<b>1,337</b>	1,221	1,268
2,075	<b>2,010</b>		<b>2,082</b>	1,904	2,096
		Oil and gas entitlement ('000 boe <sup>4</sup> per day)			
538	<b>515</b>	Crude oil and condensates	<b>556</b>	446	550
876	<b>931</b>	Natural gas	<b>954</b>	874	920
1,414	<b>1,446</b>		<b>1,510</b>	1,320	1,470

**Fourth quarter** Revenue for the quarter ended 31 December 2012 was RM29.3 billion compared to RM31.4 billion in the corresponding quarter last year. The lower revenue mainly due to lower realised price of crude oil and condensates coupled with lower oil production due to South Sudan production stop order. NOPAT decreased to RM1.7 billion compared to RM11.6 billion in the corresponding quarter last year mainly due to lower revenue as above and higher amortisation, higher well cost and impairment of asset in Egypt.

Total production for the quarter was 2,082 thousand boe per day compared to 2,096 thousand boe per day in the corresponding quarter last year. Crude oil and condensates production was lower by 83 thousand boe per day mainly due to stop order instruction in South Sudan operation. Natural gas production was higher compared to the same quarter last year mainly due to recognition of unitisation gas in Peninsular Malaysia operation and better performance at international operation.

**Cumulative quarter** Revenue for the cumulative quarter ended 31 December 2012 was RM109.0 billion compared to RM114.7 billion in the corresponding period last year. The lower revenue reflected the impact of lower crude oil and condensates entitlement mainly due to stop order instruction in Sudan operation. Similarly, NOPAT decreased to RM29.0 billion mainly due to lower revenue as explained above, higher amortisation, higher well cost and impairment of asset in Egypt.

Total production for the cumulative quarter ended 31 December 2012 was 2,010 thousand boe per day compared to 2,075 thousand boe per day in the corresponding period last year. Crude oil and condensates production was lower by 100 thousand boe per day mainly due to stop order instruction in South Sudan operation. Natural gas production was marginally higher by 3% compared to the same period last year mainly due to recognition of unitisation gas partially offset by operational challenges at Malaysia operation and better well performance at international operation.

<sup>4</sup> boe: barrels of oil equivalent



**PETROLIAM NASIONAL BERHAD**  
(20076-K)  
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR FOURTH QUARTER 2012**

**PART B – OTHER EXPLANATORY NOTES (continued)**

**13. REVIEW OF PERFORMANCE - GAS AND POWER SEGMENT**

Cumulative quarter ended		<i>Financial Indicators</i> <i>In RM Mil</i>	Individual quarter ended		
31.12.2011	31.12.2012		31.12.2012	30.9.2012	31.12.2011
71,590	<b>79,176</b>	Revenue			
7,622	<b>6,720</b>	Third party	<b>20,219</b>	18,245	21,064
79,212	<b>85,896</b>	Inter-segment	<b>1,736</b>	1,474	1,953
13,081	<b>16,423</b>	NOPAT	<b>21,955</b>	19,719	23,017
			<b>4,012</b>	2,778	3,999

Cumulative quarter ended		<i>Operational Indicators</i>	Individual quarter ended		
31.12.2011	31.12.2012		31.12.2012	30.9.2012	31.12.2011
2,351	<b>2,542</b>	Malaysia average sales gas volume (mmscfd) <sup>5</sup>	<b>2,627</b>	2,551	2,273
27.91	<b>26.09</b>	LNG sales volume (million tonnes)	<b>7.28</b>	5.88	7.37

**Fourth quarter** Gas and Power segment registered RM22.0 billion revenue for the quarter ended 31 December 2012, a decrease of RM1.1 billion or 4.6% compared to the corresponding quarter in 2011 mainly due to lower realised LNG price. The segment registered higher NOPAT at RM4.0 billion for the period, a slight increase of RM13 million compared to the corresponding quarter a year ago.

Total LNG sales volume for the quarter was lower by 0.09 million tonnes or 1.2% as compared to the same quarter previous year mainly due to lower entitlement volume from operations in Egypt.

Average sales gas volume was higher by 354 mmscfd or 15.6% compared to the same period last year mainly due to higher supply from domestic Kertih, Terengganu and Malaysia-Thailand Joint Development Area ("MTJDA").

**Cumulative quarter** Gas and Power segment registered RM85.9 billion revenue for the year ended 31 December 2012, an increase of RM6.7 billion or 8.4% compared to the corresponding period in 2011 on the back of higher realised LNG prices as well as higher gas prices resulting from RM3/mmbtu increment in June 2011.

The segment registered higher NOPAT at RM16.4 billion for the year, an increase of RM3.3 billion compared to the corresponding period a year ago, in line with the increase in revenue.

Total LNG sales volume for the period was lower by 1.82 million tonnes or 6.5% as compared to the previous year due to lower sales from the PETRONAS LNG Complex in Bintulu, Sarawak as well as lower entitlement volume from operations in Egypt.

Average sales gas volume was higher by 191 mmscfd or 8.1% compared to the same period last year mainly due to higher supply from domestic Kertih, Terengganu and MTJDA.

<sup>5</sup> mmscfd: million standard cubic feet per day



**PETROLIAM NASIONAL BERHAD**  
(20076-K)  
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR FOURTH QUARTER 2012**

**PART B – OTHER EXPLANATORY NOTES (continued)**

**14. REVIEW OF PERFORMANCE – DOWNSTREAM SEGMENT**

Cumulative quarter ended		<i>Financial Indicators</i> <i>In RM Mil</i>	Individual quarter ended		
31.12.2011	31.12.2012		31.12.2012	30.9.2012	31.12.2011
149,986	<b>148,407</b>	Revenue			
1,820	<b>1,928</b>	Third party	<b>39,351</b>	36,613	39,362
		Inter-segment	<b>486</b>	495	271
151,806	<b>150,335</b>		<b>39,837</b>	37,108	39,633
6,617	<b>6,070</b>	NOPAT	<b>1,454</b>	1,896	1,418

Cumulative quarter ended		<i>Operational Indicators</i>	Individual quarter ended		
31.12.2011	31.12.2012		31.12.2012	30.9.2012	31.12.2011
302.3	<b>297.1</b>	Petroleum products sales volume (in million barrels)	<b>80.4</b>	74.0	80.5
191.2	<b>157.4</b>	Crude oil sales volume (in million barrels)	<b>43.5</b>	33.7	55.3
6.4	<b>6.8</b>	Petrochemical sales volume (in million metric tonnes)	<b>1.8</b>	1.6	1.5

**Fourth quarter** Revenue for the quarter was RM39.8 billion, an increase of RM0.2 billion compared to the corresponding quarter in 2011. The higher revenue was mainly due to the higher average realised prices of crude oil and petroleum products, as well as higher petrochemical sales volume.

Crude oil sales volume was 43.5 million barrels in the fourth quarter, lower than corresponding quarter in 2011 by 11.8 million barrels mainly due to production limitation resulted from geopolitical challenges in some international operations.

Downstream's NOPAT was slightly higher by RM36 million than the corresponding quarter in 2011 mainly due to higher refining margins coupled with higher petrochemical sales volume.

**Cumulative quarter** Revenue for the year was RM150.3 billion, lower than the revenue from corresponding period in 2011 by RM1.5 billion mainly due to the lower petroleum products and crude oil sales volume.

Petroleum products sales volume was 297.1 million barrels, 5.2 million barrels lower as compared to corresponding period in 2011 mainly due to limited trading opportunities affected by the high price environment.

Crude oil sales volume was 157.4 million barrels, lower by 33.8 million barrels as compared to corresponding period in 2011 mainly due to production limitation resulted from geopolitical challenges in some international operations.

Downstream cumulative NOPAT was RM6.1 billion, lower than the corresponding period last year by RM0.5 billion mainly due to lower refining and petrochemical margins, in addition to lower volume.





**PETROLIAM NASIONAL BERHAD**  
(20076-K)  
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR FOURTH QUARTER 2012**

**PART B – OTHER EXPLANATORY NOTES (continued)**

**15. REVIEW OF PERFORMANCE - CORPORATE AND OTHERS SEGMENT**

Cumulative quarter ended		<i>Financial Indicators</i> <i>In RM Mil</i>	Individual quarter ended		
31.12.2011	31.12.2012		31.12.2012	30.9.2012	31.12.2011
13,701	<b>14,330</b>	Revenue			
5,535	<b>4,224</b>	Third party	<b>3,445</b>	3,635	4,076
19,236	<b>18,554</b>	Inter-segment	<b>1,163</b>	1,205	1,081
(733)	<b>4,177</b>	NOPAT	<b>4,608</b>	4,840	5,157
			<b>1,726</b>	880	(1,475)

**Fourth quarter** Revenue for the quarter was RM4.6 billion, lower by RM0.5 billion or 10.6% as compared to the corresponding quarter a year ago mainly as a result of lower revenue from maritime and logistics business due to the discontinued operations of its liner business. NOPAT stood at RM1.7 billion compared to net operating loss of RM1.5 billion mainly due to provisions on the liner business recorded in the same period last year.

**Cumulative quarter** Revenue was RM18.6 billion, compared to RM19.2 billion in 2011. Revenue was lower by RM0.7 billion or 3.5% contributed by lower maritime and logistics revenue but partially offset by higher fund investment income and income from property business.

The segment recorded a higher NOPAT of RM4.2 billion, compared to a net operating loss of RM0.7 billion in 2011 mainly due to the provision on the liner business included last year and higher fund investment income.

**16. COMPARISON WITH PRECEDING QUARTER'S RESULT**

<i>In RM Mil</i>	Individual quarter ended	
	31.12.2012	30.9.2012
Revenue	<b>76,766</b>	68,340
Profit for the period	<b>8,722</b>	14,376
NOPAT	<b>8,705</b>	13,763
EBITDA	<b>30,849</b>	26,520

PETRONAS Group's revenue of RM76.8 billion for the quarter, was higher by RM8.4 billion as compared to the preceding quarter. The increase was primarily driven by higher sales volume of crude oil and LNG, resulted from improved operational performance and higher seasonal demand for LNG.

However, profit and NOPAT decreased by RM5.7 billion and RM5.1 billion respectively primarily due to lower margins resulting from higher operating costs and impairment losses on oil and gas properties. Nevertheless, EBITDA increased by RM4.3 billion in line with higher revenue.



**PETROLIAM NASIONAL BERHAD**  
**(20076-K)**  
**(Incorporated in Malaysia)**

**INTERIM FINANCIAL REPORT FOR FOURTH QUARTER 2012**

**PART B – OTHER EXPLANATORY NOTES (continued)**

**17. NEXT FINANCIAL YEAR PROSPECTS**

The current environment of geopolitical uncertainties, macroeconomic challenges and rising operating costs faced by the oil and gas industry as well as global shortages of talent are expected to persist in 2013. With PETRONAS' continued emphasis on cost efficiency and operational excellence, the Board expects PETRONAS Group to deliver satisfactory performance in the next financial year.

**18. TAXATION**

<i>In RM Mil</i>	Individual quarter ended		Cumulative quarter ended	
	31 December		31 December	
	2012	2011	2012	2011
<b>Current tax expenses</b>				
Malaysia	8,585	8,159	32,386	31,109
Overseas	632	651	2,616	3,196
<b>Deferred tax expenses</b>				
Origination and reversal of temporary differences	(2,780)	724	(4,985)	819
	<u>6,437</u>	<u>9,534</u>	<u>30,017</u>	<u>35,124</u>
Effective tax rate	42.5%	37.6%	33.7%	33.8%

The Group's effective tax rates for the current quarter and year-to-date are 42.5% and 33.7% respectively. The current quarter effective tax rate is higher than the corresponding quarter in 2011 of 37.6% mainly from higher non-deductible expenses incurred. The effective tax rate for the cumulative quarter excluding the significant non-recurring gains from both periods is 34.3%, which is comparable to the corresponding period in 2011 of 34.7%.



**PETROLIAM NASIONAL BERHAD**  
**(20076-K)**  
**(Incorporated in Malaysia)**

**INTERIM FINANCIAL REPORT FOR FOURTH QUARTER 2012**

**PART B – OTHER EXPLANATORY NOTES (continued)**

**19. CASH, FUND AND OTHER INVESTMENTS**

In %	As at 31.12.2012	As at 31.12.2011
<b>By Currency</b>		
RM	69.1	78.6
USD	25.0	16.5
Others	5.9	4.9
	100.0	100.0
<b>By Maturity<sup>6</sup></b>		
< 1 year	91.8	95.7
1 to 5 years	6.3	4.0
5 to 10 years	1.9	0.3
	100.0	100.0
<b>By Type</b>		
Money market	84.5	78.3
Government securities	5.8	13.7
Corporate bonds	5.1	2.0
Equities	4.6	6.0
	100.0	100.0

There was no material purchase and sale of quoted securities for the current quarter.

<sup>6</sup> Refers to instrument maturity dates; exclude equities.



**PETROLIAM NASIONAL BERHAD**  
(20076-K)  
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR FOURTH QUARTER 2012**

**PART B – OTHER EXPLANATORY NOTES (continued)**

**20. BORROWINGS**

The details of the Group borrowings as at 31 December 2012 are as follows:

<i>In RM Mil</i>	<b>As at 31.12.2012</b>	<b>As at 31.12.2011</b>
<b>Non-Current</b>		
<b>Secured</b>		
Term loans	3,389	3,380
Islamic financing facilities	1,455	1,863
<b>Total non-current secured borrowings</b>	<b>4,844</b>	<b>5,243</b>
<b>Unsecured</b>		
Term loans	285	7,672
Notes and Bonds	17,769	19,039
Islamic financing facilities	9,153	7,720
<b>Total non-current unsecured borrowings</b>	<b>27,207</b>	<b>34,431</b>
<b>Total non-current borrowings</b>	<b>32,051</b>	<b>39,674</b>
<b>Current</b>		
<b>Secured</b>		
Term loans	549	743
Islamic financing facilities	473	300
<b>Total current secured borrowings</b>	<b>1,022</b>	<b>1,043</b>
<b>Unsecured</b>		
Term loans	5,927	675
Notes and Bonds	566	6,357
Islamic financing facilities	123	1,137
Revolving credits	1,415	2,729
Bank overdrafts	1,113	908
<b>Total current unsecured borrowings</b>	<b>9,144</b>	<b>11,806</b>
<b>Total current borrowings</b>	<b>10,166</b>	<b>12,849</b>
<b>Total borrowings</b>	<b>42,217</b>	<b>52,523</b>



**PETROLIAM NASIONAL BERHAD**  
(20076-K)  
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR FOURTH QUARTER 2012**

**PART B – OTHER EXPLANATORY NOTES (continued)**

**20. BORROWINGS (continued)**

<i>In RM Mil</i>	As at		As at	
	31.12.2012	%	31.12.2011	%
<b>By Currency</b>				
USD	26,774	63.4	36,575	69.6
RM	8,509	20.2	9,824	18.7
EUR	3,604	8.5	3,678	7.0
JPY	566	1.3	653	1.2
ZAR	1,175	2.8	1,019	1.9
Others	1,589	3.8	774	1.6
	42,217	100.0	52,523	100.0
<b>By Repayment Schedule</b>				
< 1 year	10,166	24.1	12,849	24.5
1 to 5 years	15,508	36.7	24,129	45.9
5 to 10 years	14,545	34.5	11,539	22.0
10 to 20 years	1,998	4.7	4,006	7.6
	42,217	100.0	52,523	100.0

**21. STATUS OF CORPORATE PROPOSAL**

On 12 December 2012, the Group via its wholly-owned subsidiary, PETRONAS Carigali Canada Ltd. ("PCCL"), completed its acquisition of 100% interest in Progress Energy Resources Corporation ("Progress Energy") and its group of companies ("Progress Energy Group"), for a total purchase consideration of C\$5,803.9 million (approximately RM17,859.0 million). PCCL and Progress Energy were subsequently amalgamated after which the amalgamated corporation is named Progress Energy Canada Ltd. The net profit contributed by Progress Energy Group from the date of acquisition to 31 December 2012 is not material in relation to the Group's consolidated net profit for the year.

**22. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

There was no off balance sheet financial instrument for the quarter ended 31 December 2012.

**23. MATERIAL LITIGATION**

On 21 March 2012, following an application by the Terengganu State Government, the legal suit brought against the Company and the Federal Government in the year 2000 has been withdrawn.

The Kelantan State Government brought a suit against the Company in 2010 in respect of payment of petroleum proceeds under the terms of the agreement dated 9 May 1975 entered into between the Kelantan State Government and PETRONAS (the "Agreement"). There is no specific amount claimed by way of damages. The Kelantan State Government has also taken out an injunction which is yet to be heard directing PETRONAS to make payments of all alleged cash payments to the Kelantan State Government. PETRONAS has been advised by its solicitors there is no merit in the claim by the Kelantan State Government.



**PETROLIAM NASIONAL BERHAD**  
(20076-K)  
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR FOURTH QUARTER 2012**

**PART B – OTHER EXPLANATORY NOTES (continued)**

**23. MATERIAL LITIGATION (continued)**

PETRONAS has taken out an application under Order 14A for a construction of the Agreement and other relevant statutes to determine the liability (which is denied), if any, and the High Court and the Court of Appeal have made an order for the Court to hear such an application. There is presently pending in the Federal Court an appeal against the decision of the Court of Appeal. The Government of Malaysia, though not a party to the original suit, has intervened in the above suit and the High Court and the Court of Appeal have affirmed the intervention.

During the financial year, certain individuals brought a claim against PETRONAS and the State Government of Sabah wherein the individuals are seeking a declaration that the agreement dated 14 June 1976 entered into between the State Government of Sabah and PETRONAS is ultra vires and null and void; and a declaration that the Petroleum Development Act of 1974 is also ultra vires and null and void. The individuals are also claiming damages.

PETRONAS has been advised by its solicitors that there is no merit in the claim by the plaintiffs. PETRONAS has taken out an application to strike out the claim of the plaintiffs and the application is fixed for hearing on 15 April 2013 before the High Court in Kota Kinabalu. The State Government of Sabah is also taking out an application to strike out the claim of the plaintiffs.

**24. PROFIT FOR THE PERIOD/YEAR**

<i>In RM Mil</i>	Individual quarter ended 31 December		Cumulative quarter ended 31 December	
	2012	2011	2012	2011
<b>Included in profit for the period/ year are the following charges:</b>				
Bad debt written off	-	-	28	169
Depreciation and amortisation	8,593	4,942	22,454	15,123
Impairment losses on:				
- receivables	-	1,905	873	2,216
- intangible assets	130	636	2,469	1,077
- property, plant and equipment	7,535	1,413	7,765	5,321
- investment in associates and jointly controlled entities	808	18	808	18
Loss on derivatives	9	-	163	6
Net loss on foreign exchange	-	-	-	1,291
<b>and credits:</b>				
Dividend income	21	381	203	474
Gain on disposal of investments and properties	13	494	1,836	3,391
Gain on derivatives	4	54	170	71
Interest income	958	917	4,358	3,587
Net gain on foreign exchange	176	44	85	-
Bad debt recovered	17	-	17	-
Write back of impairment losses on:				
- receivables	192	80	253	538
- intangible assets	190	3	197	47
- property, plant and equipment	253	674	253	820



**PETROLIAM NASIONAL BERHAD**  
**(20076-K)**  
**(Incorporated in Malaysia)**

**INTERIM FINANCIAL REPORT FOR FOURTH QUARTER 2012**

**PART B – OTHER EXPLANATORY NOTES (continued)**

**25. DIVIDENDS**

As disclosed in Note 6.

**26. EXCHANGE RATES**

US dollar/RM	Individual quarter ended			Cumulative period/year ended		
	31.12.2012	30.9.2012	31.12.2011	31.12.2012	31.12.2011	31.3.2011
Average rate	3.0568	3.1242	3.1515	3.0884	3.0594	3.1401
Closing rate	3.0625	3.0685	3.1715	3.0625	3.1715	3.0255

**By order of the Board**

Faridah Haris Hamid (LS 0008785)

Company Secretary

Kuala Lumpur

7 March 2013





**PETROLIAM NASIONAL BERHAD**  
(20076-K)  
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR FOURTH QUARTER 2012**

**APPENDIX 1 – EXPLANATION OF TRANSITION TO MFRS**

**a) Effect of first time adoption of MFRS**

The impact of the selection of MFRS 1 transitional exemptions for 31 December 2011 are set out below:

**i. Retrospective application of MFRS 3 *Business Combinations***

<b><i>Consolidated statement of profit or loss and other comprehensive income</i></b>	<b>1.10.2011</b>	<b>1.1.2011</b>
<i>In RM Mil</i>	<b>to</b>	<b>to</b>
	<b>31.12.2011</b>	<b>31.12.2011</b>
Decrease in amortisation of intangible assets	43	127
Increase in deferred tax expense	(10)	(32)

  

<b><i>Consolidated statement of financial position</i></b>	<b>As at</b>
<i>In RM Mil</i>	<b>31.12.2011</b>
Decrease in intangible assets	(1,990)
Decrease in deferred tax liabilities	(341)
Decrease in non-controlling interests	(589)
Decrease in retained profits	(1,060)

**ii. Fair value of property, plant and equipment as deemed cost**

<b><i>Consolidated statement of profit or loss and other comprehensive income</i></b>	<b>1.10.2011</b>	<b>1.1.2011</b>
<i>In RM Mil</i>	<b>to</b>	<b>to</b>
	<b>31.12.2011</b>	<b>31.12.2011</b>
Decrease in depreciation of property, plant and equipment	25	73

  

<b><i>Consolidated statement of financial position</i></b>	<b>As at</b>
<i>In RM Mil</i>	<b>31.12.2011</b>
Decrease in property, plant and equipment	(562)
Decrease in deferred tax liabilities	(20)
Decrease in non-controlling interests	(194)
Decrease in retained profits	(348)

**iii. Cumulative currency translation differences deemed as zero**

<b><i>Consolidated statement of profit or loss and other comprehensive income</i></b>	<b>1.10.2011</b>	<b>1.1.2011</b>
<i>In RM Mil</i>	<b>to</b>	<b>to</b>
	<b>31.12.2011</b>	<b>31.12.2011</b>
Increase in other income	237	170
Decrease in net movement from exchange differences	(237)	(170)

  

<b><i>Consolidated statement of financial position</i></b>	<b>As at</b>
<i>In RM Mil</i>	<b>31.12.2011</b>
Increase in foreign currency translation reserve	13,233
Decrease in retained profits	(13,233)



**PETROLIAM NASIONAL BERHAD**  
**(20076-K)**  
**(Incorporated in Malaysia)**

**INTERIM FINANCIAL REPORT FOR FOURTH QUARTER 2012**

**APPENDIX 1 – EXPLANATION OF TRANSITION TO MFRS (continued)**

a) **Effect of first time adoption of MFRS (continued)**

iv. **Others**

<b>Consolidated statement of profit or loss and other comprehensive income</b>	<b>1.10.2011</b>	<b>1.1.2011</b>
<i>In RM Mil</i>	<b>to</b>	<b>to</b>
	<b>31.12.2011</b>	<b>31.12.2011</b>
Increase in property development revenue	49	34
Decrease in property development cost	(61)	(49)
Decrease in income tax expense	1	3

  

<b>Consolidated statement of financial position</b>	<b>As at</b>
<i>In RM Mil</i>	<b>31.12.2011</b>
Increase in other non-current assets	7
Increase in trade and other inventories	601
Decrease in trade and other receivables	(15)
Decrease in other current assets	(507)
Increase in trade and other payables	98
Decrease in non-controlling interests	(7)
Decrease in retained profits	(5)



**PETROLIAM NASIONAL BERHAD**  
(20076-K)  
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR FOURTH QUARTER 2012**

**APPENDIX 1 – EXPLANATION OF TRANSITION TO MFRS (continued)**

**b) Reconciliation of consolidated statement of financial position at 31 December 2011**

<i>In RM Mil</i>	Note	FRS	Effect of transition to MFRS 31 December 2011	MFRS
<b>ASSETS</b>				
Property, plant and equipment	(a)(ii)	206,117	(562)	205,555
Investment properties, land held for development and prepaid lease payments		13,250	-	13,250
Investments in associates and jointly controlled entities		12,323	-	12,323
Intangible assets	(a)(i)	22,604	(1,990)	20,614
Fund and other investments		3,495	-	3,495
Cash and cash equivalents		89	-	89
Other non-current assets	(a)(iv)	7,964	7	7,971
<b>TOTAL NON-CURRENT ASSETS</b>		<b>265,842</b>	<b>(2,545)</b>	<b>263,297</b>
Trade and other inventories	(a)(iv)	11,765	601	12,366
Trade and other receivables	(a)(iv)	38,126	(15)	38,111
Fund and other investments		35,383	-	35,383
Cash and cash equivalents		125,358	-	125,358
Other current assets	(a)(iv)	1,138	(507)	631
<b>TOTAL CURRENT ASSETS</b>		<b>211,770</b>	<b>79</b>	<b>211,849</b>
<b>TOTAL ASSETS</b>		<b>477,612</b>	<b>(2,466)</b>	<b>475,146</b>
<b>EQUITY</b>				
Share capital		100	-	100
Reserves	(a)(i),(ii),(iv)	288,210	(1,413)	286,797
<b>Total equity attributable to shareholders of the Company</b>		<b>288,310</b>	<b>(1,413)</b>	<b>286,897</b>
Non-controlling interests	(a)(i),(ii),(iv)	32,869	(790)	32,079
<b>TOTAL EQUITY</b>		<b>321,179</b>	<b>(2,203)</b>	<b>318,976</b>
<b>LIABILITIES</b>				
Borrowings		39,674	-	39,674
Deferred tax liabilities	(a)(i),(ii)	13,628	(361)	13,267
Other long term liabilities and provisions		23,977	-	23,977
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>77,279</b>	<b>(361)</b>	<b>76,918</b>
Trade and other payables	(a)(iv)	50,310	98	50,408
Borrowings		12,849	-	12,849
Taxation		15,995	-	15,995
Dividend payable		-	-	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>79,154</b>	<b>98</b>	<b>79,252</b>
<b>TOTAL LIABILITIES</b>		<b>156,433</b>	<b>(263)</b>	<b>156,170</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>477,612</b>	<b>(2,466)</b>	<b>475,146</b>



**PETROLIAM NASIONAL BERHAD**  
(20076-K)  
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR FOURTH QUARTER 2012**

**APPENDIX 1 – EXPLANATION OF TRANSITION TO MFRS (continued)**

c) **Reconciliation of consolidated statement of profit or loss and other comprehensive income for the fourth quarter ended 31 December 2011**

	Note	FRS	Effect of transition to MFRS 1.10.2011 to 31.12.2011	MFRS
<i>In RM Mil</i>				
Revenue	(a)(iv)	77,997	49	78,046
Cost of revenue	(a)(ii),(iv)	(42,935)	(36)	(42,971)
<b>Gross profit</b>		35,062	13	35,075
Selling and distribution expenses		(1,321)	-	(1,321)
Administration expenses	(a)(i)	(5,910)	43	(5,867)
Other expenses		(3,076)	-	(3,076)
Other income	(a)(iii)	405	237	642
<b>Operating profit</b>		25,160	293	25,453
Financing costs		(407)	-	(407)
Share of profit after tax and non-controlling interests of equity accounted associates and jointly controlled entities		340	-	340
<b>Profit before taxation</b>		25,093	293	25,386
Tax expense	(a)(i),(iv)	(9,525)	(9)	(9,534)
<b>PROFIT FOR THE PERIOD</b>		15,568	284	15,852
<b>Other comprehensive (expenses)/ income</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net movements from exchange differences	(a)(iii)	(1,478)	(237)	(1,715)
Available-for-sale financial assets				
- Changes in fair value		380	-	380
- Transfer to profit or loss upon disposal		-	-	-
Other comprehensive expenses		(8)	-	(8)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		14,462	47	14,509
<b>Profit attributable to:</b>				
Shareholders of the Company		13,542	269	13,811
Non-controlling interests		2,026	15	2,041
<b>PROFIT FOR THE PERIOD</b>		15,568	284	15,852
<b>Total comprehensive income attributable to:</b>				
Shareholders of the Company		12,544	32	12,576
Non-controlling interests		1,918	15	1,933
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		14,462	47	14,509



**PETROLIAM NASIONAL BERHAD**  
(20076-K)  
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR FOURTH QUARTER 2012**

**APPENDIX 1 – EXPLANATION OF TRANSITION TO MFRS (continued)**

**d) Reconciliation of consolidated statement of profit or loss and other comprehensive income for year ended 31 December 2011**

<i>In RM Mil</i>	Note	FRS	Effect of transition to MFRS 1.1.2011 to 31.12.2011	MFRS
Revenue	(a)(iv)	288,439	34	288,473
Cost of revenue	(a)(ii),(iv)	(163,516)	24	(163,492)
<b>Gross profit</b>		124,923	58	124,981
Selling and distribution expenses		(4,834)	-	(4,834)
Administration expenses	(a)(i)	(17,067)	127	(16,940)
Other expenses		(5,102)	-	(5,102)
Other income	(a)(iii)	6,535	170	6,705
<b>Operating profit</b>		104,455	355	104,810
Financing costs		(2,921)	-	(2,921)
Share of profit after tax and non-controlling interests of equity accounted associates and jointly controlled entities		1,903	-	1,903
<b>Profit before taxation</b>		103,437	355	103,792
Tax expense	(a)(i),(iv)	(35,095)	(29)	(35,124)
<b>PROFIT FOR THE PERIOD/YEAR</b>		68,342	326	68,668
<b>Other comprehensive income/ (expenses)</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net movements from exchange differences	(a)(iii)	3,864	(170)	3,694
Available-for-sale financial assets				
- Changes in fair value		(526)	-	(526)
- Transfer to profit or loss upon disposal		(3,068)	-	(3,068)
Other comprehensive income		50	-	50
		320	(170)	150
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR</b>		68,662	156	68,818
<b>Profit attributable to:</b>				
Shareholders of the Company		59,417	273	59,690
Non-controlling interests		8,925	53	8,978
<b>PROFIT FOR THE PERIOD/YEAR</b>		68,342	326	68,668
<b>Total comprehensive income attributable to:</b>				
Shareholders of the Company		59,567	103	59,670
Non-controlling interests		9,095	53	9,148
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR</b>		68,662	156	68,818



**PETROLIAM NASIONAL BERHAD**  
(20076-K)  
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR FOURTH QUARTER 2012**

**APPENDIX 1 – EXPLANATION OF TRANSITION TO MFRS (continued)**

**e) Reconciliation to the consolidated statement of changes in equity**

The effect of the selection of MFRS 1 transitional exemptions from 1 January 2011 to 31 December 2011 can be reconciled as follows:

<i>In RM Mil</i>	Note	Foreign currency translation reserve	Retained profits	Total	Non- controlling interests
Impact as at 1 January 2011		13,403	(14,919)	(1,516)	(843)
Movement during the period	(d)	(170)	273	103	53
<b>Impact as at 31 December 2011</b>	(g)	13,233	(14,646)	(1,413)	(790)

**f) Reconciliation to the consolidated statement of cash flows**

The adoption of MFRS does not result in material differences to the Group's statement of cash flows.

**g) Notes to reconciliations**

**i. Retained profits**

The changes that affected retained profits are as follows:

<i>In RM Mil</i>	Note	As at 31.12.2011
Retrospective application of MFRS 3 and MFRS 127	(a)(i)	1,060
Fair value of property, plant and equipment as deemed cost	(a)(ii)	348
Cumulative currency translation differences deemed as zero	(a)(iii)	13,233
Others	(a)(iv)	5
<b>Decrease in retained profits</b>		14,646

**ii. Non-controlling interests**

The changes that affected non-controlling interests are as follows:

<i>In RM Mil</i>	Note	As at 31.12.2011
Retrospective application of MFRS 3 and MFRS 127	(a)(i)	589
Fair value of property, plant and equipment as deemed cost	(a)(ii)	194
Others	(a)(iv)	7
<b>Decrease in non-controlling interests</b>		790

**iii. Foreign currency translation reserve**

The changes that affected foreign currency translation reserve are as follows:

<i>In RM Mil</i>	Note	As at 31.12.2011
Cumulative currency translation differences deemed as zero	(a)(iii)	13,233