



**PETRONAS**

# **PETRONAS Group**

# **Interim Financial Report**

**For Second Quarter 2019**

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# INTERIM FINANCIAL REPORT

## FOR SECOND QUARTER 2019



Cumulative quarter ended		Key Financial and Operational Highlights	30.6.2019	Individual quarter ended	
30.6.2018	30.6.2019			31.3.2019	30.6.2018
117,159	<b>121,118</b>	Revenue (RM mil)	<b>59,124</b>	61,994	59,237
37,433	<b>38,113</b>	Profit Before Taxation (RM mil)	<b>19,176</b>	18,937	19,177
26,648	<b>28,940</b>	Profit After Tax (RM mil)	<b>14,692</b>	14,248	13,625
1,259	<b>263</b>	Net impairment write-back (RM mil) <sup>1</sup>	<b>179</b>	84	182
		Profit After Tax excluding net impairment (RM mil)	<b>14,513</b>	14,164	13,443
25,389	<b>28,677</b>	EBITDA (RM mil)	<b>26,929</b>	27,801	27,193
52,230	<b>54,730</b>	Cash flows from operating activities (RM mil)	<b>21,724</b>	23,164	19,737
41,679	<b>44,888</b>	Capital investments (RM mil)	<b>7,457</b>	8,289	7,861
19,824	<b>15,746</b>	Crude oil, condensates and natural gas entitlement volume ('000 boe per day)	<b>1,691</b>	1,824	1,634
1,681	<b>1,757</b>				

### Second quarter

- **PETRONAS Group's revenue for the second quarter of 2019 slightly decreased by less than 1%** as compared to the second quarter of 2018 mainly due to the impact of lower average realised prices recorded for petroleum products and LNG. This was partially offset by the effect of weakening of Ringgit against US Dollar exchange rate coupled with the impact of higher sales volume mainly for crude oil and condensates as well as LNG.
- **The Group recorded Profit Before Taxation ("PBT") of RM19.2 billion** remain unchanged as compared to the second quarter of 2018. **Profit After Tax ("PAT") of RM14.7 billion for the second quarter of 2019, increased by 8%** as compared to the second quarter of 2018, primarily due to the effect of weakening of Ringgit against US Dollar exchange rate partially offset by higher product costs. **Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") decreased by 1%** as compared to the second quarter of 2018 due to lower revenue.
- **Cash flows from operating activities increased by 10%** as compared to the second quarter of 2018 mainly due to positive working capital changes partially offset by lower cash operating profit.
- **Capital investments for the second quarter of 2019** amounted to **RM7.5 billion**, mainly attributable to Upstream projects.
- **Crude oil, condensates and natural gas entitlement volume for the second quarter of 2019 was 1,691 thousand boe per day** as compared to 1,634 thousand boe per day in the second quarter of 2018. Total production volume was 2,396 thousand boe per day as compared to 2,305 thousand boe per day in the second quarter of 2018.

### Cumulative quarter

- **PETRONAS Group's revenue for the first half of 2019 increased by 3%** as compared to the first half of 2018 mainly due to the effect of weakening of Ringgit against US Dollar exchange rate coupled with the impact of higher sales volume mainly for petroleum products and LNG. This was partially offset by the impact of lower average realised prices recorded for petroleum and petrochemical products.
- **The Group recorded PBT of RM38.1 billion and PAT of RM28.9 billion for the first half of 2019, increased by 2% and 9% respectively**, as compared to the first half of 2018, primarily due to higher revenue coupled with the effect of weakening of Ringgit against US Dollar exchange rate partially offset by higher product costs. **EBITDA for the first half of 2019 was RM54.7 billion, increased by 5%** as compared to the first half of 2018 in line with higher PBT.
- **Cash flows from operating activities increased by 8%** as compared to the first half of 2018 mainly due to higher cash operating profit and higher interest income. This was partially offset by negative working capital changes.
- **Capital investments for the first half of 2019** amounted to **RM15.7 billion**, mainly attributable to Upstream projects.
- **Crude oil, condensates and natural gas entitlement volume for the first half of 2019 was 1,757 thousand boe per day** as compared to 1,681 thousand boe per day in the first half of 2018. Total production volume was 2,418 thousand boe per day as compared to 2,383 thousand boe per day in the first half of 2018.

<sup>1</sup> Comprises net impairment write-back on property, plant and equipment, receivables and other investments (Note 24).

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The Board of Directors of Petroliaam Nasional Berhad ("PETRONAS" or the "Company") is pleased to announce the following unaudited condensed consolidated financial statements of PETRONAS Group for the second quarter ended 30 June 2019 which should be read in conjunction with the Explanatory Notes on pages 7 to 21.

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

In RM Mil	Individual quarter ended		Cumulative quarter ended	
	2019	30 June 2018	2019	30 June 2018
Revenue	59,124	59,237	121,118	117,159
Cost of revenue	(36,237)	(36,023)	(73,756)	(71,444)
<b>Gross profit</b>	<b>22,887</b>	23,214	<b>47,362</b>	45,715
Selling and distribution expenses	(1,864)	(1,678)	(3,620)	(3,219)
Administration expenses	(2,756)	(2,828)	(6,176)	(5,855)
Net impairment write-back	179	182	263	1,259
Other expenses	(107)	(122)	(233)	(1,933)
Other income	1,112	1,088	1,825	2,874
<b>Operating profit</b>	<b>19,451</b>	19,856	<b>39,421</b>	38,841
Financing costs	(587)	(842)	(1,820)	(1,681)
Share of profit after tax and non-controlling interests of equity accounted associates and joint ventures	312	163	512	273
<b>Profit before taxation</b>	<b>19,176</b>	19,177	<b>38,113</b>	37,433
Tax expense	(4,484)	(5,552)	(9,173)	(10,785)
<b>PROFIT FOR THE PERIOD</b>	<b>14,692</b>	13,625	<b>28,940</b>	26,648
<b>Other comprehensive (expenses)/income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Net changes of equity investments at fair value through other comprehensive income ("OCI")				
- Changes in fair value	(1)	(2)	(1)	(8)
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net movements from exchange differences	4,148	5,749	1,254	(1,925)
Others	(98)	8	(82)	102
<b>Total other comprehensive income/(expenses) for the period</b>	<b>4,049</b>	5,755	<b>1,171</b>	(1,831)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>18,741</b>	19,380	<b>30,111</b>	24,817
<b>Profit attributable to:</b>				
Shareholders of the Company	12,844	11,562	24,934	22,964
Non-controlling interests	1,848	2,063	4,006	3,684
<b>PROFIT FOR THE PERIOD</b>	<b>14,692</b>	13,625	<b>28,940</b>	26,648
<b>Total comprehensive income attributable to:</b>				
Shareholders of the Company	16,469	16,666	26,124	21,263
Non-controlling interests	2,272	2,714	3,987	3,554
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>18,741</b>	19,380	<b>30,111</b>	24,817

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### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In RM Mil</i>	<b>As at 30.6.2019</b>	<b>As at 31.12.2018</b>
<b>ASSETS</b>		
Property, plant and equipment	315,234	310,385
Investment properties, land held for development and prepaid lease payments	11,737	13,094
Investments in associates and joint ventures	15,630	15,548
Intangible assets	23,610	22,513
Fund and other investments	2,745	2,300
Other non-current assets	38,012	31,040
<b>TOTAL NON-CURRENT ASSETS</b>	<b>406,968</b>	<b>394,880</b>
Trade and other inventories	14,409	14,503
Trade and other receivables	46,409	46,205
Fund and other investments	5,492	5,147
Cash and cash equivalents	169,984	173,576
Other current assets	956	2,003
<b>TOTAL CURRENT ASSETS</b>	<b>237,250</b>	<b>241,434</b>
<b>TOTAL ASSETS</b>	<b>644,218</b>	<b>636,314</b>
<b>EQUITY</b>		
Share capital	100	100
Reserves	381,374	380,371
<b>Total equity attributable to shareholders of the Company</b>	<b>381,474</b>	<b>380,471</b>
Non-controlling interests	45,796	44,781
<b>TOTAL EQUITY</b>	<b>427,270</b>	<b>425,252</b>
<b>LIABILITIES</b>		
Borrowings	47,728	45,011
Deferred tax liabilities	12,824	9,986
Other long term liabilities and provisions	44,171	44,135
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>104,723</b>	<b>99,132</b>
Trade and other payables	48,921	54,571
Borrowings	29,616	23,561
Taxation	5,688	3,798
Dividend payable	28,000	30,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>112,225</b>	<b>111,930</b>
<b>TOTAL LIABILITIES</b>	<b>216,948</b>	<b>211,062</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>644,218</b>	<b>636,314</b>

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### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the Company			
	Non-distributable			Fair Value through OCI Reserve
	Share Capital	Capital Reserves	Foreign Currency Translation Reserve	
<i>In RM Mil</i>				
<b>Cumulative quarter ended 30 June 2018</b>				
Balance at 1 January 2018	100	14,425	31,267	75
Net changes of equity investments at fair value through OCI:				
- Changes in fair value	-	-	-	(8)
Net movements from exchange differences	-	-	(1,780)	-
Others	-	87	-	-
Total other comprehensive income/(expenses) for the period	-	87	(1,780)	(8)
Profit for the period	-	-	-	-
<b>Total comprehensive income/(expenses) for the period</b>	-	87	(1,780)	(8)
Additional issuance of shares to non-controlling interests	-	-	-	-
Changes in ownership interest in subsidiaries	-	-	-	-
Disposal of subsidiaries	-	-	(162)	-
Redemption of redeemable preference shares in subsidiaries	-	116	-	-
Dividends	-	-	-	-
<b>Total transactions with shareholders</b>	-	116	(162)	-
Balance at 30 June 2018	100	14,628	29,325	67
<b>Cumulative quarter ended 30 June 2019</b>				
Balance at 1 January 2019				
- As previously reported	100	14,191	31,245	(75)
- Effect of the adoption of MFRS 16	-	-	-	-
At 1 January 2019, restated	100	14,191	31,245	(75)
Net changes of equity investments at fair value through OCI:				
- Changes in fair value	-	-	-	(1)
Net movements from exchange differences	-	(5)	1,357	-
Others	-	(161)	-	-
Total other comprehensive (expenses)/income for the period	-	(166)	1,357	(1)
Profit for the period	-	-	-	-
<b>Total comprehensive (expenses)/income for the period</b>	-	(166)	1,357	(1)
Changes in ownership interest in subsidiaries	-	-	(116)	-
Disposal of subsidiaries	-	-	(260)	-
Redemption of redeemable preference shares in subsidiaries	-	355	-	-
Dividends	-	-	-	-
<b>Total transactions with shareholders</b>	-	355	(376)	-
Balance at 30 June 2019	100	14,380	32,226	(76)

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### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

<i>In RM Mil</i>	<i>Attributable to shareholders of the Company</i>				
	<u>Distributable</u>			Non-controlling	Total
	General Reserve	Retained Profits	Total	Interests	Equity
<b>Cumulative quarter ended 30 June 2018</b>					
Balance at 1 January 2018	12,000	331,518	389,385	42,992	432,377
Net changes of equity investments at fair value through OCI:					
- Changes in fair value	-	-	(8)	-	(8)
Net movements from exchange differences	-	-	(1,780)	(145)	(1,925)
Others	-	-	87	15	102
Total other comprehensive income/(expenses) for the period	-	-	(1,701)	(130)	(1,831)
Profit for the period	-	22,964	22,964	3,684	26,648
<b>Total comprehensive income/(expenses) for the period</b>	-	22,964	21,263	3,554	24,817
Additional issuance of shares to non-controlling interests	-	-	-	11	11
Changes in ownership interest in subsidiaries	-	(245)	(245)	(380)	(625)
Disposal of subsidiaries	-	-	(162)	-	(162)
Redemption of redeemable preference shares in subsidiaries	-	(116)	-	-	-
Dividends	-	(21,000)	(21,000)	(3,074)	(24,074)
<b>Total transactions with shareholders</b>	-	(21,361)	(21,407)	(3,443)	(24,850)
Balance at 30 June 2018	12,000	333,121	389,241	43,103	432,344
<b>Cumulative quarter ended 30 June 2019</b>					
Balance at 1 January 2019					
- As previously reported	12,000	323,010	380,471	44,781	425,252
- Effect of the adoption of MFRS 16	-	(813)	(813)	(65)	(878)
At 1 January 2019, restated	12,000	322,197	379,658	44,716	424,374
Net changes of equity investments at fair value through OCI:					
- Changes in fair value	-	-	(1)	-	(1)
Net movements from exchange differences	-	-	1,352	(98)	1,254
Others	-	-	(161)	79	(82)
Total other comprehensive (expenses)/income for the period	-	-	1,190	(19)	1,171
Profit for the period	-	24,934	24,934	4,006	28,940
<b>Total comprehensive (expenses)/income for the period</b>	-	24,934	26,124	3,987	30,111
Changes in ownership interest in subsidiaries	-	68	(48)	266	218
Disposal of subsidiaries	-	-	(260)	-	(260)
Redemption of redeemable preference shares in subsidiaries	-	(355)	-	(73)	(73)
Dividends	-	(24,000)	(24,000)	(3,100)	(27,100)
<b>Total transactions with shareholders</b>	-	(24,287)	(24,308)	(2,907)	(27,215)
Balance at 30 June 2019	12,000	322,844	381,474	45,796	427,270

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# INTERIM FINANCIAL REPORT

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### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In RM Mil</i>	Cumulative quarter ended	
	2019	30 June 2018
<b>Cash flows from operating activities</b>		
Profit before taxation	38,113	37,433
Adjustments for:		
Depreciation and amortisation	18,269	17,533
Net impairment losses/(write-back) on:		
- Property, plant and equipment	48	(747)
- Receivables	(311)	(516)
- Other investments	-	4
Net impairment/write-off on well costs	448	211
Net inventories written down to net realisable value	(2)	25
Share of profit after tax and non-controlling interests of equity accounted associates and joint ventures	(512)	(273)
Property, plant and equipment written off	2	11
Gain on disposal of investments in subsidiaries, other investments and property, plant and equipment	(271)	(926)
Loss on disposal of property, plant and equipment and other investments	45	84
Bad debts written off	2	-
Net loss/(gain) on derivatives	50	(15)
Unrealised gain on foreign exchange	(326)	(351)
Interest income	(3,682)	(2,755)
Interest expenses	1,820	1,681
Net change in provision	(11)	(602)
Operating profit before changes in working capital	53,682	50,797
Net changes in working capital	(1,671)	(492)
Cash generated from operations	52,011	50,305
Interest income from fund and other investments	2,928	1,761
Interest expenses paid	(1,390)	(1,333)
Taxation paid	(8,661)	(9,054)
<b>Net cash generated from operating activities</b>	<b>44,888</b>	<b>41,679</b>

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

<i>In RM Mil</i>	Cumulative quarter ended	
	2019	30 June 2018
<b>Cash flows from investing activities</b>		
Acquisition of subsidiaries, net of cash acquired	(1,121)	-
Investment in associates and joint ventures	(95)	(82)
Investment in securities and other investments	(1,173)	(919)
Proceeds from disposal of:		
- Investment in subsidiaries, net of cash disposed	281	3,012
- Property, plant and equipment, intangible assets and assets classified as held for sale	109	544
- Securities and other investments	496	2,854
Purchase of property, plant and equipment, investment properties, intangible assets and land held for development	(15,746)	(19,824)
Dividends received	597	537
Long term receivables to a joint venture	(2,317)	-
Proceeds from redemption of preference shares in a joint venture	-	155
<b>Net cash used in investing activities</b>	<b>(18,969)</b>	<b>(13,723)</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(6,252)	(3,648)
Drawdown of borrowings	6,045	33,290
Dividends paid	(26,000)	(8,000)
Dividends paid to non-controlling interests	(3,100)	(3,073)
Repayment of lease liabilities	(754)	-
Proceeds from shares issued to a non-controlling interest	-	11
Payment to a non-controlling interest on redemption of redeemable preference shares	(73)	-
Proceeds from partial disposal of equity interest to a non-controlling interest	218	-
<b>Net cash (used in)/generated from financing activities</b>	<b>(29,916)</b>	<b>18,580</b>
Net (decrease)/increase in cash and cash equivalents	(3,997)	46,536
Increase in cash and cash equivalents restricted	(355)	(7)
Net foreign exchange differences	(372)	(807)
Cash and cash equivalents at beginning of the year	172,458	127,563
<b>Cash and cash equivalents at end of the period</b>	<b>167,734</b>	<b>173,285</b>
<b>Cash and cash equivalents</b>		
Cash and bank balances and deposits	169,984	173,957
Bank overdrafts	(1,233)	(41)
Less: Cash and cash equivalents restricted	(1,017)	(631)
	<b>167,734</b>	<b>173,285</b>

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# INTERIM FINANCIAL REPORT

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

#### 1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*. 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 2018.

The explanatory notes attached to these unaudited 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 2018.

#### 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 2019 under the MFRS framework. These policies do not differ significantly from those used in the audited consolidated financial statements for 31 December 2018 except as disclosed below.

At the beginning of the current financial year, the Group and the Company adopted a new MFRS, Amendments to MFRSs and an IC Interpretation (collectively referred to as "pronouncements") that have been issued by the MASB and are applicable as listed below:

##### **Effective for annual periods beginning on or after 1 January 2019**

MFRS 16 *Leases*

Amendments to MFRS 3 *Business Combinations (Annual Improvements 2015-2017 Cycle)*

Amendments to MFRS 11 *Joint Arrangements (Annual Improvements 2015-2017 Cycle)*

Amendments to MFRS 112 *Income Taxes (Annual Improvements 2015-2017 Cycle)*

Amendments to MFRS 123 *Borrowing Costs (Annual Improvements 2015-2017 Cycle)*

Amendments to MFRS 128 *Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures*

Amendments to MFRS 119 *Employee Benefits: Plan Amendment, Curtailment or Settlement*

IC Interpretation 23 *Uncertainty over Income Tax Treatments*

The adoption of these pronouncements did not have a significant impact on the Group's reported income and net assets other than as set out below:

##### i. MFRS 16 *Leases*

MFRS 16 replaces existing leases guidance in MFRS 117 *Leases*, IC Interpretation 4 *Determining whether an Arrangement contains a Lease*, IC Interpretation 115 *Operating Leases – Incentives* and IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on balance sheet lease accounting for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases, leases of low-value items and variable lease payments. Lessor accounting remains similar to the current standard which continues to be classified as finance lease or operating lease.

Right-of-use assets and prepaid lease payments are included under property, plant and equipment in the statement of financial position. The lease liabilities are included as borrowings in the statement of financial position.

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

#### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### i. MFRS 16 Leases (continued)

As allowed by the transitional provision of MFRS 16, the Group and the Company have elected the modified retrospective approach with no restatement of comparatives. The cumulative adjustments resulting from the initial application of MFRS 16 to be recognised in retained profits and reserves as at 1 January 2019 are as follows:

<i>In RM Mil</i>	<b>Impact of adoption of MFRS 16 to opening balance as at 1 January 2019</b>
Increase in assets	5,634
Decrease in equity	878
Increase in borrowings	6,512

For leases where PETRONAS Group is a lessor, there is no significant impact on leases as at 1 January 2019.

#### 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 2018.

#### 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 period:

- i. the Company has paid a total dividend of RM22.0 billion, being partial payments of the approved special tax exempt dividend of RM300,000 per ordinary share amounting to RM30.0 billion declared in November 2018.

The remaining amount of the special tax exempt dividend amounting to RM8.0 billion will be paid in instalments between July 2019 and November 2019.

- ii. in addition, the Company paid a dividend of RM4.0 billion, being partial payment of the approved tax exempt final dividend under Section 84 of the Petroleum (Income Tax) Act, 1967 of RM240,000 per ordinary share amounting to RM24.0 billion in respect of the financial year ended 31 December 2018.

The remaining amount of the final dividend amounting to RM20.0 billion will be paid in instalments between July 2019 and November 2019.

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

#### 7. SIGNIFICANT EVENTS

- i. The federal government has established a steering committee to review the implementation of the Malaysia Agreement 1963, with the participation of Sabah and Sarawak state governments. The steering committee is expected to submit its final report by October 2019 and make recommendations to the federal government with respect to the implementation of the rights of Sabah and Sarawak.
- ii. On 1 March 2019, Engen Holdings (Pty) Ltd, a subsidiary of PETRONAS has completed a share sale transaction to dispose its investment in Engen International Holdings (Mauritius) Limited ("EIHL") to Vivo Energy plc's subsidiary, Vivo Energy Investments B.V. for a consideration amount of USD203.9 million comprising of 63.2 million new shares in Vivo Energy plc and USD62.1 million in cash.
- iii. On 12 April 2019, PETRONAS via its wholly-owned subsidiaries, PETRONAS International Power Corporation B.V., entered into a Share Purchase Agreement with ISQ Asia Aggregator Pte. Ltd., a wholly-owned entity of ISQ Asia Aggregator Ltd. for 100% equity interest of Amplus Energy Solutions Pte. Ltd. ("M+"). M+ caters for commercial and industrial customers, specialising in end-to-end solutions for rooftop and ground-mounted solar power projects across India and the Middle East. The Group completed the acquisition on 23 April 2019 upon completion of all closing conditions.
- iv. On 31 May 2019, PETRONAS disposed 5% of its interest in PETRONAS LNG 9 Sdn. Bhd. ("PL9SB") to Sabah International Petroleum. With the completion of this transaction, the Company now holds 65% interest in PL9SB.

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

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

#### 9. FAIR VALUE INFORMATION

The following table analyses financial instruments carried at fair value by valuation method. The different levels 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).

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 and Level 2 fair value measurements during the current financial period and comparative period.

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

#### 9. FAIR VALUE INFORMATION (continued)

##### 30 June 2019

*In RM Mil*

	Level 1	Level 2	Total
<b>Financial assets</b>			
Quoted shares	734	-	734
Quoted securities	573	-	573
Malaysian Government Securities	-	32	32
Corporate Bonds and Sukuk	-	4,647	4,647
Commodity swaps	-	7	7
Forward gas contracts	247	91	338
Forward oil/gas price swaps	121	-	121
	<b>1,675</b>	<b>4,777</b>	<b>6,452</b>
<b>Financial liabilities</b>			
Forward foreign exchange contracts	-	(44)	(44)
Forward gas contracts	(357)	(7)	(364)
Interest rate swaps	-	(133)	(133)
	<b>(357)</b>	<b>(184)</b>	<b>(541)</b>

##### 31 December 2018

*In RM Mil*

	Level 1	Level 2	Total
<b>Financial assets</b>			
Quoted shares	790	28	818
Quoted securities	123	-	123
Malaysian Government Securities	-	44	44
Corporate Bonds and Sukuk	-	4,209	4,209
Commodity swaps	-	2	2
Forward foreign exchange contracts	-	28	28
Forward gas contracts	223	83	306
Forward oil/gas price swaps	24	-	24
Interest rate swaps	-	63	63
	<b>1,160</b>	<b>4,457</b>	<b>5,617</b>
<b>Financial liabilities</b>			
Commodity swaps	-	(19)	(19)
Forward foreign exchange contracts	-	(158)	(158)
Forward gas contracts	(281)	(5)	(286)
Forward oil/gas price swaps	(8)	-	(8)
	<b>(289)</b>	<b>(182)</b>	<b>(471)</b>

# INTERIM FINANCIAL REPORT

## FOR SECOND QUARTER 2019



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

#### 10. REVENUE

The Group's operations and main revenue streams are those described in the latest annual financial statements. The following table includes a reconciliation of the disaggregated revenue with the Group's reportable segments:

<i>In RM Mil</i>	Individual quarter ended 30 June									
	Upstream		Gas and New Energy		Downstream		Corporate and Others		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenue from contract customers	10,336	8,846	16,214	15,651	27,971	30,208	1,420	2,073	55,941	56,778
Other revenue	578	526	435	313	268	80	1,902	1,540	3,183	2,459
<b>Total</b>	<b>10,914</b>	<b>9,372</b>	<b>16,649</b>	<b>15,964</b>	<b>28,239</b>	<b>30,288</b>	<b>3,322</b>	<b>3,613</b>	<b>59,124</b>	<b>59,237</b>

  

<i>In RM Mil</i>	Cumulative quarter ended 30 June									
	Upstream		Gas and New Energy		Downstream		Corporate and Others		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenue from contract customers	18,776	18,629	37,589	33,616	55,040	56,127	3,443	4,218	114,848	112,590
Other revenue	1,265	998	1,140	553	394	218	3,471	2,800	6,270	4,569
<b>Total</b>	<b>20,041</b>	<b>19,627</b>	<b>38,729</b>	<b>34,169</b>	<b>55,434</b>	<b>56,345</b>	<b>6,914</b>	<b>7,018</b>	<b>121,118</b>	<b>117,159</b>

#### 11. OPERATING SEGMENTS

Effective second quarter of 2019, the reportable operating segments now comprise Upstream, Gas and New Energy, Downstream and Corporate and Others. The change in the reportable operating segment is in line with the change in the way the Group's business is managed. Following this new structure, the key focus of Upstream is to extract, develop and produce oil and gas whereas Gas and New Energy's main focus is the marketing and monetisation of gas. The Downstream segment's operations remain largely the same as described in the Group's audited consolidated financial statements for the year ended 31 December 2018. Accordingly, the Group has restated the operating segment information for the prior period.

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 Profit After Tax ("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.

##### 11.1 Segment revenue

<i>In RM Mil</i>	Individual quarter ended 30 June							
	2019		2018		2019		2018	
		Restated Third Parties		Restated Inter-segment		Restated Gross Total		Restated Gross Total
Upstream	10,914	9,372	15,450	17,834	26,364	27,206		
Gas and New Energy	16,649	15,964	2,228	1,919	18,877	17,883		
Downstream	28,239	30,288	339	277	28,578	30,565		
Corporate and Others	3,322	3,613	1,073	1,053	4,395	4,666		
<b>Total</b>	<b>59,124</b>	<b>59,237</b>	<b>19,090</b>	<b>21,083</b>	<b>78,214</b>	<b>80,320</b>		

# INTERIM FINANCIAL REPORT

## FOR SECOND QUARTER 2019



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

#### 11. OPERATING SEGMENTS (continued)

##### 11.1 Segment revenue (continued)

	2019		2018		Cumulative quarter ended 30 June	
	2019	2018 Restated Third Parties	2019	2018 Restated Inter-segment	2019	2018 Restated Gross Total
<i>In RM Mil</i>						
Upstream	20,041	19,627	32,060	32,778	52,101	52,405
Gas and New Energy	38,729	34,169	4,563	3,774	43,292	37,943
Downstream	55,434	56,345	613	529	56,047	56,874
Corporate and Others	6,914	7,018	2,254	1,979	9,168	8,997
<b>Total</b>	<b>121,118</b>	<b>117,159</b>	<b>39,490</b>	<b>39,060</b>	<b>160,608</b>	<b>156,219</b>

##### 11.2 Segment PAT

	Individual quarter ended 30 June		Cumulative quarter ended 30 June	
	2019	2018 Restated	2019	2018 Restated
<i>In RM Mil</i>				
Upstream	7,651	5,762	12,869	13,040
Gas and New Energy	2,491	4,096	7,260	8,187
Downstream	1,460	2,727	2,886	4,199
Corporate and Others	2,272	1,614	4,419	1,837
<b>Total PAT for reportable segments</b>	<b>13,874</b>	<b>14,199</b>	<b>27,434</b>	<b>27,263</b>
Elimination of inter-segment transactions	818	(574)	1,506	(615)
<b>Consolidated PAT</b>	<b>14,692</b>	<b>13,625</b>	<b>28,940</b>	<b>26,648</b>

# INTERIM FINANCIAL REPORT

## FOR SECOND QUARTER 2019



### PART B – OTHER EXPLANATORY NOTES

#### 12. REVIEW OF GROUP PERFORMANCE

Cumulative quarter ended			Individual quarter ended		
30.6.2018	30.6.2019	In RM Mil	30.6.2019	31.3.2019	30.6.2018
117,159	121,118	Revenue	59,124	61,994	59,237
26,648	28,940	PAT	14,692	14,248	13,625
52,230	54,730	EBITDA <sup>2</sup>	26,929	27,801	27,193
<i>In RM Mil</i>				<b>As at</b>	<b>As at</b>
Total assets				<b>30.6.2019</b>	<b>31.12.2018</b>
				644,218	636,314
Shareholders' equity				381,474	380,471
Gearing ratio <sup>3</sup>				21.1%	19.7%
ROACE <sup>4</sup>				12.4%	12.0%

**Second quarter** PETRONAS Group recorded revenue of RM59.1 billion for the second quarter of 2019, lower by less than 1% as compared to the second quarter of 2018. The Group recorded PAT of RM14.7 billion for the second quarter of 2019, higher by 8% as compared to the second quarter of 2018.

The Group recorded a lower revenue mainly due to the impact of lower average realised prices recorded for petroleum products and LNG. This was partially offset by the effect of weakening of Ringgit against US Dollar exchange rate coupled with the impact of higher sales volume mainly for crude oil and condensates as well as LNG.

The Group recorded a higher PAT primarily due to the effect of weakening of Ringgit against US Dollar exchange rate partially offset by higher product costs. The Group recorded EBITDA of RM26.9 billion for the second quarter of 2019, lower by 1% as compared to the second quarter 2018 due to lower revenue.

**Cumulative quarter** PETRONAS Group recorded revenue of RM121.1 billion for the first half of 2019, higher by 3% as compared to the first half of 2018. The Group recorded PAT of RM28.9 billion for the first half of 2019, higher by 9% as compared to the first half of 2018.

The Group recorded a higher revenue mainly due to the effect of weakening of Ringgit against US Dollar exchange rate coupled with the impact of higher sales volume mainly for petroleum products and LNG. This was partially offset by lower average realised prices recorded for petroleum and petrochemical products.

The Group recorded a higher PAT primarily due to higher revenue coupled with the effect of weakening of Ringgit against US Dollar exchange rate partially offset by higher product costs. The Group recorded EBITDA of RM54.7 billion for the first half of 2019, higher by 5% as compared to the first half of 2018 in line with higher PBT.

Total assets increased to RM644.2 billion as at 30 June 2019 as compared to RM636.3 billion as at 31 December 2018. Shareholders' equity of RM381.5 billion as at 30 June 2019 increased by RM1.0 billion as compared to 31 December 2018 mainly due to profit generated during the period partially offset by the final dividend of RM24.0 billion in respect of the financial year ended 31 December 2018.

Gearing ratio increased to 21.1% as at 30 June 2019 from 19.7% as at 31 December 2018 mainly due to additional lease liabilities arising from the adoption of MFRS 16 Leases. ROACE increased to 12.4% as at 30 June 2019 from 12.0% as at 31 December 2018 in line with higher profit recorded.

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

<sup>3</sup> Gearing ratio is calculated as adjusted total debt (total debt including provision for decommissioning of assets) divided by total equity and adjusted total debt.

<sup>4</sup> Return on average capital employed (ROACE) is calculated as trailing 12 months profit before interest expense after tax divided by average total equity and long term debt during the period.

# INTERIM FINANCIAL REPORT

## FOR SECOND QUARTER 2019



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

#### 13. REVIEW OF PERFORMANCE – UPSTREAM

Cumulative quarter ended		<i>Financial Indicators</i>	30.6.2019	Individual quarter ended	
30.6.2018	30.6.2019			31.3.2019	30.6.2018
Restated		<i>In RM Mil</i>		Restated	Restated
		Revenue			
19,627	20,041	Third party	10,914	9,127	9,372
32,778	32,060	Inter-segment	15,450	16,610	17,834
52,405	52,101		26,364	25,737	27,206
13,040	12,869	PAT	7,651	5,218	5,762
Cumulative quarter ended		<i>Operational Indicators</i>	30.6.2019	Individual quarter ended	
30.6.2018	30.6.2019			31.3.2019	30.6.2018
		Production <sup>5</sup> ('000 boe <sup>6</sup> per day)			
989	939	Crude oil and condensates	939	936	982
1,394	1,479	Natural gas	1,457	1,500	1,323
2,383	2,418		2,396	2,436	2,305
		Oil and gas entitlement <sup>7</sup> ('000 boe per day)			
609	573	Crude oil and condensates	584	562	603
1,072	1,184	Natural gas	1,107	1,262	1,031
1,681	1,757		1,691	1,824	1,634

**Second quarter** Revenue for the second quarter of 2019 was RM26.4 billion, lower by 3% as compared to the second quarter of 2018 mainly due to lower price and volume for liquids. This was partially offset by the effect of weakening of Ringgit against US Dollar exchange rate. PAT for the second quarter of 2019 was RM7.7 billion, higher by 33% as compared to the second quarter of 2018 mainly due to higher net write-back of impairment on assets, lower amortisation and product cost. This was partially offset by lower revenue recorded.

Total production volume for the second quarter of 2019 was 2,396 thousand boe per day as compared to 2,305 thousand boe per day in the second quarter of 2018 mainly due to higher natural gas production from Malaysia. This was partially offset by lower crude oil from Iraq.

**Cumulative quarter** Revenue for the first half of 2019 was RM52.1 billion, lower by 1% as compared to the first half of 2018 mainly due to lower average realised price and volume for liquids. This was partially offset by the effect of weakening of Ringgit against US Dollar exchange rate. PAT for the first half of 2019 was RM12.9 billion, lower by 1% as compared to the first half of 2018 mainly due to lower revenue.

Total production volume for the first half of 2019 was 2,418 thousand boe per day as compared to 2,383 thousand boe per day in the first half of 2018 mainly due to higher natural gas from Malaysia. This was partially offset by lower crude oil from Iraq.

<sup>5</sup> Represents Malaysia's production (PETRONAS Group and other Operators) and PETRONAS Group's international equity production volume.

<sup>6</sup> boe: barrels of oil equivalent

<sup>7</sup> Represents PETRONAS Group's sales entitlement to Malaysia's production and PETRONAS Group's international sales entitlement volume.



# INTERIM FINANCIAL REPORT

## FOR SECOND QUARTER 2019



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

#### 14. REVIEW OF PERFORMANCE – GAS AND NEW ENERGY

Cumulative quarter ended		<i>Financial Indicators</i> <i>In RM Mil</i>	Individual quarter ended		
30.6.2018	30.6.2019		30.6.2019	31.3.2019	30.6.2018
		Revenue			
34,169	38,729	Third party	16,649	22,080	15,964
3,774	4,563	Inter-segment	2,228	2,335	1,919
37,943	43,292		18,877	24,415	17,883
8,187	7,260	PAT	2,491	4,769	4,096
Cumulative quarter ended		<i>Operational Indicators</i>	Individual quarter ended		
30.6.2018	30.6.2019		30.6.2019	31.3.2019	30.6.2018
		Malaysia average sales gas volume (mmscfd) <sup>8</sup>			
2,788	2,928	LNG sales volume (million tonnes)	2,895	2,962	2,771
14.48	15.23		6.78	8.45	6.56

**Second quarter** Revenue for the second quarter of 2019 was RM18.9 billion, higher by 6% as compared to the second quarter of 2018 mainly contributed by higher sales volume for all products coupled with the effect of weakening of Ringgit against US Dollar exchange rate. PAT for the second quarter of 2019 was RM2.5 billion, lower by 39% as compared to the second quarter of 2018 mainly due to higher product cost coupled with lower net impairment write-back on assets partially offset by higher revenue.

Malaysia average sales gas volume for the second quarter of 2019 was higher by 124 mmscfd as compared to the second quarter of 2018 mainly due to higher demand.

Total LNG sales volume for the second quarter of 2019 was higher by 0.22 million tonnes as compared to the second quarter of 2018 mainly attributed to higher volume from PETRONAS LNG Complex ("PLC").

**Cumulative quarter** Revenue for the first half of 2019 was RM43.3 billion, higher by 14% as compared to the first half of 2018 mainly due to higher sales volume for all products coupled with the effect of weakening of Ringgit against US Dollar exchange rate. PAT for the first half of 2019 was RM7.3 billion, lower by 11% as compared to the first half of 2018 despite higher revenue mainly due to higher product cost, lower net impairment write-back on assets and higher depreciation and amortisation offset by lower tax expense.

Malaysia average sales gas volume for the first half of 2019 was higher by 140 mmscfd as compared to the first half of 2018 mainly due to higher demand.

Total LNG sales volume for the first half of 2019 was higher by 0.75 million tonnes as compared to the first half of 2018 mainly attributed to higher volume from PLC and higher trading activities.

<sup>8</sup> mmscfd: million standard cubic feet per day

# INTERIM FINANCIAL REPORT

## FOR SECOND QUARTER 2019



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

#### 15. REVIEW OF PERFORMANCE – DOWNSTREAM

Cumulative quarter ended		<i>Financial Indicators</i>	30.6.2019	Individual quarter ended	
30.6.2018	30.6.2019			31.3.2019	30.6.2018
Restated		<i>In RM Mil</i>		Restated	Restated
		Revenue			
56,345	55,434	Third party	28,239	27,195	30,288
529	613	Inter-segment	339	274	277
56,874	56,047		28,578	27,469	30,565
4,199	2,886	PAT	1,460	1,426	2,727
Cumulative quarter ended		<i>Operational Indicators</i>	30.6.2019	Individual quarter ended	
30.6.2018	30.6.2019			31.3.2019	30.6.2018
Restated				Restated	Restated
122.4	127.5	Petroleum products sales volume (in million barrels)	63.2	64.3	64.1
66.2	66.5	Crude oil sales volume (in million barrels)	35.9	30.6	32.8
4.5	4.2	Petrochemicals sales volume (in million metric tonnes)	2.3	1.9	2.2

**Second quarter** Revenue for the second quarter of 2019 was RM28.6 billion, lower by 7% as compared to the second quarter of 2018 mainly driven by lower average realised prices for petroleum products, petrochemical products and crude oil as well as lower sales volume for petroleum products.

PAT for the second quarter of 2019 was RM1.5 billion, lower by 44% as compared to the second quarter of 2018 mainly due to lower petrochemical products spreads and lower refining margins.

However, lower revenue and PAT were partially offset by the effect of weakening of Ringgit against US Dollar exchange rate.

Petroleum products sales volume was 63.2 million barrels, lower by 0.9 million barrels as compared to the second quarter of 2018 following lower trading activities despite improved domestic marketing volumes. Crude oil sales volume was 35.9 million barrels, higher by 3.1 million barrels as compared to the second quarter of 2018 due to higher crude oil marketing activities.

Petrochemical products sales volume was 2.3 million metric tonnes, higher by 0.1 million metric tonnes as compared to the second quarter of 2018 following higher production.

**Cumulative quarter** Revenue for the first half of 2019 was RM56.0 billion, lower by 2% as compared to the first half of 2018 mainly due to lower average realised prices for petroleum products, petrochemical products and crude oil. This was partially offset by the effect of weakening of Ringgit against US Dollar exchange rate coupled with higher sales volume for petroleum products.

PAT for the first half of 2019 was RM2.9 billion, lower by 31% as compared to the first half of 2018 mainly contributed by lower petrochemical products spreads and sales volume as well as lower refining margins. This was partially offset by the effect of weakening of Ringgit against US Dollar exchange rate.

Petroleum products sales volume was 127.5 million barrels, higher by 5.1 million barrels as compared to the first half of 2018 following higher trading volumes. Crude oil sales volume was 66.5 million barrels, higher by 0.3 million barrels as compared to the first half of 2018 resulting from higher crude oil marketing activities.

Petrochemical products sales volume was 4.2 million metric tonnes, lower by 0.3 million metric tonnes as compared to the first half of 2018 despite higher production due to inventory build-up in preparation for plant statutory turnaround activity in the upcoming quarter.

# INTERIM FINANCIAL REPORT

## FOR SECOND QUARTER 2019



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

#### 16. REVIEW OF PERFORMANCE – CORPORATE AND OTHERS

Cumulative quarter ended		<i>Financial Indicators</i>	30.6.2019	Individual quarter ended	
30.6.2018	30.6.2019			31.3.2019	30.6.2018
Restated		<i>In RM Mil</i>		Restated	Restated
		Revenue			
7,018	6,914	Third party	3,322	3,592	3,613
1,979	2,254	Inter-segment	1,073	1,181	1,053
8,997	9,168		4,395	4,773	4,666
1,837	4,419	PAT	2,272	2,147	1,614

**Second quarter** Revenue for the second quarter of 2019 was RM4.4 billion, lower by 6% as compared to the second quarter of 2018 mainly due to lower sales of land and development properties coupled with lower shipping income. PAT of RM2.3 billion for the second quarter of 2019, higher by 44% as compared to the second quarter of 2018 mainly due to lower construction costs coupled with lower tax expenses.

**Cumulative quarter** Revenue for the first half of 2019 was RM9.2 billion, higher by 2% as compared to the first half of 2018 mainly due to higher fund investment income coupled with higher shipping income partially offset by lower sales of land and development properties. PAT of RM4.4 billion for the first half of 2019, higher by more than 100% as compared to the first half of 2018 mainly due to movement from net foreign exchange loss to net foreign exchange gain coupled with lower tax expenses.

#### 17. COMPARISON WITH PRECEDING QUARTER'S RESULT

<i>In RM Mil</i>	Individual quarter ended	
	30.6.2019	31.3.2019
Revenue	59,124	61,994
PAT	14,692	14,248
EBITDA	26,929	27,801

PETRONAS Group recorded revenue of RM59.1 billion for the second quarter of 2019, lower by 5% as compared to the first quarter of 2019 mainly due to the impact of lower average realised prices and lower sales volume mainly for LNG. This was partially offset by the effect of weakening of Ringgit against US Dollar exchange rate.

The Group recorded PAT of RM14.7 billion for the second quarter of 2019, higher by 4% as compared to the first quarter of 2019 primarily due to the effect of weakening of Ringgit against US Dollar exchange rate coupled with lower finance costs partially offset by the impact of lower average realised prices. The Group recorded EBITDA of RM26.9 billion for the second quarter of 2019, lower by 3% as compared to the first quarter of 2019 due to lower revenue recorded.

#### 18. CURRENT FINANCIAL YEAR PROSPECTS

The prevailing uncertainties in the macro-economic, geopolitics and industry environment will pose challenges to the overall year end performance of PETRONAS Group. The Group will remain focused in ensuring continuous overall business improvement as well as driving commercial and operational excellence.

# INTERIM FINANCIAL REPORT

## FOR SECOND QUARTER 2019



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

#### 19. TAXATION

<i>In RM Mil</i>	Individual quarter ended		Cumulative quarter ended	
	2019	30 June 2018	2019	30 June 2018
<b>Current tax expenses</b>				
Malaysia	4,757	4,795	9,710	9,582
Overseas	422	475	844	566
<b>Deferred tax expenses</b>				
Origination and reversal of temporary differences	(695)	282	(1,381)	637
	<u>4,484</u>	<u>5,552</u>	<u>9,173</u>	<u>10,785</u>

The Group's effective tax rate for the current quarter and period to date was 23.4% and 24.1% respectively.

#### 20. CASH, FUND AND OTHER INVESTMENTS

<i>In %</i>	As at 30.6.2019	As at 31.12.2018
<b>By Currency</b>		
RM	73.6	72.9
USD	24.2	24.7
Others	2.2	2.4
	<u>100.0</u>	<u>100.0</u>
<b>By Maturity<sup>9</sup></b>		
< 1 year	96.7	97.1
1 to 5 years	1.9	1.8
5 to 10 years	1.4	1.1
	<u>100.0</u>	<u>100.0</u>
<b>By Type</b>		
Money market	96.2	97.0
Corporate bonds	3.6	2.4
Equities	0.2	0.6
	<u>100.0</u>	<u>100.0</u>

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

<sup>9</sup> Refers to instrument maturity dates; excludes equities.

# INTERIM FINANCIAL REPORT

## FOR SECOND QUARTER 2019



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

#### 21. BORROWINGS

The details of the Group borrowings as at 30 June 2019 are as follows:

<i>In RM Mil</i>	<b>As at 30.6.2019</b>	<b>As at 31.12.2018</b>
<b>Non-Current</b>		
Term loans	14,197	13,002
Lease liabilities	6,581	9
Notes and Bonds	21,589	21,598
Islamic financing facilities	5,361	10,402
<b>Total non-current borrowings</b>	<b>47,728</b>	<b>45,011</b>
<b>Current</b>		
Term loans	6,760	7,340
Lease liabilities	1,138	7
Notes and Bonds	12,423	12,424
Islamic financing facilities	6,369	1,260
Revolving credits	1,693	2,075
Bank overdrafts	1,233	455
<b>Total current borrowings</b>	<b>29,616</b>	<b>23,561</b>
<b>Total borrowings</b>	<b>77,344</b>	<b>68,572</b>

<i>In RM Mil</i>	<b>As at 30.6.2019</b>	<b>%</b>	<b>As at 31.12.2018</b>	<b>%</b>
<b>By Currency</b>				
USD	61,159	79.1	58,106	84.7
RM	9,702	12.5	7,249	10.6
ZAR	2,388	3.1	19	0.0
EUR	2,045	2.6	2,060	3.0
GBP	690	0.9	849	1.2
Others	1,360	1.8	289	0.5
	<b>77,344</b>	<b>100.0</b>	<b>68,572</b>	<b>100.0</b>
<b>By Repayment Schedule</b>				
< 1 year	29,616	38.3	23,561	34.4
1 to 5 years	23,227	30.0	25,309	36.9
5 to 10 years	13,541	17.5	11,105	16.2
> 10 years	10,960	14.2	8,597	12.5
	<b>77,344</b>	<b>100.0</b>	<b>68,572</b>	<b>100.0</b>

# INTERIM FINANCIAL REPORT

## FOR SECOND QUARTER 2019



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

#### 22. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There was no off balance sheet financial instrument for the quarter ended 30 June 2019.

#### 23. MATERIAL LITIGATION

The legal suit brought against the Company by the Kelantan State Government 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 has been withdrawn by the Kelantan State Government without liberty to file afresh.

#### 24. PROFIT FOR THE PERIOD

<i>In RM Mil</i>	Individual quarter ended		Cumulative quarter ended	
	2019	30 June 2018	2019	30 June 2018
<b>Included in profit for the period are the following charges:</b>				
Depreciation and amortisation	8,830	8,915	18,269	17,533
Loss on disposal of:				
- property, plant and equipment	44	79	45	84
- subsidiaries	6	-	-	-
Net impairment losses on:				
- property, plant and equipment	44	166	48	-
- other investments	-	-	-	4
Net impairment/write-off on well costs <sup>10</sup>	271	183	448	211
Net loss on derivatives	40	8	50	-
Net loss on foreign exchange	-	-	-	1,191
Property, plant and equipment written off	-	9	2	11
Net change in fair value of contract liabilities	32	-	-	-
<b>and credits:</b>				
Dividend income	28	3	160	7
Gain on disposal of:				
- property, plant and equipment	10	2	46	11
- other investments	2	229	19	414
- subsidiaries	-	-	206	501
Interest income	1,840	1,542	3,682	2,755
Net gain on derivatives	-	-	-	15
Net gain on foreign exchange	309	87	103	-
Net write-back of impairment losses on:				
- property, plant and equipment	-	-	-	747
- receivables	223	348	311	516
Net change in fair value of contract liabilities	-	255	11	602

<sup>10</sup> Comprises impairment and write-off of exploration expenditure under intangible assets.

# INTERIM FINANCIAL REPORT

## FOR SECOND QUARTER 2019



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

#### 25. DIVIDENDS

As disclosed in Note 6.

#### 26. EXCHANGE RATES

US dollar/RM	Individual quarter ended			Cumulative quarter ended		
	30.6.2019	31.3.2019	30.6.2018	30.6.2019	30.6.2018	31.12.2018
Average rate	<b>4.1481</b>	4.0905	3.9487	<b>4.1193</b>	3.9368	4.0347
Closing rate	<b>4.1415</b>	4.0795	4.0455	<b>4.1415</b>	4.0455	4.1445

#### By order of the Board

Intan Shafinas (Tuty) Hussain (LS0009774)  
 Company Secretary  
 Kuala Lumpur  
 28 August 2019