



PETRONAS

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

INTERIM FINANCIAL REPORT FOR THIRD QUARTER 2013

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 third quarter ended 30 September 2013 which should be read in conjunction with the Explanatory Notes on pages 6 to 21 and Appendix 1 on pages 22 to 24.

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

	Individual quarter ended		Cumulative quarter ended	
	30 September		30 September	
	2013	2012	2013	2012
		Restated		Restated
<i>In RM Mil</i>				
Revenue	81,407	68,336	232,507	214,348
Cost of revenue	(51,786)	(43,428)	(145,367)	(129,293)
Gross profit	29,621	24,908	87,140	85,055
Selling and distribution expenses	(1,107)	(1,101)	(3,703)	(3,313)
Administration expenses	(2,811)	(2,593)	(7,228)	(8,425)
Other expenses	(605)	(565)	(2,072)	(1,426)
Other income	1,103	790	3,583	3,490
Operating profit	26,201	21,439	77,720	75,381
Financing costs	(748)	(618)	(2,155)	(2,072)
Share of profit after tax and non-controlling interests of equity accounted associates and joint ventures	425	447	1,126	1,143
Profit before taxation	25,878	21,268	76,691	74,452
Tax expense	(8,689)	(6,885)	(23,868)	(23,725)
PROFIT FOR THE PERIOD	17,189	14,383	52,823	50,727
Other comprehensive income/(expenses)				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net movements from exchange differences	4,217	(5,431)	7,742	(4,788)
Available-for-sale financial assets				
- Changes in fair value	286	358	(449)	765
- Transfer to profit or loss upon disposal	(66)	-	(130)	(1,326)
Other comprehensive (expenses)/income	(191)	(5)	(89)	111
	4,246	(5,078)	7,074	(5,238)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	21,435	9,305	59,897	45,489
Profit attributable to:				
Shareholders of the Company	14,468	12,467	44,532	43,865
Non-controlling interests	2,721	1,916	8,291	6,862
PROFIT FOR THE PERIOD	17,189	14,383	52,823	50,727
Total comprehensive income attributable to:				
Shareholders of the Company	18,340	7,975	50,924	39,093
Non-controlling interests	3,095	1,330	8,973	6,396
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	21,435	9,305	59,897	45,489



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30.9.2013	As at 31.12.2012 Restated	As at 1.1.2012 Restated
<i>In RM Mil</i>			
ASSETS			
Property, plant and equipment	239,067	224,518	204,656
Investment properties, land held for development and prepaid lease payments	13,608	13,292	13,250
Investments in associates and joint ventures	12,158	11,258	11,824
Intangible assets	34,515	33,439	20,778
Fund and other investments	8,530	8,209	3,495
Cash and cash equivalents	-	164	89
Other non-current assets	21,779	10,063	7,971
TOTAL NON-CURRENT ASSETS	<u>329,657</u>	<u>300,943</u>	<u>262,063</u>
Trade and other inventories	16,551	14,187	12,366
Trade and other receivables	48,547	42,548	38,218
Fund and other investments	16,191	22,319	36,378
Cash and cash equivalents	113,760	108,474	126,799
Other current assets	438	755	631
TOTAL CURRENT ASSETS	<u>195,487</u>	<u>188,283</u>	<u>214,392</u>
TOTAL ASSETS	<u>525,144</u>	<u>489,226</u>	<u>476,455</u>
EQUITY			
Share capital	100	100	100
Reserves	330,345	306,970	289,620
Total equity attributable to shareholders of the Company	<u>330,445</u>	<u>307,070</u>	<u>289,720</u>
Non-controlling interests	35,679	32,001	31,741
TOTAL EQUITY	<u>366,124</u>	<u>339,071</u>	<u>321,461</u>
LIABILITIES			
Borrowings	28,075	30,773	38,930
Deferred tax liabilities	13,080	14,331	13,408
Other long term liabilities and provisions	32,256	26,458	23,938
TOTAL NON-CURRENT LIABILITIES	<u>73,411</u>	<u>71,562</u>	<u>76,276</u>
Trade and other payables	58,329	58,339	50,072
Borrowings	11,883	9,964	12,651
Taxation	7,397	9,751	15,995
Dividend payable	8,000	539	-
TOTAL CURRENT LIABILITIES	<u>85,609</u>	<u>78,593</u>	<u>78,718</u>
TOTAL LIABILITIES	<u>159,020</u>	<u>150,155</u>	<u>154,994</u>
TOTAL EQUITY AND LIABILITIES	<u>525,144</u>	<u>489,226</u>	<u>476,455</u>



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<i>Attributable to shareholders of the Company</i>			
	<i>Non-distributable</i>		<i>Foreign</i>	<i>Available-</i>
<i>In RM Mil</i>	<i>Share</i>	<i>Capital</i>	<i>Currency</i>	<i>for-sale</i>
	<i>Capital</i>	<i>Reserves</i>	<i>Translation</i>	<i>Reserve</i>
			<i>Reserve</i>	<i>Reserve</i>
Quarter ended 30 September 2012				
Balance at 1 January 2012				
- As previously reported	100	13,405	4,305	1,974
- Effect of the adoption of pronouncements	-	-	(45)	-
At 1 January 2012, restated	100	13,405	4,260	1,974
Net movements from exchange differences	-	-	(4,291)	-
Available-for-sale financial assets				
- Changes in fair value	-	-	-	745
- Transfer to profit or loss upon disposal	-	-	-	(1,326)
Other comprehensive income	-	100	-	-
Total other comprehensive income/(expenses) for the period	-	100	(4,291)	(581)
Profit for the period	-	-	-	-
Total comprehensive income/ (expenses) for the period	-	100	(4,291)	(581)
Dividends	-	-	-	-
Other movements	-	(17)	-	-
Total distribution to shareholders	-	(17)	-	-
Balance at 30 September 2012	100	13,488	(31)	1,393
Quarter ended 30 September 2013				
Balance at 1 January 2013				
- As previously reported	100	13,524	(640)	2,521
- Effect of the adoption of pronouncements	-	(6)	(82)	-
At 1 January 2013, restated	100	13,518	(722)	2,521
Net movements from exchange differences	-	-	7,095	-
Available-for-sale financial assets				
- Changes in fair value	-	-	-	(440)
- Transfer to profit or loss upon disposal	-	-	-	(130)
Other comprehensive income	-	(133)	-	-
Total other comprehensive (expenses)/income for the period	-	(133)	7,095	(570)
Profit for the period	-	-	-	-
Total comprehensive (expenses)/ income for the period	-	(133)	7,095	(570)
Additional equity interest in a subsidiary	-	-	-	-
Dividends	-	-	-	-
Other movements	-	31	-	-
Total contribution from/(distribution to) shareholders	-	31	-	-
Balance at 30 September 2013	100	13,416	6,373	1,951

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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>			<i>Non- controlling Interests</i>	<i>Total Equity</i>
	<i>Distributable</i>				
	<i>General Reserve</i>	<i>Retained Profits</i>	<i>Total</i>		
Quarter ended 30 September 2012					
Balance at 1 January 2012					
- As previously reported	12,000	255,113	286,897	32,079	318,976
- Effect of the adoption of pronouncements	-	2,868	2,823	(338)	2,485
At 1 January 2012, restated	12,000	257,981	289,720	31,741	321,461
Net movements from exchange differences Available-for-sale financial assets	-	-	(4,291)	(497)	(4,788)
- Changes in fair value	-	-	745	20	765
- Transfer to profit or loss upon disposal	-	-	(1,326)	-	(1,326)
Other comprehensive income	-	-	100	11	111
Total other comprehensive income/(expenses) for the period	-	-	(4,772)	(466)	(5,238)
Profit for the period	-	43,865	43,865	6,862	50,727
Total comprehensive income/ (expenses) for the period	-	43,865	39,093	6,396	45,489
Dividends	-	(28,000)	(28,000)	(6,568)	(34,568)
Other movements	-	14	(3)	(81)	(84)
Total distribution to shareholders	-	(27,986)	(28,003)	(6,649)	(34,652)
Balance at 30 September 2012	12,000	273,860	300,810	31,488	332,298
Quarter ended 30 September 2013					
Balance at 1 January 2013					
- As previously reported	12,000	276,284	303,789	32,423	336,212
- Effect of the adoption of pronouncements	-	3,369	3,281	(422)	2,859
At 1 January 2013, restated	12,000	279,653	307,070	32,001	339,071
Net movements from exchange differences Available-for-sale financial assets	-	-	7,095	647	7,742
- Changes in fair value	-	-	(440)	(9)	(449)
- Transfer to profit or loss upon disposal	-	-	(130)	-	(130)
Other comprehensive income	-	-	(133)	44	(89)
Total other comprehensive (expenses)/income for the period	-	-	6,392	682	7,074
Profit for the period	-	44,532	44,532	8,291	52,823
Total comprehensive (expenses)/ income for the period	-	44,532	50,924	8,973	59,897
Additional equity interest in a subsidiary	-	(580)	(580)	580	-
Dividends	-	(27,000)	(27,000)	(5,904)	(32,904)
Other movements	-	-	31	29	60
Total contribution from/(distribution to) shareholders	-	(27,580)	(27,549)	(5,295)	(32,844)
Balance at 30 September 2013	12,000	296,605	330,445	35,679	366,124

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Cumulative quarter ended	
	2013	30 September 2012 Restated
<i>In RM Mil</i>		
Cash receipts from customers	225,302	211,424
Cash paid to suppliers and employees	<u>(138,446)</u>	<u>(124,706)</u>
	86,856	86,718
Interest income from fund and other investments	3,035	3,106
Interest expenses paid	(1,581)	(1,590)
Taxation paid	<u>(26,834)</u>	<u>(23,308)</u>
Cash flows from operating activities	<u>61,476</u>	<u>64,926</u>
Investment in securities	(2,726)	(13,169)
Proceeds from disposal of:		
- property, plant and equipment and intangible assets	3,622	1,343
- securities and other investment	7,441	21,869
Purchase of property, plant and equipment, prepaid lease payments and intangible assets	(38,369)	(31,624)
Others	<u>(98)</u>	<u>704</u>
Cash flows from investing activities	<u>(30,130)</u>	<u>(20,877)</u>
Repayment of borrowings	(11,482)	(11,277)
Drawdown of borrowings	9,446	2,361
Dividends paid	(19,539)	(19,977)
Dividends paid to non-controlling interests	(6,997)	(6,554)
Others	<u>28</u>	<u>(263)</u>
Cash flows from financing activities	<u>(28,544)</u>	<u>(35,710)</u>
Net increase in cash and cash equivalents	2,802	8,339
Decrease in deposits restricted	80	163
Net foreign exchange differences	1,796	(958)
Cash and cash equivalents at beginning of the period	<u>108,626</u>	<u>125,724</u>
Cash and cash equivalents at end of the period	<u>113,304</u>	<u>133,268</u>
Cash and cash equivalents		
Cash and bank balances and deposits	113,760	132,355
Negotiable certificate of deposits	988	1,679
Bank overdrafts	(833)	(159)
Less: Deposits restricted	<u>(611)</u>	<u>(607)</u>
	<u>113,304</u>	<u>133,268</u>



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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 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 year ended 31 December 2012.

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 2013 under the MFRS framework. These policies do not differ significantly from those used in the audited consolidated financial statements as at 1 January 2012 and 31 December 2012 other than that disclosed in the first quarter report relating to first time adoption of MFRS 10 *Consolidated Financial Statements* and MFRS 11 *Joint Arrangements* and its impact as at 1 January 2012. The impact of the adoption of MFRS 10 and MFRS 11 for 30 September 2012 are set out in Appendix 1.

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 period ended 30 September 2013:

- a) the Company paid a dividend of RM539 million 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 RM28.0 billion in respect of the financial period ended 31 December 2011.
- b) the Company paid a dividend of RM19.0 billion, being first to sixth payment of the approved tax exempt final dividend under Section 84 of the Petroleum (Income Tax) Act, 1967 of RM270,000 per ordinary share amounting to RM27.0 billion in respect of the financial year ended 31 December 2012.

The remaining amount of the tax exempt final dividend amounting to RM8.0 billion will be paid in installments in October and November 2013.



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

7. SIGNIFICANT AND SUBSEQUENT EVENTS

Petroleum operations in the Republic of South Sudan

Following agreement reached between the Governments of Republic of Sudan (“RoS”) and the Republic of South Sudan (“RSS”), the Group’s petroleum operations in South Sudan was allowed to continue its export of oil from the territory of RSS through RoS.

8. CHANGES IN COMPOSITION OF THE GROUP

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

9. 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 joint ventures 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.

9.1 Revenue

	Individual quarter ended 30 September					
	2013	2012	2013	2012	2013	2012
<i>In RM Mil</i>	Restated Third Parties		Restated Inter-segment		Restated Gross Total	
Exploration and Production ¹	14,176	9,961	20,324	13,793	34,500	23,754
Gas and Power	24,324	18,236	1,257	1,474	25,581	19,710
Downstream	39,032	36,613	626	495	39,658	37,108
Corporate and Others	3,875	3,526	1,050	1,205	4,925	4,731
Total	81,407	68,336	23,257	16,967	104,664	85,303

¹ Inter-segment includes deemed sales between Exploration and Production and Gas and Power segments.



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

9. OPERATING SEGMENTS (continued)

9.1 Revenue (continued)

<i>In RM Mil</i>	2013		2012		Cumulative quarter ended 30 September	
		Restated Third Parties		Restated Inter-segment	2013	2012 Restated Gross Total
Exploration and Production ¹	38,365	35,780	52,398	44,653	90,763	80,433
Gas and Power	68,747	58,889	4,347	4,984	73,094	63,873
Downstream	114,439	109,056	1,552	1,442	115,991	110,498
Corporate and Others	10,956	10,623	3,274	3,061	14,230	13,684
Total	232,507	214,348	61,571	54,140	294,078	268,488

9.2 NOPAT

<i>In RM Mil</i>	Individual quarter ended 30 September		Cumulative quarter ended 30 September	
	2013	2012 Restated	2013	2012 Restated
Exploration and Production	9,476	8,195	30,221	27,802
Gas and Power	5,418	2,684	14,128	12,082
Downstream	1,525	1,896	4,992	4,616
Corporate and Others	1,594	847	4,514	2,593
Total NOPAT for reportable segments	18,013	13,622	53,855	47,093
Elimination of inter-segment transactions	15	132	308	1,483
Consolidated NOPAT	18,028	13,754	54,163	48,576

9.3 Reconciliation of reportable segment NOPAT

<i>In RM Mil</i>	Individual quarter ended 30 September		Cumulative quarter ended 30 September	
	2013	2012 Restated	2013	2012 Restated
Consolidated NOPAT	18,028	13,754	54,163	48,576
Financing cost, net of tax	(495)	(416)	(1,483)	(1,404)
Share of profits of associates and joint ventures, net of tax	425	447	1,126	1,143
Unrealised foreign exchange (losses)/gain	(1,214)	310	(2,230)	217
Other non-operating income, net of tax	445	288	1,247	2,195
Profit for the period	17,189	14,383	52,823	50,727



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PART B – OTHER EXPLANATORY NOTES

10. REVIEW OF GROUP PERFORMANCE

Cumulative quarter ended			Individual quarter ended		
30.9.2012	30.9.2013		30.9.2013	30.6.2013	30.9.2012
Restated		<i>In RM Mil</i>			Restated
214,348	232,507	Revenue	81,407	74,424	68,336
50,727	52,823	Profit for the period	17,189	15,262	14,383
48,576	54,163	NOPAT	18,028	15,479	13,754
89,455	93,633	EBITDA ²	32,941	26,335	26,527

<i>In RM Mil</i>	As at 30.9.2013	As at 31.12.2012 Restated
Total assets	525,144	489,226
Shareholders' equity	330,445	307,070
Gearing ratio ³	10.8%	11.7%
ROACE ⁴	18.1%	17.2%

Third quarter PETRONAS Group recorded improved revenue of RM81.4 billion, compared with RM68.3 billion for the same period in 2012. Similarly, profit for the quarter increased to RM17.2 billion from RM14.4 billion recorded in the corresponding quarter a year ago.

The increase in current quarter revenue was primarily driven by higher crude oil, processed gas and LNG sales volume as well as higher petroleum products trading volume on the back of stronger customer demand and increased trading opportunities respectively, coupled with the effect of the strengthening of the US Dollar against the Ringgit.

Profit, NOPAT and EBITDA for the quarter increased by RM2.8 billion, RM4.3 billion and RM6.4 billion respectively as compared to the same period last year primarily contributed by higher revenue recorded for the quarter.

Cumulative quarter PETRONAS Group recorded an 8.5% growth in revenue for the period ended 30 September 2013 at RM232.5 billion compared with RM214.3 billion a year ago mainly driven by higher crude oil and processed gas trading activities as well as higher crude oil, processed gas and LNG sales volume, albeit partially offset by a reduction in average realised prices for all major products.

Profit, NOPAT and EBITDA increased by RM2.1 billion, RM5.6 billion and RM4.2 billion respectively as compared to the same period last year on the back of higher revenue.

² 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.

³ Gearing ratio is calculated as total debt divided by the total of shareholders' equity and debt as at period/year end.

⁴ Return on average capital employed (ROACE) is calculated as NOPAT divided by average shareholders' equity and long term debt during the period/year.



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PART B – OTHER EXPLANATORY NOTES (continued)

10. REVIEW OF GROUP PERFORMANCE (continued)

Total assets increased to RM525.1 billion as at 30 September 2013 as compared to RM489.2 billion as at 31 December 2012 primarily as a result of the profit generated for the period. Shareholders' equity of RM330.4 billion as at 30 September 2013 increased by RM23.4 billion compared to that as at 31 December 2012 mainly due to the net impact of profit for the period attributable to shareholders of the company and approved final dividend amounting to RM27.0 billion in respect of the financial year ended 31 December 2012.

Gearing ratio decreased to 10.8% as at 30 September 2013 compared to 11.7% as at 31 December 2012 due to lower debt following net repayment of term loan during the period against higher shareholders' equity. ROACE increased to 18.1% as at 30 September 2013 compared to 17.2% as at 31 December 2012 in line with higher NOPAT.



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PART B – OTHER EXPLANATORY NOTES (continued)

11. REVIEW OF PERFORMANCE - EXPLORATION AND PRODUCTION

Cumulative quarter ended		<i>Financial Indicators</i>	Individual quarter ended		
30.9.2012	30.9.2013		30.9.2013	30.6.2013	30.9.2012
Restated		<i>In RM Mil</i>			Restated
35,780	38,365	Revenue			
44,653	52,398	Third party	14,176	10,267	9,961
80,433	90,763	Inter-segment	20,324	15,759	13,793
27,802	30,221	NOPAT	9,476	8,271	8,195

Cumulative quarter ended		<i>Operational Indicators</i>	Individual quarter ended		
30.9.2012	30.9.2013		30.9.2013	30.6.2013	30.9.2012
710	752	Production ⁵ (‘000 boe ⁶ per day)			
1,275	1,346	Crude oil and condensates	772	740	683
1,985	2,098	Natural gas	1,292	1,335	1,221
494	537	Oil and gas entitlement ⁷ (‘000 boe ⁶ per day)			
911	1,016	Crude oil and condensates	564	517	446
1,405	1,553	Natural gas	1,010	901	874
			1,574	1,418	1,320

Third quarter Revenue for the quarter ended 30 September 2013 was RM34.5 billion compared to RM23.8 billion in the corresponding period last year. The higher revenue mainly due to higher entitlement for all products, following production resumption in South Sudan, coupled with new production from Malaysia fields and Iraq. NOPAT increased to RM9.5 billion compared to RM8.2 billion in the corresponding quarter last year on the back of higher revenue as explained above.

Total production for the quarter was 2,064 thousand boe per day compared to 1,904 thousand boe per day in the corresponding quarter last year. Crude oil and condensates production was higher by 89 thousand boe per day mainly due to production resumption in South Sudan, production enhancement efforts and new production stream from Malaysia’s fields and Iraq. Natural gas production was higher by 71 thousand boe per day compared to the same quarter last year mainly due to additional production from Canada and newly producing fields in Malaysia operations.

Cumulative quarter Revenue for the period ended 30 September 2013 was RM90.8 billion compared to RM80.4 billion in the corresponding period last year. Higher revenue by 12.8% reflected by the increase in entitlement for all products, in line with favourable performance in production. Similarly, NOPAT increased by RM2.4 billion or 8.7% compared to the corresponding period last year in line with higher revenue, and nil impairment losses on receivables in 2013.

⁵ Represents Malaysia’s production and PETRONAS Group’s international equity production volume

⁶ boe: barrels of oil equivalent

⁷ Represents PETRONAS Group’s entitlement to Malaysia’s production and PETRONAS Group’s international entitlement volume



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PART B – OTHER EXPLANATORY NOTES (continued)

11. REVIEW OF PERFORMANCE - EXPLORATION AND PRODUCTION (continued)

Total production for the period was 2,098 thousand boe per day compared to 1,985 thousand boe per day in the corresponding period last year. Crude oil and condensates production was higher by 5.9% mainly due to production resumption in South Sudan, coupled with newly producing fields in Malaysia and Iraq. Natural gas production was higher by 5.6% compared to the same period last year mainly due to first production in Malaysia operations and additional production from Canada.



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12. REVIEW OF PERFORMANCE - GAS AND POWER

Cumulative quarter ended		<i>Financial Indicators</i>	Individual quarter ended		
30.9.2012 Restated	30.9.2013		30.9.2013	30.6.2013	30.9.2012 Restated
<i>In RM Mil</i>					
Revenue					
58,889	68,747			20,985	18,236
4,984	4,347	Third party	24,324	1,510	1,474
		Inter-segment	1,257		
63,873	73,094		25,581	22,495	19,710
12,082	14,128	NOPAT	5,418	3,291	2,684

Cumulative quarter ended		<i>Operational Indicators</i>	Individual quarter ended		
30.9.2012	30.9.2013		30.9.2013	30.6.2013	30.9.2012
Malaysia average sales gas volume (mmscfd) ⁸					
2,503	2,699		2,604	2,794	2,551
LNG sales volume (million tonnes)					
18.80	21.30		7.51	6.58	5.88

Third quarter Gas and Power segment registered RM25.6 billion revenue for the quarter ended 30 September 2013, an increase of RM5.9 billion or 29.8% compared to the corresponding quarter in 2012. The third quarter revenue benefited from higher LNG sales volume and favourable average sales gas volume, coupled with higher realised LNG prices.

The segment registered higher NOPAT at RM5.4 billion for the period, an increase of RM2.7 billion compared to the corresponding period last year driven by higher revenue.

Total LNG sales volume for the quarter was higher by 1.6 million tonnes or 27.7% as compared to the same quarter previous year driven by higher production from PETRONAS LNG Complex (PLC) in Bintulu, Sarawak and higher trading volume.

The quarter recorded favourable average sales gas volume by 53 mmscfd or 2.1% compared to the same period last year mainly driven by the increased gas supply generated from import of LNG via the Malaysia regasification terminal (RGT) in Sungai Udang, Melaka.

Cumulative quarter Gas and power registered RM73.1 billion revenue for the cumulative quarter ended 30 September 2013, an increase of RM9.2 billion or 14.4% compared to the corresponding cumulative quarter in 2012 mainly driven by higher LNG sales volume and favourable average sales gas volume, negated by lower realised LNG prices.

The segment registered higher NOPAT at RM14.1 billion for the period, an increase of 16.9% compared to the corresponding period in tandem with increase in revenue and lower feedgas costs.

⁸ mmscfd: million standard cubic feet per day



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PART B – OTHER EXPLANATORY NOTES (continued)

12. REVIEW OF PERFORMANCE - GAS AND POWER (continued)

Total LNG sales volume for the period was higher by 2.5 million tonnes or 13.3% as compared to the previous year on the back of higher production in PLC and increase in trading volume.

Average sales gas volume was higher by 196 mmscfd or 7.8% compared to the same period last year driven by higher domestic supply from Kertih, Terengganu and Malaysia-Thailand Joint Development Area, coupled with new gas supply sourced from LNG imported via the RGT.



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PART B – OTHER EXPLANATORY NOTES (continued)

13. REVIEW OF PERFORMANCE - DOWNSTREAM

Cumulative quarter ended		<i>Financial Indicators</i>	Individual quarter ended		
30.9.2012 Restated	30.9.2013		30.9.2013	30.6.2013	30.9.2012 Restated
		<i>In RM Mil</i>			
		Revenue			
109,056	114,439	Third party	39,032	39,336	36,613
1,442	1,552	Inter-segment	626	431	495
110,498	115,991		39,658	39,767	37,108
4,616	4,992	NOPAT	1,525	1,542	1,896

Cumulative quarter ended		<i>Operational Indicators</i>	Individual quarter ended		
30.9.2012	30.9.2013		30.9.2013	30.6.2013	30.9.2012
		Petroleum products sales volume (in million barrels)	76.6	74.7	74.0
216.7	219.5	Crude oil sales volume (in million barrels)	47.0	51.0	33.7
113.9	143.7	Petrochemicals sales volume (in million metric tonnes)	1.4	1.6	1.6
5.0	4.8				

Third quarter Total revenue for the quarter was RM39.7 billion, an increase of RM2.6 billion when compared to the corresponding period in 2012. The higher revenue was contributed primarily from higher sales volume of crude and petroleum products.

Both crude oil and petroleum products sales volume were higher than the corresponding period last year by 13.3 million barrels and 2.6 million barrels respectively mainly due to increased trading activities.

Downstream NOPAT was RM1.5 billion, lower than the corresponding period last year by RM0.4 billion mainly due to lower refining, petrochemical and petroleum product trading margins.

Cumulative quarter Total revenue for the period was RM116.0 billion, RM5.5 billion higher than the revenue from the corresponding period in 2012 mainly due to increase in crude oil and petroleum products sales volume.

An overall increase in trading activities contributed towards these higher volumes. Crude oil sales volume was 29.8 million barrels more as compared to the corresponding period last year. Petroleum product sales volume also enjoyed a modest increase of 2.8 million barrels compared to the corresponding period last year due to the same reason.

Downstream cumulative NOPAT was RM5.0 billion, higher than the corresponding period last year by RM0.4 billion mainly due to higher margins for crude trading, marketing of petroleum products and sales of petrochemical products.



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14. REVIEW OF PERFORMANCE - CORPORATE AND OTHERS

Cumulative quarter ended		<i>Financial Indicators</i>	Individual quarter ended		
30.9.2012 Restated	30.9.2013		30.9.2013	30.6.2013	30.9.2012 Restated
		<i>In RM Mil</i>			
		Revenue			
10,623	10,956	Third party	3,875	3,836	3,526
3,061	3,274	Inter-segment	1,050	1,054	1,205
<u>13,684</u>	<u>14,230</u>		<u>4,925</u>	<u>4,890</u>	<u>4,731</u>
2,593	4,514	NOPAT	1,594	1,792	847

Third quarter Revenue for the quarter was RM4.9 billion, higher by RM0.2 billion or 4.1% as compared to the corresponding quarter a year ago mainly contributed by higher income from properties business. NOPAT stood at RM1.6 billion, higher by 88.2% mainly due to higher realised foreign exchange gain for fund and other investments.

Cumulative quarter Revenue for the period was RM14.2 billion, higher by RM0.5 billion or 4.0% as compared to the same period last year. NOPAT stood at RM4.5 billion, higher by RM1.9 billion mainly due to higher realised foreign exchange gain and lower maritime and logistics cost incurred during the period.

15. COMPARISON WITH PRECEDING QUARTER'S RESULT

<i>In RM Mil</i>	Individual quarter ended	
	30.9.2013	30.6.2013
Revenue	81,407	74,424
Profit for the period	17,189	15,262
NOPAT	18,028	15,479
EBITDA	32,941	26,335

PETRONAS Group's revenue of RM81.4 billion for the quarter was higher by RM7.0 billion or 9.4% as compared to the preceding quarter. The increase was primarily driven by higher crude oil volume, LNG sales volume and petroleum products' trading activities coupled with the effect of the strengthening of the US Dollar against the Ringgit and higher average prices realised for all major products. Nevertheless, the positive impact on revenue as detailed above was partially offset by lower crude oil trading volume.

Profit, NOPAT and EBITDA for the quarter increased by RM1.9 billion, RM2.5 billion and RM6.6 billion respectively as compared to the preceding quarter mainly due to higher revenue recorded for the quarter.

16. CURRENT FINANCIAL YEAR PROSPECTS

The Board expects the overall year end performance of PETRONAS Group to be satisfactory.



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PART B – OTHER EXPLANATORY NOTES (continued)

17. TAXATION

<i>In RM Mil</i>	Individual quarter ended 30 September		Cumulative quarter ended 30 September	
	2013	2012 Restated	2013	2012 Restated
Current tax expenses				
Malaysia	7,400	7,080	22,900	23,817
Overseas	670	601	1,991	2,113
Deferred tax expenses				
Origination and reversal of temporary differences	619	(796)	(1,023)	(2,205)
	<u>8,689</u>	<u>6,885</u>	<u>23,868</u>	<u>23,725</u>
Effective tax rate	33.6%	32.4%	31.1%	31.9%

The Group's effective tax rate for the current quarter and period-to-date are 33.6% and 31.1% respectively. The current quarter effective tax rate is slightly higher than the corresponding quarter in 2012 of 32.4% mainly due to under provision of taxation in prior year.

18. CASH, FUND AND OTHER INVESTMENTS

<i>In %</i>	As at 30.9.2013	As at 31.12.2012 Restated
By Currency		
RM	63.0	69.1
USD	32.8	25.0
Others	4.2	5.9
	<u>100.0</u>	<u>100.0</u>
By Maturity⁹		
< 1 year	93.5	91.8
1 to 5 years	4.9	6.3
5 to 10 years	1.6	1.9
	<u>100.0</u>	<u>100.0</u>
By Type		
Money market	87.9	84.6
Government securities	2.6	5.8
Corporate bonds	5.0	5.1
Equities	4.5	4.5
	<u>100.0</u>	<u>100.0</u>

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

⁹ Refers to instrument maturity dates; excludes equities.



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PART B – OTHER EXPLANATORY NOTES (continued)

19. BORROWINGS

The details of the Group borrowings as at 30 September 2013 are as follows:

<i>In RM Mil</i>	As at 30.9.2013	As at 31.12.2012 Restated
Non-Current		
Secured		
Term loans	4,177	3,182
Islamic financing facilities	1,365	1,425
Total non-current secured borrowings	5,542	4,607
Unsecured		
Term loans	2,763	285
Notes and Bonds	16,593	17,769
Islamic financing facilities	3,177	8,112
Total non-current unsecured borrowings	22,533	26,166
Total non-current borrowings	28,075	30,773
Current		
Secured		
Term loans	872	347
Islamic financing facilities	284	473
Total current secured borrowings	1,156	820
Unsecured		
Term loans	37	5,927
Notes and Bonds	2,278	566
Islamic financing facilities	5,737	123
Revolving credits	1,842	1,415
Bank overdrafts	833	1,113
Total current unsecured borrowings	10,727	9,144
Total current borrowings	11,883	9,964
Total borrowings	39,958	40,737



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PART B – OTHER EXPLANATORY NOTES (continued)

19. BORROWINGS (continued)

<i>In RM Mil</i>	As at		As at	
	30.9.2013	%	31.12.2012	%
			Restated	
By Currency				
USD	27,948	69.9	26,365	64.7
RM	7,550	18.9	7,438	18.3
EUR	2,120	5.3	3,604	8.8
ZAR	679	1.7	1,175	2.9
JPY	-	-	566	1.4
Others	1,661	4.2	1,589	3.9
	39,958	100.0	40,737	100.0
By Repayment Schedule				
< 1 year	11,883	29.7	9,964	24.4
1 to 5 years	9,550	23.9	14,982	36.8
5 to 10 years	16,915	42.4	14,261	35.0
10 to 20 years	1,610	4.0	1,530	3.8
	39,958	100.0	40,737	100.0

20. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There was no off balance sheet financial instrument for the quarter ended 30 September 2013.

21. 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 is still on-going as at quarter-end. PETRONAS has been advised by its solicitors that there is no merit in the claim by the Kelantan State Government.

In 2012, the legal suit brought by certain individuals (“plaintiffs”) against PETRONAS and the State Government of Sabah wherein the plaintiffs 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; is still on-going as at quarter-end. PETRONAS has been advised by its solicitors that there is no merit in the claim by the plaintiffs.



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PART B – OTHER EXPLANATORY NOTES (continued)

21. MATERIAL LITIGATION (continued)

In July 2013, Momoto Sdn Bhd (“Momoto”) filed a RM260 million suit at the Kuala Lumpur High Court against PETRONAS Technical Services Sdn Bhd (“PTSSB”), a wholly owned subsidiary of the Company for breach of contract. The suit relates to the sales of the FP1 superbikes by PTSSB to Momoto, where Momoto is alleging that PTSSB had failed to clear all the duties and taxes relating to the FP1 superbikes at the point of the transfer of ownership of the FP1 Superbikes to Momoto. PTSSB then filed a motion to stay the proceedings in the High Court, as the contract had provided for arbitration as the seat for the resolution of dispute. The Kuala Lumpur High Court had on 31 October 2013 granted a stay of the court proceedings in order for the dispute to be resolved by way of arbitration as provided under the contract.

22. PROFIT FOR THE PERIOD

<i>In RM Mil</i>	Individual quarter ended 30 September		Cumulative quarter ended 30 September	
	2013	2012 Restated	2013	2012 Restated
Included in profit for the period are the following charges:				
Bad debt written off	2	15	4	28
Depreciation and amortisation	6,715	5,043	17,326	13,831
Impairment losses on:				
- receivables	-	-	146	873
- intangible assets	733	636	840	2,339
- property, plant and equipment	88	66	110	230
Net loss on derivatives	-	-	109	-
Net loss on foreign exchange	487	213	1,308	91
and credits:				
Dividend income	153	123	285	191
Gain on disposal of investments and property, plant and equipment	221	155	972	1,831
Interest income	1,138	1,104	3,288	3,468
Net gain on derivatives	213	163	-	12
Write back of impairment losses on:				
- receivables	-	-	-	61
- intangible assets	23	-	89	7
- property, plant and equipment	20	-	70	-



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23. DIVIDENDS

As disclosed in Note 6.

24. EXCHANGE RATES

US dollar/RM	Individual quarter ended			Cumulative quarter ended		
	30.9.2013	30.6.2013	30.9.2012	30.9.2013	30.9.2012	31.12.2012
Average rate	3.2384	3.0711	3.1242	3.1299	3.0990	3.0884
Closing rate	3.2575	3.1775	3.0685	3.2575	3.0685	3.0625

By order of the Board

Faridah Haris Hamid (LS 0008785)
Company Secretary
Kuala Lumpur
12 November 2013



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APPENDIX 1 – IMPACT OF THE ADOPTION OF PRONOUNCEMENTS

a) Reconciliation of consolidated statement of profit or loss and other comprehensive income for individual quarter ended 30 September 2012

	As previously reported	Effect of the adoption of pronouncements	As restated
<i>In RM Mil</i>			
Revenue	68,340	(4)	68,336
Cost of revenue	(43,478)	50	(43,428)
Gross profit	24,862	46	24,908
Selling and distribution expenses	(1,101)	-	(1,101)
Administration expenses	(2,590)	(3)	(2,593)
Other expenses	(565)	-	(565)
Other income	845	(55)	790
Operating profit	21,451	(12)	21,439
Financing costs	(625)	7	(618)
Share of profit after tax and non-controlling interests of equity accounted associates and joint ventures	385	62	447
Profit before taxation	21,211	57	21,268
Tax expense	(6,835)	(50)	(6,885)
PROFIT FOR THE PERIOD	14,376	7	14,383
Other comprehensive income/(expenses)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net movements from exchange differences	(5,406)	(25)	(5,431)
Changes in fair value for available-for-sale financial assets	358	-	358
Other comprehensive (expenses)/income	(2)	(3)	(5)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	9,326	(21)	9,305



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APPENDIX 1 – IMPACT OF THE ADOPTION OF PRONOUNCEMENTS (continued)

b) Reconciliation of consolidated statement of profit or loss and other comprehensive income for cumulative quarter ended 30 September 2012

	As previously reported	Effect of the adoption of pronouncements	As restated
<i>In RM Mil</i>			
Revenue	214,210	138	214,348
Cost of revenue	(129,403)	110	(129,293)
Gross profit	84,807	248	85,055
Selling and distribution expenses	(3,313)	-	(3,313)
Administration expenses	(8,638)	213	(8,425)
Other expenses	(1,426)	-	(1,426)
Other income	3,557	(67)	3,490
Operating profit	74,987	394	75,381
Financing costs	(2,094)	22	(2,072)
Share of profit after tax and non-controlling interests of equity accounted associates and joint ventures	1,027	116	1,143
Profit before taxation	73,920	532	74,452
Tax expense	(23,580)	(145)	(23,725)
PROFIT FOR THE PERIOD	50,340	387	50,727
Other comprehensive income/(expenses)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net movements from exchange differences Available-for-sale financial assets	(4,764)	(24)	(4,788)
- Changes in fair value	765	-	765
- Transfer to profit or loss upon disposal	(1,326)	-	(1,326)
Other comprehensive (expenses)/income	119	(8)	111
	(5,206)	(32)	(5,238)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	45,134	355	45,489



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APPENDIX 1 – IMPACT OF THE ADOPTION OF PRONOUNCEMENTS (continued)

c) Reconciliation of consolidated statement of cash flows for cumulative quarter ended 30 September 2012

	As previously reported	Effect of the adoption of pronouncements	As restated
<i>In RM Mil</i>			
Cash receipts from customers	211,536	(112)	211,424
Cash paid to suppliers and employees	(124,941)	235	(124,706)
	86,595	123	86,718
Interest income from fund and other investments	3,038	68	3,106
Interest expenses paid	(1,612)	22	(1,590)
Taxation paid	(23,138)	(170)	(23,308)
Cash flows from operating activities	64,883	43	64,926
Investment in securities	(12,362)	(807)	(13,169)
Proceeds from disposal of:			
- property, plant and equipment	1,343	-	1,343
- securities and other investment	21,360	509	21,869
Purchase of property, plant and equipment, prepaid lease payments and intangible assets	(31,953)	329	(31,624)
Others	857	(153)	704
Cash flows from investing activities	(20,755)	(122)	(20,877)
Repayment of borrowings	(11,421)	144	(11,277)
Drawdown of borrowings	3,116	(755)	2,361
Dividends paid	(19,977)	-	(19,977)
Dividends paid to non-controlling interests	(6,568)	14	(6,554)
Others	(200)	(63)	(263)
Cash flows from financing activities	(35,050)	(660)	(35,710)
Net increase in cash and cash equivalents	9,078	(739)	8,339
Decrease in deposits restricted	163	-	163
Net foreign exchange differences	(960)	2	(958)
Cash and cash equivalents at beginning of the period	124,283	1,441	125,724
Cash and cash equivalents at end of the period	132,564	704	133,268
Cash and cash equivalents			
Cash and bank balances and deposits	131,651	704	132,355
Negotiable certificate of deposits	1,679	-	1,679
Bank overdrafts	(159)	-	(159)
Less: Deposits restricted	(607)	-	(607)
	132,564	704	133,268