



PETRONAS Group

Quarterly Report

For Third Quarter Ended 30 September 2023

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2023

The Board of Directors of Petroliam Nasional Berhad ("PETRONAS" or the "Company") is pleased to announce the results of PETRONAS Group and its reportable segments for the third quarter ended 30 September 2023 which should be read in conjunction with the unaudited condensed consolidated financial statements and the accompanying explanatory notes on pages 14 to 27.

GROUP PERFORMANCE REVIEW¹

30 September 2023	Individual quarter ended		<i>In RM Mil</i>	Cumulative quarter ended	
	30 June 2023 ²	30 September 2022 ²		30 September 2023	30 September 2022 ²
82,850	79,691	98,949	Revenue	251,883	269,386
33,337	31,982	47,500	EBITDA ³	103,882	130,175
23,937	16,373	30,764	PAT ⁴	64,120	77,197
			<i>In RM Mil</i>		
			Cash flows from operating activities	75,972	83,141
			Capital investments ⁵	34,325	27,403
			<i>In RM Mil</i>		
			Total assets	752,212	710,570
			Shareholders' equity	432,438	401,609
			Gearing ratio ⁶	20.2%	20.3%
			ROACE ⁷	16.0%	19.9%

Third quarter

Comparison with corresponding quarter

PETRONAS Group's revenue of RM82.9 billion for the third quarter of 2023 was lower by RM16.1 billion or 16% as compared to the third quarter of 2022 primarily due to lower average realised prices in tandem with the declining benchmark prices partially offset by favourable impact from foreign exchange.

The Group recorded EBITDA of RM33.3 billion, lower by RM14.2 billion or 30% in line with lower revenue partially negated by lower product costs.

PAT of RM23.9 billion was lower by RM6.8 billion mainly due to lower EBITDA partially offset by lower taxation in line with lower profit and lower net impairment losses/write-off on assets⁸. Excluding net impairment losses/write-off on assets⁸, the Group would record a PAT of RM23.8 billion, lower by RM7.9 billion as compared to RM31.7 billion in the corresponding quarter.

¹ Comprises continuing and discontinued operations.

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

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

⁴ Profit After Tax.

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

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

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

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

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FOR THIRD QUARTER ENDED 30 SEPTEMBER 2023

GROUP PERFORMANCE REVIEW (continued)

Comparison with preceding quarter

PETRONAS Group's revenue for the third quarter of 2023 was higher by RM3.2 billion or 4% as compared to the second quarter of 2023 mainly due to favourable impact from foreign exchange as well as favourable average realised prices.

The Group's EBITDA was marginally higher by RM1.4 billion or 4% in line with higher revenue partially negated by higher operating expenses.

PAT was higher by RM7.6 billion in tandem with higher EBITDA coupled with lower net impairment losses/write-off on assets⁸ and lower taxation mainly due to adjustments arising from tax audits in the previous years. Excluding net impairment losses/write-off on assets, the Group would record a PAT of RM23.8 billion, higher by RM4.6 billion as compared to RM19.2 billion in the preceding quarter.

Cumulative quarter

PETRONAS Group's revenue of RM251.9 billion for the period ended 30 September 2023 was lower by RM17.5 billion or 6% as compared to the same period in 2022 mainly due to unfavourable average realised prices. This was partially cushioned by higher sales volume for major products and favourable impact from foreign exchange.

The Group recorded EBITDA of RM103.9 billion, lower by RM26.3 billion or 20% in line with lower revenue.

PAT of RM64.1 billion was lower by RM13.1 billion in tandem with lower EBITDA partially negated by lower taxation in line with lower profit. Excluding net impairment losses/write-off on assets, the Group would record a PAT of RM66.9 billion, lower by RM13.7 billion as compared to RM80.6 billion for the same period in 2022.

Cash flows from operating activities decreased by RM7.2 billion or 9% in line with lower cash generated from operations and higher taxation paid partially negated by higher interest income received. Capital investments amounted to RM34.3 billion was higher by RM6.9 billion or 25%, with higher domestic investments by 64%.

Total assets strengthened to RM752.2 billion as at 30 September 2023 against RM710.6 billion as at 31 December 2022 mainly contributed by capital investments during the period as well as stronger cash, fund and other investments balances. Shareholders' equity of RM432.4 billion increased by RM30.8 billion mainly attributable to profit recorded and favourable impact from foreign exchange during the period partially offset by dividends declared to shareholders amounting to RM40.0 billion.

Gearing ratio marginally decreased to 20.2% as at 30 September 2023 from 20.3% as at 31 December 2022 primarily contributed by higher equity as mentioned above. ROACE decreased to 16.0% as at 30 September 2023 from 19.9% as at 31 December 2022 in line with lower profit and higher shareholders' equity recorded.

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

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FOR THIRD QUARTER ENDED 30 SEPTEMBER 2023

UPSTREAM PERFORMANCE REVIEW

30 September 2023	Individual quarter ended		<i>Financial Indicators</i>	Cumulative quarter ended	
	30 June 2023 Restated	30 September 2022 Restated		30 September 2023	30 September 2022 Restated
			<i>In RM Mil</i>		
10,933	9,281	15,034	Revenue	30,447	46,166
23,794	23,936	24,582	Third party	73,169	69,952
34,727	33,217	39,616	Inter-segment	103,616	116,118
11,951	6,477	16,054	PAT	30,872	39,078
			<i>Operational Indicators</i>		
			Production ⁹ ('000 boe ¹⁰ per day)		
832	835	852	Crude oil and condensates	841	854
1,492	1,518	1,523	Natural gas	1,550	1,561
2,324	2,353	2,375		2,391	2,415
			Entitlement ¹¹ ('000 boe per day)		
517	499	516	Crude oil and condensates	517	519
1,091	1,050	1,073	Natural gas	1,126	1,133
1,608	1,549	1,589		1,643	1,652

Third quarter

Comparison with corresponding quarter

Revenue for the third quarter of 2023 was RM34.7 billion, lower by RM4.9 billion or 12% as compared to the third quarter of 2022 mainly due to lower average realised prices and sales volume for crude oil and condensates, partially offset by favourable impact from foreign exchange.

PAT for the third quarter of 2023 was RM12.0 billion, lower by RM4.1 billion primarily due to lower revenue.

Total daily production average for the third quarter of 2023 was 2,324 thousand boe per day, lower by 51 thousand boe per day as compared to the corresponding quarter due to lower natural gas and crude oil production from Malaysia coupled with lower crude oil production from international operations. This was offset by higher natural gas production from international operations.

Cumulative quarter

Revenue for the period ended 30 September 2023 was RM103.6 billion, lower by RM12.5 billion or 11% as compared to the same period in 2022 mainly due to lower average realised prices and sales volume for crude oil and condensates as well as natural gas. This was partially offset by favourable impact from foreign exchange.

PAT was RM30.9 billion, lower by RM8.2 billion in line with lower revenue partially offset by lower taxation and cash payments.

Total daily production average for the period ended 30 September 2023 was at 2,391 thousand boe per day, lower by 24 thousand boe per day as compared to the same period last year mainly due to lower natural gas and crude oil production from Malaysia and international operations.

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

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

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

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2023

GAS PERFORMANCE REVIEW

30 September 2023	Individual quarter ended		<i>Financial Indicators</i>	Cumulative quarter ended	
	30 June 2023 ²	30 September 2022		30 September 2023	30 September 2022
			<i>In RM Mil</i>		
21,663	22,527	33,183	Revenue	72,662	86,785
3,015	3,667	3,642	Third party	10,764	10,402
24,678	26,194	36,825	Inter-segment	83,426	97,187
5,232	7,455	10,311	PAT	21,446	27,838

30 September 2023	Individual quarter ended		<i>Operational Indicators</i>	Cumulative quarter ended	
	30 June 2023	30 September 2022		30 September 2023	30 September 2022
2,782	2,655	3,185	Malaysia average sales gas volume (mmscfd ¹²)	2,793	2,898
7.47	7.60	8.51	Gross LNG sales volume ¹³ (million tonnes)	23.95	25.33

Third quarter

Comparison with corresponding quarter

Revenue for the third quarter of 2023 was RM24.7 billion, decreased by RM12.1 billion or 33% as compared to the same quarter in 2022. The result is due to lower average realised prices of liquefied natural gas ("LNG") and processed gas coupled with lower sales volume partially offset by favourable impact from foreign exchange.

PAT was RM5.2 billion against RM10.3 billion in the same quarter of 2022 primarily driven by lower revenue partially offset by lower product costs and taxation.

Malaysia average sales gas volume decreased by 403 mmscfd mainly due to lower offtake from Peninsular Malaysia, Sabah and Sarawak.

Gross LNG sales volume decreased by 1.04 million tonnes mainly due to lower plant production and lesser trading opportunities as compared to the same quarter in 2022.

Cumulative quarter

Revenue for the period ended 30 September 2023 was RM83.4 billion, decreased by RM13.8 billion or 14% as compared to the same period in 2022. The result is due to lower average realised prices of LNG and processed gas coupled with lower sales volume partially offset by favourable impact from foreign exchange.

PAT was RM21.4 billion against RM27.8 billion in the same period of 2022 primarily driven by lower revenue and higher product costs partially offset by lower taxation.

Malaysia average sales gas volume decreased by 105 mmscfd mainly due to lower offtake from Peninsular Malaysia and Sarawak.

Gross LNG sales volume decreased by 1.38 million tonnes mainly due to lower plant production and lesser trading opportunities as compared to the same period in 2022.

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

¹² mmscfd: million standard cubic feet per day.

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

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2023

DOWNSTREAM PERFORMANCE REVIEW¹

30 September 2023	Individual quarter ended		<i>Financial Indicators</i>	Cumulative quarter ended	
	30 June 2023 ²	30 September 2022 ²		30 September 2023	30 September 2022 ²
			<i>In RM Mil</i>		
45,154	42,666	46,197	Revenue	133,283	124,777
631	1,196	2,302	Third party	4,367	7,423
45,785	43,862	48,499	Inter-segment	137,650	132,200
5,577	275	923	PAT	7,498	9,354
			<i>Operational Indicators</i>		
68.3	72.7	67.8	Petroleum products sales volume (in million barrels)	218.2	183.5
28.5	26.2	25.7	Crude oil sales volume (in million barrels)	81.0	84.3
2.3	2.3	2.2	Petrochemical products sales volume (in million metric tonnes)	7.0	5.7

Third quarter

Comparison with corresponding quarter

Revenue for the third quarter of 2023 was RM45.8 billion, lower by RM2.7 billion or 6% as compared to the same quarter in 2022 on the back of lower average realised prices partially offset by higher sales volume from major products coupled with favourable impact from foreign exchange.

PAT was RM5.6 billion as compared to RM0.9 billion in the third quarter of 2022, higher by RM4.7 billion primarily driven by higher refining margins and lower taxation.

Petroleum products sales volume was comparable at 68.3 million barrels, higher by 0.5 million barrels due to higher marketing volume partially offset by decreased trading activities. Crude oil sales volume was 28.5 million barrels, higher by 2.8 million barrels mainly contributed by marketing volume. Petrochemical products sales volume was 2.3 million metric tonnes, slightly higher by 0.1 million metric tonnes.

Cumulative quarter

Revenue for the period ended 30 September 2023 was RM137.7 billion, higher by RM5.5 billion or 4% as compared to the same period in 2022 underpinned by higher sales volume from major products coupled with favourable impact from foreign exchange partially negated by lower average realised prices.

PAT was RM7.5 billion against RM9.4 billion in the same period of 2022, lower by RM1.9 billion mainly due to lower refining and petrochemical margins partially offset by lower taxation.

Petroleum products sales volume was 218.2 million barrels, higher by 34.7 million barrels primarily driven by increased trading activities and higher marketing volume. Crude oil sales volume was 81.0 million barrels, lower by 3.3 million barrels mainly due to lower marketing volume and trading opportunities. Petrochemical products sales volume was 7.0 million metric tonnes, higher by 1.3 million metric tonnes in line with higher production.

¹ Comprises continuing and discontinued operations.

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

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FOR THIRD QUARTER ENDED 30 SEPTEMBER 2023

CORPORATE AND OTHERS PERFORMANCE REVIEW

30 September 2023	Individual quarter ended		<i>Financial Indicators</i>	Cumulative quarter ended	
	30 June 2023 Restated	30 September 2022 Restated		30 September 2023	30 September 2022 Restated
			<i>In RM Mil</i>		
			Revenue		
5,100	5,217	4,535	Third party	15,491	11,658
1,535	1,662	1,248	Inter-segment	4,501	3,560
6,635	6,879	5,783		19,992	15,218
740	2,116	2,285	PAT	4,061	3,394

Third quarter

Comparison with corresponding quarter

Revenue for the third quarter of 2023 was RM6.6 billion, higher by RM0.9 billion or 15% as compared to the same quarter in 2022 mainly contributed by higher fund investment income on the back of higher average rate of return in tandem with higher market rates.

PAT was RM0.7 billion against RM2.3 billion in the same quarter last year, mainly attributable to unfavourable impact from foreign exchange coupled with higher operating expenses partially negated by higher revenue.

Cumulative quarter

Revenue for the period ended 30 September 2023 was RM20.0 billion, higher by RM4.8 billion or 31% as compared to the same period in 2022 largely contributed by higher fund investment income and higher revenue from construction contracts.

PAT was RM4.1 billion as compared to RM3.4 billion in the same period last year primarily driven by higher revenue partially offset by higher operating expenses and lower foreign exchange gain.

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

30 September 2023	Individual quarter ended		<i>In RM Mil</i>	Cumulative quarter ended	
	30 June 2023 ²	30 September 2022 ²		30 September 2023	30 September 2022 ²
			Continuing operations		
73,057	70,865	86,859	Revenue	224,358	238,283
(42,780)	(43,676)	(47,508)	Cost of revenue	(131,549)	(124,334)
30,277	27,189	39,351	Gross profit	92,809	113,949
(2,057)	(1,838)	(1,843)	Selling and distribution expenses	(5,960)	(5,366)
(3,564)	(3,309)	(2,545)	Administration expenses	(10,842)	(9,786)
207	(3,684)	(619)	Net impairment losses ¹⁴	(3,542)	(2,816)
(134)	(113)	(52)	Other expenses	(270)	(2,029)
1,460	3,316	5,360	Other income	6,568	7,806
26,189	21,561	39,652	Operating profit	78,763	101,758
(1,603)	(1,286)	(1,301)	Financing costs	(4,319)	(3,915)
			Share of profit after tax and non-controlling interests of equity accounted associates and joint ventures	500	1,501
186	105	478	Profit before taxation	74,944	99,344
24,772	20,380	38,829	Tax expense	(13,021)	(25,893)
(1,832)	(4,552)	(8,541)	PROFIT FOR THE PERIOD	61,923	73,451
22,940	15,828	30,288			
			Discontinued operations¹⁵		
997	545	476	Profit for the period from discontinued operations, net of tax	2,197	3,746
23,937	16,373	30,764	PROFIT FOR THE PERIOD	64,120	77,197
			Profit attributable to:		
22,318	15,186	28,038	Shareholders of the Company	59,328	69,528
1,619	1,187	2,726	Non-controlling interests	4,792	7,669
23,937	16,373	30,764	PROFIT FOR THE PERIOD	64,120	77,197

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

¹⁴ Excludes well costs and includes certain amount relating to write-back and write-off of other assets and loss on derecognition of financial assets measured at amortised cost.

¹⁵ See Note A15.

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

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

30 September 2023	Individual quarter ended		<i>In RM Mil</i>	Cumulative quarter ended	
	30 June 2023	30 September 2022		30 September 2023	30 September 2022
23,937	16,373	30,764	PROFIT FOR THE PERIOD	64,120	77,197
			Other comprehensive income/(loss)		
			<i>Items that will not be reclassified subsequently to profit or loss</i>		
			Net changes in fair value of equity investments at fair value through other comprehensive income ("OCI")	(68)	(500)
(39)	(20)	(647)	<i>Items that may be reclassified subsequently to profit or loss</i>		
			Net movements from exchange differences	14,966	17,365
2,163	12,984	8,371	Cash flow hedge	(884)	1,910
(1,360)	(271)	767	Others	136	217
18	123	81	Total other comprehensive income for the period	14,150	18,992
782	12,816	8,572	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	78,270	96,189
24,719	29,189	39,336			
			Total comprehensive income attributable to:		
22,168	26,296	35,614	Shareholders of the Company	70,832	85,573
2,551	2,893	3,722	Non-controlling interests	7,438	10,616
24,719	29,189	39,336	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	78,270	96,189

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

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In RM Mil</i>	As at 30 September 2023	As at 31 December 2022
ASSETS		
Property, plant and equipment	312,140	301,218
Investment properties and land held for development	12,283	12,658
Investments in associates and joint ventures	8,512	8,114
Intangible assets	32,005	26,260
Long-term receivables	48,208	41,127
Fund and other investments	7,718	1,425
Deferred tax assets	22,959	20,675
TOTAL NON-CURRENT ASSETS	443,825	411,477
Trade and other inventories	15,196	15,612
Trade and other receivables	55,837	53,998
Fund and other investments	11,690	10,945
Cash and cash equivalents	208,519	201,220
	291,242	281,775
Assets classified as held for sale	17,145	17,318
TOTAL CURRENT ASSETS	308,387	299,093
TOTAL ASSETS	752,212	710,570
EQUITY		
Share capital	100	100
Reserves	432,338	401,509
Total equity attributable to shareholders of the Company	432,438	401,609
Non-controlling interests	59,769	58,822
TOTAL EQUITY	492,207	460,431
LIABILITIES		
Borrowings	101,043	96,345
Deferred tax liabilities	11,194	11,829
Other long-term liabilities and provisions	52,043	50,418
TOTAL NON-CURRENT LIABILITIES	164,280	158,592
Trade and other payables	57,117	63,677
Borrowings	10,800	7,812
Taxation	4,866	8,438
Dividend payable	12,000	—
	84,783	79,927
Liabilities classified as held for sale	10,942	11,620
TOTAL CURRENT LIABILITIES	95,725	91,547
TOTAL LIABILITIES	260,005	250,139
TOTAL EQUITY AND LIABILITIES	752,212	710,570

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

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<i>Attributable to shareholders of the Company</i>				
	<i>Non-distributable</i>				
<i>In RM Mil</i>	Share Capital	Capital and Other Reserves	Foreign Currency Translation Reserve	Fair Value through OCI Reserve	Hedging Reserve
Cumulative quarter ended 30 September 2023					
Balance at 1 January 2023	100	15,987	39,771	145	863
Net changes in fair value of equity investments at fair value through OCI	—	—	—	(68)	—
Net movements from exchange differences	—	—	12,270	—	—
Cash flow hedge ¹⁶	—	—	—	—	(876)
Others	—	178	—	—	—
Total other comprehensive income/(loss) for the period, net of tax	—	178	12,270	(68)	(876)
Profit for the period	—	—	—	—	—
Total comprehensive income/(loss) for the period	—	178	12,270	(68)	(876)
Changes in ownership interests in a subsidiary	—	—	120	—	—
Redemption of redeemable preference shares in a subsidiary	—	—	—	—	—
Dividends	—	—	—	—	—
Total transactions with shareholders	—	—	120	—	—
Balance at 30 September 2023	100	16,165	52,161	77	(13)
					<i>continue to next page</i>
Cumulative quarter ended 30 September 2022					
Balance at 1 January 2022	100	15,838	33,370	574	(1,608)
Net changes in fair value of equity investments at fair value through OCI	—	—	—	(500)	—
Net movements from exchange differences	—	—	15,007	—	—
Cash flow hedge ¹⁶	—	—	—	—	1,392
Others	—	146	—	—	—
Total other comprehensive income/(loss) for the period, net of tax	—	146	15,007	(500)	1,392
Profit for the period	—	—	—	—	—
Total comprehensive income/(loss) for the period	—	146	15,007	(500)	1,392
Changes in ownership interests in subsidiaries	—	—	(21)	—	—
Dividends	—	—	—	—	—
Total transactions with shareholders	—	—	(21)	—	—
Balance at 30 September 2022	100	15,984	48,356	74	(216)
					<i>continue to next page</i>

¹⁶ Includes RM89 million (30 September 2022: RM528 million) cost of hedging reserve movement during the period.

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

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

In RM Mil	Attributable to shareholders of the Company				
	Distributable			Non-Controlling Interests	Total Equity
	General Reserve	Retained Profits	Total		
Cumulative quarter ended 30 September 2023					
Balance at 1 January 2023	12,000	332,743	401,609	58,822	460,431
Net changes in fair value of equity investments at fair value through OCI	—	—	(68)	—	(68)
Net movements from exchange differences	—	—	12,270	2,696	14,966
Cash flow hedge ¹⁶	—	—	(876)	(8)	(884)
Others	—	—	178	(42)	136
Total other comprehensive income/(loss) for the period, net of tax	—	—	11,504	2,646	14,150
Profit for the period	—	59,328	59,328	4,792	64,120
Total comprehensive income/(loss) for the period	—	59,328	70,832	7,438	78,270
Changes in ownership interests in a subsidiary	—	(123)	(3)	(588)	(591)
Redemption of redeemable preference shares in a subsidiary	—	—	—	(483)	(483)
Dividends	—	(40,000)	(40,000)	(5,420)	(45,420)
Total transactions with shareholders	—	(40,123)	(40,003)	(6,491)	(46,494)
Balance at 30 September 2023	12,000	351,948	432,438	59,769	492,207
					<i>continued from previous page</i>
Cumulative quarter ended 30 September 2022					
Balance at 1 January 2022	12,000	290,529	350,803	53,484	404,287
Net changes in fair value of equity investments at fair value through OCI	—	—	(500)	—	(500)
Net movements from exchange differences	—	—	15,007	2,358	17,365
Cash flow hedge ¹⁶	—	—	1,392	518	1,910
Others	—	—	146	71	217
Total other comprehensive income/(loss) for the period, net of tax	—	—	16,045	2,947	18,992
Profit for the period	—	69,528	69,528	7,669	77,197
Total comprehensive income/(loss) for the period	—	69,528	85,573	10,616	96,189
Changes in ownership interests in subsidiaries	—	(99)	(120)	355	235
Dividends	—	(50,000)	(50,000)	(4,787)	(54,787)
Total transactions with shareholders	—	(50,099)	(50,120)	(4,432)	(54,552)
Balance at 30 September 2022	12,000	309,958	386,256	59,668	445,924
					<i>continued from previous page</i>

¹⁶ Includes RM89 million (30 September 2022: RM528 million) cost of hedging reserve movement during the period.

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

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FOR THIRD QUARTER ENDED 30 SEPTEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In RM Mil</i>	Cumulative quarter ended	
	30 September 2023	30 September 2022
Cash flows from operating activities		
Profit before taxation from:		
- continuing operations	74,944	99,344
- discontinued operations	2,640	4,032
Profit before taxation	77,584	103,376
Adjustments for:		
Change in contract liabilities	(232)	36
Change in provisions	(94)	(354)
Depreciation and amortisation	27,064	24,371
Financing costs	4,548	4,123
Interest income	(8,462)	(3,521)
Loss on remeasurement of net assets classified as held for sale	—	1,222
Net (gain)/loss on disposal of investment in subsidiaries, property, plant and equipment, other investments, associates and a business	(1,865)	588
Net impairment (reversal)/losses on:		
- intangible assets	57	19
- loan and advances to joint ventures	71	45
- property, plant and equipment	3,448	1,118
- trade and other receivables	(188)	1,300
- other investments	1	—
Net impairment/write-off on well costs	138	516
Net inventories (reversal)/written down to net realisable value	(122)	204
Net unrealised (gain)/loss on foreign exchange	(266)	4,521
Net unrealised loss/(gain) on derivatives	132	(303)
Net write-off of:		
- bad debts	37	3
- property, plant and equipment	122	337
Share of profit after tax and non-controlling interests of equity accounted associates and joint ventures	(500)	(1,510)
Other non-cash items	—	100
Operating profit before changes in working capital	101,473	136,191
Net changes in working capital	(9,302)	(37,099)
Cash generated from operations	92,171	99,092
Interest expenses paid	(3,098)	(2,683)
Interest income received	8,462	3,521
Taxation paid	(21,563)	(16,789)
Net cash generated from operating activities	75,972	83,141

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QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

<i>In RM Mil</i>	Cumulative quarter ended 30 September 2023	30 September 2022
Cash flows from investing activities		
Acquisition of a subsidiary, net of cash acquired	(1,380)	—
Dividends received	551	854
Investments in:		
- associates and joint ventures	(537)	(402)
- securities and other investments	(9,783)	(2,689)
Proceeds from disposal/partial disposal of:		
- investment in a subsidiary/business, net of cash disposed	593	257
- investments in associates	—	829
- property, plant and equipment	832	8,277
- securities and other investments	4,043	2,748
Purchase of property, plant and equipment, investment properties, intangible assets and land held for development	(32,319)	(27,001)
Net cash used in investing activities	(38,000)	(17,127)
Cash flows from financing activities		
Dividends paid	(28,000)	(25,000)
Dividends paid to non-controlling interests	(5,420)	(4,787)
Drawdown of borrowings	12,831	21,803
Payment of lease liabilities	(3,727)	(2,913)
Payment to non-controlling interests on additional equity interests	(591)	—
Payment to non-controlling interests on redemption of redeemable preference shares	(483)	—
Proceeds from partial disposal of equity interest to non-controlling interests	—	235
Repayment of borrowings	(11,921)	(26,684)
Net cash used in financing activities	(37,311)	(37,346)
Net increase in cash and cash equivalents	661	28,668
(Increase)/decrease in cash and cash equivalents restricted	(341)	177
Net foreign exchange differences	7,428	15,353
Cash and cash equivalents at beginning of the year	200,384	163,558
Cash and cash equivalents at end of the period	208,132	207,756
Cash and cash equivalents		
Cash and bank balances and deposits	208,519	210,008
Bank overdrafts	—	(1,072)
Classified as held for sale:		
- Cash and bank balances	1,138	23
- Bank overdrafts	(145)	—
	209,512	208,959
Less: Cash and cash equivalents restricted	(1,380)	(1,203)
	208,132	207,756

continued from previous page

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

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

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2023

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. BASIS OF PREPARATION

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

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

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

A2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Effective for annual periods beginning on or after 1 January 2023

MFRS 17 *Insurance Contracts*

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

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

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

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

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

On 2 June 2023, MASB has also issued the Amendments to MFRS 112 *Income Taxes International Tax Reform - Pillar Two Model Rules*. This pronouncement is effective from annual period beginning on or after 1 January 2023 and will be in effect upon enactment of Pillar Two Model Rules in Malaysia. As allowed by the transitional provision, the Group is not required to provide any disclosure in relation to this pronouncement for interim period ended 30 September 2023.

A3. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

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

A4. SEASONALITY OR CYCLICALITY OF OPERATIONS

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

A5. EXCEPTIONAL ITEMS

There were no exceptional items during the period under review.

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2023

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

A6. MATERIAL CHANGES IN ESTIMATES

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

A7. DEBT AND EQUITY SECURITIES

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

A8. DIVIDENDS PAID

During the period under review, the Company paid:

- i. a dividend of RM27 billion, being partial payment of the approved dividend of RM350,000 per ordinary share amounting to RM35 billion declared on 23 February 2023. The remaining amount of the dividend amounting to RM8 billion will be paid in instalments between October 2023 and November 2023.
- ii. a dividend of RM1 billion, being partial payment of the approved dividend of RM50,000 per ordinary share amounting to RM5 billion declared on 22 June 2023. The remaining amount of the dividend amounting to RM4 billion will be paid in December 2023.

A9. SIGNIFICANT EVENT

On 29 March 2023, PETRONAS via its partly-owned subsidiary, PETRONAS Dagangan Berhad ("PDB") has announced the establishment of Islamic Commercial Papers Programme and Islamic Medium Term Notes Programme with a combined aggregate limit of up to RM10.0 billion in nominal value based on the Shariah principle of Wakalah Bi Al-Istithmar (collectively, the "Sukuk Wakalah Programmes"). The proceeds will be used to finance PDB and/or its subsidiaries' Shariah-compliant general corporate purposes, which include investments, capital expenditure, working capital requirements and/or refinancing of existing or future financing. As at reporting date, PDB has issued RM2.0 million for the Sukuk Wakalah Programmes on 31 July 2023 and subsequently redeemed RM1.0 million on 25 August 2023.

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

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

A11. COMMITMENTS

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

A12. CONTINGENCIES

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

A13. CHANGES IN COMPOSITION OF THE GROUP

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

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2023

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

A14. FAIR VALUE INFORMATION

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

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable input).

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

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

30 September 2023

In RM Mil

	Level 1	Level 2	Level 3	Total
Financial assets				
Quoted shares	2,091	—	—	2,091
Unquoted shares	—	—	1,339	1,339
Malaysian Government Securities	—	2,099	—	2,099
Corporate Bonds and Sukuk	—	7,513	—	7,513
Forward foreign exchange contracts	—	155	—	155
Commodity derivatives	118	654	—	772
Interest rate swaps	—	1,065	—	1,065
	2,209	11,486	1,339	15,034
Financial liabilities				
Forward foreign exchange contracts	—	(157)	—	(157)
Commodity derivatives	(209)	(35)	—	(244)
Interest rate swaps	—	(53)	—	(53)
	(209)	(245)	—	(454)

31 December 2022

In RM Mil

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

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2023

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

A14. FAIR VALUE INFORMATION (continued)

Derivative financial instruments

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

A15. DISCONTINUED OPERATIONS

On 7 February 2023, PETRONAS via its wholly-owned subsidiary, PETRONAS Marketing International Sdn. Bhd., signed a Sale and Purchase Agreement with Vitol Emerald Bidco (Pty) Ltd and Vitol Africa B.V. for the sale of PMISB's entire 74% equity interests in its subsidiary, namely Engen Limited and its subsidiaries ("Engen Group"). The divestment is expected to be completed in Quarter 1 2024 upon fulfilment of customary conditions precedent including regulatory approvals.

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

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

30 September 2023	Individual quarter ended		In RM Mil	Cumulative quarter ended	
	30 June 2023	30 September 2022		30 September 2023	30 September 2022
9,793	8,826	12,090	Revenue	27,525	31,103
(8,118)	(7,876)	(11,320)	Cost of revenue	(23,808)	(25,733)
1,675	950	770	Gross profit	3,717	5,370
(207)	(193)	(300)	Selling and distribution expenses	(595)	(723)
(169)	(170)	(215)	Administration expenses	(545)	(671)
(3)	(1)	(1)	Net impairment losses ¹⁷	(4)	(4)
(24)	(24)	(250)	Other expenses	(191)	(400)
144	122	383	Other income	487	659
1,416	684	387	Operating profit	2,869	4,231
(75)	(79)	(85)	Financing costs	(229)	(208)
—	—	7	Share of profit after tax and non-controlling interests of equity accounted associates and joint ventures	—	9
1,341	605	309	Profit before tax from discontinued operations	2,640	4,032
(344)	(60)	167	Tax expense	(443)	(286)
997	545	476	Profit for the period from discontinued operations	2,197	3,746

¹⁷ Includes certain amount relating to write-off of assets.

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2023

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

A15. DISCONTINUED OPERATIONS (continued)

30 September 2023	Individual quarter ended		In RM Mil	Cumulative quarter ended	
	30 June 2023	30 September 2022		30 September 2023	30 September 2022
997	545	476	Profit for the period from discontinued operations	2,197	3,746
—	—	—	Other comprehensive income/ (loss)		
			Net changes in fair value of equity investments at fair value through OCI	2	—
(107)	99	(138)	Net movements from exchange differences	(141)	(18)
890	644	338	Other comprehensive income from discontinued operations	2,058	3,728

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

In RM Mil	Cumulative quarter ended	
	30 September 2023	30 September 2022
Net cash generated from operating activities	2,022	1,686
Net cash used in investing activities	(292)	(187)
Net cash generated from/(used in) financing activities	226	(47)
Net increase in cash and cash equivalents	1,956	1,452

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

A16. OPERATING SEGMENTS

The Group's reportable segments comprise Upstream, Gas and Downstream. Each reportable segment offers different products and services and are managed separately as described in the Group's audited consolidated financial statements for the year ended 31 December 2022. Effective third quarter of 2023, there has been a change in the way certain activities are being managed. Accordingly, the Group has restated the operating segment information for the prior periods.

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

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

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2023

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

A16. OPERATING SEGMENTS (continued)

A16.1 Segment revenue

30 September 2023	Individual quarter ended		<i>In RM Mil</i>	Cumulative quarter ended	
	30 June 2023 Restated	30 September 2022 Restated		30 September 2023	30 September 2022 Restated
			Third-parties		
10,933	9,281	15,034	Upstream	30,447	46,166
21,663	22,527	33,183	Gas	72,662	86,785
45,154	42,666	46,197	Downstream	133,283	124,777
5,100	5,217	4,535	Corporate and Others	15,491	11,658
82,850	79,691	98,949	Total third-parties	251,883	269,386
			Inter-segment		
23,794	23,936	24,582	Upstream	73,169	69,952
3,015	3,667	3,642	Gas	10,764	10,402
631	1,196	2,302	Downstream	4,367	7,423
1,535	1,662	1,248	Corporate and Others	4,501	3,560
28,975	30,461	31,774	Total inter-segment	92,801	91,337
			Gross total		
34,727	33,217	39,616	Upstream	103,616	116,118
24,678	26,194	36,825	Gas	83,426	97,187
45,785	43,862	48,499	Downstream ¹⁸	137,650	132,200
6,635	6,879	5,783	Corporate and Others	19,992	15,218
111,825	110,152	130,723	Total	344,684	360,723

A16.2 Segment PAT

30 September 2023	Individual quarter ended		<i>In RM Mil</i>	Cumulative quarter ended	
	30 June 2023 Restated	30 September 2022 Restated		30 September 2023	30 September 2022 Restated
11,951	6,477	16,054	Upstream	30,872	39,078
5,232	7,455	10,311	Gas	21,446	27,838
5,577	275	923	Downstream	7,498	9,354
740	2,116	2,285	Corporate and Others	4,061	3,394
23,500	16,323	29,573	Total PAT for reportable segments	63,877	79,664
437	50	1,191	Elimination of inter-segment transactions	243	(2,467)
23,937	16,373	30,764	Consolidated PAT	64,120	77,197

¹⁸ Includes revenue from discontinued operations. See Note A15.

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2023

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

A17. REVENUE

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

30 September 2023	Individual quarter ended		In RM Mil	Cumulative quarter ended	
	30 June 2023 Restated	30 September 2022 Restated		30 September 2023	30 September 2022 Restated
			Revenue from contract customers		
10,128	8,617	13,895	Upstream	28,323	42,764
21,234	22,101	32,972	Gas	71,904	87,247
44,839	42,393	45,977	Downstream	132,470	124,183
1,739	1,940	2,418	Corporate and Others	5,356	6,210
77,940	75,051	95,262	Total revenue from contract customers	238,053	260,404
			Other revenue		
805	664	1,139	Upstream	2,124	3,402
429	426	211	Gas ¹⁹	758	(462)
315	273	220	Downstream ¹⁹	813	594
3,361	3,277	2,117	Corporate and Others	10,135	5,448
4,910	4,640	3,687	Total other revenue	13,830	8,982
			Total		
10,933	9,281	15,034	Upstream	30,447	46,166
21,663	22,527	33,183	Gas	72,662	86,785
45,154	42,666	46,197	Downstream ¹	133,283	124,777
5,100	5,217	4,535	Corporate and Others	15,491	11,658
82,850	79,691	98,949	Total	251,883	269,386

¹ Comprises continuing and discontinued operations.

¹⁹ Inclusive of net trading gain/(losses).

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2023

PART B – OTHER EXPLANATORY NOTES

B1. COMMENTARY ON PROSPECTS

The volatility in oil and gas prices is expected to be elevated by persistent economic uncertainties and heightened concerns over global energy security amid geopolitical tensions in the Middle East. Against this backdrop, PETRONAS anticipates lower profits compared to last year. Nevertheless, PETRONAS will continue to strengthen operational excellence in its core business while intensifying its growth and sustainability agenda in Malaysia and internationally.

B2. PROFIT FORECAST OR PROFIT GUARANTEE

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

B3. STATUS OF CORPORATE PROPOSALS

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

B4. TAXATION

30 September 2023	Individual quarter ended		<i>In RM Mil</i>	Cumulative quarter ended	
	30 June 2023	30 September 2022		30 September 2023	30 September 2022
1,832	4,552	8,541	Tax expenses from continuing operations	13,021	25,893
344	60	(167)	Tax expenses from discontinued operations	443	286
2,176	4,612	8,374	Total tax expenses	13,464	26,179
<i>Components of tax expenses include:</i>					
Current tax expenses					
3,574	5,875	7,034	Malaysia	14,625	23,749
694	645	1,219	Overseas	1,644	2,504
4,268	6,520	8,253		16,269	26,253
Deferred tax expenses					
(2,092)	(1,908)	121	Origination and reversal of temporary differences	(2,805)	(74)
2,176	4,612	8,374		13,464	26,179

The Group's effective tax rate for the current quarter and period to date were 8% and 17% respectively, lower as compared to corresponding periods mainly due to adjustments arising from tax audits in the previous years. Excluding this impact, the effective tax rates for the current quarter and period to date were 19% and 21% respectively, which are reflective of the various tax legislations within which the Group operates, including among others Petroleum (Income Tax) Act 1967 ("PITA"), Malaysia Income Tax Act 1967, Global Incentive for Trading ("GIFT") under Labuan Financial Services and Securities Act 2010, Labuan Business Activity Tax 1990 ("LBATA") and international tax legislations.

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2023

PART B – OTHER EXPLANATORY NOTES (continued)

B5. CASH, FUND AND OTHER INVESTMENTS

<i>In %</i>	As at 30 September 2023	As at 31 December 2022
By Currency		
RM	53.7	55.4
USD	44.8	42.8
Others	1.5	1.8
	<u>100.0</u>	<u>100.0</u>
By Maturity²⁰		
< 1 year	92.8	95.2
1 to 5 years	1.6	1.8
5 to 10 years	5.6	3.0
	<u>100.0</u>	<u>100.0</u>
By Type		
Money market	91.5	94.2
Corporate bonds	3.3	3.7
Equities	5.2	2.1
	<u>100.0</u>	<u>100.0</u>

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

²⁰ Refers to instrument maturity dates; excludes equities.

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2023

PART B – OTHER EXPLANATORY NOTES (continued)

B6. TRADE RECEIVABLES

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

<i>In RM Mil</i>	As at 30 September 2023	As at 31 December 2022
Trade receivables		
Third party	30,911	33,304
Amount due from associates and joint arrangements	12,543	8,413
Contract assets	8,771	6,859
	<u>52,225</u>	<u>48,576</u>
Less: Impairment losses	(1,849)	(1,805)
	<u>50,376</u>	<u>46,771</u>

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

<i>In RM Mil</i>	As at 30 September 2023	As at 31 December 2022
At net		
Not past due	45,925	43,614
Past due 1 to 30 days	736	226
Past due 31 to 60 days	694	228
Past due 61 to 90 days	475	34
Past due more than 90 days	2,546	2,669
	<u>50,376</u>	<u>46,771</u>

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

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2023

PART B – OTHER EXPLANATORY NOTES (continued)

B7. BORROWINGS

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

<i>In RM Mil</i>	As at 30 September 2023	As at 31 December 2022
Non-Current		
Term loans	18,287	15,759
Lease liabilities	13,483	13,291
Notes and Bonds	65,874	61,917
Islamic financing facilities	3,399	5,378
Total non-current borrowings	101,043	96,345
Current		
Term loans	4,985	4,789
Lease liabilities	2,444	1,782
Islamic financing facilities	2,436	794
Revolving credits	570	154
Bankers' acceptances	365	293
Total current borrowings	10,800	7,812
Total borrowings	111,843	104,157

<i>In RM Mil</i>	As at 30 September 2023		As at 31 December 2022	
	%	%	%	
By Currency				
USD	90,707	81.1	87,975	84.5
RM	13,189	11.8	11,461	11.0
EUR	2,461	2.2	2,279	2.2
AUD	948	0.8	—	—
CAD	1,086	1.0	385	0.3
INR	3,213	2.9	1,803	1.7
GBP	9	—	16	0.1
Others	230	0.2	238	0.2
	111,843	100.0	104,157	100.0

By Repayment Schedule				
< 1 year	10,800	9.7	7,812	7.5
1 to 5 years	31,793	28.4	33,395	32.1
5 to 10 years	29,911	26.7	25,122	24.1
> 10 years	39,339	35.2	37,828	36.3
	111,843	100.0	104,157	100.0

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2023

PART B – OTHER EXPLANATORY NOTES (continued)

B11. PROFIT FOR THE PERIOD (continued)

30 September 2023	Individual quarter ended		In RM Mil	Cumulative quarter ended	
	30 June 2023	30 September 2022		30 September 2023	30 September 2022
			and credits:		
—	—	—	Bad debts recovered	2	2
104	25	15	Dividend income	141	184
3,001	2,875	1,628	Interest income	8,462	3,521
78	63	—	Net change in contract liabilities	232	—
			Net gain on disposal of:		
—	—	—	- investment in a business	—	88
—	24	—	- investment in subsidiaries	24	136
7	455	—	- property, plant and equipment	1,396	—
—	—	28	- other investments	—	28
			Net gain on:		
—	672	46	- derivatives	—	—
12	1,292	1,568	- foreign exchange	1,318	2,678
			Net impairment reversals on:		
104	—	—	- property, plant and equipment	—	—
195	—	—	- trade and other receivables	188	—
—	—	10	- loan and advances to joint ventures	—	—
3	72	—	Net reversal of inventories written down to net realisable value	122	—
—	445	—	Net gain on realisation of foreign currency translation reserve from disposals	445	—

Foreign exchange exposure/hedging policy

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

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

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2023

PART B – OTHER EXPLANATORY NOTES (continued)

B12. DIVIDENDS

As disclosed in Note A8.

B13. EXCHANGE RATES

US Dollar/RM	30 September	Individual quarter ended			Cumulative quarter ended	
	2023	30 June 2023	30 September 2022	30 September 2023	30 September 2022	31 December 2022
Average rate	4.6277	4.5250	4.4820	4.5144	4.3416	4.4001
Closing rate	4.6950	4.6860	4.6375	4.6950	4.6375	4.4150

By order of the Board

Intan Shafinas (Tuty) Hussain (LS0009774)
 Company Secretary
 Kuala Lumpur
 23/11/2023