

**PETROLIAM NASIONAL BERHAD**  
(Incorporated in Malaysia)



**SUMMARY OF CONSOLIDATED FINANCIAL RESULTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010**  
(In US Dollars)

**1. EXECUTIVE SUMMARY**

	FY Ended 31 March		
	2010 (USD Million)	Restated <sup>2</sup> 2009 (USD Million)	Change
Revenue	62,539	76,979	(18.8)%
Profit After Taxation	13,146	17,211	(23.6)%
Total Assets	125,691	106,586	17.9%
Shareholders' Equity	74,305	63,463	17.1%
Total Debt to Total Assets	0.13x	0.11x	-
ROACE	24.9%	36.8%	-

- Revenue decreased by 18.8% from USD77.0 Billion for FY2009 to USD62.5 Billion for FY2010, due to lower product prices mainly of liquefied natural gas, refined petroleum products and crude oil and condensates despite higher sales volume.
- Profit after taxation for FY2010 decreased by 23.6% from USD17.2 Billion in FY2009 to USD13.1 Billion mainly due to lower revenue recorded, partially offset by lower production and operation costs.
- Total assets as at 31 March 2010 were USD125.7 Billion, an increase of 17.9% from USD106.6 Billion from the previous financial year.
- Total debt to total assets ratio increased to 0.13x as at 31 March 2010 compared to 0.11x as at 31 March 2009, due to the issuance of Guaranteed Notes, Trust Certificates and Al-Murabahah Medium Term Notes during the financial year.
- Return on Average Capital Employed (ROACE) decreased to 24.9% in FY2010 compared to 36.8% in FY2009, due to lower profit from lower revenue recorded during the financial year.

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**2. CONSOLIDATED INCOME STATEMENT**

	Note	FY Ended 31 March		
		2010 (USD Million)	2009 (USD Million)	% Change
Revenue		62,539	76,979	(18.8)
Profit Before Taxation		19,449	25,975	(25.1)
Tax Expense		(6,303)	(8,764)	(28.1)
Profit After Taxation		13,146	17,211	(23.6)
<b>Attributable To:</b>				
Shareholders Of The Company		11,642	15,312	(24.0)
Minority Interests		1,504	1,899	(20.8)
		13,146	17,211	(23.6)
<b>Included In The Above:</b>				
Depreciation, Amortisation & Impairment		4,488	4,950	(9.3)
Financing Costs		730	1,004	(27.3)
EBITDA	3	24,667	31,929	(22.7)

- Revenue decreased by 18.8% from USD77.0 Billion for FY2009 to USD62.5 Billion for FY2010, due to lower product prices mainly of liquefied natural gas, refined petroleum products and crude oil and condensates despite higher sales volume.
- Profit after taxation for FY2010 decreased by 23.6% from USD17.2 Billion in FY2009 to USD13.1 Billion mainly due to lower revenue recorded, partially offset by lower production and operation costs.
- Tax expense declined by 28.1% mainly due to lower taxable revenue.
- Financing costs decreased by 27.3% from USD1.0 Billion in FY2009 to USD0.7 Billion in FY2010, mainly due to:
  - i. Lower unwinding of provision for decommissioning of oil and gas properties; and
  - ii. Repayment of €750 million notes by PETRONAS Capital Limited.

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**3. SOURCES OF REVENUE**

3.1 By Product	FY Ended 31 March				
	2010 (USD Million)	%	2009 (USD Million)	%	% Change
Exploration and production ("E&P") business:					
Crude oil	8,832	14.1	11,806	15.3	(25.2)
Natural gas	1,402	2.2	1,470	1.9	(4.6)
Total E&P business	10,234	16.3	13,276	17.2	(22.9)
Gas business:					
LNG	10,702	17.1	14,129	18.4	(24.3)
Processed gas	2,731	4.4	3,094	4.0	(11.7)
Total gas business	13,433	21.5	17,223	22.4	(22.0)
Downstream business:					
Refined petroleum products	25,100	40.1	29,027	37.7	(13.5)
Crude oil trading	5,549	8.9	6,973	9.1	(20.4)
Petrochemicals	3,672	5.9	3,811	5.0	(3.6)
Total downstream business	34,321	54.9	39,811	51.8	(13.8)
Logistics and maritime business	2,162	3.5	3,265	4.2	(33.8)
Other revenue	2,389	3.8	3,404	4.4	(29.8)
Consolidated revenue	62,539	100.0	76,979	100.0	(18.8)

3.2 By Geographical Segment	FY Ended 31 March				
	2010 (USD Million)	%	2009 (USD Million)	%	% Change
Domestic	12,328	19.7	15,926	20.7	(22.6)
Export	21,867	35.0	28,618	37.2	(23.6)
International operations	28,344	45.3	32,435	42.1	(12.6)
	62,539	100.0	76,979	100.0	(18.8)

- The decrease in segmental revenues from E&P, Gas and Downstream businesses was due to lower product prices despite higher sales volume.
- Shipping revenue from logistics and maritime business decreased from USD3.3 Billion in FY2009 to USD2.2 Billion in FY2010 due to lower earnings from the petroleum segment and lower average freight rates for liner services.
- Other revenue mainly comprises of fund investment income, sale and rental of properties and general merchandise. The decrease is mainly due to lower fund investment income driven by lower overall rate of return on investments and lower general merchandise revenue.
- Revenue from international operations contributed 45.3% of the Group revenue, compared to 42.1% in the previous financial year.

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**4. CONSOLIDATED BALANCE SHEET**

	As At 31 March		%
	2010 (USD Million)	Restated <sup>2</sup> 2009 (USD Million)	
Property, Plant and Equipment	54,955	44,284	24.1
Properties, Investment Properties, Land Held for Development and Prepaid Lease Payments	6,383	5,451	17.1
Other Long Term Assets	15,121	11,719	29.0
Cash, Fund Investments and Other Investments	37,785	35,841	5.4
Other Current Assets	11,447	9,291	23.2
Total Assets	125,691	106,586	17.9
Shareholders' Equity	74,305	63,463	17.1
Minority Interests	7,639	6,838	11.7
Total Equity	81,944	70,301	16.6
Long Term Debt	14,924	9,704	53.8
Other Liabilities	28,823	26,581	8.4
Total Equity and Liabilities	125,691	106,586	17.9

- During the year, property, plant and equipment increased by USD10.7 Billion mainly due to the acquisition of additional equities in Optimal Glycol Malaysia Sdn Bhd and Optimal Chemicals Malaysia Sdn Bhd, which resulted in the consolidation of these companies in the Group, coupled with further upstream capital expenditure.
- Increase in other long term assets of 29% was mainly contributed by gain on revaluation of investments, amounting to USD2.1 Billion.
- Long term debt increased by 53.8% from USD9.7 Billion to USD14.9 Billion. This is mainly due to the issuance of new debt securities as follows:
  - i. USD3.0 Billion Guaranteed Notes by PETRONAS Capital Limited;
  - ii. USD1.5 Billion Trust Certificates by PETRONAS Global Sukuk Ltd; and
  - iii. RM2.0 Billion Al-Murabahah Medium Term Notes by MISC.

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**5. CASH FLOW**

	Note	FY Ended 31 March		
		2010 (USD Million)	Restated <sup>2</sup> 2009 (USD Million)	% Change
Net cash generated from operating activities		16,212	27,699	(41.5)
Net cash used in investing activities	4	(6,729)	(14,234)	(52.7)
Net cash used in financing activities		(6,193)	(9,902)	(37.5)
Net surplus for the year		3,290	3,563	(7.7)
Decrease / (Increase) in deposits restricted		12	(3)	(500.0)
Beginning cash balance		25,916	25,211	2.8
Foreign exchange differences in beginning cash balance		2,505	(2,855)	187.7
Ending cash balance		31,723	25,916	22.4

- Net cash generated from operating activities for FY2010 decreased by 41.5% compared to last financial year mainly due to lower revenue.
- Net cash used in investing activities for FY2010 was lower by 52.7% compared to the last financial year due to net proceeds from maturity of short term securities and lower capital expenditure.
- Net cash used in financing activities for FY2010 was lower by 37.5% mainly due to net proceeds from issuance of new debt securities.

**6. FINANCIAL RATIOS**

	Note	FY Ended 31 March	
		2010	Restated <sup>2</sup> 2009
EBITDA to fixed charges	3, 5	41.60x	48.16x
Long Term Debt to EBITDA	3	0.61x	0.30x
Long Term Debt to Long Term Debt plus Equity		0.17x	0.13x
Total Debt to Total Assets		0.13x	0.11x
ROACE	6	24.9%	36.8%

- Profitability ratios and ROACE for FY2010 were lower as compared to the last financial year, in line with lower recorded earnings.
- The leverage ratios were higher as at 31 March 2010 compared to last financial year due to the issuance of new debt securities.

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**7. CAPITAL EXPENDITURE**

	FY Ended 31 March		
	2010 (USD Million)	2009 (USD Million)	% Change
Business Segments:			
E&P	7,615	8,256	(7.8)
Gas	324	1,964	(83.5)
Downstream:			
Downstream Marketing, Refinery & Trading	792	789	0.4
Petrochemicals	286	367	(22.1)
Logistics and maritime	1,314	1,142	15.1
Others	388	290	33.8
Total	<u>10,719</u>	<u>12,808</u>	<u>(16.3)</u>
Demographical Segments:			
Domestic	7,739	7,630	1.4
International	2,980	5,178	(42.4)
Total	<u>10,719</u>	<u>12,808</u>	<u>(16.3)</u>

- During the financial year, the capital expenditure of USD10.7 Billion was 16.3% lower than amount spent in FY2009. Higher capital expenditure for FY2009 was driven mainly by Gas Business due to acquisition of Gladstone LNG upstream assets.

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**8. CAPITAL COMMITMENTS**

	Note	As At 31 March		
		2010 (USD Million)	Restated <sup>2</sup> 2009 (USD Million)	% Change
Business Segments:	7			
E&P		6,504	5,977	8.8
Gas		224	223	0.4
Downstream:				
Downstream Marketing, Refinery & Trading		211	473	(55.4)
Petrochemicals		56	200	(72.0)
Logistics and maritime		1,101	1,381	(20.3)
Others		1,025	760	34.9
Total		<u>9,121</u>	<u>9,014</u>	1.2
Demographical Segments:				
Domestic		6,937	7,531	(7.9)
International		2,184	1,483	47.3
Total		<u>9,121</u>	<u>9,014</u>	1.2

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**9. PRODUCTION**

	Note	FY Ended 31 March					
		2010			2009		
	8	Oil	Gas	Total	Oil	Gas	Total
(in thousands of barrels of oil equivalent per day)							
Domestic:							
Malaysia's production		657.2	974.0	1,631.2	678.8	980.2	1,659.0
PETRONAS' share of Malaysia's production	9	449.4	662.4	1,111.8	485.4	681.8	1,167.2
As a percentage of total production		68.4%	68.0%	68.2%	71.5%	69.6%	70.4%
International:	10						
PETRONAS' international production:							
South East Asia		39.4	118.0	157.4	36.4	88.9	125.3
Asia		6.4	2.0	8.4	6.4	1.4	7.8
Africa		216.3	152.6	368.9	209.5	166.9	376.4
Middle East	11	2.4	99.5	101.9	23.6	93.3	116.9
Oceania		-	3.0	3.0	-	2.6	2.6
Total international production		264.5	375.1	639.6	275.9	353.1	629.0
Total PETRONAS' production		713.9	1,037.5	1,751.4	761.3	1,034.9	1,796.2

- Total combined domestic and international production during the year decreased mainly due to lower domestic production and lower PETRONAS take from Malaysia Production Sharing Contractors, in line with lower crude oil demand.

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**APPENDIX**

**1. SEGMENTAL INFORMATION**

1.1 Revenue	Note	FY Ended 31 March							
		2010		2009		2010		2009	
						(USD Million)			
		Third Parties		(USD Million) Intersegment		Gross Total Revenue			
E&P	12	12,084	18,936	9,760	13,479	21,844	32,415		
Gas		12,418	13,018	1,728	1,948	14,146	14,966		
Downstream:									
Downstream Marketing, Refinery & Trading		30,838	36,225	922	921	31,760	37,146		
Petrochemicals		3,740	4,154	218	264	3,958	4,418		
Logistics and maritime		2,169	3,271	1,820	1,338	3,989	4,609		
Others		1,291	1,375	939	1,547	2,230	2,922		
<b>Total</b>		<b>62,540</b>	<b>76,979</b>	<b>15,387</b>	<b>19,497</b>	<b>77,927</b>	<b>96,476</b>		

1.2 Operating Profit	FY Ended 31 March	
	2010	2009
	(USD Million)	
E&P	1,188	4,954
Gas	8,658	9,807
Downstream:		
Downstream Marketing, Refinery & Trading	8,123	10,201
Petrochemicals	2,202	2,303
Logistics and maritime	(108)	(54)
Others	(308)	(528)
<b>Total</b>	<b>19,755</b>	<b>26,683</b>

1.3 Assets	FY Ended 31 March	
	2010	2009 <sup>2</sup>
	(USD Million)	
E&P	64,086	56,090
Gas	14,450	12,800
Downstream:		
Downstream Marketing, Refinery & Trading	11,538	8,822
Petrochemicals	7,305	5,616
Logistics and maritime	12,647	9,936
Others	15,665	13,322
<b>Total</b>	<b>125,691</b>	<b>106,586</b>

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**APPENDIX**

**2. BREAKDOWN OF CASH, FUND INVESTMENTS AND OTHER INVESTMENTS AS AT 31 MARCH 2010:**  
**USD37,785 MILLION [31 MARCH 2009: USD35,841 MILLION]**

2.1 By Currency	As At 31 March	
	2010	2009
	%	
RM	65.6	76.8
USD	32.7	21.7
ZAR	0.7	0.9
Others	1.0	0.6

2.2 By Maturity	As At 31 March	
	2010	2009
	%	
< 1 year	94.8	95.5
1 to 5 years	4.3	3.7
5 to 10 years	0.9	0.8

2.3 By Type	As At 31 March	
	2010	2009
	%	
Government Securities	13.1	24.5
Corporate Bonds	2.0	2.8
Money Market	84.6	72.3
Equities	0.3	0.4

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**APPENDIX**

**3. BREAKDOWN OF TOTAL DEBT AS AT 31 MARCH 2010: USD15,867 MILLION**  
**[31 MARCH 2009: USD12,017 MILLION]**

3.1 By Currency	As At 31 March			
	2010		2009	
	USD Million	%	USD Million	%
USD	11,298	71.2	7,087	59.0
RM	3,067	19.3	2,511	20.9
EUR	1,155	7.3	2,157	18.0
JPY	173	1.1	162	1.3
ZAR	103	0.6	42	0.3
Others	71	0.5	58	0.5
<b>Total</b>	<b>15,867</b>	<b>100.0</b>	<b>12,017</b>	<b>100.0</b>

3.2 By Maturity	As At 31 March			
	2010		2009	
	USD Million	%	USD Million	%
<1 year	943	5.9	2,312	19.2
1 to 5 years	9,221	58.2	5,588	46.5
5 to 10 years	4,162	26.2	2,573	21.4
10 to 20 years	1,541	9.7	1,544	12.9
<b>Total</b>	<b>15,867</b>	<b>100.0</b>	<b>12,017</b>	<b>100.0</b>

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APPENDIX

4. RESERVES

4.1 Breakdown of Reserves	Note	As At 1 January					
		2010			2009		
	8	Oil	Gas	Total	Oil	Gas	Total
		(in millions of barrels of oil equivalent)					
Domestic:							
Malaysia's reserves		5,799.4	14,764.5	20,563.9	5,517.0	14,661.3	20,178.3
International:	10						
PETRONAS' equity interest in international reserves by							
South East Asia	13	383.5	1,278.4	1,661.9	432.8	1,426.0	1,858.8
Asia		562.2	1,354.1	1,916.3	542.5	1,372.5	1,915.0
Africa		1,106.7	1,290.8	2,397.5	1,223.8	1,333.8	2,557.6
Middle East		25.2	62.4	87.6	4.1	-	4.1
Oceania	14	-	497.0	497.0	-	506.2	506.2
Total international reserves		2,077.6	4,482.7	6,560.3	2,203.2	4,638.5	6,841.7
Total PETRONAS' reserves		7,877.0	19,247.2	27,124.2	7,720.2	19,299.8	27,020.0

4.2 Reserves Replacement Ratio	Note	As At 1 January					
		2010			2009		
	8	Oil	Gas	Total	Oil	Gas	Total
Domestic		2.2	1.3	1.6	1.2	1.0	1.1
International	10, 16	(0.2)	(0.6)	(0.4)	(1.1)	9.7	4.1
Total	16	1.5	0.9	1.1	0.6	2.6	1.8

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**NOTES**

1. Income statement is translated at the average of USD 1.00: 3.4604 (31 March 2009: 1.00: 3.4318). Assets and liabilities are translated at the rate prevailing as at 31 March 2010 of USD 1.00: 3.2690 (31 March 2009: USD 1.00: 3.6570).
2. The financial statements of the Group have been prepared in accordance with Financial Reporting Standards in Malaysia. Balance Sheet as at, and Cash Flow Statement for the year ended, 31 March 2009 have been reclassified for consistency with the current year presentation.
3. EBITDA consists of profit before taxation, minority interests and extraordinary items, with the addition of amounts previously deducted for depreciation, amortisation, impairment loss on property, plant and equipment and financing costs. EBITDA should not be viewed as an alternative measure of operating results or cash flows from operating activities as determined in accordance with Malaysian GAAP. EBITDA has been included because it is widely used as a financial measure of the potential capacity of a company to incur and service debt. EBITDA, EBITDA to fixed charges and long term debt to EBITDA for the Financial Year ended 31 March 2009 have been restated to reflect the inclusion of impairment loss on property, plant and equipment in computing the ratios.
4. Includes capital expenditure.
5. Fixed charges consist of financing cost and financing cost capitalised during construction for the applicable periods, less unwinding of discount of provision for dismantlement, removal or restoration of property, plant and equipment.
6. Return on average capital employed (ROACE) is calculated as profit before interest, taxation and dividends divided by average shareholders' equity and long term debt during the year.
7. Capital Commitments relates to approved and contracted for purchases of property, plant and equipment, share of capital expenditure for joint ventures and investment in shares. Outstanding capital commitments at balance sheet date are not provided for in the financial statements.
8. Oil reserves and production include condensates.
9. PETRONAS' share of Malaysia's production includes the share of profit oil to which it is entitled, the cost and profit oil and gas of PETRONAS Carigali and the oil and gas sold by PETRONAS for the federal and state governments of Malaysia.
10. International figures are based on PETRONAS' equity volume figures. Reserves for Iran South Pars 2 and 3 are based on the remaining entitlement of the buy back contract.
11. Includes PETRONAS' 30% equity in the Iran South Pars 2 and 3, which is on a buy-back contract.
12. Information pertaining to revenue is not comparable to source of revenue per item 3 due to differences in basis used in the segregation.
13. Includes reserves from Malaysia Thailand Joint Development Area (JDA).
14. Includes reserves from coal seam gas of 400.0 million barrels of oil equivalent.
15. Reserves Replacement Ratios as at 1 January 2010 and 1 January 2009 are calculated as reserves addition divided by production, based on calendar years 2009 and 2008 respectively.
16. Excluding coal seam gas, Reserves Replacement Ratios for international gas and total international would be (1.0) and (0.2) respectively. On this basis, total Reserves Replacement Ratios for gas and total for PETRONAS would be 0.8 and 1.1 respectively.